

April 23, 2001

Ms Andrea Griffiths
Secretary
Senate Environment, Communications, Information Technology
and the Arts References Committee
S1.57 Parliament House
CANBERRA ACT 2600

Dear Andrea

Interactive Gambling Bill 2001 – A Technology Based Solution

The proposed Bill contains a number of laudable aims in addressing the social consequences of problem gambling in Australia.

The Government, quite correctly, has a general concern about problem gambling by Australians and the Bill addresses the potential future impact of interactive gambling.

The current Bill, however, has a number of shortcomings and anomalies which we consider should be addressed by a technical solution so that Australia not only leads the world in the control of various forms of gambling but also leads the world in applying an equitable regulated system which addresses problem gambling.

1. Weaknesses In The Current Interactive Gambling Bill 2001

- ◆ the Bill does not provide a real solution for those Australians who are problem gamblers who wish to gamble via an overseas hosted IGS, particularly when credit and credit cards are the major methods of payment.

The supposition that the vast majority of the 1400 gambling sites are basically “Dodgy Brothers” sites is increasingly untrue with highly regulated countries such as Canada, Netherlands, South Africa, Finland, Norway, Austria and so on, specifically targeting regulated Internet gambling.

Even those countries which initially sought to ban Internet gambling such as the US and UK seem to be having second thoughts.

The Norwegian Government runs its highly successful national lottery on the Internet through SDS Posten, a subsidiary of Norwegian Post, and a number of countries are examining this model.

- ◆ the Bill does not address the potential risk of minors obtaining access to credit facilities (such as parents credit card details) to gamble via the Internet;
- ◆ the technical distinction between gambling networks such as WAN linked EGMs, Internet, Intranet and broadband gambling systems is likely to become increasingly blurred and the legislation as drafted is likely to become less and less workable and difficult to justify;
- ◆ the moral assumption that resident Australians should be protected from Internet gambling but that it is morally justified for non-resident Australians and citizens of foreign countries to become problem gamblers via Australian hosted sites, it is at best highly questionable ;
- ◆ the adoption of a properly constructed form of regulation of gambling via the Internet would not only be the best way of minimising the harm caused by problem gambling but would also foster the aim of encouraging the uptake in Australia of e-commerce using smart card and other technologies. The current Bill forsakes this opportunity by a quixotic attempt to ban the unstoppable.
- ◆ Paradoxically, the Bill by attempting to ban a wide variety of forms of gambling, runs the risk of shifting gamblers from less harmful forms of gambling such as lotto to far more harmful forms of gambling such as gambling on poker machines.
- ◆ the Bill is likely to make unreasonable demands on the ABA which will always have to try and act after the event.
- ◆ The international implications of trying to ban foreign government sanctioned and regulated sites, eg. the Norwegian Government, also presents some potential difficulties and anomalies. The threat that enactment of the Bill poses to Australia's international diplomatic and trade relations is obvious especially as the legislation would attempt to exercise extra-territorial jurisdiction to stop actions sanctioned by sovereign friendly governments while at the same time openly ignoring the welfare of the citizens of those foreign countries.

2. An Improved Solution

We consider that Australia has the opportunity to adopt a socially responsible, technical based national and international legislative framework for all forms of electronic gambling, including the main existing source of problem gambling; Electronic Gaming Machines.

Australia now has the opportunity to provide an international model for secure, regulated, responsible electronic gambling for both Australian and non-Australian players.

- ◆ During the past three years REGIS Controls Pty Ltd has:
- ◆ Developed a regulatory system for all forms of electronic gambling which contains the following features:
 - a single limit for any individual player covering all forms of electronic gambling that, that player may wish to use;
 - a ban on credit and credit card betting;
 - facility for self exclusion and court ordered exclusion;
 - provision of totally secure transactions;
 - banning of minors;
 - guarantee of a player's privacy;

- record of all transactions and provision of an audit trail;
 - compliance with government transaction reporting requirements;
 - provision of an open non-proprietary regulatory system which is covered by Australian and international patents;
 - suitability for application to achieve other socially desirable ends such as restricting access by minors to pornography on the Internet
- ◆ demonstrated the system to the Senate Select Committee for Information Technologies, individual Senators and parliamentarians, Commonwealth, State and Territory public servants, regulators, anti-gambling groups, testing houses and the gambling industry;
 - ◆ negotiated with a number of overseas governments on the potential use of the regulatory system.

An overview of the regulatory system is available at www.regis-controls.com User ID: regis, Password: 20x2.

REGIS Controls Pty Ltd plans to licence its patented Intellectual Property to Scheme Operators who can be duly regulated by appropriate government authorities.

The REGIS solution addresses the limitations of the current Bill, provides a national regulatory framework for all forms of electronic gambling.

Regis can provide the best protection from problem gambling possible and would make a great contribution to Australia's social welfare as well the protection of Australia's taxation revenue.

We look forward to an opportunity to provide a brief demonstration of the regulatory system and of discussing how this provides a more socially responsible longer-term solution.

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