



**Australian Government**

**Department of Families, Housing,  
Community Services and Indigenous Affairs**

Dear

**REQUEST FOR QUOTATION (RFQ) FOR THE PROVISION OF RESEARCH OR  
EVALUATION SERVICES FaHCSIA/2010/RFQ/552**

**Response Closing Time: 2.00 pm, Canberra local time, 10 December 2010**

The Australian Government Department of Families, Housing, Community Services and Indigenous Affairs (the Department) is seeking two separate service providers for the provision of research and modelling services under the Social Policy Research and Evaluation Panel Deed of Agreement.

Pursuant to Deed of Agreement **[INSERT DEED NO]** the Department would like to invite **[NAME OF COMPANY]** to provide a quotation for the services described in the Statements of Requirement at either Attachment C or Attachment D to this RFQ.

It is anticipated that the services will be delivered between 20 December 2010 and 30 November 2011.

Broadly, there are two components of the services:

- research on the impact of policy proposals on individual gambling expenditure (component 1); and
- modelling of the impact of a reduction in gambling on macroeconomic variables (component 2).

You may quote for either component 1 or component 2. You should be clear in specifying which component of the research your quote applies to.

An overview of the full research project is provided in Attachment A. A detailed description of the policies under consideration is provided in Attachment B. A detailed description of the services required for each component, along with the evaluation criteria to be used for evaluating your quotation, is provided in Attachments C and D. A table of indicative data sources is at Attachment E.

The Department reserves the right to:

- (a) vary the process and timetable relating to this process in its absolute discretion;
- (b) vary the terms of the RFQ;
- (c) cease the RFQ process;
- (d) accept or reject any quotes whether or not they are compliant;
- (e) seek additional information or clarification from respondents (including their sub-contractors or agents);
- (f) select and negotiate with more than one respondent; or
- (g) cancel, add to or amend the information, requirement, terms, procedures or processes set out in this RFQ.

Neither the issue of this RFQ by the Department or any response to it by any party commits, obligates or otherwise creates a legal relationship between the Commonwealth and that party.

The Department does not guarantee, warrant or otherwise represent that any business, revenue or other benefit or any minimum volume or value of business, revenue or other benefit will be earned or received by the successful researcher(s).

Your response is to be delivered to the following address:

Problem Gambling Taskforce  
Department of Families, Housing, Community Services and Indigenous Affairs  
GPO Box 7576  
Canberra Business Centre ACT 2610

Attention: Robyn Oswald

Please include at least two relevant referees.

Responses are to be received by 2.00 pm, Canberra local time, 10 December 2010. If you have any queries on this matter, please email [Kimbra.Ransley@FaHCSIA.gov.au](mailto:Kimbra.Ransley@FaHCSIA.gov.au). Late responses will not be accepted unless the response is late solely due to mishandling by the Department.

Yours sincerely

Robyn Oswald  
Branch Manager  
Problem Gambling Taskforce

25 November 2010

## **PROJECT OVERVIEW FOR AN INDEPENDENT STUDY ON THE IMPACTS OF A REDUCTION IN PROBLEM GAMBLING**

### **Purpose**

The purpose of this project is to provide high-quality, policy focused research and modelling to better inform government consideration of measures to address problem gambling.

The Government is proposing to implement a number of reforms to reduce problem gambling in relation to Electronic Gaming Machines (EGMs or poker machines), in particular:

- a full and nationally uniform pre-commitment scheme;
- dynamic warning displays and cost of play displays; and
- a \$250 daily withdrawal limit for ATMs in venues with poker machines (excluding casinos).

The proposed project will use a variety of methodologies to research and model the impacts of a reduction in problem gambling, as a result of the proposed reforms outlined above, on revenue flows and individual spending behaviour.

### **Background and rationale for research**

On 23 June 2010, the Productivity Commission publicly released its Report on Gambling. The observations and recommendations made by the Productivity Commission in its Productivity Commission Inquiry Report: Gambling Volumes 1 and 2, No.50, 26 February 2010, are found at <http://www.pc.gov.au/projects/inquiry/gambling-2009/report>.

Concurrent with the release of the report, the Australian Government released its initial response to the report, which included:

- support for the use of pre-commitment technology;
- support for examining broader harm minimisation measures for poker machines;
- rejection of the Productivity Commission's recommendation to liberalise online gaming; and
- the establishment of a Council of Australian Government (COAG) Select Council on Gambling to progress a national response to minimise the harm caused by problem gambling.

In September 2010, the Australian Government further committed to:

- implementing a best practice full pre-commitment scheme for electronic gaming machines – that is uniform across all states and territories and machines – consistent with recommendations and findings of the Productivity Commission. Implementation of pre-commitment arrangements will commence from 2012 with the full scheme commencing in 2014, working with the states and territories;
- supporting the Productivity Commission recommendations in relation to electronic gaming machine dynamic warning and cost of play displays; and
- implementing a \$250 daily withdrawal limit for automatic teller machines in venues with electronic gaming machines (excluding casinos).

The Australian Government is now working with state and territory governments, industry and the community sector through the COAG Select Council on Gambling Reform, a Ministerial Expert Advisory Group on Gambling and the Parliamentary Joint Select Committee on Gambling Reform. The development of a solid evidence base on the estimated impacts from implementation of these reforms will be important for government consideration of policy options and for the decision making processes of these various supporting bodies.

### **Modelling and research sought**

Two components of work are being sought to inform the government's response to problem gambling: behavioural research, and the creation or adaptation or use of an economic model.

#### **Component 1**

Component 1 comprises behavioural research to identify and quantify the change in spending behaviour of problem gamblers as a result of the proposed gambling reforms and the degree to which non-problem gamblers will also adjust their behaviour.

- This research will indicate whether the level of spending which would have been made on EGM gambling will now be spent or saved.
- This research will further quantify the size and categories of spending changes as a result of the reforms, including whether these funds are likely to be used on other forms of gambling or wagering, or whether it is used for other forms of expenditure. Any further information on the nature of other forms of expenditure would also be desirable.

#### **Component 2**

The key deliverable from this component will be an economic model that is able to estimate the impact of a percentage reduction in EGM gambling expenditure, following the proposed introduction of the specified measures to address problem gambling, on:

- short-run and long-run employment and revenue (for EGM venues, the overall economy and governments, including gaming taxation and GST revenue);

- an aggregate measure of wellbeing, such as Gross Domestic Product (GDP) or consumption possibilities, including quantification of the expected impact on related industries, such as tourism, and other sectors of the economy;
- any reduction in costs related to problem gambling, such as costs to state and territory governments and non-government organisations arising from problem gambling (e.g. counselling and health services); and
- other flow-on benefits from reduced problem gambling, such as 'avoided costs' of problem gambling (ie spending that a problem gambler would have preferred to avoid) and changes in work productivity.

The model should consider impacts at a national level, but the work output should also consider regional or local effects.

### **Data sources and quotation process**

Any approach to research or modelling should be informed by the information provided or referred to by the Productivity Commission's Report on Gambling, Report No. 50, of 26 February 2010. Other information sources may include state and territory government studies and publications, and studies and analyses commissioned by Gambling Research Australia. Suggested data sources are listed at Attachment E.

Respondents will be required to represent and declare whether, at the time of lodging their quote, a Conflict exists, or might arise during the term of the contract or in relation to their quote, where 'Conflict' means:

- a conflict of interest, risk of a conflict of interest, or an apparent conflict of interest arising through the respondent (including its personnel) or the respondent's immediate family, relatives, business partners, associates or friends, engaging in any activity or obtaining any interest that is likely to or may appear to impair, interfere with or restrict the respondent in providing the Services to the Department diligently, fairly and independently;
- the respondent or any of its personnel have a relationship (whether professional, commercial or personal) with any of the Department's personnel involved in the evaluation of Quotes; or
- the respondent has a relationship with, and obligations to, an organisation which would affect the performance of the contract or would bring disrepute to or embarrass the Department.

### **Timeframes**

The independent study of the impacts of a reduction in problem gambling on other revenue flows and individual spending behaviour is to report by the end of 2011.

However, the Australian Government has committed to pursue, as a priority, three gambling reforms: pre-commitment scheme, dynamic warning and cost of play displays, and ATM limits. The Commonwealth Government has agreed to seek the agreement of all jurisdictions to these reforms by 31 May 2011.

## **POLICY PROPOSALS**

1. A full pre-commitment system as set out in the Productivity Commission's Gambling Inquiry. The system would:
  - a. provide a means by which players could set personally defined pre-commitments and a spending limit, without subsequently being able to revoke these in a set period;
  - b. allow players to see their transaction history;
  - c. specify default limits;
  - d. include an option for gamblers to set no limit;
  - e. allow occasional gamblers to stake small amounts outside the system;
  - f. include measures to avoid identity fraud;
  - g. ensure players' privacy;
  - h. be simple to understand and use; and
  - i. apply to all venues.

Within these broad parameters, some details of the system will be specified at a point in the future, no later than February 2011. Further details to be specified may include (but are not limited to) default pre-commitment limits, time periods which the pre-commitment will apply for, and the form of the policy to allow occasional gamblers to stake small amounts outside the system.

2. Dynamic warnings and cost of play displays as set out in the Productivity Commission's Gambling Inquiry. These would display electronically the cost of playing based on an individual's style of playing, and provide information on the cost of play.

Further details to be specified by February 2011 may include (but are not limited to) the content and presentational requirements of the warnings.

3. A \$250 daily limit on cash withdrawals from ATM facilities within gaming venues (not including casinos).

## STATEMENT OF REQUIREMENT: COMPONENT 1 - IMPACT OF PROPOSED POLICIES ON GAMBLING BEHAVIOUR

### C1 Background

In anticipation of proposed policy changes, the Department needs to understand how the changes will impact on the spending behaviour of problem gamblers, and the degree to which non-problem gamblers will also adjust their behaviour.

### C2 Contract Services — Outcomes Required

The key deliverable for this component will be a report that discusses the likely impact of the policies proposed in Attachment B on problem and recreational gamblers.

The research is to address the following questions, for both problem and recreational gamblers:

- What is the estimated percentage change in spending on electronic gaming machines (EGMs) that would be likely to occur following the introduction of the policies proposed in Attachment B?
- What proportion of this is likely to be spent on other forms of gambling including alternative in-venue gambling options, online gambling (both prohibited and non-prohibited services under the *Interactive Gambling Act 2001*), and other gambling options?
- What proportion of this is likely to be saved / spent?

As part of their quote, respondents will, at a minimum, provide one (but can provide more) option for gathering data to inform the research, including:

- a. conducting a robust trial of the pre-commitment proposals;
- b. conducting a survey; and
- c. any other methodologies for collecting information that the researcher considers would provide robust evidence.

For each option, the methodology is to include an assessment of the most cost-effective sample size, duration and location. It should assess the impact of the three policies listed in Attachment B independently of each other, with the exception of a trial, which should be limited to pre-commitment. It should also consider the existing technologies that are used in each jurisdiction.

The Department will select the methodology to be pursued in consultation with the researcher and the decision will be informed by the feasibility of the various options.

The selected respondent will:

1. Implement the chosen methodology indicated in the assessment above. The Department will provide assistance where practicable in implementing the chosen methodology, including by working with jurisdictions and venues to leverage participation in a trial.
2. Evaluate the data collected. The researcher is to discuss the limitations of the data and include an assessment of the robustness of the results. It is to discuss the data in the context of the questions that the Department is trying to address.
3. Provide an assessment of other relevant information from existing research. This should draw on the review of gambling literature produced by Gambling Research Australia, the Productivity Commission Gambling Inquiry, and any more recent gambling literature. It should also draw on relevant literature in other fields that would be relevant for the analysis (for example, literature on responses to identification requirements).
4. Determine a set of assumptions about changes in the behaviour of problem and recreational gamblers based on findings from the steps above. The researcher will then feed these assumptions into a calculation of the percentage reduction in problem and recreational gambling that would be expected to result from the proposed policies.

### **C3 Timeframe for completion of the Contract Services**

The draft timeline (subject to negotiation with the successful respondent) is outlined as follows:

Date	Milestone
23 December 2010	Proposed methodology accepted by the Department
11 March 2011	Preliminary report provided to the Department
11 November 2011	Draft final report received by the Department
30 November 2011	Final report received and accepted by the Department

### **C4 Special Skills/Knowledge Needed**

Experience in qualitative and quantitative analysis is essential.

### **C5 Applicable Service Levels and Standards**

Analysis should be methodologically sound and of a high quality.



The successful respondent and any employee or subcontractor thereof who will be working on the project, will have to sign a Departmental “Deed of Confidentiality”. This is a legally binding commitment in relation to respecting and maintaining the confidentiality of all project material, including the details of the service providers and clients who participate in the research and documents provided by the Department.

The Department will expect the final report to be written to a standard suitable for inclusion in high level policy advice to the Minister:

- arguments and analysis should be supported by verifiable evidence;
- the report should be referenced to a tertiary standard;
- the report should be accessible and written in plain English.

## **C6 Resources/materials to be provided by the Department**

The Department will provide assistance in implementing the research where practicable by working with jurisdictions and venues to leverage participation.

## **C7 Reporting Requirements**

The project will be the responsibility of a Project Manager in the Research and Analysis section of the Problem Gambling Taskforce. This Project Manager will oversee the delivery of the services.

Both preliminary and final reports should cover all of the aspects of the project discussed above. They should provide an outline of key assumptions, discuss the methodology used, discuss limitations in the methodology and provide clear results.

As well as producing written reports, the successful respondent should be prepared to conduct a presentation to the Department of methodologies and findings at the time that draft reports are provided to the Department.

Progress reports via phone will be required at least fortnightly until 31 March 2011, and then at least monthly until the project is finalised.

The decision of whether to publish the final report will rest with the Minister for Families, Housing, Community Services and Indigenous Affairs.

## **C8 Evaluation Criteria**

The best value for money solution will be selected against the following criteria:

- relevant skills and experience, particularly in economic modelling;
- demonstrated ability to produce robust results in a short time frame;
- demonstrated ability to provide the required services, including a capacity to include regional or local effects;
- demonstrated ability to engage with the Department on a regular basis and provide interim progress reports; and
- pricing.

## **C9 Quotation Pricing**

Respondents are invited to provide a flexible quote structure, with the final amount payable being contingent on the data collection methodology that is selected at C2 above.

Respondents are asked to separate each of the research methodologies they are proposing and to price them separately. A lump sum price is requested for each methodology and rates are to be in accordance with the Deed of Agreement between the parties.

The Department will, as a rule, only reimburse the selected respondent for travel, accommodation and associated expenses reasonably incurred in the performance of the services, where such travel and accommodation has been approved in advance in writing by the Department. Expenses will be reimbursed at the rate payable to non- SES Department officers. Respondents are asked to identify expenditure for travel, accommodation and associated expenses as part of their quote.

## STATEMENT OF REQUIREMENT: COMPONENT 2 - MODEL OF MACRO EFFECTS

### D1 Background

A model of macro effects arising from problem gambling reforms will be required to inform policy negotiations and decisions in the first quarter of 2011. In order to meet the tight timeframe, this work will be required before the Department understands the full impact of the policy proposals on individual behaviour. As such, the Department is asking for the model to generate results for a range of different levels of reduction in electronic gaming machine (EGM) gambling expenditure.

### D2 Contract Services/Outcomes Required

The key deliverable from this component will be an economic model that is able to estimate the impact of a percentage reduction in EGM gambling expenditure following the proposed introduction of the specified measures to address problem gambling through a number of different measures specified below. It is expected that this model will utilise existing data sources.

This model will quantify the short-run and long-run employment and revenue impacts (for EGM venues, the overall economy and governments, including gaming taxation and GST revenue) following the proposed introduction of the specified measures to address problem gambling.

The model should consider impacts at a national level, but the work output should also consider — or if this is not possible, provide examples of — regional or local effects through considered case studies conducted in areas that will provide representative results.

The model will also be required to include an aggregate measure of the improvement in well-being as a result of the reforms, such as Gross Domestic Product (GDP) or consumption possibilities.

- Drawing upon the findings of the Productivity Commission report and other relevant research as appropriate, issues that will be considered as part of this modelling include:
  - o Quantification of the expected impact on related industries or sectors, such as tourism, and migration to other forms of gambling or wagering, including online gambling (both prohibited and non-prohibited services).

- Quantification of benefits to society from the reforms, including:
  - estimated costs related to problem gambling and the expected level of changes in expenditure as a result of the proposed reforms, such as costs to state and territory governments and non-government organisations arising from problem gambling (for example, counselling and health services); and
  - other benefits from a reduction in problem gambling (eg avoided costs of problem gambling, potential improvements in work productivity).

The initial model, due by 28 February 2011, required under this component will model the impact of a reduction in EGM gambling expenditure on short and long run economic variables noted above, on the basis of a range of different percentage reductions (a 5% reduction, 10% reduction etc).

This model will be constructed in a manner that enables data on the following variables to be entered into the model after the findings from the research under component 1 have been made. These variables will include:

- a percentage change in spending on electronic gaming machines;
- the proportion of moneys likely to be spent on other forms of gambling, including online gambling (both prohibited and non-prohibited services); and
- the proportion of funding that is saved/spent.

This successful respondent will also be required to update their model based on the preliminary results from component 1 (expected by 11 March 2011) and the final results from component 1 (expected by 11 November 2011). No maintenance or ongoing costs are expected to be included in the quoted price.

### **D3 Timeframe for completion of the Contract Services**

The draft timeline (subject to negotiation with the successful respondent) is outlined as follows:

Date	Milestone
23 December 2010	Proposed methodology accepted by the Department
31 January 2011	Preliminary report and model received and accepted by the Department
28 February 2011	Final report and model received and accepted by the Department.
7 April 2011	Update of model: Preliminary report and model utilising Preliminary data from Component 1
14 April 2011	Update of model: Final report and model received and accepted by the Department utilising Preliminary data from Component 1
18 November 2011	Update of model: Preliminary report and model utilising Final data from Component 1
25 November 2011	Update of model: Final report and model received and accepted by the Department utilising Final data from Component 1

#### **D4 Special Skills/Knowledge Needed**

Experience in macroeconomic modelling is essential.

#### **D5 Applicable Service Levels and Standards**

Modelling should be methodologically sound and of a high quality. The successful respondent and any employee or subcontractor thereof who will be working on the project, will have to sign a Departmental “Deed of Confidentiality”. This is a legally binding commitment in relation to respecting and maintaining the confidentiality of all project material, including the details of the service providers and clients who participate in the research and documents provided by the Department.

The Department will expect the final report to be written to a standard suitable for inclusion in high level policy advice to the Minister:

- arguments and analysis should be supported by verifiable evidence;
- the report should be referenced to a tertiary standard; and
- the report should be accessible and written in plain English.

#### **D6 Resources/materials to be provided by the Department**

None.

## **D7 Reporting Requirements**

The project will be the responsibility of a Project Manager in the Research and Analysis section of the Problem Gambling Task Force. This Project Manager will oversee the delivery of the services.

Results should be set out in a report which covers all of the aspects of the project discussed above. It should provide an outline of key assumptions, discuss the methodology used, and provide clear results. Given the timeframe, the preliminary model required under this component, the successful respondent will model the impact of a reduction in EGM gambling expenditure on short and long run economic variables noted above, on the basis of a range of different percentage reductions (a 5% reduction, 10% reduction etc).

This successful respondent will also be required to update their model based on the preliminary results from component 1 (expected by 11 March 2011) and the final results from component 1 (expected by 11 November 2011).

As well as producing written reports, the successful respondent is to conduct a presentation to the Department (and other relevant Commonwealth officials, for instance from the Department of the Treasury and the Department of Broadband, Communications and the Digital Economy) of methodologies and findings at the time that draft reports are provided to the Department.

Progress reports via phone will be required at least fortnightly until 28 February 2011 and then fortnightly in April 2011 and November 2011.

The decision of whether to publish the final report will rest with the Minister for Families, Housing, Community Services and Indigenous Affairs.

## **D8 Evaluation Criteria**

The best value for money solution will be selected against the following criteria:

- relevant skills and experience, particularly in economic modelling;
- demonstrated ability to produce robust results in a short time frame;
- demonstrated ability to provide the required services, including a capacity to include regional or local effects;
- demonstrated ability to engage with the Department on a regular basis and provide interim progress reports; and
- pricing.

## **D9 Quotation Pricing**

Respondents are asked to price their offer in accordance with the Deed of Agreement between the parties. A fixed price is requested for the services to be provided up to the end of February 2011 and daily rates are requested for the specified personnel for the remaining tasks to be performed until the end of November 2011 together with an estimate of the number of days required for each individual.

The Department will, as a rule, only reimburse the selected respondent for travel, accommodation and associated expenses reasonably incurred in the performance of the services, where such travel and accommodation has been approved in advance in writing by the Department. Expenses will be reimbursed at the rate payable to non- SES Department officers. Respondents are asked to identify expenditure for travel, accommodation and associated expenses as part of their quote.

**INDICITIVE DATA SOURCES**

The following data sources may be relevant for the analysis. Most of this data is freely available, though NSW data would need to be purchased. Respondents are not limited to data included in this list.

Survey	Where	By	Topics	How	Data collection from	Freq
Household expenditure survey	National	ABS	Expenditure and financial stress	Survey		
General Social Survey (GSS)	National	ABS	General social	Survey	March-July 2006	2002, 2006
National Aboriginal and Torres Strait Islander Social Survey (NATSISS)	National	ABS	General social	Survey	Aug 2002-Apr 2003 Aug 2008-Apr 2009	1994, 2002, 2008
Gambling Services Australia	National	ABS	Businesses engaged in the provision of gambling services	Survey	2004-05, 2000-01, 1997-1998, 1994-1995	1994, 1997, 2000, 2004
Retail Trade	National	ABS	Expenditure - able to draw comparisons between stimulus package and spending	Survey	From Nov 1993	Monthly
Taxation Revenue	National	ABS	State Government Taxation on gambling	Survey	From 1993-1994 to 2007-08	Annual



The Australian Longitudinal Study on Women's Health (Women's Health Australia)	National	Uni of Newcastle and Uni of QLD	Health and related topics	Panel	PG qns from 2004	Mid age surveyed 3.5 yearly
Australian Gambling Statistics	National	Queensland Government	Gambling and revenue	Collection of Australian data for legalised regulated gambling for which accurate figures are available.	1978 to 2008	Released April each year
Victorian EGM expenditure	Victoria	VIC Commission for Gambling Regulation	Gambling and EGM revenue	Industry data		Monthly
Victorian EGM expenditure - financial year by venue	Victoria		EGM revenue by financial year	Industry data		Yearly
South Australian EGM Revenue	SA	SA Office of the Liquor and Gambling Commissioner	Gambling and EGM revenue	Industry data		Monthly
Tasmanian EGM Revenue	TAS	TAS Treasury	Gambling and EGM revenue	Industry data		Monthly
Queensland EGM Revenue	QLD	QLD Government	Gambling and EGM revenue	Industry data		Monthly
Community Contributions from EGMs in ACT	ACT	ACT Gambling & Racing	Community Contributions	Industry data		
NSW Gaming Machine Statistics	NSW	NSW Office of Liquor, Gaming & Racing		Industry data		