
Regulatory priorities

July - December 2022





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Who we are

Hospitality and Racing was formed on 1 April 2022 to help support the industry recover from the COVID pandemic and ensure a vibrant, safe and responsible sector.

The new arrangements are also intended to provide industry with a clear view of the regulator and improved channels for communication and engagement by bringing together the following entities under one leadership structure.

Liquor & Gaming NSW (L&GNSW)

Administers the regulatory framework for liquor, gambling and registered clubs in NSW, including delegated licence decision-making, policy advice to government and supervision and enforcement of liquor and gambling laws.

L&GNSW also supports the effective operation of the Independent Liquor & Gaming Authority.

liquorandgaming.nsw.gov.au

Office of Responsible Gambling

Leads the development of responsible gambling strategy, programs and public policy advice to the NSW Government and supports and manages the Responsible Gambling Fund (RGF), the ClubGrants Category 3 Fund infrastructure grants program and the Community Development Fund.

gambleaware.nsw.gov.au

Office of Racing

Provides racing policy advice and legislation management to support the effective oversight and economic viability of racing in NSW.

The Office of Racing also manages relationships between the NSW Government and organisations responsible for the 3 racing codes.

nsw.gov.au/office-of-racing



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Acts to regulate

We are part of the Department of Enterprise, Investment and Trade (DEIT), which brings together our state's key cultural, sports, hospitality, entertainment and tourism agencies alongside its leading economic development and investment attraction organisations.

DEIT is charged with driving the state's economic transformation and future prosperity, and it does so with an awareness that economic strength and liveability are deeply intertwined, and one can't succeed without the other.

Purpose

This document sets out our key priorities for the next six months for all sectors.

By publishing our priorities, we aim to communicate what are the key issues which Hospitality and Racing will be addressing and provide industry an opportunity to pro-actively engage with us. Our priorities also signal where we will focus our regulatory efforts.



2000

Complaints addressed manually



19,000+

Liquor licences in NSW



\$2.7B

of revenue assured annually

Focus areas

In addition to the specific priorities outlined in this document, the following are key areas that we will be focusing on over the coming period. These focus areas have been identified based on industry and stakeholder feedback and government priorities.

Hospitality staff and security shortages

The lack of capable staff and security personnel has been consistently raised as a significant issue for hospitality venues and festival and events. Following industry reopening after COVID-19, security and hospitality staff have not returned to the industry in full capacity leading to gaps in staffing number and experience.

We recently held an industry roundtable on 30 June to discuss the issue, and will continue to work with industry and government agencies in an attempt to attract and retain more staff to the hospitality sector. This work will build upon the recent initiatives such as the extension of [free RSA and RCG refresher courses](#).

Money laundering in hotels and clubs

The NSW Crime Commission and the Independent Liquor & Gaming Authority have established a joint inquiry to investigate the nature and extent of money laundering that may be occurring in licensed premises in NSW. Liquor & Gaming NSW (L&GNSW) is part of the joint inquiry, together with the Australian Criminal Intelligence Commission (ACIC).

While L&GNSW does not directly regulate money laundering activities in pubs and clubs, it continues to play an active supporting role, and undertakes data analysis, evidence gathering and intelligence activities, which it provides to the appropriate law enforcement bodies.

The inquiry is expected to provide its report by end of August, and Hospitality and Racing will closely consider any recommendations for reform.

Gaming technology and innovation

We are seeing increasing proposals harnessing technology to innovate and provide solutions to business and regulatory issues. Examples include the trialling of cashless gaming solutions and digital wallets for gaming machines, the use of facial recognition to support gambling self-exclusion and the use of identification verification systems to check the authenticity of evidence of age documents. We have also heard from some industry stakeholders that NSW may be seen by some as less open and responsive to considering new innovating products or games than other jurisdictions.

We will continue work with our stakeholders to ensure that we create an environment which supports innovation, such as through our regulatory sandboxes and more formalised pre-advisory services. We will also work with our regulatory counterparts in other jurisdictions to provide improved alignment on regulatory approvals where appropriate. We will also look to how technology solutions can improve harm minimisation controls.

Regulation of casinos

The recent Inquiry by the Hon Patricia Bergin SC and Independent review of The Star by Adam Bell SC has brought casino regulation to the forefront. The Bergin Inquiry made nineteen recommendations about casino regulation and the NSW Government has agreed to support all recommendations. We are planning for the establishment of a new NSW Independent Casino Commission that will be supported by staffing across Hospitality and Racing. We await the outcome of the review conducted by Adam Bell SC and in the meantime, we are focusing on addressing the risks identified in the course of the review and strengthening governance and oversight requirements.

Summary of key dates



Compliance and enforcement

Alcohol-related harm, in particular alcohol-related violence

Sector: Liquor

Reducing harm associated with the misuse and abuse of liquor, including intoxication, consumption by minors, alcohol-related violence and other anti-social behaviour remains a key focus. To address these risks, we will:

- continue our routine inspection activity, focusing on high-risk venues in Greater Sydney and regionally, including hotels, clubs, licensed vessels and certain restaurants
- conduct specific deployments around seasonal events including the snow season in mid-July, Schoolies in November, race days throughout the year, Christmas and New Year's Eve
- focus targeted interventions such as education campaigns and increased inspection activity in geographical areas where levels of alcohol-related violence are high or increasing
- take a proactive role in providing education and support to industry, including by attending and presenting at a number of Liquor Accord meetings in July, August, September and November
- increase engagement with regional venues and associations, including in Jindabyne and the snowfields (July), Dubbo (September), Bathurst, the Hunter, Tocomwal and Albury (October), and the Mid-north Coast, Byron Bay, South Coast and Southern Highlands (November).

Online and express alcohol delivery

Sector: Liquor

The demand for online and express (or 'same day') alcohol delivery has increased significantly, with a commensurate increase in the number of express delivery services and providers. These services, particularly express services, carry with them an increased risk of intoxication, access to alcohol by minors, and may contribute to alcohol-related violence in the home. At the same time, unlicensed individuals operating through task-sharing apps and the gig economy more broadly exacerbate those risks, while also creating an uneven playing field for industry.

We are preparing resources to industry, to be disseminated in July and August, around the importance of checking identification at the point of delivery, preventing delivery to intoxicated persons and having robust self-exclusion measures in place. Between September and December this year, we will then undertake rigorous compliance testing to ensure the requirements are being met, while also targeting unlicensed sellers. This testing may include controlled purchase operations involving minors attempting to order and take receipt of alcohol through delivery.

The responsible conduct of gaming

Sector: Gaming

We aim to ensure that harm associated with gaming is reduced, and to continue to promote a focus on the responsible conduct of gaming with a genuine commitment to gaming harm minimisation. This includes monitoring compliance with legislative requirements,

plans of management and licence conditions, with a particular focus on safeguards and protections for vulnerable persons. To this end, we will:

- include an aspect of gaming-specific monitoring in our routine inspection activity
- implement proactive inspection programs commencing in July focused on late night gaming, self-exclusion programs, inducements, promotional material and advertising, and membership rewards programs.

Unlawful or irresponsible wagering advertisements

Sector: Wagering

The publication of wagering advertisements that induce a person to open a betting account or to gamble more frequently is prohibited in NSW. The publication of such advertising may potentially change a person's betting behaviours, by encouraging gambling or more frequent gambling, and can have a significant adverse effect on at risk gamblers and vulnerable individuals. To address these risks we will:

- provide education and advice to new entrants to the wagering sector, to assist them with understanding and complying with their legislative obligations, while continuing to frequently engage with established wagering operators
- provide a pre-advisory service, whereby wagering operators can seek our views on proposed advertisements prior to publication
- commence a program in August testing compliance with the National Consumer Protection Framework requirements around account closures
- continually monitor wagering advertising across websites, social media, television and radio and take strong enforcement action where offences are detected.
- undertake a review of our Gambling Advertising and Inducement Guidelines.

Music festivals and other major events

Sector: Festivals and events

Music festivals and other major events are subject to increased controls, including safety management plans and conditions imposed on the festival or event liquor licence. The event industry has also been impacted by

recent staff and security shortages, which may lead to reduced patron supervision and increase the potential for harm.

Working closely with industry operators and our government partner agencies, we will provide guidance on emerging risks, monitor compliance with licence conditions and other controls, and work with industry to address any concerning practices.

To achieve this, we will we deploy to significant music festivals, including Splendour in the Grass, Listen Out, HSU, Strawberry Fields and Lost Paradise, and major events including the Bathurst 1000, Melbourne Cup, the Everest, the Dubbo Cup and Red Hot Summer.

Casino compliance and risk mitigation

Sector: Casinos

Our regulatory oversight of the casino sector spans the responsible conduct of gaming, the reduction of alcohol-related harm, and the integrity of casino operations. Our activities across those areas will include:

- focusing our inspection and investigative activities on security controls and service of alcohol practices that may contribute to an increased risk of alcohol-related harm, with a particular emphasis on high-risk locations and events and minors consuming alcohol and gambling
- monitoring and testing vetting practices between July and September, to ensure that minors and excluded persons are being effectively restricted from accessing the casino premises, while also monitoring the appropriateness of the intervention by the operator when those persons are detected
- continually auditing, testing and monitoring compliance with internal controls, standard operating procedures and legislative requirements, with a particular focus on customer probity and due diligence, financial reporting and the revenue cycle, anti-money laundering controls and the integrity of gaming.

Further information is contained in our Compliance and [Enforcement Delivery Plan 2021-2023](#).

Regulatory reform

Aligning liquor licensing and planning systems

Sector: Liquor

The NSW Government wants to make it easier for licensed premises to start and grow, while ensuring they meet community expectations about safety and amenity and manage potential alcohol-related harms.

In this regard, we are developing proposed reforms to simplify and speed up the process of getting development consent and liquor licence approvals.

This work is considering how to better align development application and liquor licensing application and consultation processes, and how to reduce overlap and duplication in trading conditions for venues.

We anticipate releasing a discussion paper for stakeholder consultation around October.

Reforms to licences and risk-based licensing scheme

Sector: Liquor

The NSW Government's 24-hour Economy Strategy for Greater Sydney sets an objective to create a 24-hour city. One that is world-renowned for its vibrancy, diversity, safety and access to amenity throughout the day and night.

Under Action 15 of the Strategy, the Government has committed to "...explore the potential for introducing a new risk-based model to streamline the number of liquor licence types and classes, and minimise complexity and red tape."

To help deliver this, we are developing potential reform options to modernise and simplify the liquor licensing system in ways that support more diversity in licensed venues and activities and enable a vibrant and safe 24-hour economy.

Any new licensing model will be risk-based with an appropriate level of regulation, including application and community consultation processes that reflect risks of associated harm.

We anticipate releasing a discussion paper for stakeholder consultation around October.

Club modernisation reforms

Sector: Clubs

The Government has stated its commitment to a vibrant club industry, recognising the important role of clubs as member-driven, community-focused organisations. The COVID-19 pandemic has had significant impact on NSW clubs and the Government has been working to assist with their ongoing viability.

In its MOU with ClubsNSW, the Government committed to modernising outdated provisions in the Registered Clubs Act (the Act) with a view to reducing red tape and bringing it into line with contemporary legislation.

As a result, we are working to implement numerous measures to support registered clubs adapt to the dynamic environments in which they operate. Potential amendments to the Act will facilitate effective club governance and assist the industry in its recovery from the pandemic by streamlining and simplifying club operations.

We anticipate consulting key stakeholders on the Bill from August.

Remake racing and wagering regulations

Sector: Wagering

The Betting and Racing Regulation and Totalizator Regulation cover gambling harm minimisation measures such as counselling services, penalty notice prescriptions, allowable TAB shareholdings, and special exemptions. They are both due to expire in September 2022 and are up for statutory review.

We conducted public consultation in May and June and are now considering the feedback and making any appropriate adjustments. We will communicate key changes so affected stakeholders are informed and ensure regulated entities adjust their activities in line with any changes.

Supporting the establishing of an independent casino regulator

Sector: Casinos

The Government has announced that it will introduce a suite of new measures to reform the casino industry, to deliver on its commitment to support all 19 recommendations of the Bergin inquiry.

We will support the creation of a new independent casino regulator, which forms part of the Government's casino reforms to be introduced into Parliament.

A newly established NSW Independent Casino Commission (NICC) will have enhanced and wide-ranging compliance and enforcement powers.

We will expand Hospitality & Racing's regulatory responsibilities and operational functions to support the operation of the NICC and the implementation of the casino regulatory reforms.

The Government is proposing to introduce a Bill into Parliament to deliver the reforms in the coming session.

Research and evaluation

Research into late night EGM play

Sector: Gaming

We are undertaking research into late-night electronic gaming machine (EGM) usage. The research is being conducted by Roy Morgan Research. Roy Morgan will undertake a survey comprising a representative cross-section of the NSW electronic gaming machine player population (of between 500-750 participants). The research will ask respondents about the last nine months to capture behaviour following the re-opening of EGM venues in November 2021.

The research will provide insight and evidence on:

- the profile of those who regularly engage in late night play, particularly post-midnight
- the extent of displacement to nearby venues which have later trading hours, should a venue close
- demand from late-night workers for recreational play during this period and the Problem Gambling Severity Index (PGSI) profile of the shift worker community.

The fieldwork will be conducted in July-August 2022 with delivery of a peer-reviewed report by October 2022.

Review of the alcohol delivery reforms (Stage One)

Sector: Liquor

In November 2020, Schedule 3 of the Liquor Amendment (Night-time Economy) Act 2020 introduced changes to the Liquor Act 2007 and Liquor Regulation 2018 to address the heightened risk of minors or intoxicated people accessing alcohol through delivery services.

These new laws, which took effect from 1 July 2021, introduced offence provisions for any liquor deliveries where alcohol is delivered to a minor or an intoxicated person. They also introduced new requirements for same day alcohol deliveries including age and identity verification requirements, mandatory Responsible Supply of Alcohol Training (RSAT), and restrictions on time of day and location.

We are undertaking a review of the above reforms in accordance with section 114R of the Liquor Act 2007. Stage One of the review will review the operation of the Act in relation to:

- the requirements to provide evidence of age and identity for same day deliveries and other liquor deliveries
- consideration of whether additional evidence of age requirements is needed for liquor deliveries that are not same day deliveries
- the outcomes of the RSAT course.

The review will be informed by stakeholder interviews, written submissions, a survey of RSAT participants, a delivery driver survey, RSAT completion data, and analysis of internal compliance data.

A report on the outcome of the Stage One review is required to be tabled in both houses of Parliament by 31 December 2022.

Evaluation of Stage Two of the Newcastle liquor licensing trial

Sector: Liquor

Our evaluation of the relaxed licence conditions under Stage Two of the trial will continue. These relaxed conditions, which apply to participating venues include the:

- removal of lockout conditions, so patrons can enter pubs after 1am until closing time
- extension of liquor trading hours from 3am to 3:30am, provided development consent is in place to allow the venue to stay open longer
- easing of restrictions on the types of drinks that may be served, allowing higher strength cocktails, neat spirits and shooters.

To evaluate the trial we will interview key stakeholders and survey participating venues, local residents, and patrons. We will also analyse employee, patron and business turnover data from participating venues, offence data from NSW Police and L&GNSW, and noise complaint data from NSW Police, L&GNSW and the City of Newcastle.

Stage two of the trial commenced in October 2021 and will end in October 2022. The evaluation report will be finalised by April 2023.

Research on the association of liquor outlet density with domestic violence and assault in NSW

Sector: Liquor

We are undertaking research into the association between the saturation of liquor outlets and incidents of domestic and non-domestic assault over time, to inform liquor licensing decision making. The research is being conducted by La Trobe University. It will involve analysis of offence, liquor licensing and demographic data sets.

The research will provide insight and evidence on:

- the association between liquor outlet density and the rate of domestic and non-domestic assault
- the association between liquor outlet density and the rate of alcohol-related domestic and non-domestic assault
- whether the association between liquor outlet density and the rate of domestic and non-domestic assault differs by licence types
- whether the association between liquor outlet density and the rate of domestic and non-domestic assault varies among different socio-economic groups, urban and rural/regional areas, and in areas with high, middle and lower proportions of Aboriginal and Torres Strait Islander people.

A final peer-reviewed report is expected by February 2023.

Cashless gaming trials

Sector: Gaming

The Government is committed to transitioning the gaming industry to a cashless environment. However, the Government also recognises that this transition brings both opportunities and risks and the introduction of cashless gaming must be balanced with additional harm minimization and anti-money laundering measures.

To help inform the future regulatory framework to allow cashless gaming to be introduced more broadly, we are working on a number of trials of cashless gaming technology in our Regulatory Sandbox. These trials will allow for cashless gaming solutions to be trialed in a real-world environment at hotels and clubs. The impact of these products will be monitored, identified and assessed by an independent researcher.

Gambling Research Australia

Sector: Gaming

Hospitality & Racing is a member of and provides secretariat support to Gambling Research Australia (GRA). In 2022/23 we are leading or contributing to the following GRA research projects:

- impact of the distribution of Australian sports data into foreign jurisdictions on consumer behaviour, framing of wagering markets and sport integrity outcomes
- skill based gaming in Australia
- direct and affiliate wagering marketing and gambling-related harm.

Research by GRA is jointly funded by the Commonwealth, state and territory governments. The NSW funding contribution was provided from the Responsible Gambling Fund.

Further gambling research being planned or undertaken by the Responsible Gambling Fund can be viewed on gambleaware.nsw.gov.au.

Research undertaken by Gambling Research Australia is available on gamblingresearch.org.au.

Education, engagement and industry support

Liquor Accord Strategy 2023-2025

Sector: Liquor

We are developing a new Liquor Accord Strategy to help shape our priorities over the next three years that supports the safe and sustainable recovery of the industry into the future.

The new Strategy will be informed by the annual liquor accord survey in August stakeholder interviews and other consultations which we will conduct throughout the period.

Liquor Accord forum

Sector: Liquor

Liquor accords are made up of liquor licensees, community members, businesses, local councils, police, government departments and other community groups. There are approximately 140 of these groups currently working together to develop strategies tackling alcohol-related issues, anti-social behaviour and violence in local areas.

We will host a Liquor Accord forum in early November to provide an opportunity for the liquor accords across NSW to come together to share learnings about what is working to solve issues and reduce alcohol related harm in their communities.

Hospitality Concierge

Sector: Liquor

We are establishing a 'Hospitality Concierge' service as a "one stop shop" to facilitate access to liquor and hospitality-related reforms, provide outreach to industry and councils, and collaborate with stakeholders to maximise the benefits.

The types of support offered by the service will include:

- supporting councils with establishing special entertainment precincts where they can encourage and support more live music and entertainment
- developing improved communications materials such as information packages and updates to existing websites and online portals
- helping local councils, businesses and the community to understand the options and initiatives available to support the 24-Hour Economy
- helping licensees navigate the various regulatory approval pathways in relation to new applications and expanded or varied business offerings.

The Concierge Service is expected to be stood up from late September.

Enhanced Gambling Harm training for frontline venue staff

Sector: Gaming

We will rollout refreshed standard Responsible Conduct of Gambling (RCG) training and introduce advanced RCG on a voluntary basis and supporting industry code of practice in the second half of the period.

The training has been overhauled to ensure that staff working in pubs and clubs have the skills and capabilities to spot the signs of gambling harm, engage with patrons and escalate where necessary to senior staff.

The advanced RCG focuses on providing senior staff with the appropriate skills to support patrons that might be struggling and to facilitate self-help, self-exclusion and professional support referral options. The training will also support the implementation of best practice harm minimisation practices in NSW venues.

We anticipate the new training packages will be rolled out from November.

GambleAware Week 2022

Sector: Gaming

GambleAware Week is an annual initiative to increase awareness of gambling and gambling harm in the NSW community. This year it is being held from 17-23 October and we will work in partnership with industry, community stakeholders and GambleAware services to promote the week. It's an opportunity to increase the community's understanding of risky gambling behaviour, encourage gamblers to recognise when their gambling may place them at risk of harm, provide information on practical ways to keep their gambling under control, and if required, direct people to GambleAware support services.

In addition, to coincide with GambleAware Week in October, the Responsible Gambling Fund Trust will host an industry roundtable to focus on practical and impactful initiatives to reduce gambling harm.

Authorised Training Providers Network Forum

Sector: Training

We will host the eighth annual Network Forum in October 2022 for Approved Training Providers (ATP) who deliver RSA, RCG, Licensee and Advanced Licensee training courses.

The purpose of the ATP Network Forum is to provide informational updates and to build/strengthen stakeholder relationships. This will assist in improving course content and delivery, increasing compliance with the L&GNSW ATP framework, and strengthen program governance.



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