

INDEPENDENT PANEL FOR GAMING REFORM – CLUBSNSW CONDENSED RESPONSE TO PANEL REPORT

General comments	<p>The Panel recommendations on account-based gaming and other reforms, considering infrastructure investment, industry impact, and employment effects. However, we are concerned that the Executive Committee's report might mislead stakeholders into believing the recommendations are based on robust evidence and analysis.</p> <p>Key points:</p> <ul style="list-style-type: none"> • The Executive Committee's recommendations lack proper analysis and modelling. Before continuing the trial or implementing mandatory account-based gaming, thorough economic modelling and analysis are needed to assess feasibility, harm reduction, industry impact, infrastructure, costs, and user experience. • The cashless trial did not generate meaningful data to support the recommendations. The 3arc report, which the Executive Committee relied on, is based on limited data and is not evidence-based. • The low adoption rate of the trial suggests a cautious, voluntary approach rather than a mandatory rollout. Implementing this technology statewide could lead to significant job losses and venue closures. • The costs and logistics of rolling out technology to over 90,000 gaming machines in 2,500+ venues should not be underestimated. • Recent and upcoming reforms in NSW include reducing cash input limits, banning external gaming signage, mandatory training, and more. The NSW Government's harm minimisation reform commitments should be prioritised, and further measures should be considered only after evaluating the impact of these reforms. 	
Topic	Recommendation	ClubsNSW response
Account-based gaming principles	<p>Recommendation 1.1: The NSW Government introduce a mandatory statewide account-based gaming system, with a phased implementation approach allowing for voluntary adoption until a centralised system is fully operational, estimated to be by 2028, and subject to the NSW Government completing additional analysis regarding impact on industry such as revenue and employment with appropriate considerations for regional areas and border towns and other relevant factors including the social cost of gambling.</p>	<p>Not supported.</p> <p>In addition to proper analysis and economic modelling of account-based gaming, a holistic and phased approach to all proposed gaming reforms is necessary.</p> <p>Venues need certainty about the potential impacts, costs, specific requirements, timeframes, and the subsequent effects on industry and employment. Any individual gaming reform, especially those requiring changes to gaming machine technology, cannot be considered in isolation due to the costs and availability of compatible gaming machines.</p>

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	<p>Recommendation 1.2: The account-based gaming system should comprise a statewide integrated system that links to a centralised database for players, with common standards for user interfaces to allow for multiple providers. Noting there are technical challenges to be worked through for this.</p>	<p>Not supported.</p> <p>Mandatory account-based gaming was not trialled or assessed in any venue, so there is no basis for this recommendation.</p> <p>The assumption that low participation (14 genuine users) was due to the voluntary nature of the trial is unfounded. Consumers are generally moving away from cash and adopting digital payment technologies voluntarily. The low adoption rate likely reflects that the technology is cumbersome, not user-friendly, and raises concerns about cybersecurity, data, and privacy. If these issues are correct, a mandatory statewide implementation will be rejected by consumers, devastating the industry and impacting employment across the state.</p> <p>The Executive Committee should delay any decision on making the system mandatory until the findings of the research in Recommendation 1.13 are properly assessed.</p>
	<p>Recommendation 1.3: The account-based gaming system should require all players to be identified and linked to a player account, with consideration to reduced identity verification processes for casual players and visitors to NSW, subject to stringent criteria.</p>	<p>Not supported.</p> <p>If a proper assessment of the impact of account-based gaming is conducted in the future (as per our recommendation), these insights should inform the roadmap and industry stakeholders should have the opportunity to consider these findings.</p> <p>In addition, AUSTRAC has not been consulted on this proposal. Given that AML/CTF policy is the responsibility of the Commonwealth, any recommendation should be considered by AUSTRAC in conjunction with the Tranche 2 reforms.</p>
	<p>Recommendation 1.4: The account-based gaming system should permit the continued use of cash to top up a player account (whether at cashier or at gaming machine) up to a</p>	<p>Not supported.</p>

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	<p>certain amount (this daily cash deposit threshold to be determined by the NSW Government).</p>	<p>ClubsNSW believes there is no basis or evidence to support the assertion that daily cash limits in pubs and clubs should be lower than in casinos.</p> <p>AUSTRAC has already proposed a \$5,000 cap on anonymous cash in the Tranche 2 reforms that recently passed Parliament. Therefore, the NSW Government should not propose a different threshold based on AML/CTF concerns. ClubsNSW supports maintaining the \$5,000 cash threshold as proposed for the AML/CTF Act.</p>
	<p>Recommendation 1.5: The account-based gaming system should include opt-out default non-binding spend, deposit and time limits (to be determined by NSW Government) which players can amend, and retain existing universal limits of a maximum of \$5,000 on balance limit.</p>	<p>Not supported.</p> <p>There is no evidence from the trial to support this recommendation.</p> <p>ClubsNSW supports players having tools to manage their gambling, including setting voluntary deposit, spend, or time limits. However, the benefits of default spending limits as a harm minimisation tool are not well established in Australia. The personal circumstances of gaming machine players vary widely, making default limits potentially meaningless or harmful, as they may be too high for some individuals.</p>
	<p>Recommendation 1.6: The account-based gaming system should reduce the threshold for paying out winnings in cash to be consistent with either the daily cash deposit threshold or the cash input limit for new machines of \$500, whichever is lower.</p>	<p>Not supported.</p> <p>The paper does not clearly state the evidence or purpose behind the recommendation. Lowering the cash limit is not a harm minimisation measure and will not prevent money laundering.</p> <p>AUSTRAC has already proposed reducing anonymous cash to \$5,000, and there is no basis for the state government to propose a different limit based on AML/CTF concerns.</p> <p>Additionally, there is no evidence to suggest this would address harm minimisation concerns.</p>

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	<p>Recommendation 1.7: The account-based gaming system should be interoperable with other key systems including the statewide exclusion register and facial recognition technology.</p>	<p>Not supported.</p> <p>ClubsNSW supports the statewide exclusion register but opposes mandatory facial recognition technology for clubs.</p> <p>The introduction of facial recognition should be risk-based. Proper consideration must be given to the privacy and cyber impacts of systems containing personal information, including biometric data and financial information, across many small venues. Any proposal to link these systems requires a detailed technology and cost analysis, which has not been done.</p>
	<p>Recommendation 1.8: The account-based gaming system should include requirements on the collection of data on transactions and to enable automated risk monitoring.</p>	<p>Supported in principle.</p> <p>Any data provided to the NSW Government or regulator for analysis should be de-identified to protect individuals. Further specific technical detail is also required to consider this properly.</p>
	<p>Recommendation 1.9: The account-based gaming system should be evaluated as part of the broader reforms evaluation.</p>	<p>Supported with amendment.</p> <p>There must be a proper evaluation of any proposed reform, including account-based gaming.</p> <p>Before implementing account-based gaming, it is critical to complete a detailed review of the cashless trial. The 3arc report was based on very limited data due to the trial's limitations and includes findings and recommendations that are merely assertions.</p>
	<p>Recommendation 1.10: The NSW Government ensure that the design of the account-based gaming system includes commissioning technical advice and/or research and consumer testing to determine and adopt:</p> <ul style="list-style-type: none"> the most appropriate terminology for 'account-based gaming' from a customer perspective 	<p>Partially supported.</p> <p>ClubsNSW supports research into the effectiveness of breaks in play and the cost of implementing this. However, before commissioning any further research, existing available research should be comprehensively considered,</p>

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	<ul style="list-style-type: none"> the most effective ways to implement breaks in play and augment activity statements to enhance their effectiveness as harm minimisation tools the most appropriate language and description of harm minimisation tools and design aspects of account-based gaming to encourage lower-risk gambling including awareness of spend and the most appropriate ways to communicate with regular players to enhance meaningful engagement with deposit limits the most effective ways to leverage data analytics to identify and mitigate harmful gambling behaviour, including incorporating targeted interventions to encourage lower-risk gambling including awareness of spend the most effective ways to leverage data analytics to identify and mitigate harmful gambling behaviour, including incorporating targeted interventions to encourage lower-risk gambling including awareness of spend. 	including the impact and effectiveness of the NSW Government's recent harm minimisation reforms.
	<p>Recommendation 1.11: The NSW Government:</p> <ul style="list-style-type: none"> ensure the rollout of the account-based gaming system includes significant education and cyber-readiness for venues and technology providers ensure the rollout of the account-based gaming system builds upon the NSW cashless gaming trial experience with advice from data privacy and cyber security experts undertake a Privacy Impact Assessment as part of its considerations for implementing the account-based gaming system. 	<p>Supported with amendment.</p> <p>This recommendation should be amended to “ensure that the rollout of any account-based gaming ...”</p>
	<p>Recommendation 1.12: The NSW Government establish an Implementation Committee which includes independent</p>	Support with amendment.

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	technical experts and cyber experts to provide advice on the implementation of the account-based gaming system and appropriate transitional arrangements to support industry and the ongoing sustainability of the sector.	This recommendation should be amended to “provide advice on the implementation of any account-based gaming ...”
Gaming machine operations and trading	Recommendation 2.1: The NSW Government consider ways to simplify the Local Impact Assessment (LIA) process and increase transparency.	Not supported. The LIA Scheme has undergone two reviews since 2018. It is transparent and easy to understand. Further amendments will only increase existing industry uncertainty.
	Recommendation 2.2: The NSW Government retain the GME leasing scheme subject to the following revisions: <ul style="list-style-type: none"> • ensure the lease agreement prices are reasonable with reference to market rates • ensure only venues that are actively trading can utilise the scheme, with exceptions for temporary closures in certain circumstances • require the scheme to be subject to forfeiture. 	Not supported. ClubsNSW supports retaining the leasing scheme but does not support the proposed revisions. Changes to the forfeiture rates for leasing or transferring gaming machines are not supported, as the Panel found the buy-back scheme had limited harm minimisation benefit. The same rationale applies to changes to the forfeiture scheme, which would have a lesser impact on the total number of gaming machines than the buy-back scheme. ClubsNSW also does not support the proposed revision that a GME leasing scheme be available only for actively trading venues. Some venues may need to relocate or lease machines after events like floods or fires, which can be complex and costly, often requiring the venue to cease trading and for the licence to be dormant for a period of time.
	Recommendation 2.3: The NSW Government consider ways to simplify forfeiture requirements and exemptions to best achieve the objective of reducing the number of GMEs in NSW.	Partially supported. ClubsNSW supports the NSW Government’s commitment to increasing the forfeiture rate from 1 in 3 to 1 in 2. This should be properly implemented and reviewed after a suitable

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		<p>period. Until then, no further changes to the forfeiture scheme should be made.</p> <p>It is critical that ILGA considers all legislative objectives when determining gaming machine applications, including:</p> <ul style="list-style-type: none"> • Minimising harm from liquor and gambling misuse. • Facilitating balanced development in the public interest of the liquor, gaming, live music, entertainment, tourism, and hospitality industries. <p>ILGA must recognise that the sale and supply of liquor and the operation of gaming machines in NSW are legal and subject to legislation. Policy matters should be set by the Government, and ILGA should consider Government policy in its functions. Each application should be assessed on its merits, without blanket conditions unless specified by legislation.</p> <p>ILGA has focused primarily on minimising harm, impacting venue operating models without considering balanced industry development. Consequently, GME transfer applications, which would trigger a forfeiture, have not been lodged due to the risk to venue operations.</p>
	<p>Recommendation 2.4: The Executive Committee notes that a buy-back scheme will be costly and not likely to impact gaming machine numbers in a significant way. However, should the NSW Government choose to implement a scheme, it should:</p> <ul style="list-style-type: none"> • be voluntary and open to NSW clubs and hotels • be simple and transparent • target the existing commitment of 2,000 GMEs over five years • be priced at \$30,000 for a gaming machine entitlement 	<p>Support.</p> <p>ClubsNSW believes that the NSW Government committed to a buy-back scheme for GMEs in NSW as part of its election commitments on harm minimisation initiatives. We also suggest that part of the \$100 million penalty from The Star should be used for this purpose.</p>

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	<ul style="list-style-type: none"> be used to assist and incentivise venues to implement account-based gaming. 	
	<p>Recommendation 2.5: The NSW Government:</p> <ul style="list-style-type: none"> retain the minimum six-hour shutdown period, commencing no later than 4am repeal all existing variations, allowing a transition period for venues <p>If the NSW Government chooses to implement a new hardship variation it should be time-limited with very stringent criteria and still provide for a continuous six-hour shutdown period.</p>	<p>Not supported.</p> <p>Before considering this recommendation, a detailed analysis is needed to understand how many venues are impacted, as the data on gaming machine shutdown variations is not current or accurate. Future changes to the shutdown scheme must involve consultation to understand the impact on their business, including staffing and employment.</p> <p>Any potential changes should be phased in to allow venues time to adjust their operating models. Additionally, the research supporting this recommendation has significant limitations. For example, the NSW Government's 2019 Gambling Survey surveyed over 10,000 people, while the Snapcracker report included only 312 people and the Roy Morgan report surveyed 625 people.</p>
	<p>Recommendation 2.6: The NSW Government reduce the cash input limit on existing EGMs in a staged approach, targeting the higher limit machines first with all machines reduced to a \$500 limit when two-way protocol or account-based gaming system becomes mandatory.</p>	<p>Not supported.</p> <p>The current approach, where the cash input limit applies only to new gaming machines, should continue. Lowering the cash input limit on existing machines would require replacing many older machines, which is costly for smaller venues.</p> <p>There is no evidence that this recommendation would reduce gaming harm. AUSTRAC has already proposed reducing anonymous cash to \$5,000 in its Tranche 2 reforms, and there is no basis for the NSW Government to propose a different limit based on AML/CTF concerns. It is also unclear whether this measure is intended as a harm minimisation or AML/CTF measure, as it is not supported by the trial findings.</p>

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Loyalty programs and community awareness and outreach	Recommendation 3.1: The NSW Government commission a comprehensive review of loyalty programs in NSW gaming venues to examine the structure and incentives of these programs, identify any potential risks that may influence gambling behaviour, and any harm minimisation opportunities.	Not supported. There is currently a strong and effective regulatory framework in place for loyalty programs. This recommendation is beyond the remit of the Panel and NSW Government election commitments.
	Recommendation 3.2: The NSW Government consider: <ol style="list-style-type: none"> 1. implementing mandatory and more detailed signage in venues that explicitly explains how the game calculates outcomes for every spin, emphasising that individuals cannot influence or manipulate the outcome 2. increasing community outreach as part of GambleAware 3. supporting financial literacy school programs 4. ensuring the statewide register effectively complements support services. 	Supports. The industry supports the NSW Government in accelerating the election commitments they made (using the proceeds of the \$100 million Star fine).
Gambling harm minimisation research and gaming machine features and advertising	Recommendation 3.3: The NSW Government engage with the Commonwealth and other governments to explore a national approach to gambling research and funding.	Supports. Evidence/research must be coordinated to ensure it is conducted appropriately and avoids duplication.
	Recommendation 3.4: If the Gaming Machines National Standards reforms not realised, the NSW Government considers pursuing amendments to the GMNS at a State level.	Not supported. ClubsNSW does not support the NSW Government pursuing amendments to the GMNS at a State level.
	Recommendation 3.5: The NSW Government consider aligning the maximum bet amount per spin with other states and move toward a nationally consistent approach.	Not supported. ClubsNSW is not aware of any evidence from any Australian jurisdiction that reducing maximum bets from \$10 to \$5 would impact problem gambling rates or severity. The Panel has not assessed the benefits of this reform from a harm

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		minimisation perspective, nor the cost to implement the changes.
	Recommendation 3.6: The NSW Government maintain current restrictions on gaming machine advertising as a harm minimisation measure, including on new mediums such as account-based gaming technologies.	Supports in principle. There are strong and effective restrictions in place regarding gaming machine advertising. However, if account-based gaming is introduced, venues must have a range of options to communicate with their members/customers to encourage sign-up, consistent with the approach developed during the trial.
Legislative reforms	Recommendation 4.1: The NSW Government modernise the terminology in the legislative framework to reflect a contemporary and public health approach to gambling.	Supports in principle. ClubsNSW supports a robust, modern, and flexible regulatory framework. They advocate for updating terminology (e.g., removing outdated terms like "problem gambler") but do not support adopting a public health approach to gambling. The objective to "facilitate the balanced development, in the public interest, of the gaming industry" must be retained to ensure a balanced approach to both a sustainable industry and minimising gambling harm.
	Recommendation 4.2: The NSW Government conduct a comprehensive evaluation of the gaming reforms to assess their effectiveness and impact at the appropriate time.	Supports.
	Recommendation 4.3: The NSW Government undertake a statutory review of the Gaming Machines Act 2001 in 2028 to: <ul style="list-style-type: none"> • ensure that the gaming legislative framework is modern and remains fit for purpose • review the penalty provisions to ensure they remain appropriate 	Supports.

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	<ul style="list-style-type: none"> review the effectiveness of the current decision-making framework with the legislative framework and identify avenues to allow greater flexibility. 	
Allocation of funding	<p>Recommendation 5.1: The \$100 million Harm Minimisation Fund be used for the following initiatives:</p> <ul style="list-style-type: none"> the design and build of an account-based gaming system communication/marketing and change management activities for the implementation of account-based gaming industry support and transitional requirements for account-based gaming implementation evaluation and monitoring of the account-based gaming system the development and implementation of the statewide exclusion register, with ongoing maintenance to be industry funded system-wide costs associated with the implementation of facial recognition technology, with installation to be industry-funded. 	<p>Partially supports.</p> <p>While ClubsNSW supports using the Harm Minimisation Fund for implementing account-based gaming, we do not support mandatory facial recognition technology. Instead, the industry should fund facial recognition installation based on risk. Clubs in NSW already have mandatory sign-in at entry, which effectively enforces self-exclusion. To properly assess the impact of account-based gaming on industry and employment, a trial in a nominated area is necessary. The \$100 million Harm Minimisation Fund could cover the trial costs and compensate participating venues.</p>
	<p>Recommendation 5.2: The NSW Government work with the Responsible Gambling Fund (RGF) to identify:</p> <ul style="list-style-type: none"> how additional funds can be directed to fund support services and independent 	<p>Not supported.</p> <p>ClubsNSW does not support this recommendation as it assumes automatic support for increased funding. RGF funding is opaque and has changed markedly in recent</p>

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	<ul style="list-style-type: none"> • gambling research • potential alternative funding sources for the RGF. 	<p>years, with outcomes not well reported. ClubsNSW suggests the recommendation be redrafted to direct Hospitality & Racing to undertake a comprehensive review of:</p> <ul style="list-style-type: none"> • Funding of the RGF • Expenditure of the RGF on gambling problems • Expenditure of the RGF on research • Outcomes achieved by the RGF over the past 10 years.
	<p>Recommendation 5.3: If the NSW Government implements a buy-back scheme it should be funded outside of the \$100 million Harm Minimisation Fund.</p>	<p>Not supported.</p> <p>ClubsNSW submits the NSW Government has committed to a buy-back scheme for GME in NSW, and that part of the \$100 million Harm Minimisation Fund should be allocated for that purpose.</p>