



30 June 2011

Joint Select Committee on Gambling Reform  
PO Box 6100  
Parliament House  
**Canberra ACT 2600**

*Re: Inquiry into interactive and online gambling and gambling advertising*

This submission is intended to make two significant points to the Joint Select Committee on Gambling Reform inquiry into interactive and online gambling and gambling advertising.

1. Attempts to prohibit or limit online gambling domestically have failed and would continue to fail. The Internet is a global, transnational reality and is not subject to domestic controls; a better approach to online gambling is appropriate legislation and regulation.
2. Different types of gambling should be subject to the same responsible gambling and other standards.

To this end, we consider that the above points refer to items (c) relative regulatory frameworks, (h) appropriate regulation and (i) related matters of the Inquiry's Terms of Reference. We also have comments in relation to (b) the development of new technologies.

## **About the Gaming Technologies Association**

The Gaming Technologies Association Limited ("GTA") is a not-for-profit company limited by guarantee, established in 1990 for the purpose of promoting the development of Australia's manufacturing resources.

GTA's members provide gaming technology and equipment to hospitality venues in over 300 jurisdictions worldwide, 8 of which are in Australia. GTA members include Ainsworth Game Technology, Aristocrat Technologies, Aruze Gaming Australia, Bally Australia, IGT (Australia), Konami Australia, ShuffleMaster Australasia and WMS Gaming Australia. All GTA members are public companies or part of a public company and their primary focus is the development and supply of new games and gaming machines.

## **Background in Australia**

In 1998, the Queensland Parliament passed the *Interactive Gambling (Player Protection) Act*<sup>1</sup> whose objects included:

- regulate and control gambling ... involving interactive games in which the players participate by means of the internet or through some other telecommunication medium
- to provide protection for players of interactive games
- to provide a basis for implementing an inter-jurisdictional regulatory scheme

This legislation was rendered inoperable by the *Interactive Gambling Act 2001 (Cth)* which made it an offence to provide an interactive gambling service to customers in Australia. Many organisations were subsequently unable to contemplate the provision of interactive gambling in consideration of licence obligations in other countries. Queensland and Australia lost an opportunity to implement world-leading responsible gambling.

It is increasingly common for gambling to be conducted online in Australia and in many other countries. Sports betting, wagering and lotteries are available online in Australia as well as through physical means, but are conducted under legislation and regulation originally determined for physical gambling operations.

## **Global considerations**

Online gambling licensing regimes have recently been introduced in France, Italy and Denmark. New licensing regimes have been discussed in a number of other countries and others appear to have reconsidered their previously rigid prohibition positions.

In March 2011 the European Commission published a Green Paper<sup>2</sup> in order to collect information as a precursor to a White Paper and quite likely, draft online gambling legislation in the form of a directive.<sup>3</sup>

Internet gambling is unimpeded by physical borders. The increasing incidence of mobile devices which are routinely connected to the Internet has resulted in an uncontrolled proliferation of gambling opportunities available in Australia with no restriction, despite attempted local prohibition.

Further, the ongoing evolution of mobile devices, coupled with increased interest in casino gaming in the Asia-Pacific region, has already seen the development of mobile gaming tablets which provide reasonable simulations of casino gaming.

These opportunities are provided by largely unknown international operators, which may or may not have regard to the probity and integrity levels required of physical gambling operators in Australia.

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<sup>1</sup> Queensland Parliament, Act No. 14 of 1998

<sup>2</sup> [http://ec.europa.eu/internal\\_market/consultations/docs/2011/online\\_gambling/com2011\\_128\\_en.pdf](http://ec.europa.eu/internal_market/consultations/docs/2011/online_gambling/com2011_128_en.pdf)

<sup>3</sup> [http://europa.eu/legislation\\_summaries/glossary/white\\_paper\\_en.htm](http://europa.eu/legislation_summaries/glossary/white_paper_en.htm)

## **Responsible gambling**

Regulation of online gambling presents a challenge: to ensure that the demands of the public at large are met – while ensuring that this demand is supplied in a safe gambling environment. Prohibition has proved to be a failure; a better approach is to regulate the market with high social responsibility standards imposed upon online gambling operators, subject to strict regulatory control.

“The foundation of socially responsible gambling is to prevent occurrence of underage gambling and gambling addiction.”<sup>4</sup> Regulators and operators have multiple tools available to ensure that online gambling customers enjoy their favourite pastime in a reliable environment which helps prevent the occurrence of negative social consequences related to gambling. Many of these were contemplated in Queensland’s Interactive Gambling (Player Protection) Act which should provide a model for any future legislation.

## **Gambling restrictions**

Some recent debate has centred on gaming machines currently operating in Australian casinos, clubs and hotels – with calls for existing limits such as the Maximum Bet being reduced from \$5 (or \$10 in some jurisdictions) to \$1 or even less. No attention has focused on other forms of gambling, where players are not subject to such limits. In particular, sales of wagering and lottery bets are conducted in less controlled environments than hospitality venues – yet players are subjected to no expenditure limit.

Further, gambling advertising in the form of inducement to play lotteries by means of creating a sense of potential personal wealth are commonplace. Such an approach is prohibited for gaming machines in casinos, clubs and hotels.

A secure environment in the form of hospitality venues appears to provide a more appropriate setting for the promotion of responsible gambling; if gaming machines are to be limited to a \$1 Maximum Bet then lottery bets, racing bets and sports bets should also be limited to a \$1 Maximum Bet.

## **Summary**

The proliferation of Internet connected devices (both mobile and cabled) places online gambling within easy and immediate reach of anybody.

Online gambling is here to stay and defies local prohibition. Its appropriate operation through legislation and regulation requires transnational thinking and international cooperation.

The activity of gambling transcends artificial sector boundaries – operational and technical limits and standards should apply equally to gaming, lotteries, sports betting, lotteries and any other form of gambling.

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<sup>4</sup> M Lycka, “Online Gambling: Towards a Transnational Regulation?” p181 *Gaming Law Review and Economics*, Volume 15, Number 4, © 2011 Mary Ann Liebert, Inc.

## **Conclusion**

"The most effective way to achieve an effective online gambling regime which strikes a due balance between the need to prevent occurrence of the gambling-related negatives to the largest possible extent and the effort to gratify the natural human penchant to risking is to introduce a strictly, yet fairly, regulated open gambling market placed under close surveillance of public authorities, coupled with peer-to-peer control exercised over each other by competitors and their associations."<sup>5</sup>

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<sup>5</sup> Ibid., p195