

2022 AUSTRALIAN GOVERNMENT

INQUIRY INTO ONLINE GAMBLING

AND

ITS IMPACTS ON PROBLEM GAMBLING

1. About me

I am age 43, married for 16 years, and two young children aged 9 and 7. Prior to developing gambling disorder, I had never been in trouble in my life.

I am now banned from the profession I loved, and unable to financially secure my family.

I am bankrupt and a trustee has been appointed.

I am before the NSW District Court for fraud offences.

Importantly, so many people are hurt in a serious way.

I have been diagnosed as having Severe Gambling Disorder from late 2016.

I have been in recovery since February 2020, including in-patient rehabilitation, psychological treatment, and various support groups.

2. Opening

This inquiry into the online gambling sector is a historic opportunity to achieve a sustainable gambling experience underpinned by integrity, enjoyment, and safety. I applaud the Australian Government and am honoured to share my experience and recommendations.

I trust that the committee will act with courageous transparency and ignore potential conflicts. The Organisation for Economic Co-operation states that “there is a broad consensus on the need for safeguards against undue influence to maintain regulator neutrality...” I trust the committee has safeguards in place to ensure review neutrality.

It is okay to acknowledge that Government receives increasing revenue streams from customers who experience online gambling losses. It is also reasonable for Government to have developed a reliance on this. Please, let's make it part of the conversation. If not, the silent truth continues which I believe is “we know gambling disorder is a mental illness and it's these customers causing the family and public destruction, but they also provide the most profit for industry and Government”. If true, the assumption is wrong! I strongly believe that the public cost is more. My losses provided significant revenue to Government but I offer my records for you to commission an independent accounting analysis to debunk a potential assumption there is a net-profit outcome by allowing customers with gambling disorder to continue betting.

Thank you for reading my submission which now addresses the ‘terms of reference’.

3. Context

I propose that public protection can only be achieved when Gambling Disorder is declared a public health issue. Online gambling access is a significant risk factor. In support groups I attend or talk at young adults are prevalent. Long-term recovery participants share their fear of the immediate access of mobile phone gambling. I asked a psychologist recently what profile of client was coming to her, she said "it is mostly young men between age 17 and 30 that gamble on their phone".

About Gambling Disorder

Gambling Disorder is recognised as a mental disorder by the American Psychiatric Association in the DSM-5 and World Health Organization ICD-11. Criterion exists to diagnose mild, moderate, or severe cases.

It can be explained as a persistent pattern of gambling behaviour resulting in significant impairment in brain function. Gambling takes precedent over personal, family, career, or other important areas of life, despite negative consequences.

Advances in neurobiology have begun to clarify the mechanisms underlying the profound disruptions in decision-making ability and emotional balance. These advances also provide insight into ways in which brain function, when disrupted, alter voluntary behaviour control.

Research shows that individuals with gambling disorder show a marked increase to monetary cues in the ventral striatum, compared to non-monetary cues. Reward and motivation systems become reorientated. It is important to note that these changes become deeply ingrained and cannot be immediately reversed. As a result, the person transitions from gambling for pleasure to gambling to obtain transient relief from dysphoria.

The brain impairment fosters distortions resulting in some or all of the following:

- Abnormal pre-occupation to gamble
- Misunderstand of concepts related to probability, resulting in high expectations of winning
- Withdrawals, intolerance, emotional dysregulation
- Erroneous beliefs
- Frequently abandoning his or her strategy
- Becoming entrapped and chasing losses
- Maintaining a course of action despite losses to date
- Diminished responsibility
- Deceitful behaviour including lying and obtaining money to gamble or repay debts.
- Suicidal idealisation or attempts

If early gambling activity goes undetected and unchecked, the resulting changes in the brain can ultimately erode a person's ability to voluntarily control impulses.

Source: American Psychiatric Association, Australian Psychological Society, Harvard Health, Society for Neuroscience, The Journal for Neuroscience, The New England Journal of Medicine, University of Chicago, World Health Organisation

Concern

My concern is that the committee attempts regulatory improvement based on an assumption that problem gambling and disordered gambling are the same thing. Both are important but understanding the mental illness difference is relevant outcome achievement.

4. Submission Exclusions

My submission excludes detailed statements regarding the following 'terms of reference'. By excluding I am in no way minimising the importance of these items, rather my experience and advocacy focus is simply with matters addressed in Section 5.

a) *the effectiveness of current counselling and support services to address online problem gambling*

More must be done to educate the public on Gambling Disorder, to help alleviate the stigma. Shame and fear are primary factors for gamblers not asking for help. Without safety, the gambler will continue in 'fight and flight' (always making things worse). See www.rethinkaddiction.org.au.

b) *the quality of and access to protective online gambling education programs*

I am unaware of any education. "Gamble responsibly" is merely a type of ambiguous request.

Education must teach something. For example, "Less than 1% of customers win", "80% of customers with gambling disorder commit crime". I expect new legislation requiring online wagering operators to include such statements on their website and advertisements.

c) *the appropriateness of the definition of 'gambling service'*

I am only experienced with online gambling for racing and sports so am unable to comment.

d) *the effectiveness of protections against illegal online gambling services*

I am only experienced with online gambling for racing and sports so am unable to comment.

e) *the effectiveness of current gambling advertising restrictions on limiting children's exposure to gambling products and services*

The academia, science, and empirical evidence shows that early exposure creates a vulnerability that when triggered later in life can result in gambling disorder. I had early exposure and when I had a financial problem, the thought of gambling came up, I then developed the disorder and hurt everyone. Simply, the 'thought' doesn't exist without the familiarity of positive messaging as a child.

A teacher friend let me know recently that during a language exercise she asked a 10-year-old student to put words from a prescribed list into a sentence, the word 'tips' came up; to which the student replied "She forgot to put her tips on". Research indicates that a 13-year-old doesn't know a world without gambling ads. If we are serious about gambling harm prevention then it starts by changing the early exposure of gambling to our youth. Advertisements, messaging, education, social media exposure all require enhanced restrictions.

f) *the appropriateness of current gambling regulations in light of technologies*

Mobile phones give opportunities to gamble online almost anywhere and at any time. It is fast betting, fast losses, fast money transfers... Repeat!

Childhood gaming, exposure saturation, mobile phone familiarity, enhanced experience culture, instant access to funds, instant access to bets are aspects of the online gambling experience that has resulted in a pipeline of customers developing gambling disorder.

5. Submission Inclusions

My submission includes detailed statements regarding the following 'terms of reference'.

a) *the effectiveness of existing consumer protections aimed at reducing online problem gambling*

I refer you to the story by ABC investigative journalist Steve Cannane at <https://www.abc.net.au/news/2020-07-09/gambler-who-lost-millions-says-he-was-targeted-by-betting-groups/12409910>.

Prior to age 36 in June 2015, I had lost about \$12,000 from gambling. In the 6 months to the end of 2015, I lost \$44,000. I lost \$223,000 the next 6 months and \$381,000 in the 6 months after that. At this point in early 2017, AUSTRAC fined Tabcorp record \$45m for breaches. That did nothing though, the only contact I had during this escalation of losses was 'VIP' offers. I lost a further \$3.3m before getting a letter. My contact details were stolen from employees at this online operator and I was later approached by two other wagering operators, giving me money to try them out. They gave me free betting money if I made new deposits. In approximately 18 months I bet with these two operators, I was given about \$3.6m of free betting cash and I lost \$4.4m (much of it other people's).

My betting activity was intense, frequent, uncommon, uncontrolled, and desperate. All that happened was more and more free betting cash given to me. In the short time gambling I made 2,219 deposits ranging from \$1-\$70,000 from my bank account to the three online wagering operators. Even after I stopped in February 2020, and self-excluded, I received messages from two online wagering operators. I could go on with examples of my behaviour and their enabling. The point is that it's a playground of madness where profit-taking prioritises compliance

I wish to raise four truths to establish why existing 'protections' are ineffective:

1. Online wagering operators declare "Gamble Responsibility". It is on their websites, advertisements and annual reports. It is the opposite message in their 'terms and conditions'. So, the shop-front says they care but, in the darkness, it says they don't. Stopping is on the out-of-control addict with gambling disorder.
2. Existing legislation and the industry require an addict to 'gamble responsibly' when they are clinically affected by diminished responsibility. For a customer with gambling disorder, it not only makes sense to continue but it's the only conceivable option to make something better, so logically stopping doesn't occur. Yes, it's deluded but you must accept that is the reality.
3. The addicted customer with gambling disorder will cause destruction, which research refer to as symptoms.
4. Gambling online is invisible to family, friends, and colleagues. The individual has no slurred speech or loss of coordination – appearing normally on a phone as if sending a text message, paying a bill, or reading an article. Online gambling activity is witnessed only by operators and they ignore the red-flags.

As a result, the customer with gambling disorder continues. No-one sees it because online gambling is invisible. The wagering operators do nothing except enable it because of their own addiction to profit. The outcome is an ineffective protection, resulting in ongoing destruction.

b) *the impact of current regulatory and licensing regimes for online gambling on the effectiveness of harm minimisation and consumer protection efforts*

I refer you to Appendix 7 a) and 7 b) for evidence of a lazy and arrogant compliance culture.

The legislative and regulatory bodies need to take responsibility here. I recognise this inquiry provides opportunity to assess current regulatory success. Voluntary compliance has failed. Penalties are embarrassingly low and merely a cost of business, after all licences are never suspended or cancelled. Online wagering operators are predominantly licenced to the Northern Territory Racing Commission where their maximum monetary fine is approximately \$27,000, compared to the UK Gambling Commission who recently fined the owner of Ladbrokes GBP17m.

Even our Ministers are “for” Gaming, rather than “for Gaming harm minimisation”, subtle but culturally significant. There is a high turnover of Ministers, making meaningful transformation difficult. Since online gambling became lawful just over two decades ago, there have been numerous inquiries, committees, reports. I read a strong awareness of problems but the solutions are weak and ambiguous, leaving subjective opportunity to continue the old ways. Imagine the dysfunction if road authorities enforced no clear rules, instead telling the public to “drive responsibly”, “be careful if you’re visually impaired”, “go as fast as you wish, it’s your choice”. This is the current regulatory and licensing regime for online gambling in Australia.

The current regime appears immovable that gambling is a recreation product. No problem but if true, there should naturally be a bet limit similar to the cost of other recreation activities. The truth is that most engage in betting for the financial gain opportunity, certainly customers making large bets and with gambling disorder are motivated by the money. If true, the bet contract should be a financial product governed by ASIC. Accordingly, this would require large gamblers to supply a ‘sophisticated investor certificate’ before entering in to the speculative product.... A simple solution is to set a maximum bet limit to reflect the recreational experience and for those wanting to bet more, just supply a type of qualifying ‘affordability certificate’. This would have stopped me immediately as I could never have met the requirements.

Who is responsible for current online gambling regulation? It appears a mix between the ACMA and a State Regulator. Each state has a responsible gambling office. AUSTRAC have a role also. There are a few scattered organisations funded by the industry. Most jurisdictions around the world have a centralised gambling commission, the fact we don’t is indicative of the current environment. I support Lauren Levin of Financial Counselling Australia, who says we need an Australian Gambling Commission.

c) *how to better target programs to address online problem gambling to reduce the potential exploitation of at-risk people, and protect individuals, families and communities*

In consideration of the information and potential resources available to the committee, I recommend the following reforms as essential:

- i. Frequent independent audits. Intervention is crucial to address the systemic non-compliance culture. ASIC and the ATO audit as a mandatory standard.
- ii. Define the recreational gambling ‘rule’. I personally know of few recreational experiences that cost more than \$250. By way of example, establish a maximum bet limit reflective of a recreational experience. To bet an amount higher than this, simply supply a type of ‘affordability certificate’. ASIC have a similar standard for investing, APRA set serviceability standards that control borrowing capacity, drivers require a full licence to accelerate above 90 km/h, similar examples are vast. This simple rule would prevent immediate destruction.

- iii. Real education on every website and advertisement. Our youth, young adults and problem gamblers must know and be reminded of what they're engaging into. "99% of customers lose their money", "Gambling disorder is a mental illness", "80% of gambling disorder customers commit crime". These are facts and failing to inform the public is failed leadership. It is no different to smoking education requirements on packaging.
- iv. Do you acknowledge Gambling Disorder as a mental illness? Until this is declared, attempts to prevent the destruction caused by problematic gambling is superficial.
- v. First things first, protect the public. In any first aid response, the first step is always to prevent danger to the public. When asked anonymously, studies report 76%-89% of customers with gambling disorder have admitted to illegal activity due to gambling. I support Mr Wilkie's Bill which requires online wagering operators, if proven by independent authority, to return proceeds of crime to victims. For the operators, returning proceeds of crime is socially responsible and a mere accounting adjustment. Do you agree victims of gambling crime should have a mechanism to recover their money? Please refer to <https://andrewwilkie.org/gambling-predators-to-be-dragged-into-line/> and <https://www.youtube.com/watch?v=iCZfwvhUofQ>

6. Closing comments

Millions of innocent Australians have been hurt from the destruction of someone with gambling addiction; in the addict's delusion they think they are making something better, but in reality, making something far worse which is our shame. I accept my punishment but I can't accept the destruction continuing. New people will be hurt today and tomorrow; families, community services, the courts and the public are all picking up the cost. Story after story, destruction after destruction, depression and death, it goes on and on and on.

Whilst technology is a primary reason for earlier and escalating problem gambling onset, it is also the solution. Online detection and monitoring systems already exist, and with clear and concise inputs (reform), the harm severity can stop. In the hotel room on 22 March 2020, there were only a few reasons strong enough for me to stay alive. One of those reasons is to contribute to reform that would have stopped the destruction I caused others. I ask myself, what would have stopped me? All it would have taken is a letter from the online wagering operator requesting proof of funds and affordability. Technology makes this effortless to implement – automated process can generate a letter upon a "trigger", which is emailed to the customer, notification of temporary restriction is given until affordability certification is provided. Similar requirements currently exist but there is so much convenient ambiguity and subjectivity, nothing is reliable. You are in a position of wonderful privilege which I implore you to exercise with conviction as you set reform with clear rules, independent compliance monitoring, and transformative enforcement.

Finally, I am unable to locate on www.aph.gov.au/onlinegambling the measures of success. How will Government measure the inquiry success? I would appreciate your reply and as per my cover note, I am available to help in any way I can to achieve a gambling experience underpinned by integrity, enjoyment, and safety.

7. Appendix

a) Northern Territory Racing Commission Submission dated 3 August 2022

This is provided as evidence of the innumerable acts of dysfunction and abhorrent behaviour of me and the online gambling industry. Unfortunately, this evidence is not an isolated example. If specific examples are required to be shared publicly or otherwise, as a basis to improve regulation, you have my permission. However, as investigations continue, I ask that the document remain confidential and no reference is made to the wagering operator's name.

b) AUSTRAC Submission dated 23 August 2022

This is provided as evidence of illegal activity occurring under the close watch of the online gambling industry. If specific examples are required to be shared publicly or otherwise, as a basis to improve regulation, you have my permission. However, as investigations continue, I ask that the document remain confidential and no reference is made to the wagering operator's name.