

# **Submission**

on the

## **Prevalence of Interactive and Online Gambling in Australia**

to the

### **Senate Community References Affairs Committee**

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# 1. Introduction

On 24 June 2010 the Senate referred the following matter to the Community Affairs References Committee for inquiry and report by 2 September 2010:

*The prevalence of interactive and online gambling in Australia and the adequacy of the Interactive Gambling Act 2001 to effectively deal with its social and economic impacts.*

*In undertaking the inquiry, the committee is to consider:*

- (a) the recent growth in interactive sports betting and the changes in online wagering due to new technologies;*
- (b) the development of new technologies, including mobile phones and interactive television, that increase the risk and incidence of problem gambling;*
- (c) the relative regulatory frameworks of online and non-online gambling;*
- (d) inducements to bet on sporting events online;*
- (e) the impact of betting exchanges, including to bet on losing outcomes;*
- (f) appropriate regulation, including codes of disclosure, for persons betting on events over which they have some participation or special knowledge, including match fixing of sporting events; and*
- (g) any other related matters.*

The Committee has invited public submissions which are due by 30 July 2010.

## 2. Interactive and online gambling

The Productivity Commission after considering the evidence for the prevalence of problem gambling in connection with online gaming concludes:

*While the risks associated with online gambling are likely to be overstated, the relatively high prevalence of problem gamblers is still a cause for concern. At the very least, it indicates that the internet is very attractive to this group and, though the evidence is weak, gambling online may exacerbate already hazardous behaviour. In any case, it is clear that careful regulation of the industry is warranted.<sup>1</sup>*

The next generation of gamblers may be even more likely to use online gaming than previous ones, given that young people are so immersed in online technology generally. It would be prudent to anticipate a growth in problem gambling associated with online gaming.

The Interactive Gambling Act prohibits the establishment of online gaming services on Australian hosted Internet sites.

The Productivity Commission points out that this prohibition fails to prevent Australians, including problem gamblers, accessing online gaming service hosted on Internet sites located outside Australia. There is evidence that Australians are “spending around 790 million dollars on online casino games and poker combined” annually.<sup>2</sup>

The Productivity Commission considers whether access to offshore online gaming sites could be implemented as part of the mandatory filtering scheme proposed by the government to limit easy access to Refused Classification material hosted offshore. The Commission observes that mandatory filtering can be bypassed by using proxy servers and other technical means. However, this has not deterred the government from moving ahead with plans for mandatory filtering for Refused Classification material. The clear understanding is that although such filtering can be bypassed it will provide at least an initial barrier to casual access.

Like pornography addiction, problem gambling starts somewhere. If easy access to offshore hosted online gaming sites can be reduced then it is worth doing this. There would be little additional cost to adding offshore gaming sites to the categories of material to be blacklisted by the mandatory filtering scheme.

In its draft report the Commission proposed introducing regulated Australian hosted online gaming as a means of helping problem gamblers by various measures.

In response to this proposal FamilyVoice Australia commented:

*Even though regulated online gaming services may lead to somewhat less problem gambling than unregulated offshore online gaming services it is unclear how the existence of regulated Australian gaming services will necessarily attract problem gamblers in particular away from offshore unregulated online gaming services.*

*Additionally, the introduction of regulated Australian based online gaming services is likely to attract more gamblers overall to use online gambling and potentially to increase the total participation in gambling of all kinds in Australia. Notwithstanding whatever regulations and harm minimisation are put in place for Australian based online gaming services it seems implausible to argue that an expansion in the availability of gambling is not likely to lead to at least some increase in the prevalence of problem gambling.*

The Commission in its final report noted this and similar concerns.<sup>3</sup>

The Commission modified its proposal to a more limited trial of online poker on Australian hosted sites with regulations aimed at harm minimisation.

It is hard to reconcile this proposal with the Commission's concession that:

*Given the legitimacy domestic supply would provide, it would also probably recruit a much larger group of people to online gaming. If these players developed difficulties controlling their gambling in the domestic market, there is a risk that they would continue to play abroad on unsafe sites when confronted with the harm minimisation features of Australian licensed sites (for example when they reach their pre-committed maximum gambling loss).*

In relation to online gaming, it seems more prudent to maintain the existing bans in the Interactive Gambling Act 2001, while including offshore gambling sites in the mandatory filtering scheme for Refused Classification material on the internet.

***Recommendation 1:***

***The Interactive Gambling Act 2001 should continue to ban Australian hosted gaming sites. Online gambling sites hosted offshore should be included in the categories of sites to be subject to the proposed national mandatory filtering scheme.***

### 3. Endnotes

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1. *Gambling: Productivity Commission Inquiry Report*, 26 February 2010, p 15.15, <http://www.pc.gov.au/projects/inquiry/gambling-2009/report>
2. *Ibid.*, p 15.16.
3. *Ibid.*, p 15.30.