

1.1 NATIONAL SELF-EXCLUSION REGISTER

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BetStop - the National Self-Exclusion Register (NSER) launched on 21 August 2023.

This important consumer safeguard allows Australians to self-exclude from all licensed online and phone wagering providers in a single process.

KEY ISSUES

- The NSER launched to the public on 21 August 2023 consistent with the proclaimed start date under the *Interactive Gambling Act 2001* (the IGA).
- Since the launch, the system is performing as designed and meeting public and industry demand. As at 11 October August 2023:
 - 8,768 people had registered
 - industry has made more than 1.5 billion queries against the register
 - there have been almost 2,000 interactions with our contact centre
 - the Register operator has referred almost 100 complaints to the ACMA for consideration
 - we have engaged with wagering providers on potential compliance issues, including those raised in consumer complaints that have been referred to the ACMA.
- Generally, we are seeing compliance by wagering providers, but we are actively following-up on complaints that suggest potential non-compliance. This has involved meetings and correspondence with providers to discuss potential non-compliance.
- While compliance is generally strong, we are seeing some issues including:
 - providers not having optimum processes to assure themselves that someone is self-excluded before providing services to them or marketing to them. For example, we have seen that some wagering providers have not been checking marketing lists before conducting marketing activity and instead relying on the customer logging into their account to identify them as self-excluded
 - providers are relying on manual processes to unsubscribe self-excluded persons from marketing lists. These manual processes are prone to human error.
- Our aim is to further build industry compliance through this early stage of the program. To support this, we issued further compliance guidance to industry on 22 September outlining early compliance issues we had found. We will continue to provide further advice and guidance to industry as needed.
- A communications campaign is underway to increase public awareness of the new service. This includes advertising across websites and social media, as well as in pubs and clubs across Australia.
- Minimising gambling harm, including through the NSER, is a compliance priority for the Australian Communications and Media Authority (ACMA) in 2023–24.
- The ACMA is now actively monitoring industry compliance with the rules. This includes monitoring consumer complaints about wagering provider conduct and system activities

and logs for issues that may suggest non-compliance, and proactive engagement with industry.

Launch of the NSER

- Ahead of the launch on 21 August 2023, a range of security, privacy and engagement activities were undertaken including:
 - the solution was subject to rigorous performance and user testing, including with industry participants
 - extensive engagement and consultation with industry, including on system development, testing, cost recovery arrangements, compliance matters and the development of the operational and administrative arrangements for the NSER (the Register rules)
 - a thorough security assessment in accordance with the Australian Government's information security framework and the Information Security Manual
 - a review of the privacy arrangements, including a Privacy Impact Assessment
 - the establishment of a contact centre, including training for staff, to support consumers engaging with the service.

Register operator contract

- The ACMA novated the NSER contract to technology company IXUP Limited (IXUP) on 9 June 2023. IXUP is an ASX listed company (listed in 2016) that specialises in data encryption and analysis.
- The contract is for 2 years, with extension options. The novation follows the previous register operator, Big Village Australia (BVA), entering voluntary administration on 26 January 2023.
- Prior to the novation on 9 June 2023, the ACMA undertook a thorough due diligence process to properly satisfy ourselves that IXUP was an appropriate party to contract and to negotiate appropriate terms. This included an assessment to confirm that IXUP had the capacity and capability to operate the NSER, and that it meets the requirements under the IGA to be separate from the gambling industry.
- The novation of the contract to IXUP has increased the cost of delivering and operating the NSER and additional funding was announced in the 2023–24 budget. The ACMA consulted on these cost increases in July 2023 to support a variation to the cost recovery arrangements for the project.

Contract details

Contract	Contract Period	Contract Value (GST incl.)	
Big Village Australia Pty Ltd	15 June 2021 to 9 June 2023 (date of novation)	\$14,374,805.04	
IXUP Limited	9 June 2023 to 9 June 2025	\$12,929,400.00	

Public awareness

- The ACMA is conducting a communications campaign to raise consumer awareness of the NSER. This campaign will run to the middle of November this year.
- The cost of the campaign is \$115,000 (GST exclusive) and includes:
 - sponsored digital search (Google)
 - sponsored social media
 - digital banner ads
 - advertisements in pubs and clubs across Australia.
- We will evaluate the effectiveness of the campaign before deciding if and when further promotion will occur.
- In addition, we continue to work closely with states and territories, support organisations and advocacy groups to raise awareness of the program.
- The ACMA has also made rules that require wagering providers to promote the NSER through their website, apps, commercial messages, and other engagements with customers. These obligations are supported by a penalty regime in the IGA and the ACMA is actively monitoring compliance with these obligations.

Cost recovery arrangements

- The full cost of delivering and operating the NSER is to be recovered from industry. The ACMA publicly consulted on the cost recovery arrangements twice, including to support the variation to the National Self-exclusion Register (Cost Recovery Levy) Determination 2022 made on 10 August 2023.
- This variation was necessary to reflect that the NSER commenced in the 2023–24 financial year, rather than 2022–23 as a result of BVA entering administration.
- The variation reduced the number of designated levy periods (in which the ACMA may recover its upfront register costs) from 4 to 3 to ensure that the upfront costs are recovered by the end of the 2025–26 financial year, consistent with government policy.
- As part of this consultation, the ACMA also advised industry that the cost of delivering and operating the NSER to 2026–27 is forecast to increase by \$7.33 million (an approximately 18% increase). This increase was a direct result of BVA entering administration and the need to novate the contract to IXUP.

- The ACMA received 3 industry submissions to the recent consultation, all of which raised concerns with the cost increase.

Compliance and enforcement

- The IGA introduces civil and criminal penalties provisions for conduct, including:
 - providing interactive wagering services to a person that has self-excluded
 - directly marketing to a person that has self-excluded
 - opening an interactive wagering account for a person that has self-excluded.
- As an example, the maximum penalty a court could apply for the provision of wagering services to a self-excluded person could be more than \$1 million per day.
- The ACMA is actively monitoring industry compliance, including through consumer complaints, and has powers to investigate potential non-compliance.
- The ACMA has a range of enforcement options available should non-compliance be found, including issuing formal warnings, giving infringement notices and taking court action.

Customer verification

- Further to an announcement by the Minister for Communications, the Hon Michelle Rowland MP and the Minister for Social Services, the Hon Amanda Rishworth MP on 24 July 2023, wagering providers will be required to verify the identity of new customers before allowing them to deposit funds and place bets. Previously, customer verification was required within 72 hours.
- This change is scheduled to commence on 29 September 2023 and is being effected through changes to Anti-Money Laundering and Counter-Terrorism Financing Rules.
- The ACMA welcomes stronger identity verification rules as a way to support the ongoing effectiveness of the NSER. Questions about this matter should be direct to the Australian Transaction Reports and Analysis Centre and/or the Department of Social Services.

BACKGROUND

- The key dates for the NSER have been:

Date	Milestone
November 2018	National Consumer Protection Framework launched
December 2019	Amendments to the <i>Interactive Gambling Act 2001</i> passed
15 June 2021	BVA (formerly known as Engine Australia) appointed to deliver and operate the NSER
5 July 2022	Interactive Gambling (National Self-exclusion Register) Register Rules 2022 registered
17 August 2022	Cost Recovery arrangements finalised, and National Self-exclusion Register (Cost Recovery Levy) Determination 2022 registered
26 September 2022	Security assessment provided by the Register operator
22 December 2022	BetStop system approved for use following security assessment
26 January 2023	BVA placed in administration
9 June 2023	ACMA novated the NSER contract to IXUP Limited
10 August 2023	National Self-exclusion Register (Cost Recovery Levy) Determination 2022 varied following public consultation
21 August 2023	Launch of the NSER

Sale of contract from Big Village to IXUP and steps taken by ACMA in lead up to novation

- Big Village went into administration in January 2023.
- The administrator then undertook a process to sell the company as a going concern.
- The ACMA's first meeting with IXUP (facilitated by the administrator) took place on 28 March 2023.
- On 1 May 2023, IXUP announced it had purchased Big Village.
- The administration and sale process were properly undertaken independently of the ACMA by the administrator.
- To inform the novation of the contract to a new corporate entity, the ACMA undertook extensive due diligence, over a period of more than 10 weeks, on IXUP, to properly satisfy ourselves that IXUP was an appropriate party to contract and negotiate appropriate term and had the capability and capacity to provide a secure and effective service for consumers.
- As part of this process we also assured ourselves that it complied with the IGA as it does not provide a gambling service or undertake gambling-related lobbying.

- We have put in place arrangements to manage any actual, potential or perceived conflicts of interest. For example, as part of the novation of the contract to IXUP, the ACMA required IXUP to dissolve its previously announced joint venture agreement with Cipher Sports Technology Group, which it has done. This was required by ACMA to remove any potential or perceived conflict of interest relating to IXUP's provision of the register.

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NSER policy and legislative settings

- The NSER is the final measure of the National Consumer Protection Framework for Online Wagering to be implemented. The Department of Social Services is responsible for the register's policy settings. **Refer to Back Pocket brief 1.7** for details of the policy principles for the NSER.
- The NSER is enabled through amendments made to the *Interactive Gambling Act 2001*. A separate act was passed (the *National Self-Exclusion Register (Cost Recovery) Act 2019*) to enable the ACMA to recover the costs for the NSER from industry.
- People can self-exclude from all Australian licensed online and phone wagering providers in a single process online at betstop.gov.au or over the phone. This includes registering their email address and phone number and verifying their identity, such as through providing details from their driver's licence or Medicare card. The process is quick and simple and most people can complete their registration in about 5 minutes.
- Exclusions can range from a minimum of three months through to lifetime exclusion.
- The NSER operates as a separate national program and does not replace, and cannot integrate with, existing programs. This includes the self-exclusion program offered in the Northern Territory.
- Interactive wagering providers are required to connect to the NSER and can query whether their customers are self-excluded. Customer data (beyond whether they are registered) is not disclosed to providers.
- The IGA creates an offence for interactive wagering providers to offer wagering services or market to self-excluded persons. It does not specify when a provider must check the register. As such, interactive wagering providers need to determine when to check the register to avoid committing an offence. Under the IGA, these offences do not apply where an operator takes reasonable precautions and exercises due diligence.
- The ACMA has issued guidance to industry on compliance requirements, including how the ACMA expects them to approach these matters.

- Industry has continued to raise concerns about this operating model and the broader regulatory regime. The ACMA was not responsible for these decisions and questions about the underpinning policy and regulatory arrangements should be directed to the Department of Social Services.

Costs and funding

- The ACMA was appropriated departmental funding of \$5.72 million over the forward estimates in MYEFO 2018–19 for the implementation of the register and ongoing activities.
- Further funding of \$15.36 million was agreed as part of the MYEFO 2019–20 to enable the ACMA to procure the operator.
- The 2023–24 budget provided funding to continue to support NSER and the contract novation to IXUP. Overall, the forecast cost for developing and operating the NSER is expected to be \$47.63 million to 2026–27 as set-out in the forecast below.

(\$m)	Actual 18–19	Actual 19–20	Actual 20–21	Actual 21–22	Actual 22–23	Estimate 23–24	Estimate 24–25	Estimate 25–26	Estimate 26–27	Total
Expenses (X)	0.38	2.11	2.97	7.58	5.97	8.37	6.60	6.73	6.93	47.63
Revenue (Y)	0.00	0.00	0.00	0.00	0.00	13.33	13.62	13.76	6.93	47.63

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