



Report 3 of 2023

Gambling harm minimisation



Gambling and other support options

This report discusses gambling harm, which is any negative consequence caused or made worse by gambling. Examples of gambling harm can include financial loss, damage to personal relationships and emotional and psychological distress.

Gambling harm can affect more than just gamblers, impacting families, friends and the wider community as well. It can also occur alongside other issues such as mental illness, alcohol and drug use, and family violence.

If you or someone you know is experiencing or affected by gambling harm, or if this report raises any issues for you, help is available. Please refer to the following support options.

Gambling Helpline

A free and confidential phone service available 24/7 to provide help, support and referrals for anyone affected by gambling.

Call: 1800 858 858

Gambling Help Online

A free and confidential counselling service available online via email or 24/7 live chat. A range of gambling information and self-help resources is also provided.

Visit: www.gamblinghelponline.org.au

Gambling Help Services in South Australia

A variety of free, confidential gambling help services available across South Australia, which caters to all kinds of people with different backgrounds, ages, cultures and languages.

Visit: www.problemgambling.sa.gov.au/get-support/we-can-help/find-a-help-service-near-you

1800RESPECT

An online and telephone counselling and support service available 24/7 for people who have experienced, or are at risk of experiencing, sexual assault and/or domestic and family violence.

Call: 1800 RESPECT (1800 737 732)

Visit: www.1800respect.org.au

Kids Helpline

A free 24/7, confidential and private counselling service for children and young people aged five to 25-years old.

Call: 1800 551 800

Visit: www.kidshelpline.com.au

Lifeline

A national charity providing all Australians experiencing a personal crisis with access to 24-hour crisis support and suicide prevention services.

Call: 13 11 14

Visit: www.lifeline.org.au

Report of the Auditor-General

Report 3 of 2023

Gambling harm minimisation

Tabled in the House of Assembly and ordered to be published, 30 May 2023

First Session, Fifty-Fifth Parliament

By authority: M. Dowling, Government Printer, South Australia

*The Auditor-General's Department acknowledges and respects
Aboriginal people as the State's first people and nations, and
recognises Aboriginal people as traditional owners and occupants of
South Australian land and waters.*



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29 May 2023

President
Legislative Council
Parliament House
ADELAIDE SA 5000

Speaker
House of Assembly
Parliament House
ADELAIDE SA 5000

Dear President and Speaker

**Report of the Auditor-General:
Report 3 of 2023 *Gambling harm minimisation***

Under section 31(2) of the *Public Finance and Audit Act 1987* (PFAA), I have conducted a performance audit of the South Australian Government's management of gambling harm minimisation activities.

I present to each of you my independent assurance report on the findings of the audit.

Copies of this report have also been provided to the Treasurer, the Minister for Consumer and Business Affairs and the Minister for Human Services.

Content of the report

Our audit assessed whether the Attorney-General's Department and Department of Human Services were effectively managing gambling regulatory compliance activities, the Gamblers Rehabilitation Fund investment plan and gambling help services to minimise gambling harm.

My responsibilities

Performance audits conducted under section 31(2) of the PFAA are assurance engagements that assess whether public sector programs or activities are achieving economy, efficiency and effectiveness in using available resources. These engagements conclude on the performance of the programs or activities evaluated against identified criteria.

The Auditor-General's roles and responsibilities in conducting performance audits are set out in the PFAA. Section 31 of the PFAA empowers me to conduct these audits, while sections 37 and 38 deal with the reporting arrangements.

The audit was conducted in line with the Standard on Assurance Engagements ASAE 3500 *Performance Engagements*. We complied with the independence and other relevant ethical requirements for assurance engagements.

Acknowledgements

The audit team for this report was Salv Bianco, Ken Anderson, Grace Lum and Ryan Tran.

We appreciate the cooperation given by staff of the Attorney-General's Department and Department of Human Services during the course of our audit. We are particularly grateful to the staff of the Consumer and Business Services unit and the Office for Problem Gambling for their constructive approach and helpful assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson
Auditor-General

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1 Executive summary

1.1 Introduction

Gambling is a legal activity that many South Australians enjoy, but for some gamblers it has detrimental effects including financial harm and damage to personal relationships, health and wellbeing.

Research estimates that around 10,000 South Australians engage in high-risk gambling and have experienced significant adverse consequences from it.¹ For every person involved in high-risk gambling at least six other people may also be affected.² This means the number of South Australians affected by someone's high-risk gambling could fill Adelaide Oval.

Gambling activity in the State is significantly higher now than it was before the COVID-19 pandemic. Gambling generated taxation revenue of \$531 million for the SA Government in 2021-22 and is forecast to grow.

The Parliament has enacted legislation that has the specific objective of minimising gambling harm, including legislation for the regulation of the State's gambling industry and the Gamblers Rehabilitation Fund (GRF).

The Liquor and Gambling Commissioner³ (the Commissioner) conducts regulatory compliance activities on South Australian gambling providers and activities to ensure regulatory requirements related to minimising gambling harm are met.

The Office for Problem Gambling (OPG) within the Department of Human Services administers the GRF to fund services, programs, research and awareness campaigns that aim to prevent and minimise gambling harm in South Australia. A significant proportion of the GRF is spent on gambling help services.

Our performance audit assessed whether the SA Government was effectively managing regulatory compliance activities, the GRF investment plan and gambling help services to minimise gambling harm.

We did not consider regulatory compliance activities for casino operations in South Australia, because these were subject to independent inquiries by AUSTRAC and the Hon Brian Martin AO KC at the time of our audit.⁴

¹ Woods, A., Sproston, K., Brook, K., Delfabbro, P. & O'Neil, M. 2018, *Gambling Prevalence in South Australia (2018)*, Final report, ORC International. This study estimated that 0.7% of the adult South Australian population in 2018 engaged in high-risk gambling.

² Goodwin, B. C., Browne, M., Rockloff, M. & Rose, J. 2017, *A typical problem gambler affects six others*, *International Gambling Studies*, 17(2), pp. 276-289.

³ Regulatory compliance activities are carried out by the Consumer and Business Services business unit (CBS) within the Attorney-General's Department, which supports the Commissioner in carrying out their functions.

⁴ Appendix 7 provides further details on these inquiries.

1.2 Conclusion

We concluded that the SA Government's management of gambling regulatory compliance activities, the GRF investment plan and gambling help services to minimise gambling harm was partly effective. This is because while some sound processes were in place and operating effectively, we also identified gaps that needed to be addressed, as outlined below.

1.2.1 CBS's management of gambling regulatory compliance activities

The Commissioner and Consumer and Business Services (CBS) have implemented some sound processes to manage regulatory compliance activities aimed at minimising gambling harm. The Commissioner and CBS are also taking steps to develop and implement a risk-based approach, informed by data and intelligence, to ensuring gambling industry compliance with legislation.

However, at the time of our audit there were gaps in the approach for identifying compliance risks and key compliance activities were not completed as planned or were not fully developed. The main gaps and areas for improvement we identified are detailed in section 1.3.1.

The Commissioner needs to action these areas to demonstrate that regulatory compliance activities are targeting areas of highest risk and effectively managed to minimise gambling harm.

1.2.2 OPG's management of the GRF investment plan

The GRF investment plan is a sound base for guiding GRF investments in line with the fund's legislated scope. OPG took positive steps to implement the plan in 2022, including:

- establishing a monitoring and evaluation framework for the plan
- establishing a strategic research agenda
- commencing a first-year evaluation of GRF investment plan achievements.

However, as the monitoring and evaluation framework was only established in November 2022, some key parts of it were not yet implemented at the time of our audit. OPG needs to fully implement the framework to help it demonstrate whether activities funded under the GRF investment plan are achieving their objectives and minimising gambling harm.

OPG also needs to better understand current gambling harm trends and whether counselling services are meeting client and community needs, to inform its investment planning approach.

1.2.3 OPG's management of gambling help services

Contract management activity for gambling help services was limited in important areas. Some key processes to ensure the effective oversight and performance monitoring of

gambling help services were either not in place or not fully implemented and operational. OPG needs to implement process improvements to demonstrate that service providers are achieving their contracted outcomes.

1.3 What we found

1.3.1 CBS’s management of regulatory compliance activities

The Commissioner and CBS have implemented some sound processes to manage regulatory compliance activities aimed at minimising gambling harm, including:

- a framework for assessing gambling licence applications that considers community interest
- a central system to manage barring orders⁵ and processes to refer barred people to gambling help services
- a compliance and enforcement policy identifying priority areas for the gambling industry
- guidance materials to help gambling providers comply with regulatory requirements.

A Gambling Advisory Council has been established to provide advice to the Commissioner on gambling harm minimisation policies and proposals and to provide a forum for industry, welfare and government sectors to exchange information and views.

CBS also initiated a comprehensive internal review of its Compliance and Enforcement Branch prior to our audit, which covered gambling regulatory compliance activities. The review was completed in July 2021 and CBS is progressively implementing its recommendations.

However, we found that improvements were needed in key areas for the Commissioner and CBS to effectively manage gambling regulatory compliance activities to minimise gambling harm. Our key findings are shown in figure 1.1.

Figure 1.1: Findings on Commissioner and CBS regulatory compliance activities

Audit area	Findings
Management of regulatory compliance activities	<p>The regulatory compliance program was not informed by a comprehensive and systematic assessment of risks of non-compliance with regulatory requirements and gambling harm.</p> <p>The use of data and intelligence to inform compliance risk assessments and target compliance activities was limited.</p>

⁵ Appendix 1 explains this term.

Audit area	Findings
	<p>The operational plan to support implementation of the gambling regulation strategic plan was in draft and did not specify timelines and success measures.</p> <p>Gaming venue inspections to confirm regulatory compliance did not effectively target higher risk licensees and most venues were overdue for inspection.</p> <p>There was limited compliance activity over online wagering operations.</p> <p>CBS had not performed any testing or review to ensure that mandated harm minimisation attributes for gaming machines were functioning correctly.</p> <p>CBS had not performed an evaluation to confirm whether the current regulatory approach has been effectively minimising gambling harm.</p>

Section 4 provides more detail on our findings for the Commissioner’s and CBS’s management of gambling regulatory compliance activities.

1.3.2 OPG’s management of the GRF investment plan and gambling help services

The GRF investment plan is a sound base for guiding the investment of the GRF. The plan captures strategies for the main at-risk groups identified in the most recent South Australian gambling prevalence study.⁶ It also aligns with the legislated scope of the GRF and key themes identified in recent research and contractor reports commissioned by OPG.

OPG had some sound processes for managing the GRF investment plan. It had engaged an expert research team through a university:

- to develop a monitoring and evaluation framework for the plan
- to evaluate the first-year achievements and outcomes of the plan, applying the framework.

The first draft of the evaluation report prepared by the research team was completed in April 2023.

OPG had also:

- developed a strategic research agenda for the period 2022 to 2026 that describes future research areas of interest aligned with the investment plan to help grow the evidence base for what works in preventing and minimising gambling harm
- maintained a client data set to centrally capture client and service data for gambling help services

⁶ Woods, A., Sproston, K., Brook, K., Delfabbro, P. & O’Neil, M. 2018, *Gambling Prevalence in South Australia (2018)*, Final report, ORC International.

- commissioned evaluations of specific initiatives and programs funded from the GRF.

However, we found that some improvements were needed for OPG to effectively manage the GRF investment plan and gambling help services to minimise gambling harm. Our key findings are shown in figure 1.2.

Figure 1.2: OPG GRF investment plan and gambling help services findings

Audit area	Findings
Management of GRF investment plan	<p>As the monitoring and evaluation framework was only established in November 2022, some parts of it were not fully implemented at the time of our audit. Data collection activities for several key performance measures in the framework were not finalised and specific targets for the measures had not been set.</p> <p>Further data and research were required to understand and monitor current gambling harm trends and confirm whether counselling services meet client and community needs.</p> <p>No assessment had been performed to confirm whether the current funding model for the GRF is sustainable on an ongoing basis.</p>
Management of gambling help services	<p>Performance measures in gambling help services contracts did not enable effective assessment of whether targeted service outcomes were being achieved.</p> <p>There was limited oversight by OPG to ensure data submitted by gambling help service providers to the client data set was accurate and complete.</p> <p>Performance reviews and contract management reporting for gambling help service contracts were not timely or prioritised based on risk. There were inconsistencies in the procedural guidance for these activities.</p> <p>Research findings and contractor recommendations were not monitored to confirm they were actioned.</p> <p>There was scope to improve referral pathways and guidance for service providers on available service options for clients exhibiting risky gambling behaviour or experiencing gambling harm.</p> <p>While program logic and theories of change⁷ were developed for some gambling help services, they did not exist for most at the time of our audit, meaning that how these services are intended to minimise gambling harm is unclear.</p>

Sections 5 and 6 provide more detail on our findings for OPG’s management of the GRF investment plan and gambling help services.

⁷ Appendix 1 explains these terms.

1.4 What we recommended

The recommendations we made to address our findings are summarised in figure 1.3.

Figure 1.3: Recommendations

Audit area	Recommendations
Management of regulatory compliance activities	<p>We recommend that the Commissioner and CBS:</p> <ul style="list-style-type: none">• develop an overarching compliance risk management framework to identify and assess compliance and gambling harm risks• use data and intelligence to inform their compliance risk assessments and ensure planned compliance activities are proportionate to the level of assessed risks• identify time frames and success measures for deliverables in the gambling regulation strategic plan• perform regular venue inspections based on risk assessments in line with new policy requirements• develop and implement a compliance program for online wagering• periodically test and review gaming machine attributes to ensure they align with mandated requirements• develop a research agenda and monitoring and evaluation framework to confirm the effectiveness of regulatory interventions in minimising gambling harm.
Management of GRF investment plan	<p>We recommend that OPG completes the implementation of the monitoring and evaluation framework so that it can monitor progress against GRF investment plan goals. This includes:</p> <ul style="list-style-type: none">• finalising the identification of data collection activities and specific targets for all key performance measures• completing the first-year evaluation of investment plan achievements applying the framework• collecting baseline data for key performance measures to track improvements in outcomes across time. <p>We also recommend that OPG:</p> <ul style="list-style-type: none">• obtains up-to-date data and research on indicators of gambling harm and the prevalence of risky gambling behaviour across the State's population• seeks the perspectives of gambling help service clients to confirm whether the counselling they received has met their needs and to identify opportunities to improve service design by engaging with people who have lived experience of gambling harm

Audit area	Recommendations
Management of gambling help services	<ul style="list-style-type: none"> • assesses whether the GRF funding model is sustainable given the fund’s expanded scope and ensures that any sustainability risks are addressed through the annual budget process. <p>We recommend that OPG:</p> <ul style="list-style-type: none"> • updates outcome measures and data collection requirements in gambling help service contracts to ensure they align with the monitoring and evaluation framework • clarifies contract management and performance review requirements for gambling help service contracts and conducts more timely performance reviews • implements regular reporting to contract owners and relevant governance committees on gambling help service provider performance • implements processes to ensure the reliability of data used for performance and outcome monitoring and reporting • improves guidance for counsellors on referral pathways and service options available to help clients experiencing gambling harm • ensures program logic and theories of change are established for all gambling help services in the next round of commissioning cycles.

1.5 Response to our recommendations

The Attorney-General’s Department and the Department of Human Services responded positively to our detailed findings and advised us how they would action our recommendations. Their responses to our detailed findings are included in sections 1.5.1 and 1.5.2.

Appendix 8 and 9 contain the responses to our report to Parliament that we received from the Attorney-General’s Department and the Department of Human Services.

1.5.1 CBS’s management of regulatory compliance activities

The response we received from the Chief Executive of the Attorney-General’s Department in March 2023 stated:

The Liquor and Gambling Commissioner, his staff in Consumer and Business Services and I are grateful for the work undertaken by your staff on this audit. We agree in principle to all of the recommendations but note that some may require additional resourcing or further consideration as to how to implement the recommendation.

Significant progress has already been made towards the implementation of many of the recommendations. CBS has established a project team to continue to implement the recommendations and identify further opportunities for improvement. ...

...

I note that the recommendations build on the work which was already being undertaken by CBS on its own initiative prior to the audit to enhance the efficiency and effectiveness of its compliance and enforcement activities. CBS conducted an internal review of its Compliance and Enforcement branch (C&E Review) which resulted in 77 recommendations, multiple of which have been endorsed in your audit findings. CBS has been steadily implementing the recommendations of the C&E Review with 43 complete, 23 in progress, nine not yet started and two awaiting the new software system, OneCBS.

Of particular note is the establishment of a dedicated Casino and Gambling Team led by an expert in the field and the establishment of a Prevention, Intelligence and Communication Team (Prevention Team) to undertake data analysis, research and operational, tactical and strategic intelligence work. These changes were recommended in the C&E Review but were not fully implemented until partway through your audit. CBS is now significantly benefiting from these changes.

CBS has been gathering and analysing gambling related data to inform regulatory decision making, including decisions relating to gambling harm minimisation. ...

...

In addition to implementing the recommendations of your audit, CBS is undertaking the following activities which are intended to further assist in reducing gambling-related harm:

- CBS is revising the annual returns that Authorised Interstate Betting Operators submit to include data and information which will help CBS to have a more detailed picture of the extent of their online betting operations in South Australia and the risk of harm to South Australian customers, and will assist CBS to prioritise its compliance activities.*
- CBS is reviewing the responsible gambling policies and procedures of Authorised Interstate Betting Operators to ensure their compliance with the measures introduced into the Authorised Betting Operators Gambling Code of Practice in December 2021.*
- CBS is revising the Community Interest Guidelines for gaming applications to designate high risk applications. ...*
- CBS is introducing additional quality assurance measures. ...*

- *Representatives from the three branches in CBS that contribute to gambling harm minimisation are meeting quarterly to review and evaluate the effectiveness of the gambling regulatory framework and the compliance activities in minimising gambling harm.*
- *To inform decision-making, CBS has established a central database of gambling data which is accessible by all three branches of CBS that contribute to gambling harm minimisation.*
- *CBS is arranging quarterly meetings with the Independent Gaming Corporation and service agents to keep abreast of what is happening in the field.*
- *CBS is meeting with counterparts in other jurisdictions to understand their approach to particular gambling harm reduction measures, such as ensuring effective oversight of gaming rooms.*
- *CBS has negotiated changes to the quarterly reports received from Club Safe and Gaming Care to ensure receipt of more informative data in relation to gambling harm.⁸*
- *CBS has reviewed its processes in relation to gambling barring orders to require counselling on a case by case basis prior to approving revocation of voluntary barrings.*
- *CBS has improved communications with industry about their roles and responsibilities as gambling providers and the tools available to assist them.*

It is important to note that CBS takes a harm minimisation approach when considering all new gambling related applications.

The Commissioner is also continuing to pursue opportunities for regulatory reform to introduce further measures to minimise gambling harm. ...

The Attorney-General's Department provided detailed responses addressing each of our recommendations. While it accepted most recommendations in full, there were some that it accepted in principle only due to resourcing implications or further consideration being required. Detailed responses for the recommendations accepted in principle and additional context provided by the Attorney-General's Department for some findings are provided in section 4.3.

⁸ Gaming Care (established by the Australian Hotels Association (SA)) and Club Safe (established by Clubs SA) are recognised by the Commissioner as approved industry bodies under the *Gaming Machines Act 1992*. They work with hotels and clubs to help them comply with responsible gambling requirements, and with identifying and providing support to at-risk gamblers.

1.5.2 OPG's management of the GRF investment plan and gambling help services

The response we received from the Chief Executive of the Department of Human Services (DHS) in March 2023 stated:

The remit of OPG and DHS to minimise gambling harm in South Australia is a challenging one, noting the extensive availability of gambling opportunities and prevalence of gambling activity in our community.

Similarly, the challenge of establishing causal relationships in a complex system where diverse social, environmental, economic and structural factors have the potential to influence key outcomes related to preventing and minimising gambling harm is beyond the control of OPG.

These challenges notwithstanding, the 2020 changes to the GM Act 1992 that have afforded OPG and the GRF a more modern approach to harm minimisation in line with world best practice are a welcome reform, noting that this has been the first reform to this legislation since its inception.

Since the 2020 changes, OPG has undertaken an extensive evidence-gathering exercise, as well as significant consultation to inform legislative compliance with its new mandate. This in turn led to the development of the GRF investment plan which was released in November 2021.

OPG has undertaken several recommissioning exercises of GHS as well as development of the rigorous and University led monitoring and evaluation framework. OPG has also for the first time in its history launched a major communications campaign (Here for the Game) and released its Strategic Research Agenda.

Implementing these initiatives is ongoing and we appreciate the fact your audit has acknowledged this and the size of these pieces of work, as well as how they will help inform impact and effectiveness of GRF investments into the future.

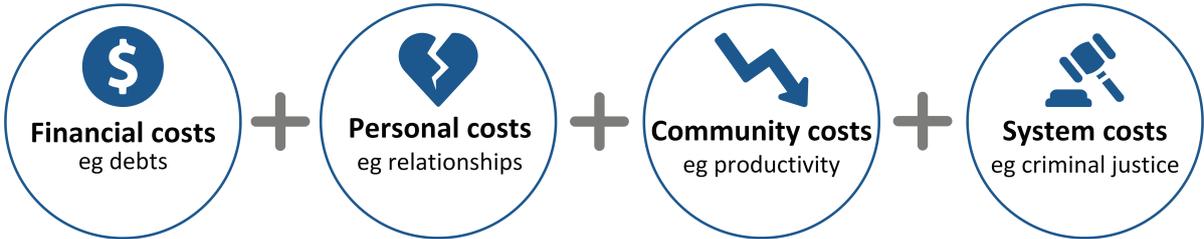
OPG accepts the findings of your audit and has appreciated the willingness and open-mindedness of your staff during this audit process. Certainly, your audit has identified several improvement considerations and opportunities for OPG to consider and I will ensure staff implement these recommendations in current and future business plans in order of priority.

2 Background

2.1 Why this audit is important

Nearly two-thirds (65%) of South Australians participate in some form of gambling⁹ and many consider it a form of entertainment. But for some people, gambling leads to harm to themselves and the people around them. Figure 2.1 shows the various costs of gambling harm to the South Australian community.

Figure 2.1: Costs of gambling to the South Australian community



Source: OPG’s *Minimising Gambling Harm in South Australia – Investment Plan 2021–2026*.

In 2018, around 10,000 South Australians engaged in high-risk gambling.¹⁰ For each of them, research indicates at least six others are affected.¹¹ This means the number of South Australians affected by someone’s high-risk gambling could fill Adelaide Oval.

Minimising the harm caused by gambling is challenging and the SA Government recognises that there has been little improvement in the proportion of South Australians engaging in risky gambling in recent years, despite a focussed effort on treating those experiencing the highest levels of harm.¹²

The Commissioner and OPG play a critical role in regulating the gambling industry and delivering programs and services to address the harmful impacts of gambling. These activities must be effectively managed to drive improvements in harm minimisation outcomes in line with legislated objectives.

⁹ Woods, A., Sproston, K., Brook, K., Delfabbro, P. & O’Neil, M. 2018, *Gambling Prevalence in South Australia (2018)*, Final report, ORC International.
¹⁰ Based on the 2018 gambling prevalence study which estimated that 0.7% of the adult South Australian population engaged in high-risk gambling in 2018.
¹¹ Goodwin, B. C., Browne, M., Rockloff, M. & J. Rose 2017, *A typical problem gambler affects six others*, *International Gambling Studies*, 17(2), pp. 276-289.
¹² Office for Problem Gambling 2021, *Minimising Gambling Harm in South Australia – Investment Plan 2021–2026*, Department of Human Services, South Australia, viewed 30 January 2023, <https://www.problemgambling.sa.gov.au/documents/resouces/DHS-1472-Minimising-Gambling-Harm-Investment-Plan_2021_19.11_version>.

2.2 Gambling in South Australia

2.2.1 What is gambling?

Gambling, as defined by OPG, is an activity where someone risks something of value (most typically money) on an uncertain outcome, where there is an element of randomness or chance involved, and the purpose is to win.¹³

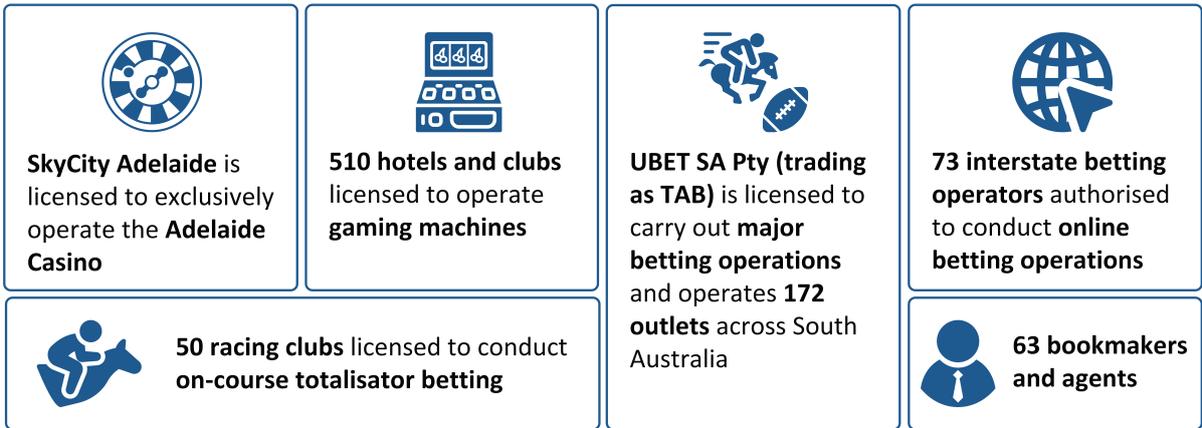
Legal forms of gambling in South Australia include:

- electronic gaming machines, also known as pokies
- casino table games
- wagering (such as betting on racing, sporting events and other approved events)
- lotteries.

2.2.2 Overview of gambling providers

Figure 2.2 provides an overview of the main gambling providers licensed or authorised by the SA Government to legally offer gambling products in South Australia.

Figure 2.2: Licensed or authorised gambling providers in South Australia as at 31 March 2023¹⁴



Source: CBS.

Additionally, the Lotteries Commission of South Australia,¹⁵ a statutory authority established under the *State Lotteries Act 1966*, is authorised to conduct public lotteries in South Australia.

¹³ For the purposes of OPG’s investment plan, high-risk investing activities including investments in cryptocurrency are not considered gambling.

¹⁴ In South Australia, online wagering providers are permitted to offer gambling products as Authorised Interstate Betting Operators under the *Authorised Betting Operations Act 2000*.

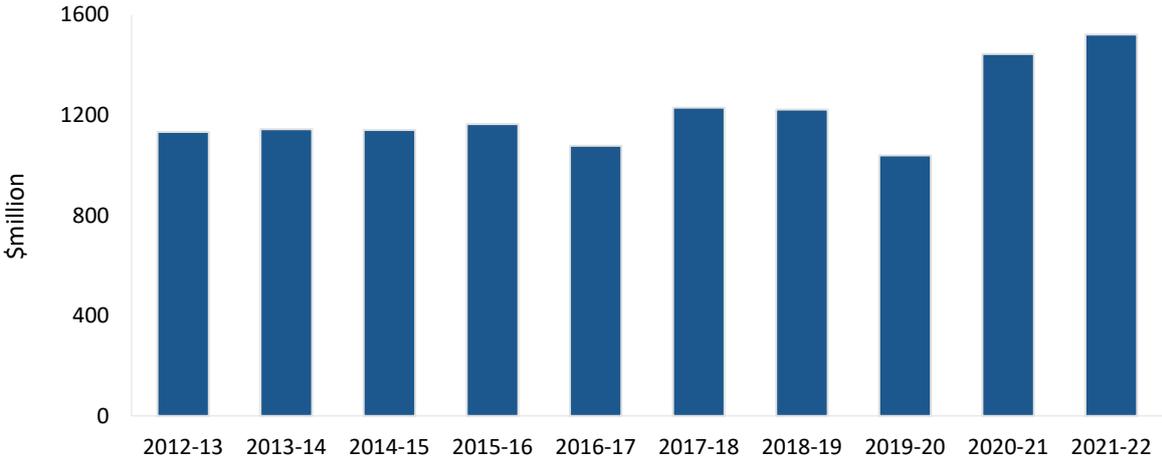
¹⁵ The Lotteries Commission of South Australia has entered into a long-term agreement with Tatts Lotteries SA Pty Ltd, a subsidiary company of The Lottery Corporation Limited, to distribute lottery products.

The gambling industry contributes to the South Australian economy by employing more than 47,000 staff.¹⁶

2.2.3 South Australians have lost \$12 billion to gambling since 2012-13

Figure 2.3 shows annual gambling losses in South Australia from 2012-13 to 2021-22. South Australians lost \$12.1 billion to gambling over this 10-year period.

Figure 2.3: Annual gambling losses from 2012-13 to 2021-22



Sources:

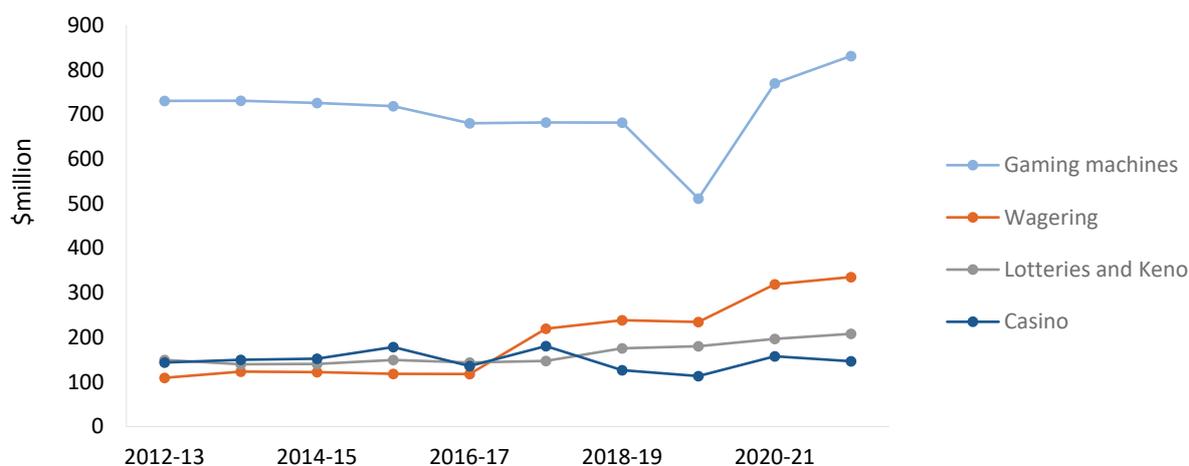
- Queensland Government Statistician’s Office, Queensland Treasury, Australian Gambling Statistics, 37th edition, 1994-95 to 2019-20.
- Department of Treasury and Finance.
- Attorney-General’s Department.

Gambling losses fell in 2019-20 mainly due to reduced gambling activity resulting from COVID-19 trading restrictions on gaming venues. However, these losses have rebounded to record high levels since then. Gambling losses peaked at \$1.52 billion in 2021-22, which is \$1,052 for every South Australian adult.

Figure 2.4 shows gambling losses in South Australia by product over the 10 years to 2021-22. Almost 60% of losses over this period relate to gaming machine play in hotels and clubs.

¹⁶ Consumer and Business Services 2022, *Gambling Regulation Strategic Plan 2022-25*, Attorney-General’s Department, South Australia, viewed 30 January 2023, <https://www.cbs.sa.gov.au/sites/default/files/cbs_gambling_regulation_strategic_plan.pdf?timestamp=1675059243694>.

Figure 2.4: Gambling losses by product from 2012-13 to 2021-22



Sources:

- Queensland Government Statistician’s Office, Queensland Treasury, Australian Gambling Statistics, 37th edition, 1994-95 to 2019-20.
- Department of Treasury and Finance.
- Attorney-General’s Department.

Notes:

- Casino includes wagers on table games, gaming machines and keno systems at the Adelaide Casino.
- Lotteries are public lotteries carried out by the Lotteries Commission of South Australia and not other forms of lotteries such as major lottery tickets in a draw for a house, car or other major prize.
- Wagering in 2017-18 and onwards includes interstate wagering operators authorised to conduct betting operations in South Australia.

Figure 2.4 shows that gaming machine and wagering losses are substantially higher in 2021-22 than before the COVID-19 pandemic. Between 2018-19 and 2021-22, gaming machine losses increased by \$150 million (22%) and wagering losses increased by \$97 million (41%).

2.2.4 Gambling taxation revenue

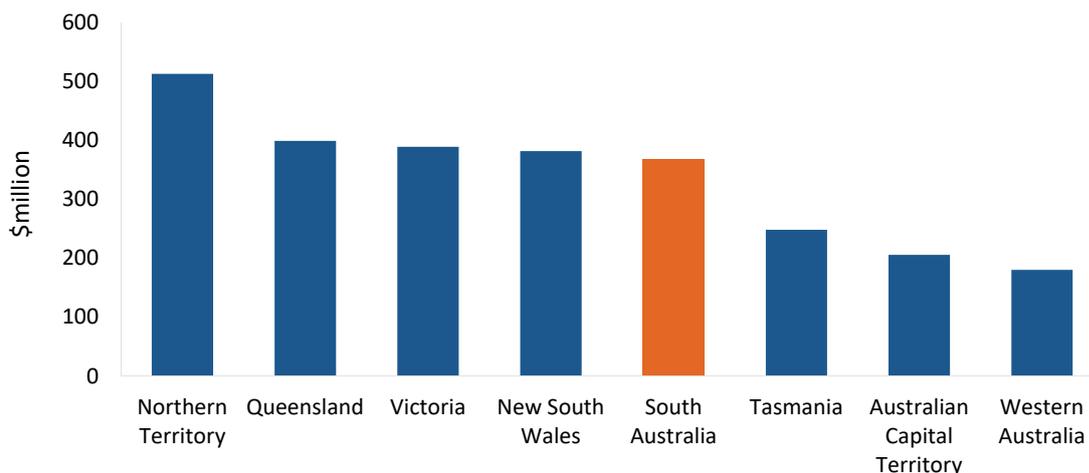
In 2021-22, the gambling industry generated \$531 million in gambling taxation revenue for the SA Government, representing 10% of total State taxation revenue.

Most gambling taxation revenue was generated through gaming machines in hotels and clubs (67%) and State lotteries (20%).

The 2022-23 mid-year budget review estimates that gambling taxation revenue will increase to \$582 million in 2022-23 and reach \$590 million in 2025-26.

Figure 2.5 shows gambling taxation revenue per capita for each Australian state and territory in 2021-22.

Figure 2.5: Gambling taxation revenue per capita in 2021-22



Source: Derived based on state and territory financial statements, and the Australian Bureau of Statistics 3101.0 *National, state and territory population* data.

Note: Gambling taxation revenue per capita is based on population aged 18 years and over.

South Australia’s gambling taxation revenue per capita is comparable to Queensland, Victoria and New South Wales, but significantly more than Tasmania, the Australian Capital Territory and Western Australia.

Most of the gambling taxation revenue generated in 2021-22 went to the Consolidated Account (\$381 million)¹⁷ and Hospitals Fund (\$105 million).¹⁸ Around 1% (\$5.38 million) of it was paid into the GRF. Section 2.5 explains the GRF funding sources.

2.3 Gambling harm

2.3.1 What is gambling harm?

OPG has adopted a continuum of harm model in classifying gambling behaviour. Figure 2.6 shows the levels on this continuum, ranging from no gambling to high-risk gambling.

Figure 2.6: Gambling behaviour risk continuum¹⁹



Source: OPG.

¹⁷ As advised to us by the Department of Treasury and Finance.

¹⁸ The fund established under the *State Lotteries Act 1966* for the provision, maintenance, development and improvement of public hospitals and equipment for public hospitals.

¹⁹ The levels on the continuum are based on the Problem Gambling Severity Index categories used in the 2018 South Australian gambling prevalence study (see section 2.3.2). OPG has changed the terminology to remove the use of ‘problem gamblers’ in response to concerns of stigmatising people who are experiencing gambling harm.

Engaging in risky gambling behaviour increases an individual’s likelihood of experiencing gambling harm. Signs of risky gambling include spending more than you can afford, losing track of time when gambling, feeling guilty about your gambling and gambling to win back money.

Gambling harm is any negative consequence caused or made worse by gambling and can be categorised as follows:

- financial loss
- relationship damage
- emotional and psychological distress
- work or study issues
- cultural impact
- criminal activity.

Figure 2.7 lists some examples of gambling harm for the different levels of risky gambling behaviour under OPG’s risk continuum model.

Figure 2.7: Examples of gambling harm experienced for OPG risk continuum categories

Low-risk gambling harm examples	Medium-risk gambling harm examples	High-risk gambling harm examples
Reduced available spending money Increased alcohol/drug consumption Regret about gambling Spending less time with loved ones	Late payments on bills Reduced performance at work Absence from work or commitments Feeling worthless and isolated Greater conflict in relationships	Loss of significant assets Needing emergency/temporary accommodation Attempting suicide Requiring emergency medical treatment

Source: OPG.

Gambling harm can extend beyond individual gamblers to families, friends and the wider community. It can also occur alongside other issues such as mental illness, alcohol and drug use, and family violence.

2.3.2 Prevalence of gambling harm

The most recent South Australian gambling prevalence study was commissioned in 2018.²⁰ The aim of the study was to provide an updated estimate of gambling behaviour and related harm in the State and involved telephone interviews of just over 20,000 people.

The prevalence of gambling harm was measured in the study using the Problem Gambling Severity Index (PGSI). The PGSI is a screening tool commonly used by gambling researchers and counsellors to assess and measure at risk gambling behaviour and is based on research on the common signs and consequences of problematic gambling.

²⁰ Woods, A., Sproston, K., Brook, K., Delfabbro, P. & O’Neil, M. 2018, *Gambling Prevalence in South Australia (2018)*, Final report, ORC International.

The PGSI puts respondents into four categories: non-problem gamblers, low-risk gamblers, moderate-risk gamblers and problem gamblers. Appendix 3 provides more detail about the PGSI, including the scoring system and definition of categories.

Figure 2.8 shows the breakdown of PGSI categories in the South Australian population based on the 2018 prevalence study.

Figure 2.8: Prevalence of PGSI categories in the South Australian population in 2018

Category	% of population
Non-gamblers	35.3%
Non-problem gamblers	57.2%
Low-risk gamblers	4.6%
Moderate-risk gamblers	2.2%
Problem gamblers	0.7%

The study estimated that 0.7% of the South Australian population were problem gamblers engaging in high-risk gambling. While this may seem low, it still equates to around 10,000 South Australians experiencing severe harm such as losing significant assets and needing emergency accommodation or medical treatment due to their gambling behaviour.

The study also indicated that:

- sports and online gambling had increased significantly since the previous study in 2012
- online gamblers were more likely to be moderate risk or problem gamblers than non-online gamblers
- online gamblers were significantly more likely to have a binge gambling session.²¹

More recent research at the national level in 2023²² estimates that the same proportion of South Australians gamble on sports as on gaming machines (39%), while even more gamble on racing (42%). These rates are higher than all other Australian states except New South Wales.

This research also indicated that most gambling on sports and racing in Australia was conducted online, with online gamblers having an average of two accounts each with betting providers.

It is important that the trend towards increased sports and online betting is actively considered in planning regulatory compliance activities and GRF investments, as well as in the design of gambling help services.

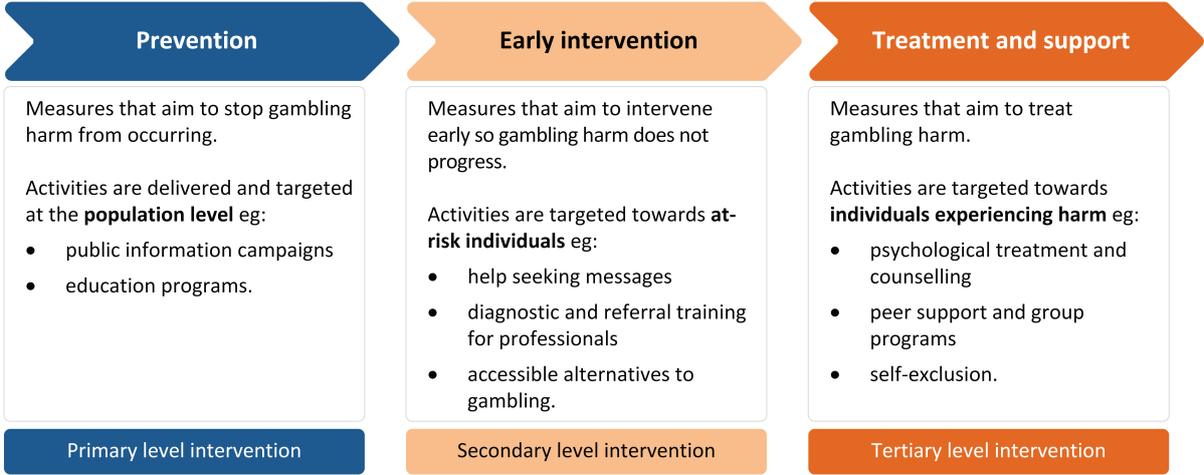
²¹ A session where the person gambled far more than usual.

²² Australian Gambling Research Centre 2023, *Gambling participation and experience of harm in Australia*, Melbourne: Australian Gambling Research Centre, Australian Institute of Family Studies. This research was based on a survey of 1,765 Australian residents aged 18 years and over. Survey respondents were asked whether they engaged in various gambling activities at least once in the past 12 months.

2.3.3 OPG’s stepped model of care for gambling harm

Since the scope of the GRF was expanded in July 2020,²³ OPG has implemented a public health approach to minimising gambling harm under the GRF investment plan. This approach aims to provide a range of interventions across the gambling harm continuum that extends to prevention and early intervention, as well as treatment and support through gambling help services. Figure 2.9 shows the hierarchy of intervention in OPG’s stepped model of care for gambling harm. The approach aims to strike the right balance between positive client outcomes and finite treatment resources.

Figure 2.9: OPG’s stepped model of care approach



Source: OPG.

While the GRF can now be applied to prevention and early intervention activities under the revised legislation, counselling and treatment programs provided under outsourced gambling help service contracts remain important to effectively minimise gambling harm. This is particularly the case for people at the high end of the gambling harm risk continuum. The following real-life case study shows how gambling help service treatment and support can help people engaging in risky gambling behaviour to improve their life circumstances.

Figure 2.10: Lived experience case study

Case study: James, Male 26

James started gambling at the age of 16. His father, who had been gambling for as long as James could remember, introduced James to the TAB at a young age. James recalls placing bets for his father and learning the betting process during years of accompanying his father to various venues. James could not clearly recall the transition to gambling with his own money, but reported that it progressively developed over time to a point where it had become problematic.

²³ Section 2.5 provides further details on the expanded scope of the GRF.

At the point of his first engagement with the gambling help service, James was spending his weekly pay gambling on every sport, placing bets online using his mobile phone, playing casino table games and occasionally playing poker and baccarat with friends. James' relationship with his partner was under significant stress, his relationships with his brothers and father were estranged, and he had begun taking money from his workplace to cover his losses. James truly felt that he had hit rock bottom.

During the counselling process, James expressed feeling that the burden of his emotional distress was lowered by being able to share his experiences and feel heard and validated in a non-judgmental way. He highlighted that having a continuous check-in point supported him to stay on track with his gambling goals. Over several episodes of engagement, James was able to abstain from gambling for longer periods and develop a greater awareness of and ability to navigate urges to gamble. James soon reached a point where he no longer needed support from the counselling service.

James reflected on the changes he made that were the most helpful for him in stopping gambling. He shut down all of his gambling apps and focussed on becoming more involved in the gym and playing tennis. He felt the empty hours he had previously experienced, which he would fill up with gambling, were greatly reducing. James has also started to acknowledge the financial and emotional benefits of not gambling (like saving money and feeling less stressed and anxious) and the benefits of accessing ongoing relapse prevention support.

James was able to change his thinking about the chances of winning stating, "I realise now that you're never going to win until you stop".

Source: A gambling help service provider.

2.4 Gambling regulation in South Australia

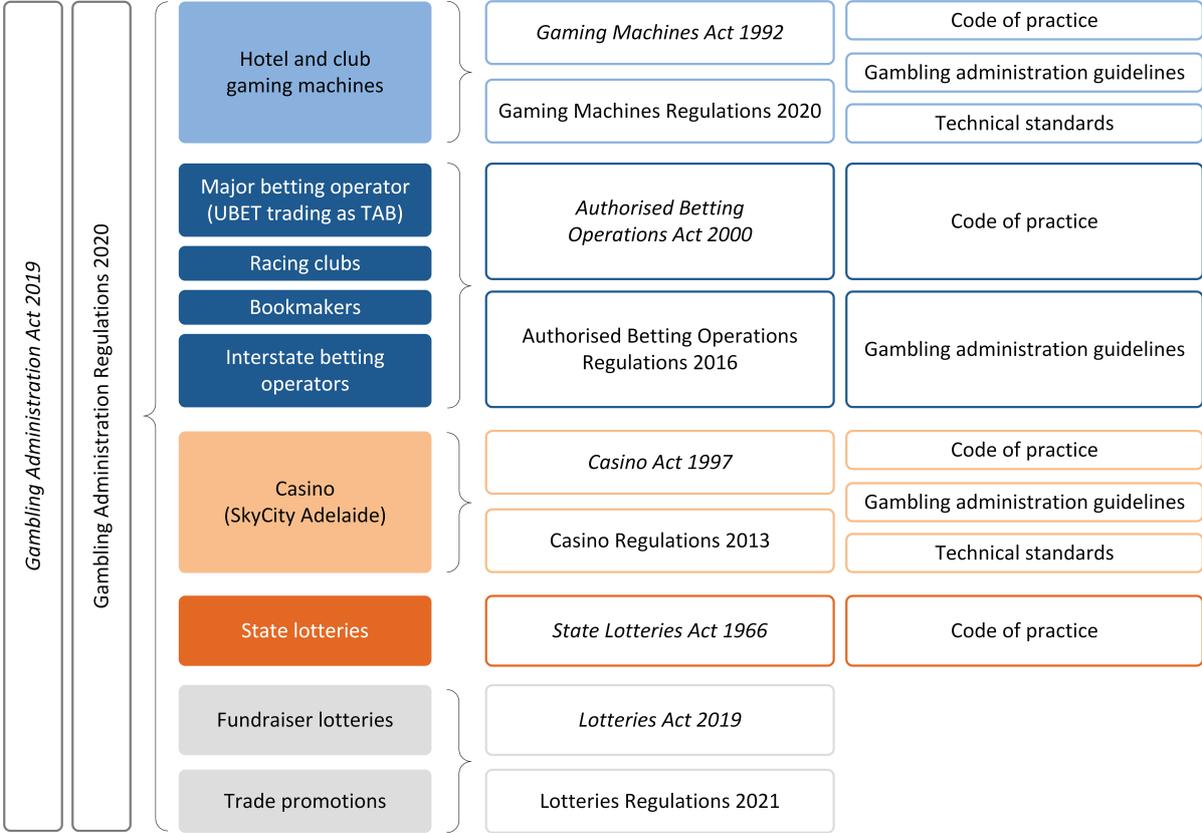
2.4.1 Overview

Gambling in South Australia is mainly regulated by State law, with Commonwealth laws covering some areas of online gambling and advertising.

South Australian legislation and regulations are supported by codes of practice and administrative guidelines issued by the Commissioner.

Figure 2.11 summarises the main State-based requirements that govern how gambling is conducted in South Australia.

Figure 2.11: South Australian regulatory requirements



These laws, regulations and codes of practice contain specific requirements aimed at ensuring gambling providers offer gambling products responsibly and to minimise gambling harm. As such, they form an integral part of the SA Government’s harm minimisation strategy. Examples of harm minimisation methods embedded in legislation, regulations and codes of practice include:

- licensing of industry participants and community impact assessment requirements for gaming machine licences
- voluntary and involuntary barring, and facial recognition technology requirements in gaming venues to identify people who have been barred from gambling
- automated risk monitoring of each session of play on a gaming machine
- responsible gambling training requirements for gambling venue employees
- mandatory warning messages and signage requirements
- advertising restrictions
- restrictions on inducements that encourage gambling
- limitations on cash withdrawal facilities.

2.4.2 Recent reforms of gambling regulation

In December 2016, the Hon Tim Anderson KC completed a review of the administrative arrangements for the regulation of commercial gambling in South Australia. Recommendations from this review led to a significant package of reforms being implemented, aimed at delivering a more effective approach to gambling regulation in South Australia. They included the following changes:

- In December 2018, the Commissioner became the single regulator of commercial gambling in South Australia. The Independent Gambling Authority was abolished and its functions were transferred to the Commissioner.
- In July 2020, the *Gaming Machines Act 1992* (GM Act) was amended to expand the scope of the GRF. Section 2.5 has more information on these changes.
- In December 2020, the *Gambling Administration Act 1995* was repealed and a new administrative and regulatory framework was introduced under the new *Gambling Administration Act 2019*. Various new measures intended to minimise harm were also introduced.

Appendix 4 has more detail about the reforms and specific harm minimisation measures.

2.4.3 Statutory target for reducing gaming machine numbers not met

The GM Act specifies Parliament's statutory objective to reduce gaming machine numbers in the State to no more than 13,081 machines. This continues a commitment made in 2005 by the then Government to reduce the number of gaming machines in South Australia by 3,000 (around 20%), to address concerns about gambling harm at that time. There is no target date for achieving the statutory objective in the legislation.

As at 31 March 2023, up to 13,665 gaming machines were allowed to be operated in South Australia, meaning that a further 584 entitlements needed to be cancelled to achieve the statutory objective.

In May 2022, a report by the Commissioner on the Approved Gaming Machine Trading System²⁴ was tabled in Parliament. In it, the Commissioner concluded that without government intervention it was unlikely that the statutory objective would be achieved in the short to medium term and proposed four options to modify the Approved Gaming Machine Trading System.

CBS advised us that the SA Government continues to consider the options in the report.

2.5 Gamblers Rehabilitation Fund

The GRF is established under the GM Act. It is controlled by the Minister for Human Services and can be applied to fund programs, initiatives and activities to minimise gambling harm.

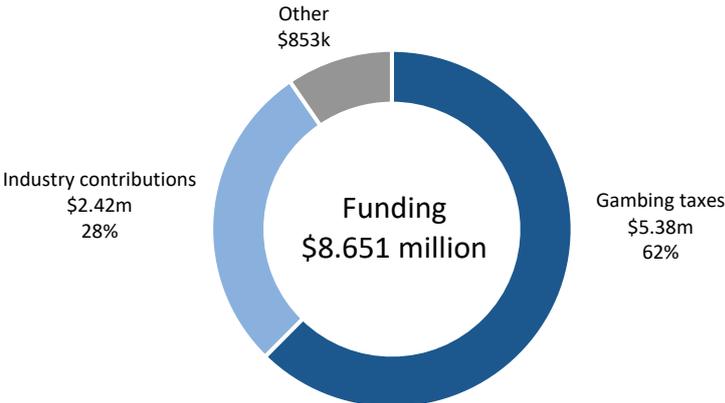
²⁴ The Gaming Machines Regulations 2020 set out how gaming machine entitlements can be traded between licensed gaming machine entities in South Australia, known as the Approved Trading System. Under the system, a certain number of gaming machine entitlements are cancelled in each trading round to reduce the overall number of gaming machines that can be operated in South Australia.

Historically, at least 85% of the GRF had to be used on treatment and counselling programs. Changes to the GM Act in July 2020 removed this requirement and expanded the scope of the GRF so that it can now also be applied to:

- prevention activities
- public education
- information and advice
- gambling research and evaluation.

Figure 2.12 shows the breakdown of GRF funding for 2021-22.

Figure 2.12: GRF funding sources in 2021-22

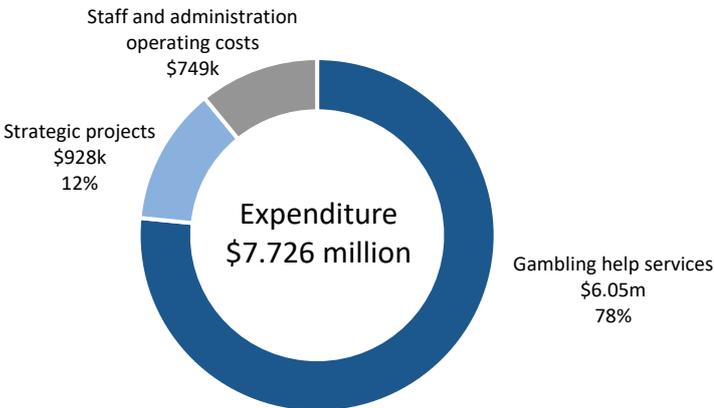


Source: OPG.

The GRF is mostly funded by annual gambling tax and industry contributions. Gambling tax contributions are mandated under the GM Act²⁵ and *Authorised Betting Operations Act 2000*.²⁶ Industry contributions are voluntary except for those from SkyCity Adelaide, which has a condition in its casino licence to make a prescribed contribution.²⁷

Figure 2.13 shows the breakdown of GRF expenditure for 2021-22.

Figure 2.13: GRF expenditure in 2021-22



Source: OPG.

²⁵ The GM Act requires a flat contribution of \$4.845 million each financial year.
²⁶ The *Authorised Betting Operations Act 2000* requires a contribution of \$500,000, adjusted for inflation each financial year.
²⁷ The SkyCity Adelaide casino licensing agreement requires a contribution of \$300,000, adjusted for inflation each financial year.

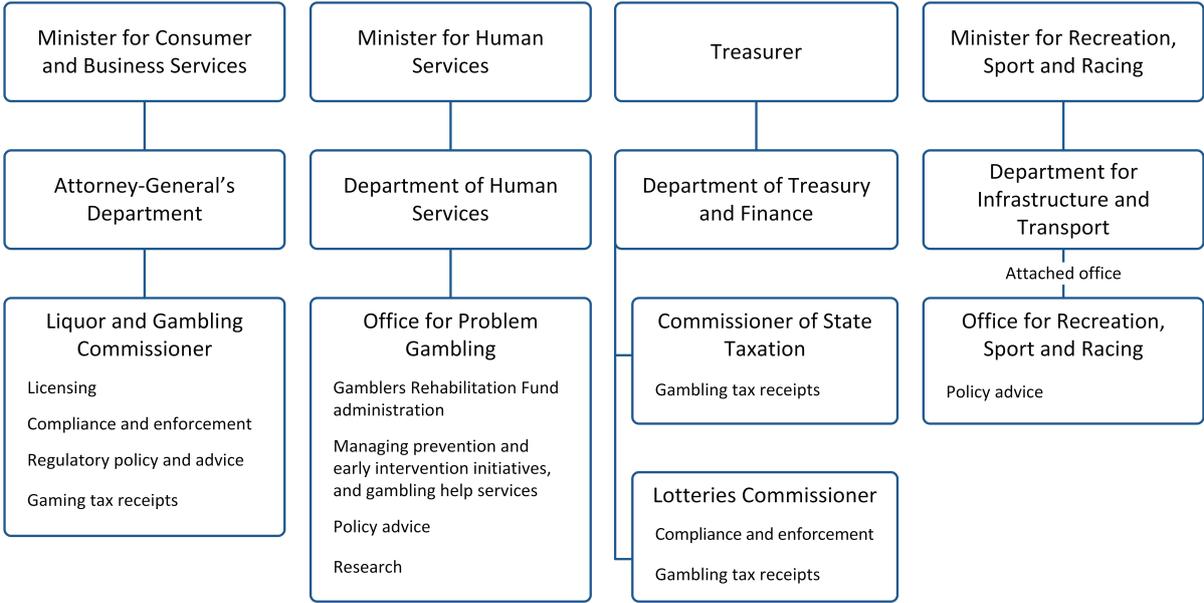
The funds available in the GRF to spend on programs, initiatives and services aimed at preventing and minimising gambling harm are largely driven by the amount of gambling tax contributed to the GRF. Although these contributions are mandated by legislation, they are not correlated to the amount of gambling activity or tax collected in South Australia.

We found that the ongoing sustainability of the GRF funding model has not been assessed by OPG. Section 5.3.4 provides further details.

2.6 Roles and responsibilities for minimising gambling harm

Figure 2.14 provides an overview of key SA Government entities responsible for gambling regulation and administration in South Australia. The SA Government sets gambling policy for the State, regulates the gambling industry and collects taxes on gambling activities. It also funds gambling help services for people experiencing issues with their gambling behaviour and a range of other harm minimisation programs.

Figure 2.14: Key SA Government entities responsible for gambling regulation and administration in South Australia



Appendix 2 provides more information about the Commissioner and OPG who play lead roles in minimising gambling harm. Activities of the Department of Treasury and Finance and Department for Infrastructure and Transport were not within the scope of our audit.

3 Audit mandate, objective and scope

3.1 Our mandate

The Auditor-General has authority to conduct this audit under section 31(2) of the *Public Finance and Audit Act 1987*.

3.2 Our audit objective

We assessed whether the SA Government was effectively managing gambling regulatory compliance activities, the GRF investment plan and gambling help services to minimise gambling harm.

3.3 What we audited and how

We considered the sub-objectives in figure 3.1 in performing our audit.

Figure 3.1: Performance audit sub-objectives

Audit area	Audit sub-objective
Management of regulatory compliance activities	Is an effective risk-based approach implemented to manage compliance with regulatory requirements for minimising gambling harm?
	Is there effective oversight and performance reporting to assess whether the regulatory approach to minimising gambling harm has been implemented as planned?
Management of GRF investment plan	Is there effective oversight and performance monitoring of the investment plan to ensure its targeted outcomes are achieved?
	Does the investment plan target at-risk groups?
Management of gambling help services	Is there effective oversight and performance monitoring of gambling help services to ensure contracted outcomes are achieved?
	Are gambling help services effectively assessed to confirm how well they are meeting the evidence-based conditions for social impact?

Our assessment was based on evidence obtained from a range of sources and methods. Sections 4.1, 5.1 and 6.1 provide further details on our audit approach.

3.4 What we did not audit

Figure 3.2 lists the areas that were outside the scope of our audit.

Figure 3.2: What we did not audit

Audit area	What we did not audit
Management of regulatory compliance activities	<p>We did not audit:</p> <ul style="list-style-type: none"> • regulatory compliance activities for casino operations or lotteries in South Australia • regulatory compliance activities for aspects of gambling legislation, regulations and codes of practices not specifically related to minimising gambling harm (such as anti-money laundering requirements) • controls and processes of the Independent Gaming Corporation • controls and processes for gambling licence fees and tax collections. <p>We have not assessed whether gambling legislation, regulations and codes of practice are designed appropriately to minimise gambling harm.</p>
Management of GRF investment plan	<p>We have not assessed whether investment plan activities funded from the GRF have had the actual outcome of minimising gambling harm.</p> <p>We did not audit budget management practices for the GRF.</p>
Management of gambling help services	<p>We did not audit the procurement of gambling help service contracts or the financial acquittal processes for them.</p> <p>We did not assess how prevention and early intervention activities not forming part of gambling help service contracts (like the 'Here for the Game' initiative) were managed to deliver targeted outcomes.</p>

4 Gambling regulatory compliance activities

What we recommended

To ensure a sound risk-based approach is adopted for planning and conducting gambling regulatory compliance activities aimed at minimising gambling harm, the Commissioner and CBS should:

- develop a compliance risk management framework, perform an overarching risk assessment and target compliance activities towards areas of highest risk (section 4.3.1)
- continue exploring data and intelligence sources available to inform risk assessments and compliance planning, and implement a framework to govern the collection and use of data and intelligence (section 4.3.2)
- identify time frames and success measures for deliverables in the gambling regulation strategic plan (section 4.3.3)
- develop and implement a compliance program for online wagering (section 4.3.6).

To better detect non-compliance and ensure inspections are performed in a manner consistent with management's expectations, the Commissioner and CBS should:

- target inspections towards higher risk gambling providers (section 4.3.4.1) and review inspection schedules to ensure they consider priority areas (section 4.3.4.5)
- develop processes to identify overdue inspections (section 4.3.4.2)
- implement a training program for compliance inspectors (section 4.3.4.3) and develop a quality assurance program (section 4.3.4.4)
- schedule inspections to make them less predictable and encourage year-round compliance (section 4.3.4.6)
- regularly review inspection checklists to ensure they reflect current regulatory requirements (section 4.3.4.7).

To ensure that mandated harm minimisation measures for gaming machines continue to operate effectively, the Commissioner and CBS should:

- implement processes to confirm that gaming staff have completed responsible gambling training (section 4.3.5)
- periodically test and review system-enforced gaming machine attributes (section 4.3.7) and automated risk monitoring system parameters (section 4.3.8).

To effectively assess whether the regulatory approach has been implemented as planned and is minimising gambling harm, the Commissioner and CBS should:

- develop a research agenda and monitoring and evaluation framework to confirm gambling regulatory interventions are effective in minimising gambling harm (section 4.3.9)

- use outcome-based performance measures and public reporting to be transparent about compliance activities (section 4.3.11)
- use performance measures to monitor the gambling compliance program (section 4.3.12).

The Commissioner and CBS should also monitor the implementation of recommendations from relevant inquiries, investigations and reviews on the gambling industry (section 4.3.10).

4.1 Audit approach

We assessed whether:

- roles and responsibilities for compliance activities were clearly defined and understood
- applications for gambling provider licences were assessed to ensure that conditions relating to minimising harm were satisfied before licences were granted
- compliance risks were comprehensively assessed using a systematic approach
- compliance activities were targeted proportionately to the level of risk or harm
- the Commissioner acted on non-compliance and sought to bring the regulated entity to compliance
- the Commissioner had reviewed the gambling regulatory framework and compliance activities to assess their effectiveness in minimising gambling harm
- the Independent Gaming Corporation gaming machine monitor licence was effectively monitored by the Commissioner to ensure compliance with licence conditions associated with minimising gambling harm
- oversight and advisory roles and responsibilities were clearly defined and understood
- sufficient and appropriate information was provided to oversight bodies to assess whether compliance activities were implemented as planned
- performance indicators were publicly reported to transparently demonstrate that compliance activities were implemented as planned.

We reviewed:

- legislation, regulations and codes of practice
- policies and procedures
- strategic and operational plans
- licensing applications
- inspection and investigation records
- case management and training records data
- the report on the internal review of the Compliance and Enforcement Branch
- Gambling Advisory Council terms of reference, strategic plan and meeting minutes.

We also interviewed CBS gambling inspectors and other CBS staff and management.

4.2 Overview of gambling regulatory compliance approach

4.2.1 Risk-based compliance approach

The extent of the Commissioner’s compliance requirements and the large number of gambling providers in South Australia require CBS to decide where to prioritise its efforts to confirm that regulatory objectives to minimise gambling harm are met. To do this, CBS aims to take a risk-based and intelligence-led approach to regulation to minimise harm.²⁸

4.2.2 Gambling Regulation Strategic Plan 2022–2025

In early-2022, the Commissioner developed its first Gambling Regulation Strategic Plan. The strategic plan aims to provide:

- direction and objectives for the regulation of the gambling industry from 2022 to 2025
- a clear path to ensuring that measures are in place to minimise the harmful impact of gambling in South Australia, while maintaining a gambling industry that continues to operate responsibly.

The strategic plan notes that regulation must strike a difficult balance between allowing gambling providers to offer a legitimate leisure activity for those who choose to participate, and ensuring consumer protections are in place to minimise the harm caused by gambling. This highlights the competing priorities that the Commissioner must consider in regulating the gambling industry.

Figure 4.1 sets out the five goals in the strategic plan.

Figure 4.1: Gambling Regulation Strategic Plan 2022–2025 goals



The strategic plan seeks to encourage the gambling industry to create a culture of responsible service and early intervention to protect the significant number of people who are currently non-risky or low-risk gamblers, but who may progress to more risky and harmful gambling behaviour in the future.

²⁸ CBS strategic plan 2019–2022.

During our audit CBS started to develop an operational plan to support the implementation of the strategic plan.

4.2.3 Licensing

CBS administers a licensing scheme to regulate entities who can legally offer gambling products in South Australia and certain types of products. This enables CBS to proactively screen new entrants to the South Australian gambling industry and new products for risks associated with gambling harm, and monitor and enforce compliance with regulatory requirements.

Applications for new licences, or to vary existing licences, are assessed against gambling legislation, which includes considering gambling harm.

Community impact assessment for gaming machines

Certain gaming machine licence applications referred to as ‘designated applications’ require a community impact assessment.²⁹ CBS advised us that the need to do this for gaming machines and not other forms of gambling is supported by the findings of the 2018 Gambling Prevalence in South Australia study. This study identified significantly higher prevalence of risky gambling among gamblers who play gaming machines, compared to other forms of gambling.

In line with the GM Act, the Commissioner may only grant a designated application if they are satisfied that to do so is in the community interest. To make this assessment, the Commissioner must consider:

- harm that might be caused by gambling, whether to a community as a whole or a specific group within that community
- cultural, recreational, employment or tourism impacts
- social impact in the community.

CBS has developed a sound risk-based framework that considers community interests and risks of gambling harm to assess gaming machine licence applications.

4.2.4 Barring

Barring is a mechanism used to restrict a person from gambling and limit harm.

CBS administers the barring scheme under the *Gambling Administration Act 2019*, which allows a person to be either voluntarily or involuntarily barred from premises where gambling takes place or from online gambling.

²⁹ Any application for a new gaming machine licence is automatically deemed to be a designated application. All other gaming applications will be assessed by the Commissioner to determine whether they are deemed to be a designated application for the purpose of the GM Act. These applications could include varying a gaming machine licence to increase the number of approved gaming machines or moving the gaming licence to a different premises.

Certain gaming venues operating gaming machines with banknote acceptors need to operate a facial recognition system to identify barred people about to enter a gaming area.

CBS has sound processes to centrally manage barring orders and refer barred people to gambling help services. Gaming and wagering venue inspections consider venue compliance with barring requirements.

4.2.5 Compliance and enforcement

CBS's compliance and enforcement function, delivered through its Compliance and Enforcement Branch, directly contributes to achieving goals in the Gambling Regulation Strategic Plan by activities including:

- investigating concerns raised by consumers about potential breaches of legislation relating to gambling products and gambling operations
- conducting inspections at gambling venues throughout South Australia to assess whether they comply with harm minimisation requirements
- engaging with gambling providers during inspections to educate them about their obligations and role in contributing to harm minimisation.

Internal review of the Compliance and Enforcement Branch

Prior to our audit, CBS initiated an internal review of its Compliance and Enforcement Branch to 'identify opportunities to protect and enhance the efficiency and effectiveness of the branch with a view to becoming the country's leading regulator'.

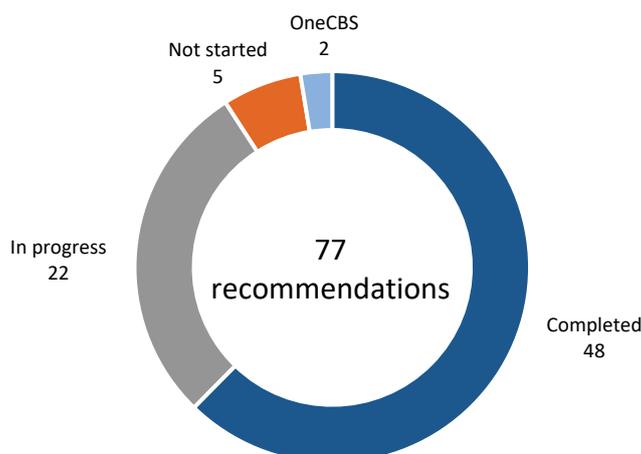
The comprehensive review was finalised in July 2021 and made 77 recommendations to improve compliance and enforcement operations across all the industries that CBS regulates. We consider a number of the recommendations to be fundamental to ensuring CBS effectively manages its regulatory compliance activities to minimise gambling harm. They provide a sound foundation for CBS to develop an effective risk-based, intelligence-led approach to compliance and enforcement.

During our audit, CBS implemented a number of the review recommendations, including:

- recruiting intelligence specialists to lead the newly formed Prevention, Intelligence and Communication team and starting to collect data and intelligence to drive the strategic direction of the Compliance and Enforcement Branch
- recruiting a Principal Casino and Gambling Inspector to lead a new Casino and Gambling team and several inspectors to increase its inspection activity
- revising various compliance and enforcement policies and procedures, including the policy that defines its risk-based inspection methodology
- initiating an inquiry into SkyCity Adelaide's casino operations.

CBS is continuing to monitor and implement the review recommendations. Figure 4.2 summarises the status of these recommendations as at 31 March 2023.

Figure 4.2: Status of recommendations from the internal review of the Compliance and Enforcement Branch



Source: CBS.

The internal review also identified a number of areas where functionality of the existing case management system used by the Compliance and Enforcement Branch could be improved. CBS is preparing to replace this system and other applications used to carry out regulatory activities with a single, fully integrated solution known as OneCBS. CBS is considering the findings of the internal review in developing the functional requirements for OneCBS.

Compliance and Enforcement Policy

CBS's Compliance and Enforcement Policy sets out annual compliance and enforcement priorities and the framework to be used by the Compliance and Enforcement Branch to achieve compliance with the law. The policy:

- identifies reducing gambling-related harm as a strategic priority and focus area
- indicates that CBS will focus its resources on issues where there is the greatest harm or risk and ensure that any enforcement action is proportionate to the level of harm and seriousness of the breach.

The Compliance and Enforcement Policy and Gambling Regulation Strategic Plan are available on the CBS website to communicate CBS's priorities, expectations and compliance and enforcement approach to the gambling industry and public.

CBS has also implemented a compliance and enforcement toolkit, which is a central source of access for staff to legal precedents, policies, procedures, guidelines, templates and training resources. The toolkit promotes consistency in processes and decision making.

Compliance program

CBS's compliance program is a mix of proactive activities (such as gambling provider education and routine gambling venue inspections) and reactive activities (such as handling complaints and investigating reported alleged breaches of gambling legislation).

CBS has published a range of newsletters, fact sheets, guidelines and self-assessment checklists for gambling providers to help them comply with their regulatory obligations. This is a sound practice to encourage voluntary compliance and prevent non-compliance. CBS also has a sound risk-based framework for managing complaints received about gambling providers.

Inspection program

CBS has developed an inspection program for the inspection of gaming and wagering premises and events.

At the time of our audit, CBS was resetting its inspections approach to better align with its goal of being a risk-based, intelligence-led regulator. These changes were initiated by the internal review of its Compliance and Enforcement Branch discussed above. The review identified a need for CBS to ‘strengthen work in the gaming and wagering industries’ and made several recommendations to improve how CBS plans and conducts inspections.

As CBS was still implementing some of these recommendations, the findings in section 4.3.4 reflect the inspections approach that was in place at the time of our audit.

As inspections are the main compliance activity performed by CBS to monitor whether gambling providers are complying with regulatory requirements, it is critical that they are maintained to encourage compliance and detect non-compliance.

The following case study illustrates how compliance inspections performed by CBS contribute to gambling harm minimisation by identifying gaps in venue practices.

Figure 4.3: Gaming machine venue inspection case study

Case study: inspection of gaming machine venues

Several gaming venues in regional South Australia were inspected for compliance with the GM Act and Gaming Machines Gambling Code of Practice in 2022. Inspections focussed on staff training and the reporting processes for identifying people displaying indicators of gambling harm required by the Code of Practice.

At one venue, the inspector detected the following non-compliances with the code of practice:

Gaming staff did not log onto the online barring register each shift or have access to a printed list of currently barred patrons

Venue staff require access to up-to-date information about people who are barred, so that they can identify barred patrons and intervene if

they try to enter a gaming area or take part in gambling activities. Without this information, a barred person may be exposed to gambling, resulting in further harm being caused to them and/or their families.

Gaming staff did not keep sufficiently detailed descriptions of patrons displaying indicators of gambling harm

Detailed records should be kept that enable staff rostered at different times to identify patrons suspected of being at risk and to keep track of their gambling activity over time. Without these records, staff may not detect harmful patterns of gambling behaviour and offer patrons the necessary help.

4.2.6 Governance arrangements

The Commissioner is responsible for effectively implementing the gambling regulatory compliance approach and achieving regulatory objectives. The Commissioner is a member of the Attorney-General's Department's Executive Management Group and reports to the Chief Executive of the Department. For gambling functions, the Chief Executive is accountable to the Minister for Consumer and Business Affairs.

Staff in the Compliance and Enforcement, Licensing and Regulatory Services branches of CBS implement the regulatory compliance approach and work to achieve the regulatory objectives.

In addition, a separate team led by the Hon Brian Martin AO KC was established to conduct an investigation into SkyCity Adelaide's suitability to continue to hold the casino licence under the *Casino Act 1997*.

The roles and responsibilities for oversight and performance reporting of gambling regulatory compliance activities are generally clearly defined and understood.

The Gambling Advisory Council met regularly in 2021-22 in line with its terms of reference and provided the Commissioner with an assessment of proposed measures to minimise the impact of sights and sounds of gaming machines on minors and those vulnerable to experiencing gambling harm.

4.2.7 Performance monitoring and reporting

CBS publishes information about its performance in the Attorney-General's Department's annual report and agency statement in the State Budget papers. Making performance information publicly available increases transparency and accountability about CBS's performance, and promotes public trust and confidence in CBS's regulatory approach to minimising gambling harm.

4.3 Findings and recommendations

4.3.1 Regulatory compliance program is not informed by a comprehensive and systematic assessment of risks

Recommendation

CBS should:

- establish a risk management framework to promote a structured and consistent approach to identifying and assessing compliance risks related to minimising gambling harm
- complete an overarching risk assessment on the gambling industry and all regulatory requirements to identify areas at higher risk of non-compliance and/or gambling harm, informed by relevant data, intelligence and information.

This overarching risk assessment should be used to inform the development of the gambling regulatory compliance program, including:

- prioritising areas of focus and allocating resources towards areas of higher risk of gambling harm
- tailoring the nature and extent of compliance activities proportionately to the assessed level of risk.

Finding

The Compliance and Enforcement Policy identifies reducing gambling-related harm as a strategic priority area. However, CBS needs to conduct further analysis to make informed decisions about the most impactful way to allocate resources and the appropriate mix of compliance activities to minimise gambling harm.

We found that CBS's gambling regulatory compliance program is not based on a comprehensive and systematic risk assessment of regulatory non-compliance and gambling harm. There is no clear linkage between risk ratings and compliance activities, and compliance risk assessments are not informed by recent and comprehensive compliance intelligence.

As a result, CBS is unable to demonstrate that its compliance program is targeting the forms of gambling, specific regulatory requirements and regulated entities that are at highest risk of non-compliance and/or causing gambling harm. This increases the likelihood that high-risk areas may not be promptly and appropriately addressed by compliance activities. For example, we found that there is limited compliance activity for online wagering, despite this form of gambling increasing in popularity and having a higher likelihood of at-risk gambling behaviour than most other gambling products.

CBS response

CBS advised us that as a priority, it will establish a compliance risk management framework and conduct a global risk assessment of the gambling industry and all regulatory requirements. CBS has engaged a third party service provider with expertise to help prepare the compliance risk management framework.

CBS agrees that an overarching risk-based approach should continue to be implemented and recognises the benefit of collaborating with other regulators to capitalise on the expertise across the regulatory sector.

4.3.2 Use of data and intelligence to inform compliance risk assessments and target compliance activities is limited

Recommendation

CBS should:

- continue its work on exploring what data and intelligence is available and use this to inform its compliance risk assessments and compliance activity planning
- develop and implement an information management framework that defines:
 - what data and intelligence it will collect and how it will be used to inform its compliance planning activities
 - how each data and intelligence source will be stored in CBS systems so that it is accessible and secure
 - quality assurance processes to verify that the data and intelligence it collects is accurate and complete.

Finding

Data and intelligence are essential to building a comprehensive understanding of regulated industries, identifying and assessing compliance risks and implementing an effective risk-based approach to regulation.

CBS recognised this before we started our audit and identified the need to improve its use of data and intelligence in its internal review of the Compliance and Enforcement Branch. The internal review recommended establishing a Prevention, Intelligence and Communication team to lead the gathering and analysis of data to inform its compliance activities. The team has started to identify a range of internal and external data sources to develop a greater understanding of gaming venues that are at increased risk of non-compliance and/or gambling harm.

CBS also advised us that it is:

- negotiating an information sharing agreement with OPG to further enhance its understanding of demographic factors and venues of concern

- establishing a data program involving the intelligent application of tools, technologies, systems, resources and practices to improve the usefulness of its data to inform evidence-based decision making and reduce risk.

However, at the time of our audit, CBS’s use of data and intelligence to inform risk assessments and target compliance activities was limited. CBS did not have a good understanding of what data was available and how it could become intelligence for better decision making. For example:

- there was limited understanding of data and intelligence available on online wagering and how it could be used to target and execute compliance activities
- complaints and inspection outcome data were not regularly reviewed to identify trends and emerging systemic issues.

4.3.3 Operational plan supporting implementation of Gambling Regulation Strategic Plan is in draft and does not identify timelines and success measures

Recommendation

To support the successful implementation of harm minimisation strategies in the Gambling Regulation Strategic Plan 2022–2025, CBS should:

- finalise the operational plan with time frames for deliverables and success measures, and communicate it to staff
- regularly monitor progress against operational plan time frames and success measures.

Finding

During our audit, CBS began drafting an operational plan detailing how the Gambling Regulation Strategic Plan 2022–2025 will be achieved, including deliverables and responsibilities.

At that time, CBS was 11 months into the implementation of the Gambling Regulation Strategic Plan, however time frames and success measures for each deliverable had not been defined. As a result, CBS could not effectively monitor whether it was on track to meet its planned strategic goals. This increases the risk that its strategies to minimise gambling harm may not be successfully implemented.

CBS response

CBS accepted our recommendation and noted that:

- evaluating the effectiveness of the Gambling Regulation Strategic Plan is not limited to fixed deliverables, which may be modified or new deliverables added to ensure the agreed goals and strategies are achieved

- at the time of the audit, it was continuing to contribute to the deliverables in the operational plan, however time frames for completing existing deliverables and success measures were yet to be defined.

4.3.4 Inspections

4.3.4.1 Gaming machine and wagering inspections do not effectively target higher risk licensees

Recommendation

CBS should:

- promptly collect information and intelligence and implement the system enhancements necessary to apply the new risk categorisation hierarchy to all licensees
- carry out gaming machine and wagering inspections in line with the risk assessments made under its new risk allocation policy.

Finding

We found that the inspection approach implemented by CBS was not effectively risk based. As a result, gaming machine and wagering inspections were not targeted at providers and activities with a high risk of non-compliance and/or potential for gambling harm.

Our review of CBS's approach to planning gaming machine venue inspections found:

- the risk rating criteria did not consider potential indicators of non-compliance or gambling harm (such as history of compliance, demographic factors, net gaming revenue)
- all gaming machine licensees had the same risk rating and therefore there was no prioritisation of licensees based on their individual risk profiles
- there was no guidance on how frequently gaming licensees should be inspected, or the extent of inspection required, based on the level of risk
- the 2022 inspections calendar was developed without in-depth consideration of data and intelligence on gambling providers and venues.

Our review of CBS's approach to planning wagering inspections found:

- they were scheduled to meet an overall annual activity indicator,³⁰ rather than based on the risks of non-compliance and/or potential for harm. The wagering licensees targeted and the frequency and extent of inspection were not driven by a risk assessment

³⁰ CBS activity indicators are published in the Attorney-General's Department Agency Statement, State Budget Paper 4, Volume 1. One of the indicators is the projected annual number of liquor, gaming, casino and wagering inspections.

- CBS did not have a risk rating system for wagering inspections or a policy defining how a risk-based approach to compliance should be applied to wagering inspections.

CBS has revised its risk allocation policy

In September 2022, CBS developed a new risk allocation policy for gaming machine and wagering inspections that provides clearer direction on how the risk category should drive the frequency and type of inspections. The policy introduces a new risk categorisation approach for CBS to better target its efforts at higher risk licensees based on indicators of harm and non-compliance, using different forms of information and intelligence.

The new risk allocation policy was not implemented at the time of our audit. CBS was working towards collecting the necessary information and intelligence and making system changes to apply the new risk categorisation hierarchy to all licensees.

CBS advised us that the policy was subsequently implemented in February 2023.

4.3.4.2 Inspections have not been completed as planned

Recommendation

CBS should:

- complete inspections in line with the risk assessments made under its new risk allocation policy
- develop reporting to identify any overdue inspections
- regularly monitor to ensure that inspections are occurring at the required frequency in line with its policy.

Background

COVID-19 and resourcing issues significantly impacted CBS's ability to carry out regular inspections from 2020 to 2022. In particular, there was a very limited number of inspectors available between January 2022 and June 2022.

CBS advised us that the impact of COVID-19 was significant:

- Venues were closed for periods of time due to lockdowns and other operating restrictions.
- No inspections were conducted from 16 March 2020 to 30 June 2020 due to the closure of gaming operations under COVID-19 restrictions. During this period, some inspectors helped South Australia Police to conduct COVID-19 checks and others were deployed to other parts of CBS.
- From July 2020 to November 2020, CBS continued to assist South Australia Police. CBS was also mindful of the health and safety of inspectors going to licensed venues due to the heightened risk of contracting COVID-19. Most CBS employees were working from home during this period.

CBS also advised us that during this period:

- it had difficulties recruiting suitable staff with the right skills to bring the casino and gambling inspectorate up to a full complement of nine staff
- inspectors were transferred to other parts of CBS to assist with the SkyCity Adelaide investigation led by the Hon Brian Martin AO KC and other projects.

Finding

Our review of gaming machine licensees and TAB outlets found that most had not been inspected for a long time. Without inspections, there is an increased risk that non-compliance with regulatory requirements may not be detected, leading to gambling harm.

We found:

- 81% of licensed gaming machine venues were overdue for inspection compared to management’s expectations
- although CBS had not defined how frequently TAB outlets should be inspected, most wagering licensees had not been inspected for a long time.

CBS response

CBS advised us that:

- the number of inspections has substantially increased as the new staff recruited late last year are now fully trained
- from 1 November 2022 to 31 January 2023, the Casino and Gambling Team conducted 255 gaming inspections, 119 wagering inspections and daily casino inspections.

4.3.4.3 No formal training program for gambling compliance inspectors

<p>Recommendation</p> <p>To adequately train employees to carry out inspections in a manner consistent with management’s expectations, CBS should:</p> <ul style="list-style-type: none">• promptly finalise and implement the training program for inspectors• provide additional training when changes to regulatory requirements, policies and procedures occur• evaluate the effectiveness of training to identify improvement opportunities and update the training program accordingly.

Finding

CBS has a basic induction program for new inspectors, however it is high-level and generic. There was no formal, comprehensive, job-specific training program for the new compliance inspectors who started in October and November 2022.

While most training occurs on the job, a comprehensive training program ensures that employees can perform their role in a way that is consistent with organisational expectations. Training should be provided at the start of employment and be ongoing to ensure that skills and knowledge stay up to date.

A training program for new inspectors is particularly important because of:

- the complex and detailed regulatory framework they need to understand to effectively carry out compliance inspections
- the considerable number of them who have recently joined the Casino and Gambling inspectorate and the limited number of experienced employees available to train them.

CBS advised us that it is preparing a formal training program for inspectors to ensure consistency in the training provided to them.

4.3.4.4 Limited quality assurance checks on completed inspections

Recommendation

CBS should develop a quality assurance program for inspections to verify that expected standards are being consistently met by all inspectors. This program could be a part of the random audit function recommended by the CBS internal review of the Compliance and Enforcement Branch.

Outcomes from quality assurance checks should be used to identify any gaps in training and inform the inspector training program.

Finding

We found that CBS focussed its quality assurance checks on inspections that identified non-compliance. Limited focus was given to inspections assessed as fully compliant. Fully compliant inspections should also be regularly checked to confirm that they are carried out in line with management’s expectations and that non-compliance have not gone undetected.

We note that the CBS internal review of the Compliance and Enforcement Branch recommended random audits of assessment, inspection and investigation files by an independent officer, however CBS had not implemented this recommendation at the time of our audit.

CBS advised us that random audits of assessment, inspection and investigation files for quality assurance purposes subsequently commenced in March 2023.

4.3.4.5 Inspection schedule not independently reviewed by management

Recommendation

CBS should ensure that staff responsible for overseeing the inspection program review future inspection schedules and consider:

- whether the schedule reflects priority areas, significant trends, risks and emerging issues
- the adequacy of resources to execute the schedule.

Finding

Each year CBS prepares a schedule of routine inspections that sets out which gaming machine and wagering licensees are to be inspected, the timing of them and the resources required.

We found that the 2022 inspection schedule was not independently reviewed by management.

In the absence of independent review, there is risk that the schedule may not reflect management’s expectations, priority areas, significant trends and risks. In addition, resourcing issues may not be promptly identified.

CBS response

CBS advised us that it has implemented an inspection schedule policy to ensure that inspection schedules are reviewed by management and reflect priority areas, significant trends, risks and emerging issues, and to ensure there are adequate resources to conduct the scheduled inspections. Timing is also considered as part of the review to ensure the inspection is not predictable, to encourage compliance at all times.

4.3.4.6 The timing of some inspections is predictable and not scheduled to encourage year-round compliance

Recommendation

CBS should:

- continue its work to schedule inspections in a less predictable way to encourage year-round compliance
- develop reporting to identify predictable trends in the timing of inspections.

Finding

Inspections performed by CBS are usually unannounced to encourage ongoing compliance. Scheduling inspections at varying times in an unpredictable way also encourages compliance.

Our review of gaming inspection data found that some venues were regularly inspected around the same time each year. This makes inspection times more predictable for venues.

We note that the internal review of the Compliance and Enforcement Branch recommended that CBS reconsider the scheduling of inspections to make them less predictable and encourage ongoing compliance.

During the audit, CBS started to make improvements to schedule inspections in a less predictable way.

CBS response

CBS advised us that implementing its new risk allocation and inspection schedule policies should overcome past issues with predictability. Inspections of extreme and high-risk venues are now conducted multiple times a year and the inspection schedule is reviewed by the Principal Casino and Gambling Inspector and approved by the Director, Regulation and Advice.

CBS also advised us that it is developing a report to identify predictability trends in the timing of inspections.

4.3.4.7 Inspection sheets not reviewed to ensure they reflect current regulatory requirements

Recommendation

CBS should:

- review all regulatory requirements to determine which of them should be verified through inspection work and use a risk-based approach to prioritise them
- implement a process to update inspection sheets when regulatory requirements and/or priorities change
- incorporate standard interview questions into the inspection process for gaming machines to test the adequacy of venue staff knowledge about key regulatory requirements, such as how they proactively identify and respond to patrons displaying indicators of gambling harm.

Finding

Inspection sheets are an important checklist used by inspectors to systematically assess whether venues comply with regulatory requirements and to record the results of inspections.

We found:

- there was no regular process to check whether inspection sheets reflected current regulatory requirements
- instances where the inspections sheets used were not up to date

- inspection sheets did not contain all the checks that inspectors perform.

We also found there were opportunities for CBS to consider whether physical inspections are the most efficient and effective way to verify compliance (for example, whether a survey, interview or desktop data analysis would be a better alternative approach in some instances).

CBS advised us that since our audit it has made the following improvements:

- implementing a workflow process to update operational documentation such as inspection sheets when regulatory changes occur
- amending inspection sheets to reflect the current regulatory requirements
- commencing a review of its inspection approach, including risk rating all regulatory requirements to develop a risk-based inspection sheet.

4.3.5 Data indicates almost 30% of gaming managers and employees have not completed mandated training requirements

Recommendation

CBS should:

- remind licensees of their obligations to keep training records in the Barring and Online Employee Notification (BOEN) system up to date and how to correctly input this information
- review BOEN system data to identify employees who may not have completed required training and confirm this with licensees to ensure that managers and employees working in gaming venues have adequate knowledge about responsible gambling practices
- promptly correct any incorrect data in the BOEN system identified during inspections.

Finding

The Gaming Machines Gambling Code of Practice requires:

- licensees to ensure that gaming managers and employees have successfully completed training courses approved by the Commissioner
- gaming managers and employees to complete responsible gambling training within three months of starting employment, and additional training at least every two years
- licensees to record the successful completion of training in the BOEN system within 28 days of receiving the training certificate.

Our review of BOEN system data indicated that almost 30% of gaming managers and employees had not completed training in line with these requirements.

Without this training there is a risk that gaming managers and employees may not have adequate knowledge of responsible gambling practices, especially how to proactively identify customers showing indicators of gambling-related harm and provide them with appropriate support. It is important that CBS monitors whether these training requirements are complied with.

We note, however, that some training data in the BOEN system may not be correct due to:

- licensees not complying with requirements to keep training records in the system up to date or inputting training records incorrectly
- delays in inspections to verify the accuracy of data.

We also found instances where missing or incorrect data in the BOEN system was identified by inspectors but not corrected.

CBS response

CBS advised us that it has started to implement this recommendation, noting that additional resourcing may be required.

CBS also advised us that the review and follow-up of employee training records in the BOEN system is likely to be resource intensive, as it will probably need to engage with many venues.

4.3.6 Limited compliance activity over online wagering operations

Recommendation

CBS should develop and implement a risk-based compliance program for online wagering, which includes specific coverage of the Authorised Betting Operations Code of Practice (ABO Code).

The compliance program for online wagering should:

- be informed by CBS’s overall risk assessment of the gambling industry and associated regulatory requirements (see our recommendation in section 4.3.1)
- use data and intelligence, including account data available from online gambling providers, to target compliance activities of higher risk areas
- include a mix of proactive and reactive compliance activities, proportionate to the assessed level of risk of non-compliance and/or gambling harm
- consider compliance with the National Consumer Protection Framework as new measures continue to come into effect, including the requirement for betting operators to provide monthly activity statements. Appendix 5 provides further details on the National Consumer Protection Framework.

Background

The SA Government's submission to the Commonwealth House of Representatives Standing Committee on Social Policy and Legal Affairs inquiry into online gambling and its impacts on those experiencing gambling harm noted that:

- given online gambling can be accessed 24 hours a day, seven days a week, it offers a unique challenge in terms of availability and accessibility and the potential for isolation and targeted marketing
- a relationship has been found between access to gambling and increased gambling-related harm³¹
- there is evidence to suggest gamblers find online gambling more addictive and immersive than terrestrial gambling³²
- online gambling is entirely account based and extensive real-time data about a customer's gambling behaviour is obtained by the gambling provider, providing an opportunity to identify indicators of potential gambling harm. This may include any changes in gambling behaviour (such as increased bet size and frequency), multiple bets in a single day, novel or variable betting, and chasing of losses.³³

The Commissioner is responsible for regulating online gambling providers based and licensed in Australia who offer products to South Australian consumers. Regardless of where they are licensed, providers must comply with South Australian regulations if they offer products in South Australia.

Section 2.3.2 provides details on the prevalence of online wagering in South Australia.

Finding

We found that CBS does not have a structured and routine compliance program for online wagering. Its online wagering compliance activity is limited and largely relies on complaints from consumers to identify non-compliance.

For example, there was no compliance activity to confirm that online wagering providers have implemented policies, procedures and systems to ensure gambling practices are conducted responsibly and in a way that minimises the harm caused by gambling as required by the ABO Code.

We also noted that, at the time of our audit, no work had been done by CBS to confirm that online wagering providers were providing monthly activity statements to active account holders as required by the ABO Code. This was due to most online wagering providers receiving an extension until November 2022 to implement this measure.

³¹ Gainsbury, S. M. 2015, *Online gambling addiction: the relationship between internet gambling and disordered gambling*, Current addiction reports, 2(2), pp. 185-193.

³² *ibid.*

³³ *ibid.*

CBS advised us that it is in the early stages of preparing a compliance program involving online wagering providers that will include consideration of compliance with harm minimisation measures. It has also started to:

- review all authorised interstate betting operators to ensure compliance with the ABO Code
- research what data and intelligence is available for online wagering activity to help develop a compliance program.

4.3.7 No testing performed to ensure mandated harm minimisation attributes for gaming machines are operating as intended

Recommendation

CBS should regularly test the monitoring system operated by the Independent Gaming Corporation (IGC)³⁴ to confirm that it ensures that mandated gambling harm minimisation attributes for gaming machines are operating as intended.

Data analytics should be used where applicable and practical to confirm that harm minimisation attributes are working effectively on all gaming machines.

Finding

The monitoring system operated by the IGC plays an important role in minimising gambling harm by ensuring that gaming machines operate in line with mandated gambling harm minimisation attributes. Appendix 6 provides further information about the monitoring system and attributes.

We found that CBS does not regularly test to confirm that the monitoring system is effectively ensuring that harm minimisation attributes for gaming machines are operating as intended.

CBS advised us that it has performed baseline audits³⁵ in the past to obtain this assurance. The last baseline audit was performed in 2010 and another was due to be performed in 2020-21 but was put on hold due to COVID-19.

As a result, no baseline audits have been performed since the IGC implemented a new monitoring system in 2017.

³⁴ The IGC is an incorporated body jointly owned by the Australian Hotels Association (SA) and the Licensed Clubs' Association of South Australia Inc.

³⁵ A baseline audit involves taking a snapshot of approved monitoring system software and hardware at a point in time (baseline). Subsequent snapshots are then compared to the baseline to detect whether any unauthorised changes have been made.

CBS advised us that it is planning to conduct:

- audits of the monitoring system
- data analytics to confirm that games installed and operating in venues comply with the mandatory game attributes.

CBS response

CBS accepted this recommendation in principle, noting that additional resourcing will be required.

CBS also advised us that it is engaging a third party service provider to help implement this recommendation. It expects the IGC monitoring system to be tested by June 2023.

4.3.8 Gaming venue system for detecting indicators of gambling harm not tested to confirm it is operating effectively

Recommendation

To ensure the Automated Risk Monitoring System (ARMS) in gaming venues³⁶ effectively detects players at risk of gambling harm, CBS should:

- investigate opportunities for research into whether activity parameters in the ARMS are appropriate to detect risky gambling behaviour in the current gambling environment
- develop and implement regular tests to verify whether the ARMS is correctly generating the required alerts.

Finding

The role that the ARMS plays in minimising gambling harm is detailed in Appendix 6. The effectiveness of the ARMS is dependent on:

- appropriate evidence-based activity parameters to detect indicators of gambling harm
- alerts being generated when activity parameters are exceeded
- staff acting on alerts and appropriately responding to people displaying indicators of gambling harm.

Reviewing the appropriateness of activity parameters

It has been about five years since the activity parameters in the ARMS were initially set. The length of play parameter was informed by a 2014 gambling research study. While CBS advised us that this is the most up-to-date and relevant research currently available, we note

³⁶ The Adelaide Casino operates a separate automated risk monitoring system, which we did not review as part of this audit.

that it is nearly 10-years old. As gambling technology and products have changed significantly since the activity parameters were set, it would be prudent for CBS to consider whether updated research is needed to confirm that these parameters remain appropriate to detect potential gambling harm in the current gambling environment.

Testing to confirm whether alerts are being triggered based on prescribed activity parameters

We found that CBS did not regularly test whether the ARMS is generating alerts:

- when activity parameters are exceeded, in line with mandatory system attributes³⁷
- based on the correct activity parameters.

This testing is important for CBS to proactively identify whether any adjustments have been made to the ARMS without the Commissioner’s approval and ensure that the ARMS continues to work effectively to detect gaming machine players at risk of gambling harm.

CBS response

CBS accepted this recommendation in principle and advised us that it is considering how best to implement it, including options for testing ARMS alerts.

4.3.9 No evaluations performed to assess whether current regulatory approach is effectively minimising gambling harm

Recommendation

CBS should develop a monitoring and evaluation framework and strategic research agenda to assess how effectively current gambling regulation and compliance activities meet the legislated objective of minimising gambling harm. This could include evaluating the impacts and outcomes of individual regulatory activities such as:

- the extent to which signage in gaming venues and other elements of the responsible gambling codes of practice reduce risky gambling behaviour
- the extent to which existing responsible gambling codes of practice and regulatory compliance activities are effectively designed to minimise gambling harm from online wagering.

The framework and research agenda should be developed in consultation with interstate and national gambling regulators and OPG.

³⁷ Mandatory technical system requirements are specified in the guidelines for automated risk monitoring systems issued by the Commissioner.

Finding

The South Australian Productivity Commission's October 2021 inquiry into reform of South Australia's regulatory framework highlights that good regulator practice includes:

- effective use of impact assessment and evaluation in developing and reviewing regulations
- a focus on outcomes, evaluation and continuous improvement to ensure that regulators meet their objectives and deliver benefits to the public.

We found that CBS had not evaluated the outcomes and impacts of current gambling regulation in meeting its objectives, including the minimisation of gambling harm.

CBS response

CBS accepted this recommendation in principle but advised us that it will have significant resourcing implications. CBS intends to raise it at the national level with a view to it becoming a research topic for Gambling Research Australia, on which the Commissioner sits.

4.3.10 Recommendations from gambling industry inquiries and investigations not systematically assessed and monitored

Recommendation

CBS should:

- establish a central register of all accepted recommendations and agreed actions from inquiries and investigations relevant to regulation of the South Australian gambling industry. The register should outline responsibilities and time frames for completing each agreed action
- establish clear responsibility for overseeing the implementation of agreed actions and provide regular status reporting to those charged with oversight to enable them to monitor the effective and timely implementation of outstanding actions.

CBS should also consider:

- formally responding to any external inquiries or investigations relating to regulation of the South Australian gambling industry to confirm the extent to which recommendations are accepted. This may include explaining why a recommendation is not accepted or why no further action will be taken
- providing reports from inquiries and investigations to the Attorney-General's Department Risk and Audit Committee where they are considered relevant to the Department's broader risk and control framework
- reviewing recommendations made in interstate inquiries and investigations of gambling regulation to confirm whether any actions are relevant in the South Australian context and should be captured on the central register.

Finding

There are several recent and ongoing inquiries and investigations relevant to the regulation of the gambling industry in South Australia, as outlined in Appendix 7.

We found that CBS does not:

- maintain a register of the accepted recommendations and agreed actions from these inquiries and investigations
- have a systematic and consistent process to monitor that agreed actions are implemented effectively and timely.

This increases the likelihood that opportunities to improve gambling regulatory practice may not be actioned promptly and effectively.

CBS response

CBS fully accepted the first part of this recommendation, and accepted the second part in principle.

CBS advised us that:

- it will consider any external inquiries, investigations or reviews that either provide recommendations about the regulation of the gambling industry in South Australia or are conducted interstate and are relevant to the regulation of the gambling industry in South Australia. Responses will be prepared for recommendations that are specifically directed to CBS
- its Regulatory Services Branch will provide advice to the CBS Executive to inform its consideration of matters that warrant further investigation. These will be recorded and monitored under a proposed new monitoring and evaluation framework and database. This framework will outline the manner in which matters relevant to the broader risk and control framework of the Attorney-General's Department are reported to the Risk and Audit Committee.

4.3.11 Public performance reporting does not capture important information about compliance activity outcomes

Recommendation

CBS should:

- identify outcome-based performance measures for its regulatory compliance activities aligned with its regulatory objectives and SMART principles (specific, measurable, attainable, relevant, and time-bound)
- publicly report on performance against the performance measures to transparently demonstrate the impact of its compliance activities and enhance public trust and confidence in its regulatory function
- evaluate performance against the performance measures to identify opportunities to improve its compliance approach.

CBS should also consider:

- reporting on gambling regulatory compliance activities separately from other industries
- any data collection and system enhancements needed to effectively implement outcome-based reporting in developing the new OneCBS system
- implementing quality assurance checks to ensure that publicly reported performance information is accurate and complete.

Finding

We found that public performance reporting by CBS contained limited information about the outcomes of core compliance activities and trends in compliance. As a result it is unclear to the Parliament and the public as to whether compliance activities are achieving their intended outcomes.

For example, while the number of inspections performed during the year was reported, it was unclear the extent to which:

- entities inspected were compliant and whether compliance levels had improved over time
- non-compliant entities had been brought to compliance.

Other examples of gaps in performance information include the extent to which:

- complainants are satisfied with how their complaints have been dealt with and the outcomes reached
- education activities delivered to regulated entities have improved their awareness of regulatory obligations relating to minimising gambling harm.

We also found a lack of quality assurance processes to ensure that public performance reporting is accurate and complete. As a result, incorrect performance information was published in the Attorney-General's Department's 2021-22 annual report and agency statement and they did not provide a true representation of CBS's regulatory performance.

CBS advised us that it identified the error in the agency statement after it was published but prior to our audit. The Commissioner provided corrected figures for the agency statement at the Estimates Committee on 23 June 2022.

CBS response

CBS accepted the first part of this recommendation in principle. The rest of the recommendation was fully accepted.

4.3.12 Measures used to internally monitor planned compliance activities lack key activity and outcome indicators

Recommendation

CBS should identify the information needed to effectively monitor whether the gambling compliance program is implemented as planned, including relevant activity and outcome-based indicators and targets.

Examples of indicators include:

- % of inspections completed where venues were found to be compliant
- % of extreme and high-risk venues that have been inspected on time
- % of breaches identified that have been rectified
- % of high-risk breaches that resulted in enforcement action
- % of open files with no recent activity.

Reporting should be developed to enable a structured and consistent approach to collecting, monitoring and communicating this performance information. CBS should consider any information and reporting needs in developing the new OneCBS system.

Finding

We found that the monthly performance information used by CBS to monitor whether key aspects of the gambling compliance program have been implemented as planned provided a limited view of the timeliness of compliance activities and their outcomes. For example, there was no information on whether:

- inspections were completed on time
- non-compliant entities were brought to compliance
- matters arising from inspections requiring further action were resolved in a timely manner
- high-risk breaches resulted in enforcement action.

CBS mainly focussed on monitoring the number of gaming and wagering inspections completed against projected figures set out in the Attorney-General's Department's agency statement in the Budget papers.

CBS response

CBS accepted this recommendation and advised us that a comprehensive set of performance measures will be developed, and the necessary reports will be built. The additional measures will supplement those in the Attorney-General's Department's agency statement in the Budget papers.

5 Gamblers Rehabilitation Fund investment plan

What we recommended

OPG should finish implementing the monitoring and evaluation framework to enable monitoring of progress against GRF investment plan goals. This includes:

- finalising the identification of data collection activities and specific targets for all key performance measures
- completing the first-year evaluation of investment plan achievements applying the framework and refining the framework to reflect any lessons from this evaluation
- collecting baseline data for key performance measures to track improvements in outcomes over time.

Section 5.3.1 provides further details on recommendations for the implementation of the monitoring and evaluation framework.

OPG should also:

- obtain up-to-date data and research on indicators of gambling harm and the prevalence of risky gambling behaviour across the State's population to inform decisions on future GRF investments (section 5.3.2)
- engage with people who have lived experience of gambling harm to seek their input on whether counselling services have met their needs and to identify opportunities to improve service design (section 5.3.3)
- assess whether the GRF funding model is sustainable given the fund's expanded scope and ensure any sustainability risks identified are addressed through the annual budget process (section 5.3.4)
- seek legal advice on the appropriateness of the instrument of delegation for the GRF and revise the instrument if required (section 5.3.5)
- provide regular reporting to the Department of Human Services' Client Services and Partnerships Committee on progress against investment plan projects and key performance indicators and measures (section 5.3.6).

5.1 Audit approach

We assessed whether:

- the GRF investment plan clearly aligned with the legislated objectives of the GRF
- the GRF investment plan captured strategies for the main at-risk groups identified in the most recent gambling prevalence study and key themes from research and consulting reports commissioned by OPG

- GRF investment plan performance measures were designed effectively, aligned with targeted outcomes of the plan and supported by relevant and reliable data
- clear responsibility was assigned for oversight and implementation of the GRF investment plan and information provided to those charged with governance enabled effective oversight on its implementation
- an outcomes-based framework was established to effectively assess the impact of programs and services funded from the GRF against GRF investment plan strategic priorities.

We reviewed the:

- GRF investment plan
- GM Act requirements relating to the GRF
- 2018 gambling prevalence study and research, contractor and evaluation reports commissioned by OPG in 2021 and 2022
- terms of reference of the Client Services and Partnerships Committee and performance reporting provided to that committee
- GRF investment plan monitoring and evaluation framework.

We also conducted interviews with OPG staff and the research team engaged to develop the monitoring and evaluation framework.

5.2 Overview of management approach to the GRF investment plan

5.2.1 Developing the GRF investment plan

The GRF investment plan was completed in November 2021. In developing it, OPG:

- consulted with key stakeholders in the South Australian gambling environment
- reviewed existing data and academic literature
- commissioned research and contractor reports
- examined the policy direction taken in other national and international jurisdictions.

This process identified key gaps and challenges facing South Australia in relation to minimising gambling harm, including:

- limited understanding across the community of the continuum of risky gambling behaviours, associated harms and protective actions
- few prevention and early intervention initiatives despite good evidence of the need for them
- limited engagement with gambling treatment and support services (particularly among some cohorts participating in risky gambling)

- limited guidance for clients seeking to navigate a diverse service system, making it difficult to find the right help at the right time.

The investment plan was also informed by the 2018 gambling prevalence study which provided data and analysis on trends in gambling activity and risky gambling behaviour in South Australia. Section 2.3.2 provides further details on this study.

OPG’s consultation process on the investment plan was sound. It considered a variety of stakeholder perspectives, including those of people with lived experience of gambling harm, in identifying investment plan goals, strategic priorities and projects.

The investment plan focusses on the main at-risk groups identified in the prevalence study and aligns with key themes identified in recent research and consulting reports commissioned by OPG, including:

- improving awareness of gambling help services to ensure more people experiencing gambling harm make contact before reaching crisis point
- improving gambling help service client retention and referral pathways
- minimising client relapse into risky gambling behaviour.

5.2.2 Key elements of GRF investment plan

Figure 5.1 summarises the overarching goal set by the GRF investment plan and the four underlying strategic priorities that OPG will prioritise funding for to achieve this goal.

Figure 5.1: Key elements of the GRF investment plan



OPG has identified six key projects to progress the investment plan’s overarching goal and strategic priorities. The projects reflect actions suggested to OPG by key stakeholders during the consultation process, promising initiatives trialled in other jurisdictions and actions identified in the gambling research literature as likely to help prevent and minimise gambling harm.

The six key projects are summarised in figure 5.2.

Figure 5.2: GRF investment plan – six key projects



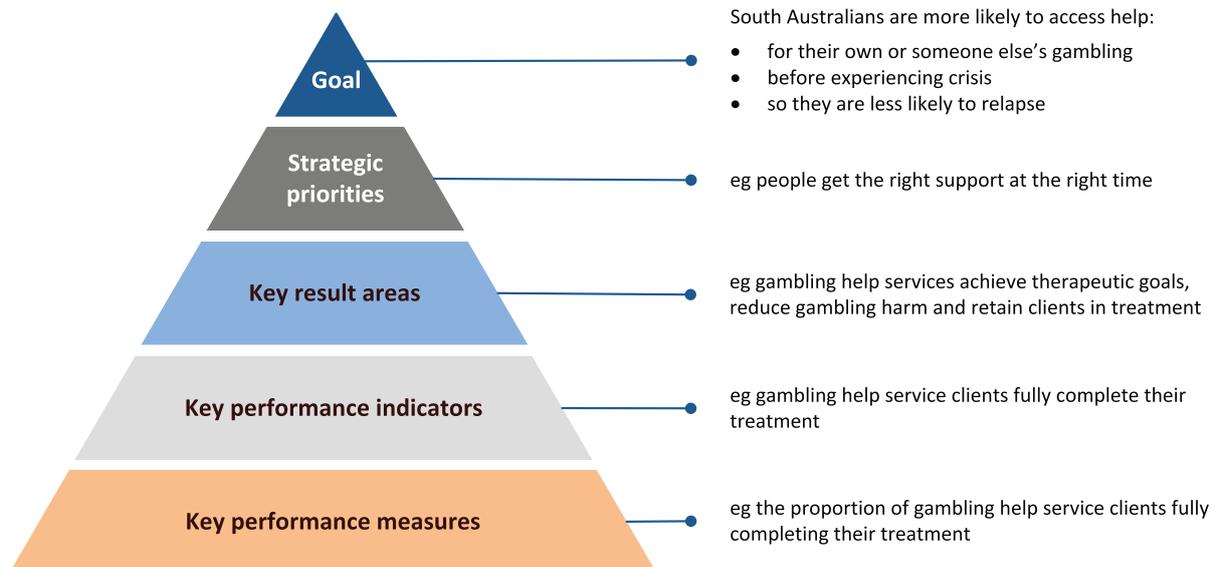
The investment plan has clear goals and strategic priorities and aligns with the legislated scope of the GRF.

5.2.3 GRF investment plan monitoring and evaluation framework

OPG engaged an expert research team through a university to develop a monitoring and evaluation framework for the investment plan in April 2022.

The purpose of the framework is to evaluate progress made in achieving each strategic priority of the investment plan. Key result areas, key performance indicators and key performance measures were developed for each strategic priority as part of the framework. Figure 5.3 shows the relationship between these elements and the overarching investment plan goal.

Figure 5.3 Monitoring and evaluation framework hierarchy



The research team performed an extensive review of the research literature on gambling behaviour and approaches to minimising gambling harm, to ensure the framework adopts a scientific, evidence-based approach.

Specific monitoring and evaluation methods to monitor progress against the key performance indicators and measures set under the framework were also identified, including:

- general population surveys
- outcome evaluations
- gambling help services reporting
- surveys of gambling help services staff
- analysis of the client data set
- qualitative interviews with key stakeholders
- analysis of other types of business data and metrics (such as media metrics for communications campaigns).

Work has commenced in some of these areas, including the running of a general population survey involving over 1,000 participants.

The research team was also engaged by OPG to conduct an evaluation of the first-year achievements and outcomes of the plan, applying the framework. This evaluation aims to confirm the feasibility and practicality of the framework and supporting measures, including data collection methods, and identify any revisions that need to be made to the framework for ongoing monitoring. The first draft of the evaluation report was completed in April 2023.

The monitoring and evaluation framework and first-year evaluation of the investment plan are important steps in confirming the impacts and outcomes of activities funded from the GRF. We consider OPG's practice of identifying performance indicators up front for the framework and commissioning a first-year evaluation to confirm the practicality of the indicators and data collection methods is sound.

5.2.4 Challenges attributing gambling harm minimisation outcomes to GRF investment plan projects, programs and services

There are challenges in confirming the extent to which programs, projects and services funded from the GRF have contributed to minimising gambling harm across the South Australian population. There are several environmental factors that may cause changes in gambling behaviour and harm independently of these funded activities, including changes in how gambling operators interact with consumers (eg gambling advertising) and the regulatory approach for the gambling industry.

Assessing the impact of these environmental factors is beyond the remit of OPG. The monitoring and evaluation framework focusses on assessing whether individual activities funded from the GRF are achieving their targeted outcomes, rather than on how all the activities together have impacted gambling harm across the South Australian population. For example, the framework includes key performance measures on whether:

- communication campaigns have improved awareness of gambling help resources
- gambling help service clients show improvements in their behaviour.

5.2.5 Evaluations of specific initiatives funded from the GRF

OPG commissioned evaluations in 2021 and 2022 of specific initiatives and programs funded from the GRF to confirm their impacts and outcomes, including the ‘Here for the Game’ communications campaign and ‘Unplugged’ program.

The ‘Here for the Game’ evaluation assessed whether the campaign raised awareness in targeted demographics and the cost per view for campaign messaging on various communication and social media platforms. The evaluation of the ‘Unplugged’ program assessed workshops run to provide information to parents and young people on the links between gaming and problem gambling.

Evaluating individual initiatives and programs is sound practice, as it confirms whether they:

- are achieving targeted outcomes
- should continue to be funded under the GRF investment plan.

5.3 Findings and recommendations

5.3.1 Monitoring and evaluation framework for GRF investment plan is not yet fully implemented and operational

Recommendation

OPG should complete its implementation of the monitoring and evaluation framework, including:

- ensuring the first-year evaluation of investment plan outcomes by the research team is finalised
- finalising the identification of data collection activities for all key performance measures and confirming these activities are feasible within existing system and resource constraints
- setting baseline data using 2021-22 data to enable tracking of trends against key performance measures across time (eg tracking whether awareness of gambling help services is increasing and leading to increased numbers of clients accessing the services)
- developing specific quantitative and/or qualitative targets for all key performance measures.

Finding

The monitoring and evaluation framework was only established in November 2022, and we found that some areas of it were not fully implemented at the time of our audit. Data collection activities were yet to be resolved for several key performance measures relating to three of the four strategic priorities in the GRF investment plan. For example:

- the gambling help services reporting mechanism for some measures under the ‘preventing and intervening early in harm’ strategic priority was still to be designed
- the baseline, targets and frequency of reporting on the client data set under the ‘people get the right support at the right time’ strategic priority was still to be determined
- the schedule for qualitative interviews with key stakeholders under the ‘agile system equipped to identify, prevent and respond to emerging harm and need’ strategic priority was still to be determined.

Specific targets had also not been set for key performance measures in the framework. For example, there was no target for the ‘proportion of gambling help services clients reaching their therapeutic goals at treatment conclusion’ measure under the ‘people get the right support at the right time’ strategic priority.

As a result, OPG was not able to demonstrate:

- whether all required data to support the monitoring and evaluation framework was readily available or could easily be collected within existing system and resourcing constraints
- how assessments would be made on whether certain measures were met and targeted outcomes of the investment plan achieved.

OPG advised us that the identification of data collection activities and specific targets was progressed as part of the university research team’s evaluation of the first-year outcomes of the investment plan, completed in April 2023. This included setting baselines for key performance measures using 2021-22 data to enable future monitoring of trends over time and identifying proposed targets for the measures. Data collection activities and targets will be further refined as the evidence base is built through future evaluations of the investment plan.

5.3.2 Further data and research are required to understand and monitor current gambling harm trends

Recommendation

OPG should regularly collect and monitor data on the proportion of South Australians engaging in moderate to high-risk gambling behaviour, for example through gambling prevalence studies similar to the one OPG commissioned in 2018. Given the significant cost of studies of this nature, it is appropriate to perform them only periodically (eg every five years).

OPG should also regularly collect data to monitor trends in gambling harm indicators at the total South Australian population level in between prevalence studies, such as average annual gambling expenditure and losses per South Australian adult.

This includes obtaining data on average annual gambling expenditure and losses for consumers of each type of gambling product where feasible (eg what does the average gaming machine user or online sports bettor spend and lose per year). This will provide an indication of whether gambling expenditure and losses, and therefore the likely level of gambling harm, is trending differently across each type of gambling product.

This information should be used to inform decisions on strategic priorities in the GRF investment plan.

Finding

It is important to have up-to-date information on whether the gambling harm risk profile for population groups and gambling products is changing to inform decisions on where interventions funded from the GRF need to be targeted.

We found that OPG does not regularly collect and monitor data on how gambling harm is tracking across the total South Australian population.

Data on gambling prevalence and the profile of risky gambling behaviour across the State's population has not been collected since the 2018 gambling prevalence study. OPG advised us that this is largely due the significant cost of this type of study.

Research indicates that gambling harm will likely increase as gambling expenditure increases,³⁸ so financial data from other SA Government agencies can give an indication of gambling harm trends at the total population level in between prevalence studies.

5.3.3 Obtaining client and community feedback on counselling services will help to measure the achievement of investment plan goals

Recommendation

OPG should explore ways to get the views of clients on whether gambling help services meet their needs and have helped them with their gambling behaviours to reduce gambling harm. This information should be used by OPG and service providers to assess whether the 'gambling behaviours improve within GHS clients to reduce gambling harm' key performance measure has been met, provide insights on how clients view their experience and identify potential improvement opportunities for service delivery design and counsellor training.

³⁸ Markham, F., Young, M. and Doran, B. 2014, *Gambling expenditure predicts harm: evidence from a venue-level study*, *Addiction*, 109 (9), pp. 1509-16.

This could include a range of options such as:

- ensuring people with lived experience of gambling harm have input into OPG's strategic direction
- consulting with current and past clients on the design of gambling help services when recommissioning services
- providing the option for clients to give feedback when completing their journey through the system and recording this feedback in the client data set
- obtaining client perspectives through the lived experience program
- researching why people have dropped out of the help service system or have not used the services on offer.

Finding

The assessment of client outcomes is currently made by service provider counsellors and recorded in the client data set. Feedback is not obtained from clients themselves on their treatment or the services provided.

The GRF investment plan includes a strategic priority to ensure people get the right support at the right time. To assess whether this is being met, we consider it important to obtain client perspectives on whether gambling help services are meeting their needs and improving their life circumstances. This information will confirm whether clients feel that counselling has helped them with their gambling behaviour and reduced gambling harm. It will also:

- ensure that outcomes reporting for gambling help services is not solely reliant on reporting by the service providers themselves (ie counsellor assessments)
- identify how effectively different service providers are helping clients and any emerging service quality issues
- help to identify any opportunities to improve service design and respond to the dynamic and continuously evolving gambling environment.

Obtaining client feedback directly will also add to the existing evidence base on:

- what would prompt clients to contact gambling help services earlier and before they reach crisis point
- the factors causing clients to leave a service before their treatment plan is complete
- the reasons people have for not making contact with a service despite experiencing gambling harm
- clients' preferred mode of service delivery (eg face-to-face counselling, phone or online).

This information would be useful in understanding how to achieve key goals of the GRF investment plan, in particular how South Australians are more likely to access help before experiencing crisis and how to retain clients in treatment. It would also align with the Department of Human Services' strategic priority to increase inclusion, independence and shared decision making for all.

5.3.4 Sustainability of the GRF funding model not assessed

Recommendation

OPG should formally assess the sustainability of the GRF funding model based on:

- legislated objectives of the GRF
- investment plan strategic priorities, programs and projects
- planned monitoring, evaluation and research activities
- current legislated contribution arrangements.

Any sustainability risks for the GRF identified through this assessment should be addressed with the Department of Treasury and Finance through the annual budget process.

Finding

Amendments to the GM Act in July 2020 allowed the GRF to be applied to programs for gambling harm prevention, education, research and evaluation for the first time. The GRF investment plan identifies a range of programs and projects to implement these changes.

Implementing the monitoring and evaluation framework will also involve several new activities to monitor whether the strategic priorities of the investment plan are being achieved.

Funding for these programs, projects and activities will be provided from the GRF. The amount of funding available is dependent on contributions made under legislation, including:

- betting operations tax under the *Authorised Betting Operations Act 2000*
- gaming machine tax under the GM Act
- voluntary contributions from industry participants under the GM Act.

We found that no formal assessment had been performed to confirm whether the current funding model for the GRF is sustainable on an ongoing basis, in view of its recently expanded scope.

We also noted that annual gaming machine tax contributions to the GRF under the GM Act were set at \$4.845 million in July 2020 and are not indexed for inflation. Gaming machine tax contributions represented more than 56% of the GRF's total revenue in 2021-22. The only other significant revenue item that year was voluntary (a \$2 million contribution from the Independent Gaming Corporation).

Mandatory indexation applies to all multi-year funding agreements between SA Government agencies and not-for profit organisations, including agreements with gambling help service providers. Therefore, a significant proportion of expenditure from the GRF is indexed, while the main revenue sources are not.

As a result, there is a risk that funds in the GRF may not be sufficient to meet its legislated objectives, fund investment plan activities and effectively monitor and evaluate the GRF investment plan on an ongoing basis.

5.3.5 Delegation instrument for GRF does not explain how powers under the GM Act are to be applied

Recommendation

OPG should seek legal advice from the Crown Solicitor’s Office to confirm the appropriateness of the existing instrument of delegation for the GRF under the GM Act, and update the instrument if required.

Finding

The GRF investment plan is funded through the GRF. The GRF is an administered item and clear articulation of powers and reporting lines is required to ensure there is effective management of the GRF and investment plan.

Powers and functions have been delegated by the Minister for Human Services to the Community Investment and Support – Community and Social Investments directorate in a register of delegations. Delegation to a directorate, rather than to position holders in the Department of Human Services, is not a sufficiently specific explanation of how the powers under the GM Act are to be applied.

Further, the delegation is not clear as to the extent of powers that are delegated. The register of delegations refers to ‘powers and functions relating to the administration of the Gamblers Rehabilitation Fund’. It is not clear whether the power to select programs for or related to minimising gambling harm rests solely with the Minister, or has been delegated.

5.3.6 No reporting to governance oversight committee on progress against GRF investment plan for over 12 months

Recommendation

OPG should provide the Client Services and Partnerships Committee with the following reporting to enable effective ongoing oversight of the GRF investment plan:

- regular status reports on key GRF investment plan projects (eg traffic light reports)
- the final evaluation report on first-year outcomes under the GRF investment plan

- any evaluation reports prepared for the remainder of the period covered by the current GRF investment plan.

As evaluation reporting against the monitoring and evaluation framework builds an evidence base of what activities are most effective in minimising gambling harm in South Australia, the Client Services and Partnerships Committee should consider lessons from the reporting to prioritise future GRF investments.

Finding

The Department of Human Services' Client Services and Partnerships Committee has responsibility under its terms of reference for overseeing the Department's obligations and deliverables under its strategies and action plans, including the GRF investment plan.

At the time of our audit in December 2022, there had been no reporting to the committee on performance and outcomes against the GRF investment plan's goal, strategic priorities and key projects. As the investment plan was finalised in November 2021, this is a gap in reporting of over 12 months.

As a result, senior management of the Department of Human Services were not formally made aware of:

- the status of key investment plan projects
- how investment plan projects were progressing against scheduled timelines
- whether the monitoring and evaluation framework's key performance indicators and measures were being met
- whether there were any investment plan risks or issues that needed to be escalated and actioned.

OPG responded that a traffic light report on the status of GRF investment plan projects was provided to the Client Services and Partnerships Committee in February 2023. It also plans to submit the first-year evaluation report detailing outcomes against the framework's indicators and measures to the Committee once it is completed.

6 Gambling help services

What we recommended

OPG should implement the following recommendations to effectively manage gambling help services and demonstrate that contracted outcomes related to minimising gambling harm are being achieved:

- confirm how key performance measures in the monitoring and evaluation framework will be applied, measured and monitored at the gambling help service level (section 6.3.1)
- implement processes to ensure the reliability of data used for performance and outcome monitoring and reporting (section 6.3.2)
- clarify contract management and performance review requirements for gambling help service contracts and conduct more timely performance reviews (sections 6.3.3 and 6.3.4)
- implement regular reporting to contract owners and governance committees on service provider performance (section 6.3.5)
- actively monitor the actions needed to practically apply research report findings and contractor report recommendations (section 6.3.6)
- work with gambling help services and other service providers to ensure they have a common understanding of available help service options for clients experiencing gambling harm and common co-occurring conditions (section 6.3.7)
- establish referral pathways for the cognitive behavioural therapy service across the entire gambling help service network (section 6.3.7)
- review the current client data set referral data requirements to ensure they are up to date and provide insights into referral sources (section 6.3.8)
- continue to establish program logic and theories of change for all gambling help services when they are commissioned or recommissioned (section 6.3.9).

6.1 Audit approach

We assessed whether:

- roles and responsibilities for oversight and performance monitoring of gambling help services were clearly defined and understood
- a risk-based approach was used to guide the extent and frequency of performance monitoring activities for gambling help services
- effective processes were in place to ensure service and client data collected from gambling help services was timely, reliable and in line with contractual requirements

- effective performance measures were established to assess whether contracted outcomes were being achieved
- service provider reporting and performance reviews conducted by OPG enabled effective monitoring of performance measures, risks and issues for individual gambling help services
- information provided to oversight bodies enabled effective overall monitoring of gambling help services
- an effective plan was established to guide gambling research activities
- commissioned research recommendations were effectively assessed and monitored
- program logic, theories of change and referral processes were established for gambling help services in line with SIF best practice standards.

We reviewed:

- gambling help service contracts
- risk and complexity assessments on these contracts
- performance reviews and annual review reports on contracts
- client and service data from the client data set
- gambling help service portal and online collection tool reference guides, manuals and file format specifications
- strategic research agenda.

We also interviewed OPG staff and gambling help service providers.

6.2 Overview of management approach for gambling help services

6.2.1 Overview of gambling help services

OPG funds non-government providers to deliver gambling help services in South Australia. Under this outsourcing model, OPG is responsible for overseeing and monitoring the performance of these service providers to ensure contracted outcomes and requirements are met.

Service providers deliver a range of treatment and support services for people seeking help with their gambling behaviour, including:

- counselling
- therapy
- peer support and group programs
- referring and supporting access to specialist or other required services
- case management and review
- follow-up services.

Several service providers also conduct awareness and engagement activities within the community.

The two types of services funded by OPG are metropolitan and country gambling help services (MCGHS) and targeted gambling help services (TGHS).

Figure 6.1 shows the 12 MCGHS funded by OPG.

Figure 6.1: Metropolitan and country gambling help services

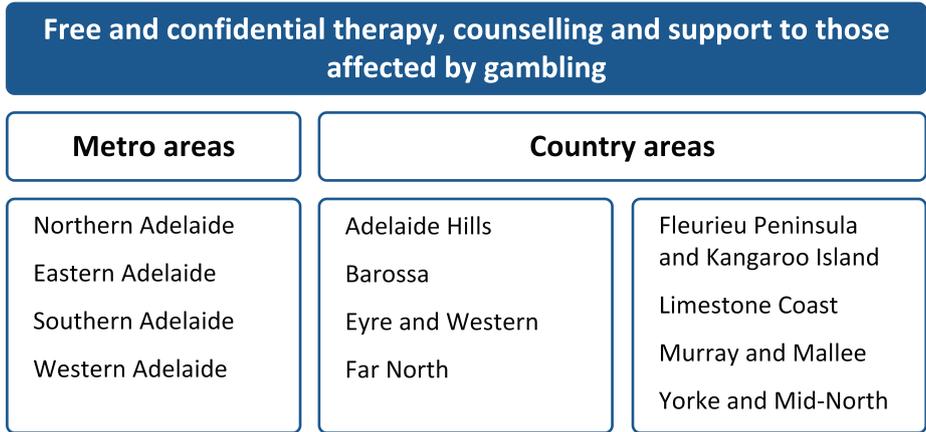
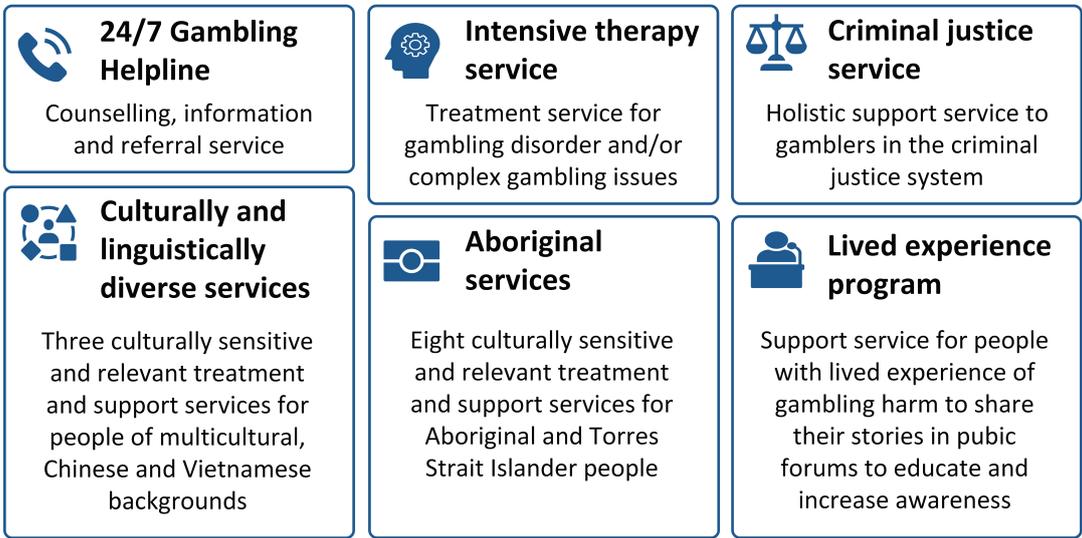


Figure 6.2 shows the 15 TGHS funded by OPG.

Figure 6.2: Targeted gambling help services³⁹



South Australia is the only Australian state that has a dedicated clinical treatment service like the intensive therapy service, which is directly accessible to the community and available for referrals from other gambling help services for people exhibiting high-risk gambling behaviour.

³⁹ The intensive therapy service will be referred to as the cognitive behavioural therapy service from 1 July 2023.

6.2.2 Recommissioning and extension of GHS contracts

Since the release of the GRF investment plan in November 2021, OPG has been recommissioning its expired TGHS contracts. The approach for this was informed by findings from OPG's commissioned research on targeting at-risk populations.

A competitive tender was undertaken for MCGHS contracts in 2019-20 and the three-year extension option in these contracts was exercised in 2022. The extended contracts cover the period 1 January 2023 to 31 December 2025. OPG advised us that it will review MCGHS in the final year of the contracts to consider new service models that will inform the next recommissioning cycle.

6.2.3 Client data set

OPG collects client and service data from gambling help service providers and centrally stores it in the client data set. The client data set captures data at various stages in the client's journey through the gambling help services system including:

- client registration
- client episodes
- client contacts
- client assessments.

Service providers are required to submit data quarterly using the gambling help services portal and online collection tool. OPG has developed a range of resources including reference guides, manuals and file format specifications to help service providers with the submission process.

6.2.4 Department of Human Services contract management requirements

The Department of Human Services contract management function is largely decentralised. Business units are responsible for managing their own contracts in line with departmental requirements with oversight from the responsible director or executive director as the contract owner.

OPG's approach to managing gambling help services is based on the following departmental requirements:

- the Department of Human Services Contract Management Handbook (DHS handbook), which outlines the required baseline activities for managing contracts across the Department
- Community and Social Investments Contract Management Guidelines (CSI guidelines), a local standard operating procedure which serves as an additional tool to manage community services contracts such as gambling help services.

6.2.5 Strategic research agenda

OPG has developed a strategic research agenda for 2022 to 2026 to help grow the evidence base for what works to prevent and minimise gambling harm.

The strategic research agenda captures a comprehensive range of suggested research topics under several strategic research priorities that are aligned to the GRF investment plan. This provides a sound base to help guide potential research partners towards projects that provide timely and practical advice to inform policy development and facilitate evidence-based practices.

Funding submission guidelines published by OPG indicate that research reports will be required to consider the potential practical application of the research findings and identify those South Australians most likely to benefit from them. We consider this to be good practice as it will ensure funded research can be translated and disseminated to inform key stakeholders and further improve the gambling help services system.

OPG advised us that the first round of applications for funding under the strategic research agenda opened in April 2023.

6.2.6 Social Impact Framework

The Department of Human Services Social Impact Framework (SIF), issued in January 2022, was developed by the Department in collaboration with a university. It is supported by an assessment tool that government funders and service providers can use to assess how well a program or initiative is optimising social impact.

The SIF indicates that research, provider expertise and the lived experience of people accessing services show that a program, new initiative or service has the best chance of creating social impact if it is:

- aligned to clearly defined purposes and outcomes
- able to meet best-practice service design criteria
- delivered through a partnership with service providers.

OPG has not yet used the SIF assessment tool to assess whether its gambling help services meet these best-practice standards for social impact, as it is waiting on the Department to finalise the approach to implementing the SIF for all its community and family services investments.

The Department of Human Services advised us that the approach to implementing the SIF is being progressed through the Client Services and Partnerships Committee, in conjunction with developing new departmental outcomes and commissioning frameworks.

6.2.7 Community of practice

OPG organises regular community of practice events to bring key stakeholders together to share learnings and experiences to drive improvements to practice.

The community of practice event held in October 2022 involved people with lived experience of gambling harm, gambling help service providers and counsellors, health professionals, academic researchers, OPG representatives and representatives from gambling regulatory bodies.

The community of practice events are a sound approach for sharing key learnings between relevant stakeholders to improve practice and more effectively minimise gambling harm.

6.3 Findings and recommendations

6.3.1 Performance measures for gambling help services do not enable effective assessment of contracted service outcomes

Recommendation

OPG should confirm how key performance measures in the monitoring and evaluation framework will be applied, measured and monitored at the gambling help service level and update service contract and client data set requirements accordingly. This includes:

- developing an implementation plan to clearly outline the required steps, time frames and assigned responsibilities for rolling out the measures and new reporting and client data set data requirements for gambling help service providers
- setting consistent performance measures for similar types of services
- setting targets for key performance measures in gambling help service contracts
- providing training and guidance to gambling help service providers on how the key performance measures should apply in practice.

We also recommend OPG consider whether output and outcome measures over and above those in the monitoring and evaluation framework are needed for a more complete picture of performance, such as performance measures for client data set data quality and training and development of gambling help service provider staff.

Once implemented, OPG should review performance measures and targets regularly to ensure they remain fit for purpose and reflect any changes in service delivery expectations.

Finding

Effective performance measures are important to ensure:

- OPG understands how well gambling help services are achieving contracted service outcomes in minimising gambling harm
- service providers clearly understand what is considered to be effective practice and are accountable for their performance
- performance monitoring activities result in meaningful performance information for oversight reporting and decision-making purposes.

We found gaps in the performance measures used to assess the contracted service outcomes for gambling help services. Some measures were not specific and/or measurable, did not have targets and were not reviewed regularly to ensure they remained fit for purpose.

Some performance measures used by OPG were not transparently communicated to gambling help service providers (that is, they were used for internal OPG purposes only).

There were also some inconsistencies in contract performance measures used for the same types of activities, limiting opportunities to compare the performance of different service providers.

OPG advised us that outcomes and performance measures in all contracts will be updated to align with key performance measures in the new monitoring and evaluation framework, after completing the evaluation of first-year investment plan outcomes applying the framework. The realignment of contract outcomes and embedding the framework will in turn enable OPG to understand what good performance looks like for gambling help services and inform contract management activity.

6.3.2 Limited checks and processes to ensure the reliability of data collected from gambling help service providers for the client data set

<p>Recommendation</p> <p>OPG should review all business rules in the gambling help service portal and online collection tool to confirm whether they are still appropriate and operating as intended. The business rules should ensure:</p> <ul style="list-style-type: none">• key data fields are completed consistently by service providers• data fields meet required formats and specifications. <p>OPG should perform regular checks to confirm the reliability of the client data set, including:</p> <ul style="list-style-type: none">• confirming whether there is any missing data (eg incomplete fields)• confirming whether data submitted meets requirements (eg closed completed episodes have client outcome results)• comparing the level of activity (eg number of clients, episodes, contacts) between periods and identifying any anomalies or unusual trends that may indicate potential data issues. <p>OPG should also consider exploring opportunities to modernise and streamline the client data set to ensure only critical and relevant data is collected. This may free up time for both OPG and service providers to focus on ensuring data quality.</p>

Finding

It is important to ensure gambling help service providers submit reliable data to the client data set as it is relied on for performance monitoring and outcomes measurement.

OPG has limited checks and processes in place to ensure data in the client data set is reliable, mainly relying on predetermined business rules created in the gambling help service portal and online collection tool to automatically validate data and the review of data reports by service providers.

We found that business rules are not always operating as intended as key data fields (eg those relating to client outcomes) are not consistently completed by service providers. OPG also does not confirm whether service providers have checked the integrity of data submitted, including reconciling the data to their own systems.

OPG advised us that its current approach is to rely on service providers for data quality. Although we consider it reasonable for these providers to be responsible for submitting reliable data, OPG still needs to have its own assurance that data used for gambling help service outcomes measurement and performance reporting is accurate and complete.

6.3.3 Approach to managing gambling help service contracts was unclear and did not prioritise performance monitoring activities based on risk

Recommendation

OPG should document an approach to managing gambling help service contracts that clearly defines roles and responsibilities and the activities to be performed to assess, monitor and report on gambling help service performance.

The approach should effectively prioritise activities towards higher risk gambling help services and consider factors such as:

- the number of clients accessing the service
- the vulnerability of the client cohort
- the rate of dropout and number of uncompleted episodes
- contract funding amounts
- the importance of the gambling help service to strategic priorities and goals in the investment plan.

OPG should also consider whether any training or development is needed for contract managers to effectively undertake the new approach.

Finding

We found the DHS handbook and CSI guidelines had inconsistent requirements for the regularity of performance reviews and OPG contract managers did not have a clear understanding of when and how key performance monitoring activities for gambling help service contracts should be completed.

We also found there was limited guidance on how risk should drive the extent and frequency of performance monitoring activities beyond annual contract reviews. In practice, all gambling help service contracts were subject to the same approach and performance monitoring activities were not effectively prioritised towards higher risk contracts.

It is important to have a clearly defined contract management approach that prioritises performance monitoring activities towards higher risk services, particularly considering the limited resources within OPG and the large number of gambling help services it administers.

6.3.4 Performance reviews of gambling help services were limited in scope and not timely

Recommendation

OPG should complete performance reviews for all gambling help services at least annually.

We recommend OPG review and update the performance review worksheet template to ensure it covers areas required to effectively assess service provider performance. At a minimum, it should be updated to clearly cover OPG's assessment of:

- progress against performance measures
- narrative reporting and client data set data submission requirements.

Finding

It is important that OPG completes regular performance reviews with gambling help service providers to ensure they receive timely feedback and are held accountable for their performance against contracted requirements and outcomes.

We found that performance reviews did not adequately cover OPG's assessment of progress against performance measures and whether narrative reporting and client data set submission requirements were met.

The CSI guidelines state that performance reports submitted by service providers should be subject to a systematic review and critical analysis of measures reported to identify any anomalies or significant changes from previous periods. We found that, in practice, contract managers only perform an informal review of these areas and there is no process to ensure the reliability of the information reported.

Our discussions with service providers indicated that it was difficult for them to understand how well they were performing from the performance reviews completed by OPG.

We also found that, at the time of our audit, performance reviews for TGHS had not been completed since 2019.

OPG advised us that this gap in activity was mainly due to:

- the impact of targeted voluntary separation packages in July 2019, which left the team with only one contract manager
- the scope of TGHS being reviewed as part of research performed to inform the GRF investment plan
- the impact of COVID-19 lockdowns reducing gambling activity and demand for gambling help services.

OPG further advised us that it now has the resources to consistently complete performance reviews annually and will continue to do so as long as the resources are available.

6.3.5 Limited information on gambling help service performance provided to those responsible for oversight

Recommendation

OPG should prepare annual contract review reports in line with required time frames to ensure timely information on gambling help service performance is provided to the contract owner.

These reports should adequately capture information needed to effectively oversee gambling help service performance, for example:

- progress against performance measures
- status and outcomes of performance reviews completed with service providers
- key risks and issues
- required corrective actions
- learnings and updates on improvement activities.

Finding

We found that annual contract review reports had not been consistently prepared by OPG for several years.

As a result, the contract owner was not provided with timely and sufficient information on gambling help services to effectively monitor performance, manage risk and ensure the achievement of outcomes.

OPG advised us that annual contract review reporting processes were paused across the Department of Human Services as part of the emergency management response to COVID-19. This in turn created a backlog of annual contract review reports. OPG will ensure these reports are timely in the future.

6.3.6 Research findings and contractor recommendations not systematically monitored to confirm appropriately actioned

Recommendation

OPG should develop a central register to capture the actions needed to practically apply research report findings and contractor report recommendations to improve current practice.

This register should capture the following for each action:

- level of priority
- time frames and due dates
- responsible person
- status of implementation.

The register should be regularly reviewed to monitor the implementation of actions.

OPG should also consider reporting on the implementation status of these actions as part of the GRF investment plan reporting to the Client Services and Partnerships Committee (see section 5.3.6) to enable clear oversight of the funded research and consulting work.

Finding

OPG commissioned various research projects and contractor reviews into the South Australian gambling landscape and gambling help services system in 2021 and 2022. Under the strategic research agenda, more research projects will be commissioned to explore ways to prevent and minimise gambling harm.

We found that OPG has no process to centrally capture and monitor the implementation of the actions needed to apply research report findings and contractor report recommendations to its current practice.

This increases the risk that identified evidence-based opportunities to improve practices for preventing and minimising gambling harm may not be implemented.

6.3.7 Guidance on system-wide service options available for referrals could be improved

Recommendation

OPG should work with gambling help services and other service providers to ensure they have a common understanding of the current suite of available help service options for clients experiencing gambling harm and common co-occurring conditions.

OPG should encourage collaboration amongst gambling help services and other service providers to build strong referral relationships. This could include establishing performance measures for referrals in gambling help service contracts.

Referral pathways for the cognitive behavioural therapy service should also be established across the entire gambling help service system, consistent with OPG's current plans.

Finding

Both the GRF investment plan and the SIF assessment tool highlight the importance of having clear referral processes and pathways to help people get the right support at the right time and transition to complementary support on the continuum of care where appropriate.

We found that some client referrals occur between gambling help services and various other social help services, community organisations and industry bodies. However, these referral pathways have not been formalised.

Guidance on the alternative help service options available both within and outside the gambling help service system could also be improved to ensure gambling help services and other service providers (such as financial counsellors and mental health support services) have a complete understanding of the help service options available for people experiencing issues with their gambling and offer them when appropriate.

OPG advised us that the new tender for the cognitive behaviour therapy service will require the successful provider to establish referral pathways for the service across the gambling help service system.

6.3.8 Limited data maintained on gambling help service referrals

Recommendation

OPG should review the current client data set referral data requirements to ensure they:

- are up to date
- provide meaningful insights into referral sources
- enable the monitoring and evaluation framework's 'number of client referrals by source' measure to be effectively measured and monitored.

OPG should also explore opportunities to collect referral data during the client's journey to capture and monitor referrals to other help services for any co-occurring conditions experienced by clients.

Finding

It is important to maintain adequate data on gambling help service referrals to understand:

- when referrals are occurring
- the use of referral pathways
- the impact of different awareness raising and engagement activities on referrals.

We found there is no referral data collected during the client's journey to capture referrals to other help services for co-occurring conditions that are often experienced by clients. The referral data fields also do not always capture the specific help services, organisations or sources that clients are being referred from, which limits the usefulness of the data collected.

6.3.9 Program logic and theories of change not prepared for most gambling help services

Recommendation

OPG should continue to establish program logic and theories of change for all gambling help services when they are commissioned or recommissioned.

Finding

The SIF assessment tool refers to the need for program logic and theories of change for Department of Human Services programs.

The purpose of program logic and a theory of change is to document and clearly state the purpose and rationale for each program, service or initiative and how it will contribute to social impact objectives.

We found that while program logic and theories of change have been developed for some recently commissioned or recommissioned gambling help services, they do not exist for most services, including MCGHS. As a result, the purpose and rationale for these services, what they are looking to achieve and how they effect change and impact may be unclear.

OPG advised us that a theory of change has been prepared at the whole-of-system level (that is, stepped models of care at each point along the continuum of gambling harm as detailed in figures 2.6 and 2.7). Where program logic and theories of change do not exist for individual gambling help services, they will be developed in the next round of commissioning cycles.

Appendix 1 – Abbreviations and terms used in this report

Term	Description
Australian Transaction Reports and Analysis Centre (AUSTRAC)	Australian Government anti-money laundering and counter terrorism financing regulator.
Automated Risk Monitoring System (ARMS)	System used to alert gaming venue staff of players who may be at risk of gambling harm.
Barring and Online Employee Notification (BOEN)	System used to centrally record all barred persons and gaming employee details.
Barring orders	An order, issued under the <i>Gambling Administration Act 2019</i> , to limit a person from entering gambling premises and participating in gambling activities.
Clients	Those who receive treatment and support from a gambling help service due to experiencing gambling harm. Clients can be either gamblers or non-gamblers (eg friends and family members impacted by the gambling).
Commissioned research	Gambling research performed by academics or contractors that is initiated and funded by the OPG.
Gambling	An activity where someone risks something of value (most typically money) on an uncertain outcome, where there is an element of randomness or chance involved, and the purpose is to win.
Gambling harm	Any negative consequence caused or made worse by gambling.
Gambling help services	Treatment and support services provided to those at risk or experiencing gambling harm.
Gambling prevalence study	A study which estimates the nature and prevalence of gambling harm, behaviour and activity for a population (eg South Australia).
GM Act	<i>Gaming Machines Act 1992</i>
GRF	Gamblers Rehabilitation Fund
GRF investment plan	This plan outlines planned projects, programs and initiatives to minimise gambling harm in line with the expanded scope of the GRF. Sections 5.1.1 and 5.1.2 provide further details.
IGC	Independent Gaming Corporation
Key performance indicator	Second level element of the monitoring and evaluation framework for the GRF investment plan which identifies what can be used to assess the key result areas.

Term	Description
Key performance measure	Third level element of the monitoring and evaluation framework for the GRF investment plan which identifies specific detailed measures to measure the key performance indicators.
Key result area	First level element of the monitoring and evaluation framework for the GRF investment plan which identifies what the plan is focusing on and its broad objectives.
Liquor and Gambling Commissioner	The Commissioner
Metropolitan and country gambling help services (MCGHS)	Services that provide general treatment and support to those affected by gambling in the community.
OPG	Office for Problem Gambling
PGSI	Problem Gambling Severity Index
Primary level intervention	Interventions that focus on strategies to prevent harm aimed at the general community.
Program logic	Program logic is a tool used to identify and describe the way in which a program fits together, usually in a simple sequence of inputs, activities, outputs, and outcomes.
Public health approach	An approach which aims to improve health and reduce risk at a population level rather than just for individuals who experience harm. It includes all levels of interventions across the continuum of harm to prevent, intervene early and treat harm.
Recommissioning	The process of re-designing and/or procuring a new service.
Regulatory compliance activities	Activities performed by the Commissioner to: <ul style="list-style-type: none"> • encourage gambling providers to conform with their obligations set out in gambling laws, regulations and codes of practice • assess whether gambling providers are meeting their obligations • address and resolve non-compliance
Secondary level intervention	Interventions that focus on strategies to intervene early for those people at risk of experiencing harm within the community.
Targeted gambling help services (TGHS)	Services that provide targeted treatment and support to those in the community experiencing gambling harm that have specific or complex needs. Also includes non-standard services such as the 24/7 Gambling Helpline.
Tertiary level intervention	Interventions that focus on providing treatment and support for those people seeking help due to experiencing harm.

Term	Description
Theory of change	A theory of change is used for strategic planning or program/policy planning to identify the current situation (in terms of needs, opportunities, the problem to be addressed), the intended situation and what needs to be done to move from one to the other.
Wagering	A type of gambling involving betting on the outcome of an event, such as racing, sporting events and other approved events (eg elections).

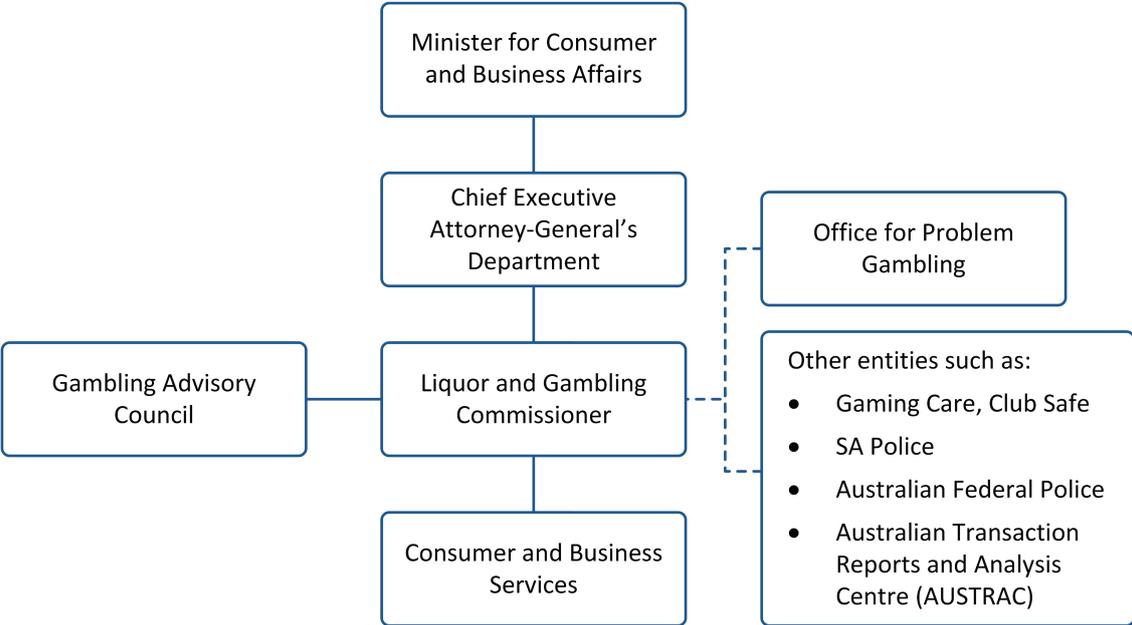
Appendix 2 – SA Government roles and responsibilities for minimising gambling harm

Liquor and Gambling Commissioner

The Commissioner is responsible for regulating gaming machine, wagering, casino and certain lottery activities⁴⁰ conducted in South Australia under legislation and mandatory gambling codes of practice (section 2.4.1 provides an overview of legislation).

Figure A2.1 illustrates the Commissioner’s reporting relationships.

Figure A2.1: Liquor and Gambling Commissioner reporting relationships



The Consumer and Business Services (CBS) business unit within the Attorney-General’s Department supports the Commissioner in carrying out their functions and also receipts gaming tax on behalf of the Treasurer.

The Gambling Advisory Council is an advisory body that provides advice to the Commissioner on critical gambling matters to help formulate policies and legislative proposals to inform the SA Government. The next section provides further details.

The *Gambling Administration Act 2019* sets out the Commissioner’s functions and powers. In exercising them, the Commissioner is required to have regard to the objects of the Act, which include:

⁴⁰ State lotteries conducted by the Lotteries Commission of South Australia are excluded from the Commissioner’s responsibilities, however the *State Lotteries Act 1966* requires the Lotteries Commission of South Australia to comply with the State lotteries gambling code of practice issued by the Commissioner.

- reducing the prevalence and severity of harm associated with the misuse and abuse of gambling activities
- fostering responsible conduct in relation to gambling and, in particular, ensuring that gambling is conducted responsibly, fairly and honestly, with regard to minimising the harm associated with gambling
- facilitating the balanced development and maintenance, in the public interest, of an economically viable and socially responsible gambling industry in the State, recognising the positive and negative impacts of gambling on communities
- ensuring that gambling is conducted honestly and free from interference, criminal influence and exploitation
- ensuring, as far as practicable, that the conduct of gambling is consistent with the expectations and aspirations of the public.

The *Gambling Administration Act 2019* states that the Commissioner must, in considering whether a matter is or is not in the public interest for the purposes of a gambling Act,⁴¹ have regard to the need for gambling harm minimisation.

As well as developing regulatory policy and providing advice to the SA Government on gambling harm, CBS undertakes a range of other regulatory activities intended to contribute to minimising gambling harm. These include:

- licensing gambling providers
- approving gaming machine games and equipment, gambling products and promotions, and administering the central barring system
- managing the Approved Gaming Machine Trading System
- investigating complaints about breaches of gambling legislation
- inspecting gambling providers to assess whether they comply with regulatory requirements
- undertaking enforcement action to address non-compliance
- educating gambling providers to support compliance with regulatory requirements.

Gambling Advisory Council

The Gambling Advisory Council is established under the *Gambling Administration Act 2019* and comprises representatives appointed by the Commissioner from government, the gambling sector and non-government community and welfare organisations.

⁴¹ Gambling Act means each of the following: the *Gambling Administration Act 2019*, the *Authorised Betting Operations Act 2000*, the *Casino Act 1997*, the *GM Act*, the *Lotteries Act 2019* and any other Act prescribed by regulation.

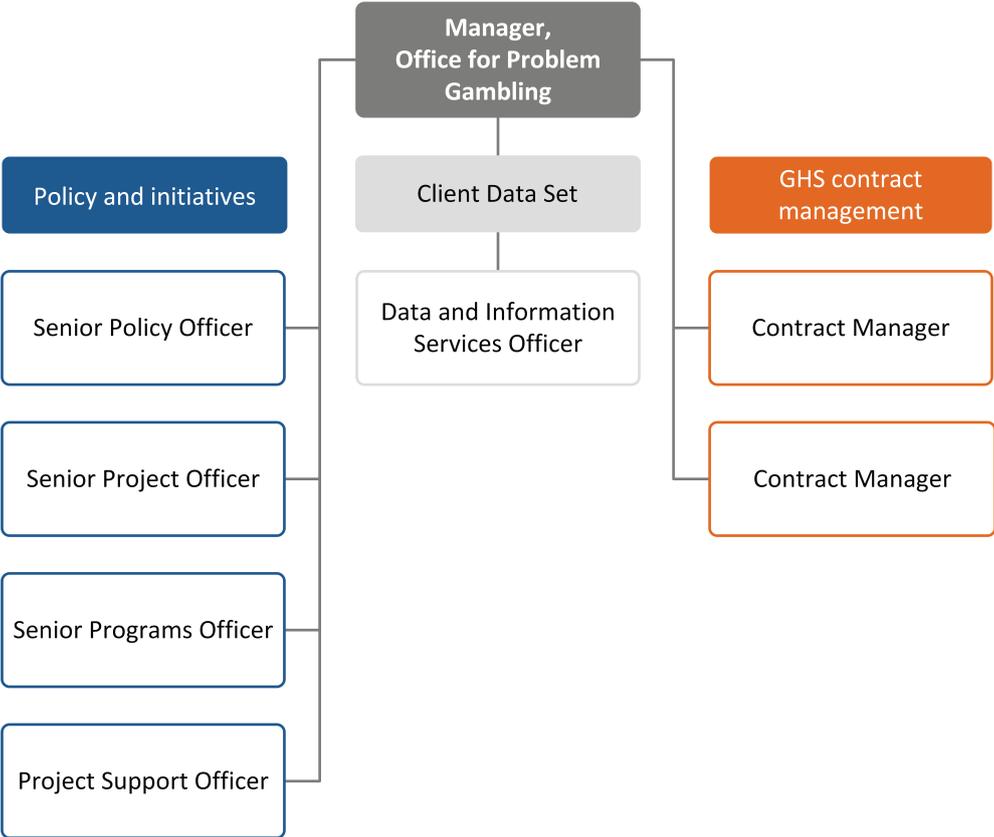
The Gambling Advisory Council’s functions⁴² are:

- to assist and advise the Commissioner on policies and legislative proposals affecting:
 - the minimisation of harm caused by (and associated with) gambling, recognising the positive and negative impacts of gambling on communities
 - the maintenance of a socially responsible gambling industry
- to provide a forum for exchanging information and views between industry, welfare and government sectors concerning issues relating to responsible gambling and harm-minimisation practices.

Office for Problem Gambling (OPG)

OPG is responsible for administering the Gamblers Rehabilitation Fund to invest in programs, initiatives and activities that seek to prevent and minimise gambling harm. OPG consists of a manager supported by a team of seven staff. Figure A2.2 shows OPG’s organisation chart.

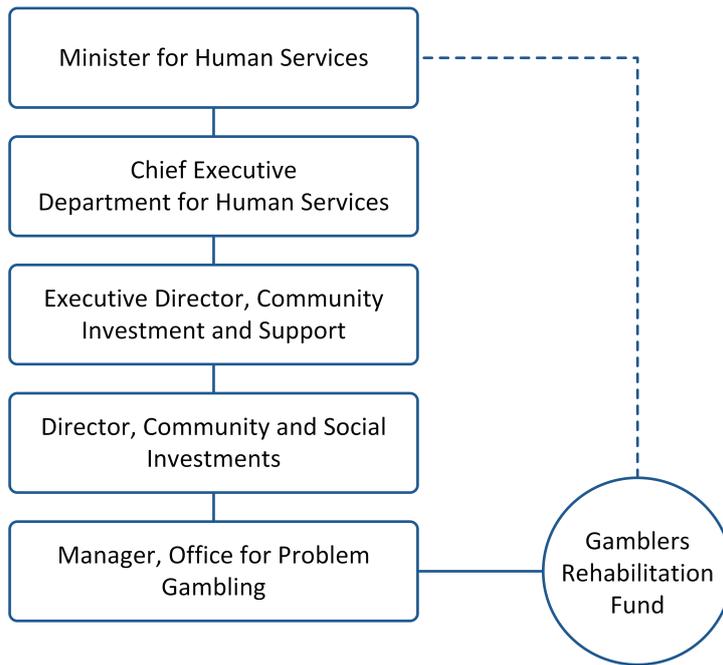
Figure A2.2: OPG team



The Manager, Office for Problem Gambling reports to senior management within the Department of Human Services and the Minister for Human Services who controls the Gamblers Rehabilitation Fund under the GM Act. Figure A2.3 shows the reporting relationships for OPG.

⁴² The Gambling Advisory Council’s functions are specified in section 57(3) of the *Gambling Administration Act 2019*.

Figure A2.3: OPG reporting relationships



Appendix 3 – Problem Gambling Severity Index

The PGSI scores respondents based on nine questions relating to their gambling behaviours over the last 12 months. For example, *‘Have you felt guilty about the way you gamble or what happens when you gamble?’*.

Each question is scored:

- 0 for ‘never’
- 1 for ‘sometimes’
- 2 for ‘most of the time’
- 3 for ‘always’.

The total score is calculated for all nine questions to categorise respondents into the four categories in figure A3.1.

Figure A3.1: PGSI scoring system

Category	PGSI score	Definition
Problem gamblers	8 or more	Those who have experienced adverse consequences as a result of their gambling and who may have lost control of their gambling behaviour. Involvement in gambling may be at any level, but is likely to be heavy.
Moderate-risk gamblers	3 to 7	Those who have responded ‘never’ to most of the indicators of behavioural problems in the PGSI, but who are likely to score on one or more ‘most of the time’ or ‘always’ responses. This group may or may not have experienced significant adverse consequences from gambling.
Low-risk gamblers	1 or 2	Those who are likely to have experienced only minor adverse consequences from gambling, if any, and will have answered ‘never’ to most of the indicators of behavioural problems in the PGSI.
Non-problem gamblers	0	Those who may or may not be frequent gamblers with heavy involvement in gambling in terms of time and money, but will be unlikely to have experienced severe adverse consequences.

Source: Gambling Prevalence in South Australia (2018) Final Report, ORC International.

Appendix 4 – Major gambling reform measures

Figure A4.1 summarises the major reform measures related to gambling harm minimisation following the Hon Tim Anderson KC’s review of the administrative arrangements for the regulation of commercial gambling in South Australia.

Figure A4.1: Gambling harm minimisation reforms

1 December 2018	<p>The Liquor and Gambling Commissioner became the single regulator of commercial gambling in South Australia. The Independent Gambling Authority was abolished and its functions were transferred to the Commissioner.</p> <p>The Gambling Advisory Council was established, comprising SA Government and stakeholder representation, to provide a forum to discuss key issues and work collaboratively to address critical gambling-related matters.</p>
30 July 2020	<p>The GM Act was amended to expand the scope of the Gamblers Rehabilitation Fund. Section 2.5 provides further information on these changes.</p>
3 December 2020	<p>The <i>Gambling Administration Act 1995</i> was repealed and a new administrative and regulatory framework was introduced under the new <i>Gambling Administration Act 2019</i>.</p> <p>Amendments were made to the regulations under each of the gambling acts, advertising and responsible gambling codes of practice were revised and new gambling administration and community impact guidelines were developed.</p> <p>Changes intended to minimise harm included:</p> <ul style="list-style-type: none"> • varying the times of the day when gambling advertising is permitted on radio or television, and the way gambling products may be advertised • a new welfare barring arrangement • introducing facial recognition technology in gaming venues to help licensees identify barred persons • limiting the amount of cash that can be withdrawn in gaming venues • limiting banknote denominations that can be inserted into gaming machines and introducing maximum credit balances • new community impact assessment guidelines.

Appendix 5 – National Consumer Protection Framework for Online Wagering

The Australian Government, together with the state and territory governments, has introduced the National Consumer Protection Framework for Online Wagering (National Framework), a suite of minimum consumer protections for people who gamble online.

The National Framework commenced in November 2018 and consists of 10 measures to empower consumers to make more informed decisions about their gambling and minimise gambling harm relating to online wagering activity.

The National Framework applies to all licensed online wagering service providers and is being progressively implemented through a combination of Commonwealth, state and territory laws and regulations. Figure A5.1 summarises the status of the six measures that the SA Government is responsible for enacting and administering, including monitoring, promotion of compliance and enforcement.

Figure A5.1: Status of National Framework measures that South Australia is responsible for enacting

Measure	Status
Restrictions on inducements	Implemented May 2019
Account closure requirements	Implemented May 2019
Voluntary opt-out pre-commitment scheme	Implemented May 2019
Provision of activity statements to customers	Implemented July 2022
Consistent gambling messaging	Implemented March 2023
Training staff in the responsible service of online gambling	Implemented March 2023

Appendix 6 – Gaming venue monitoring systems

Monitoring system operated by the Independent Gaming Corporation (IGC)

In line with the GM Act, the Liquor and Gambling Commissioner has granted IGC a licence to operate the central computer monitoring system that all gaming machines in hotels and clubs in South Australia are connected to. A condition of the licence is that the IGC will not modify the monitoring system without the Commissioner's prior approval.

While the system's primary role is to ensure the security and integrity of gaming machines, CBS advised us that it also plays an important role in minimising gambling harm by:

- only permitting game software approved by the Commissioner with the following attributes to be installed and operated on a gaming machine:
 - a minimum return to players of 87.5% over life of the gaming machine
 - a maximum bet per spin of \$5
 - a maximum win of \$10,000
- only allowing banknotes of \$50 or less to be inserted into a gaming machine
- disabling the banknote acceptor fitted to a gaming machine if the value of credits on the machine is \$100 or more (effectively imposing a limit of \$149.99)
- limiting the hours that gaming machines can be operated to the hours approved by the Commissioner and affixed to the gaming machine licence (which must include a minimum non-operational period of six in every 24 hours)
- setting the approved attributes used by the legislated Automated Risk Monitoring System (ARMS) to generate alerts for gaming venue staff on potentially risky patron gambling behaviour
- recording player activity through meters on each gaming machine to enable gaming statistics such as net gambling revenue (ie amount lost by gamblers) to be calculated and provided to the Commissioner.

Most of the attributes listed above are mandated by either legislation, codes of practice, gambling administration guidelines or the Australian/New Zealand Gaming Machine National Standard.

Automated Risk Monitoring System

The GM Act requires all gaming machines in clubs and hotels to be connected to an approved ARMS. This system helps gaming staff in South Australian hotels and clubs to detect gaming machine players at risk of gambling harm. CBS advised us that South Australia is the only Australian state to mandate the use of ARMS for gaming machines.

The ARMS alerts venue staff if players exceed a certain length of play or turnover amount. It is intended to be an early intervention tool, by prompting staff to engage with patrons when an alert occurs to determine whether they are at risk.

The ARMS is operated by the IGC based on parameters set by the (now abolished) Independent Gambling Authority.

Appendix 7 – Gambling investigations and inquiries

At the time of our audit, there were a number of investigations and inquiries underway into the gambling industry in South Australia.

SkyCity Adelaide

AUSTRAC (Australian Transaction Reports and Analysis Centre) investigation

Following an investigation by AUSTRAC, AUSTRAC commenced civil penalty proceedings in the Federal Court against SkyCity Adelaide for alleged serious and systemic non-compliance with Australia’s anti-money laundering and counter-terrorism financing laws. The proceedings commenced in December 2022 and are ongoing.

Independent investigation of SkyCity Adelaide’s suitability to hold a casino licence

An investigation into SkyCity Adelaide’s suitability to continue to hold the casino licence under the *Casino Act 1997* was commissioned by the Liquor and Gambling Commissioner in July 2022. This investigation by the Hon Brian Martin AO KC was initiated by the Commissioner due to findings from recent interstate casino inquiries which highlighted broader systemic issues that may be relevant to the casino industry in South Australia.

Mr Martin was due to report to his findings to the Commissioner by February 2023, however he has advised the Commissioner that it is not possible to reliably determine the question of suitability until the resolution of proceedings by AUSTRAC. The investigation is therefore currently on hold. Allegations raised in the AUSTRAC proceedings, as well as preliminary matters raised by Mr Martin, have been put to SkyCity Adelaide while the Commissioner considers their options regarding potential action.

National online gambling inquiry

The Commonwealth Government’s House of Representatives Standing Committee on Social Policy and Legal Affairs is conducting an inquiry into online gambling and its impacts on those experiencing gambling harm. The inquiry will consider matters including:

- the effectiveness of existing consumer protections
- how to better target programs to address online gambling harm
- the effectiveness of current counselling and support services
- the impact of current regulatory and licensing regimes for online gambling on the effectiveness of harm minimisation and consumer protection efforts
- the appropriateness of current gambling regulations in light of emerging technologies, payment options and products
- the effectiveness of current gambling advertising restrictions on limiting children’s exposure to gambling products and services.

The SA Government has made a submission to the inquiry and the Commissioner has given evidence at a hearing.

Appendix 8 – Response from the Chief Executive, Attorney-General’s Department under section 37(2) of the *Public Finance and Audit Act 1987*

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Government of South Australia
Consumer and Business Services

8 May 2023

Consumer and Business Services

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Mr Andrew Richardson
Auditor-General
Auditor-General's Department

By email: records@audit.sa.gov.au

Dear Mr Richardson

I refer to the report of your performance audit of management of gambling harm minimisation activities.

As mentioned in your report, the recommendations build on the work which was already being undertaken by the Liquor and Gambling Commissioner (the Commissioner) with the support of the staff at Consumer and Business Services (CBS) prior to the audit to enhance the efficiency and effectiveness of CBS' compliance and enforcement activities.

We are committed to implementing your recommendations in an effective and timely manner. There is a dedicated project team in CBS which is working on the implementation of the recommendations, and we have engaged service providers with the relevant expertise to assist in doing so where necessary.

Since the commencement of your audit, CBS has made significant progress on its risk based approach to compliance with the implementation of a new policy that provides for higher risk gaming venues to be inspected more frequently than lower risk venues. In addition, CBS has been gathering and analysing a wider range of data sources to inform the risk rating of gaming venues and developing reports to assist in implementing the new policy. CBS has already increased its visitation at venues with high risk licences in line with the new policy.

For various reasons explained to your team during the audit, it has taken time to bring CBS' new Casino and Gambling Team up to its full complement of staff. Since this has occurred, there has been a substantial increase in compliance inspections, returning to pre-COVID numbers, with CBS conducting 483 gaming inspections, 198 wagering inspections and daily casino inspections between 1 November 2022 and 30 April 2023.

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In addition to implementing the recommendations of your audit, as previously advised, CBS is undertaking many other activities which are intended to further assist in reducing gambling-related harm, including:

- CBS is revising the annual returns that Authorised Interstate Betting Operators submit to include data and information which will help CBS to have a more detailed picture of the extent of their online betting operations in South Australia and the risk of harm to South Australian customers, and will assist CBS to prioritise its compliance activities.
- CBS is reviewing the responsible gambling policies and procedures of Authorised Interstate Betting Operators to ensure their compliance with the measures introduced into the Authorised Betting Operators Gambling Code of Practice in December 2021.
- CBS is revising the Community Interest Guidelines for gaming applications to designate high risk applications, such as an increase to trading hours for gaming after midnight.
- CBS is introducing additional quality assurance measures for inspections.
- CBS has established a central database of gambling data to inform decision-making.
- Relevant staff in CBS are meeting regularly to evaluate the effectiveness of the gambling regulatory framework and the compliance activities in minimising gambling harm.
- CBS is meeting with counterparts in other jurisdictions to understand their approach to particular gambling harm reduction measures, as well as with key organisations in South Australia to keep abreast of what is happening in the field.
- CBS has reviewed its processes in relation to gambling barring orders to require counselling on a case by case basis prior to approving revocation of voluntary barrings.
- CBS has improved communications with industry about their roles and responsibilities as gambling providers and the tools available to assist them.
- CBS is continuing to take a harm minimisation approach when considering all new gambling related applications.

In addition, as mentioned previously, the Commissioner and CBS are continuing to pursue opportunities for regulatory reform to introduce further measures to minimise gambling harm. These improvements will only further strengthen the South Australian regulatory regime which relevantly, already provides better protections against gambling harm than in other Australian jurisdictions.

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Through the work of the Commissioner and CBS, the South Australian regulatory regime:

- imposes a limit of \$250 per card, per day on both ATM and EFTPOS cash withdrawals on premises with gaming machines;
- prohibits the insertion of cash into a gaming machine if the value of credits on the machine is greater than \$149.99;
- prohibits the insertion of \$100 banknotes into gaming machines;
- imposes a mandatory licence condition requiring all gaming machine licensees with 30 or more gaming machines, with at least one gaming machine able to be operated using a banknote acceptor, to install and operate facial recognition technology to identify barred patrons entering or who have entered a gaming area;
- imposes a requirement for gambling providers to develop and implement policies to identify and respond to people displaying indicators of gambling harm, report on those indicators and document any steps taken to intervene;
- has established a state-wide barring scheme where the details of barred persons are recorded on a central database and a person can be barred from multiple gambling providers by contacting CBS staff; and
- provides for third party barring requests if there is a reasonable apprehension a person or their family is at risk of harm from gambling.

Thank you for the work of you and your team on this audit. It supplements the work which was already underway at CBS and will ensure that South Australia has effective management of the gambling regulatory compliance activities to minimise gambling harm.

Yours sincerely



Caroline Meador
CHIEF EXECUTIVE

Appendix 9 – Response from the Chief Executive, Department of Human Services under section 37(2) of the *Public Finance and Audit Act 1987*

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Ref: 23BCEO/0158

Mr Andrew Richardson
Auditor-General
Auditor General's Department

Via email: records@audit.sa.gov.au

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Dear Mr Richardson

I write in response to your letter of 5 May 2023 where you provided me a copy of your proposed Report 3 of 2023 *Gambling harm minimisation*.

I note this version of the report reflects consideration by the audit team of Department of Human Service (DHS) feedback to date, and specifically, DHS feedback on the management letter and DHS' written response to the management letter.

Thank you for providing this report to me as well as the opportunity to provide this formal response to the Parliament.

As you noted in your report, the Office for Problem Gambling (OPG) is currently undergoing a significant process of reorienting its investment approach for the Gambler's Rehabilitation Fund (GRF) to one that aligns with international leading practice of recognising and responding to gambling harm as a public health issue. This new approach is outlined in the *Minimising Gambling Harm in South Australia Investment Plan 2021-2026* (the Investment Plan).

The department appreciates Parliament's amendments to the *Gaming Machines Act 1992* (proclaimed July 2020) that afforded us this new approach and in practical terms has meant we are able to undertake new and innovative early intervention and prevention initiatives, such as the successful *Here for the Game* campaign, our whole of population sports-betting harm minimisation activity.

The process of reorientation to a public health response is complex and lengthy, but we note your audit has found key deliverables in this framework such as our Investment Plan and the recently released Monitoring and Evaluation Framework, represent a sound basis upon which to undertake this process into the future.

Ultimately, implementing a successful public health response to gambling harm will result in a harm minimisation system where we address the wide and rapidly changing range of gambling harms, as well as reach all people who are at risk of, or already experiencing harm.

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In the context of the gambling industry's resources who in 2021 were estimated to have spent some \$287 million on advertising alone, it must be acknowledged this is a challenging remit.

Nevertheless, the team at OPG are committed to working towards our vision outlined in the Investment Plan, of a South Australia where our community talks openly and honestly about gambling harm and takes steps to prevent and address it, and for those South Australians who choose to participate in gambling, to do so safely.

As advised in our response to your management letter, DHS accepts the findings of your audit and will work towards implementing recommendations amongst current and future business planning activities.

Yours sincerely



Sandy Pitcher
CHIEF EXECUTIVE

18 / 05 / 2023

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