

**Submission of  
Department of Racing, Gaming and Liquor**

**JOINT SELECT COMMITTEE ON GAMBLING REFORM  
INQUIRY INTO THE PREVALENCE OF INTERACTIVE AND  
ONLINE GAMBLING IN AUSTRALIA AND GAMBLING  
ADVERTISING**

***Interactive Gambling Act 2001***

## **Introduction**

The Parliamentary Joint Select Committee on Gambling Reform (the Committee) is inviting submissions on its inquiry into interactive and online gambling and gambling advertising. The terms of reference invite comment on:

- The recent growth in interactive sports betting and the changes in online wagering due to new technologies;
- The development of new technologies, including mobile phones, smart phones and interactive television, that increase the risk and incidence of problem gambling;
- The relative regulatory frameworks of online and non-online gambling;
- Inducements to bet on sporting events online;
- The risk of match-fixing in sports as a result of the types of bets available online, and whether certain types of bets should be prohibited, such as spot-betting in sports which may expose sports to corruption;
- The impact of betting exchanges, including the ability to bet on losing outcomes;
- The implications of betting on political events, particularly election outcomes; and
- 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.

## **Background**

The Western Australian Government has a reputation for maintaining a strong stand and a responsible approach to the regulation of gambling. In this regard, it has been identified in the reports of the Productivity Commission (PC) into Australia's gambling industries, as having the lowest incidence of problem gambling. This is attributed to the long standing government policy of prohibiting the licensing of electronic gaming machines outside of the Casino. The intent and object of the *Interactive Gambling Act 2001* (IGA) to prohibit interactive gambling services from being provided to customers in Australia is consistent with this policy.

Based on the 1 June 2011 report of the Queensland Office of Economic and Statistical Research "27<sup>th</sup> edition of the *Australian Gambling Statistics for the period 1982-83 to 2008-09*":

- Western Australia represents only 3.1 per cent of the total gambling turnover in Australia for all forms of gambling.
- While Western Australia has the fourth largest adult population of the nation, it has the lowest level of gambling expenditure per person of all jurisdictions (i.e. \$693) which is considerably less than that of the national per capita gambling expenditure (i.e. \$1,145).
- In 2008/09 the Problem Gambling Support Service Committee (PGSSC) spent approximately \$236,000 on providing Helpline and face to face counselling services.

## **Issues**

The report, *Gambling and the Impact of New and Emerging Technologies*, was produced by Dr James G. Phillips (Monash University) and Prof. Alex Blaszczynski (University of Sydney) in November 2010, provides information relevant to the Committee's terms of reference.

That report provides a useful reference on the topic of gambling and the use of new technologies and provides an insight into how interactive technologies can guide providers in the services they offer to the consumer with a maximum impact. Further, it complements the findings of the Productivity Commission in its 2010 report on gambling.

It is also understood that Dr. Sally Gainsbury, Professor Nerilee Hing and Prof. Blaszczynski, in a collaboration with the Centre for Gambling Education and Research, Southern Cross University and the Gambling Research Unit, University of Sydney, are currently undertaking research and collecting data that will help researchers, policy makers, and industry insiders gain a better understanding of Internet gambling.

What these reports and research appear to be finding is that in the current environment, online gambling is only partially regulated and as a consequence, online gambling poses a higher risk for consumers compared to offline gambling. Internet gambling potentially allows consumers to sidestep any existing controls and access gambling from unregulated web environments via a variety of devices. The new emergent technology can essentially place an electronic gaming terminal at anyone's disposal, including children, as smart/mobile phones and at home as interactive televisions and on computers. At this stage, it appears to be unclear whether this creates new markets of consumers, or caters to existing gamblers. However, there is a growing body of research on the question of the prevalence of internet gambling.

What is in no doubt is that the number of sites and types of activities that a consumer can gamble on or place a wager on has expanded significantly in more recent times. Australians are now able to gamble on a multitude of overseas based internet casino sites and place a wager on a very broad range of international sporting, political and entertainment events at any time of the day (particularly given international time zones, with European events occurring overnight Australian time).

While the IGA's prohibition of internet gambling services appears to have been effective in blocking the development of Australian-based internet gambling websites which would offer services directly to Australians, there is no control of accessibility of overseas-based websites for Australians. As a consequence, Australia is reliant on overseas regulatory settings to support the Australian regulatory objective. For this reason, it is the view of the Western Australian regulator that the impact and effectiveness of the IGA in controlling internet gambling is significantly diminished.

The IGA essentially provides an environment in which the Australian online gaming market is exclusively catered to by offshore providers, who operate under a variety of regulatory regimes that often are substandard or unregulated entirely. With increasing developments overseas (and recent others closer to home for example; Norfolk Island) Australia's regulatory regime, once held up as world's best practice, is under significant threat from the activities of off-shore internet gambling providers. This lack of control provides inadequate protection to online gamblers who are at risk of developing a problem and who may be exposed to unscrupulous offshore operators.

## **Conclusions**

1. With the growth in activities of off-shore internet gambling providers, the inability to enforce restrictions relating to the offshore online gaming market significantly undermines Australia's regulatory regime.
2. Western Australia's primary position is that more should be done to support the intent of the IGA by exploring ways to improve its effectiveness in relation to controlling the access of offshore online gaming operators to Australian customers.
3. If, after review, it is concluded that there is no practical option to improve the effectiveness of the IGA, then provided that individual jurisdictions, such as Western Australia where electronic gaming machines outside the casino are illegal, could "opt out" whereby operators are prohibited from receiving registrations from residents of that jurisdiction, Western Australia would support consideration of a model for regulating online gaming to Australians, subject to strict conditions about probity and integrity; advertising; bet types; and harm prevention and minimisation.