

Responsible Gambling Advocacy Centre

Submission to the Joint Select Committee on Gambling Reform Inquiry into
interactive and online gambling and gambling advertising

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1. INTRODUCTION

- 1.1 The Responsible Gambling Advocacy Centre (the Centre) is an organisation that is funded by the Victorian Government to build the capacity of the community to make informed choices about gambling and to promote responsible approaches to gambling. For more information on the Centre, please see www.responsiblegambling.org.au.
- 1.2 Part of the Centre's work program includes consulting the broader community and conducting extensive discussions with participants in the gambling sector, including individuals who are not affiliated with any particular body or organisation.
- 1.3 This submission draws on the consultation, analysis and research the Centre has conducted. It puts forward perspectives and recommendations with regard to the inquiry into interactive and online gambling as well as gambling advertising.
- 1.4 The Centre's position is based on concerns for consumer rights, preferences and protection. It rests on a philosophy of harm minimisation in relation to problem and at risk gamblers, and the promotion of responsible gambling practices throughout the community.

2. COMMUNITY CONCERNS

- 2.1 Online gambling and sports betting are together the number one issue raised with the Centre in its discussions with the broader community. The two activities are not separated when non- expert people talk about the issues associated with gambling activities.
- 2.2 Even when people acknowledge that gambling on electronic gaming machines (the pokies) is still more prevalent in the community, they express extreme concern about sports betting and online gambling, particularly the constant availability and use of these services through mobile phones and the internet. Habits that are perceived as problematic include the time spent on the activity, not just the amount of money spent or lost.

3. ONLINE GAMBLING DEFINITIONS

3.1 Popular forms of online gambling

- 3.1.1 Online gambling can be broadly defined as gambling provided via the internet, a broadcasting service (such as interactive TV), a data-casting service or any other similar type of service. More simply, it is defined as any gambling that is conducted using digital technology to engage in gambling with a remote provider.¹

¹ Interactive Gambling Act 2001 (Cth) s5(1)(a)-(b).

- 3.1.2 The effect of the enactment of the Interactive Gambling Act of 2001 (IGA) has resulted in there being two commonly used terms when referring to the broad term 'online gambling': sports betting and interactive gambling.
- 3.1.3 Sports betting is regarded as betting on allowable sporting events such as horse racing, the outcome of sporting games and even the outcome of other events such as elections or the winner of reality TV shows.²
- 3.1.4 Interactive gambling covers all other types of online games, such as virtual casino games like roulette or blackjack, virtual poker games (both against machines or other players) and virtual poker machines.

3.2 Other forms of interactive gambling

- 3.2.1 Interactive television: this describes a number of techniques that allow viewers to interact with television content as they view it and place live bets. It is most commonly used to 'interact' with horse racing events.
- 3.2.2 Smart phones: a smart phone is a mobile phone that offers more advanced computing ability and connectivity than a regular mobile phone through applications or 'apps'. Smart phones can be thought of as a handheld computer integrated with a mobile phone that allows users to run 'apps' specific to the underlying hardware. This is a different process to logging on the internet. The increased use of smart phones means greater accessibility, and therefore use of interactive online gambling.

4. BACKGROUND: THE CURRENT STATE OF PLAY

- 4.1 In Australia, both Commonwealth and State law govern online gambling. The effect of these laws is to ban Australian providers from supplying all but certain types of gambling services to Australians who are physically in Australia (Interactive Gambling Act 2001). The types of online gambling that Australian companies are legally allowed to offer to Australians are the types of betting that have traditionally been carried out in person.
- 4.2 By contrast, the United Kingdom allows the provision of online casinos, poker, wagering and lotteries provided that they are set up by operators who have obtained licences from the UK Gaming Commission. So while online gambling is legal, there are many licencing requirements aimed to regulate the industry.
- 4.3 Forms of gambling that are often described as online casinos are generally prohibited in Australia. These games tend to be known commonly as interactive gaming and are prevalent on the internet and via new technology. Betfair CEO Andrew Twaits stated:

"It is estimated that the turnover in this and other forms of illegal betting is \$125 billion worldwide. That's why as an industry we welcome any tightening of the

² Gambling and racing Legislation Amendment (Sports Betting) Act 2007 (Vic) s4.5.1.

present legislation in this country of the Victorian Integrated Gambling Act and that tighter controls on online poker is necessary.”³

- 4.4 There is no law against an Australian citizen playing an interactive game over the internet as long as the provider company is based outside of Australia. However, using gambling services from offshore providers raises concerns about the safety of the consumer, particularly when and if a dispute arises. The Centre believes that consumers would be happier and feel safer to participate in online gambling via Australian websites if this was legal. This would enable regulation as well as dispute resolution programs if any disputes were to arise.
- 4.5 If a complaint is made about a website that offers gaming to Australians, the website can be blocked by Australian internet providers. However, it should be noted that this may only be a short term remedy, as discussed below.
- 4.6 Of growing concern is the access to online gambling by children and adolescents. Dr Jeffrey Derevensky, from Montreal’s McGill University, said parents and schools need to be more aware of the prevalence of online gambling because it is “the new face of gambling.”⁴ He went further, stating, “you no longer have to worry about sneaking into a ... club that has pokies, you no longer have to sneak into a casino, you can gamble directly online.”⁵
- 4.7 Of greater concern is the amount of money being spent on online gambling: the Productivity Commission cites a figure estimating Australians are spending almost \$800 million a year on online gambling, and, according to the Institute of Public Affairs this demand shows internet gambling is unstoppable.⁶ More specifically, it has been estimated that Australians will spend over \$600 million on online sports betting alone in 2011.⁷ Australia leads the world with \$1,300 in losses per resident adult in 2010.⁸

³ “Andrew Twaits says tighter controls on online poker is necessary.” The Australian, June 10, 2011. Peter Kogoy <<http://www.theaustralian.com.au/news/sport/andrew-thwait-says-tighter-controls-on-online-poker-is-necessary/story-e6fmg7mf-1226072647918>>

⁴ “Concern over youth gambling online”, The Age, May 23, 2011. Michelle Draper, <<http://news.theage.com.au/breaking-news-national/concern-over-youth-gambling-online-20110523-1f064.html>>

⁵ “Concern over youth gambling online”, The Age, May 23, 2011. Michelle Draper, <<http://news.theage.com.au/breaking-news-national/concern-over-youth-gambling-online-20110523-1f064.html>>

⁶ “Online Gambling sites accused of flouting the law”, ABC 7:30 Report, June 10 2011, Conor Duffy <<http://www.abc.net.au/7.30/content/2010/s2924162.htm>>

⁷ ‘Online gambling causing real problems’, Lateline ABC, 20 May 2011, Michael Atkin, <<http://www.abc.net.au/lateline/content/2011/s3223031.htm>>

⁸ “South Australian Senator Nick Xenophon bets online gambling is a problem”, The Advertiser, May 25 2011, David Jean <<http://www.adelaidenow.com.au/south-australian-senator-nick-xenophon-bets-online-gambling-is-a-problem/story-e6frea6u-1226062993807>>

5. AN OVERVIEW OF THE CENTRE'S POSITION

5.1 The Centre is of the opinion that in balancing the interests of the consumer with practicality, there needs to be a move to regulate online gambling. While it is sometimes in the best interest of the consumer to prohibit the availability of an activity with such a high risk to the consumer, the Centre believes that it would be ineffective to continue to support a blanket ban on Australian based online gambling websites. In light of this, the Centre makes the following recommendations:

- It is critical that compulsory mechanisms to enable the player to access help and harm minimisation support are employed by each gambling website, in addition to optional self-employed mechanisms, such as setting a financial or time based limit on play
- That 'practice' games or bets should be altered through legislation, regulation or required compliance with a code of conduct, to ensure practice play offers a more accurate portrayal of the 'real game' as it occurs
- The removal of financial inducements, or the introduction of mandatory limits of a low dollar amount (\$1 to \$20 dollars) on 'free trial bets' offered to new members of sports betting websites
- That appropriate regulatory mechanisms are developed to ensure that website operators comply with relevant codes of conduct, as well as regulatory bodies to ensure the integrity of sport
- Advertising throughout sporting matches, during family friendly television viewing times, and any advertising that could be misinterpreted by children should be limited. An example of how this can be done is seen in limitations on the advertising and promotion of alcoholic products.

6. MATTERS FOR CONSIDERATION

6.1 *Growth of Interactive Sports Betting and changes in online wagering due to new technologies*

6.1.1 Sports betting, as defined in 2.1.3, also includes the placing of micro bets or exotic bets; these are bets that are designed to create games within the outcome of a specific race or game. Bets on events such as a quinella (horse racing specific) or selecting the winner of six consecutive games are examples of exotic bets. These bets are typically more expensive to place, and although the payouts are significantly higher, the likelihood of winning is much lower.

6.1.2 These exotic types of bets have become more popular due to more frequent access to online gambling websites. For example, in the 2010 FIFA World Cup, 50% of all bets

were made online, a 700% increase in terms of online betting compared with the 2006 event.⁹

- 6.1.3 The recent growth in interactive sports betting can be, in some part, attributable to the convergence of new technologies. With accessibility of the internet increasing from traditional access via personal computers to a plethora of mediums, accessibility of the internet as a medium for gambling has increased significantly. Examples of mechanisms people use to gamble with are smart phones, digital televisions, gaming devices (including Xbox and PlayStation), E-readers and iPads, to name a few.
- 6.1.4 The ability to access odds and place bets via smart phones or other hand held devices while on the move, even when at the actual game, has led to an increase in online wagering. In addition, the legalisation of sports betting, including exotic bets and live betting has been accelerated in its effects by the development of online betting.
- 6.1.5 Casinos and other online gambling websites have specifically designed 'mobile versions' of their websites to be compatible with on-the-go technology.¹⁰ Both iPhone and Android 'applications' that allow online gambling have become increasingly prevalent due to this convergence of technology.¹¹

6.2 International research

- 6.2.1 Recent Canadian research has found online gambling is becoming increasingly accessible to young people through the use of smart phones. Young people often get hooked playing free online casino-type games offering high returns, before graduating to paid sites only to discover the rates of return may be lower. This research showed internet gambling among males aged 14 to 17 increased from 2.7 per cent in 2008 to 6.2 per cent in 2010. Rates among females rose 0.5 per cent to 1.5 per cent during the same period.¹²
- 6.2.2 This means that expectations of real play after practice play are that you could win easily, which is not the case.
- 6.2.3 Interactive sports betting has seen an 'explosion' in recent years, with young people a target. Professor Laubman has stated "Young people in particular are getting into trouble betting online in smartphone applications. When we make gambling so easy that all you have to do is click a button on a smartphone, it makes it incredibly easy for people to lose money and have less control over what they spend."¹³

⁹ "Online Gambling causing real problems" Broadcast ABC Lateline May 20 2011, reporter Michael Atkin

¹⁰ "Mobile casinos are the next best thing in online gambling" Jason Bacot, accessed 17/12/10
<<http://ezinearticles.com/?Mobile-Casinos-Are-the-Next-Big-Thing-in-Online-Gambling&id=5545430>>

¹¹ "Mobile casinos are the next best thing in online gambling" Jason Bacot, accessed 17/12/10
<<http://ezinearticles.com/?Mobile-Casinos-Are-the-Next-Big-Thing-in-Online-Gambling&id=5545430>>

¹² Campbell, C., Derevensky, J., Meerkamper, E. & Cutajar, J. (in press). Parents' perceptions of adolescent gambling: A Canadian national study. *Journal of Gambling Issues*

¹³ "Explosion in smartphone gambling among youth a worrying trend", Herald Sun, 6 June 2011, Anne Wright
<<http://www.heraldsun.com.au/news/more-news/explosion-in-smartphone-gambling/story-fn7x8me2-1226069765065>>

6.3 *The development of new technologies including mobile phones, smart phones and interactive television that increases the risk and incidence of problem gambling*

- 6.3.1 There has been little conclusive quantitative research undertaken regarding the incidence of problem gambling and the effects that new technology has had on problem gamblers.
- 6.3.2 However, specifically designed applications or 'apps' for smart phones has increased the ease of access to online gambling; presumably this may lead to an increased risk of problem gambling; but it must be noted that there is sparse research in this area.
- 6.3.3 This is of great concern as 'apps' work differently to accessing the internet through a mobile phone as they allow instantaneous play and returns; there is no delay connecting, downloading, submitting or other actions. This makes playing 'apps' that deliver online gaming perhaps more akin to playing an electronic gaming machine than playing online poker from a phone.
- 6.3.4 This difference is worthy of consideration when definitions within new or amended legislation or regulations are developed to ensure 'apps' are covered by any regulatory response.

6.4 *Community Experiences*

- 6.4.1 Through its community engagement activities, the Centre frequently hears that there has been a change to the way that young people view sports games due to the new technology around gambling. Instead of watching the match, perhaps placing a bet prior to attending the event, or at spaced intervals, young people bet via mobile technology or mobile outlets much more often throughout the game. Viewing a live sporting match (or watching on television) is now more synonymous with a day at the races, where the practice is placing bets throughout the duration of the race.
- 6.4.2 Betting operators have been advised by industry veterans to design their websites to look like be the cartoon computer games that are frequently played by Generation Y computer users. It was suggested that such a design could be used to entice younger players to join websites and become continuing users.
- 6.4.3 Advice to industry has included using social networking websites, such as Twitter and Facebook, to promote online gambling, as this will attract more traffic to their website.¹⁴ This is an issue from a consumer perspective as targeting this age group to increase their use is likely to cause an increase in problem gambling behaviour.
- 6.4.4 Anne-Maree Kaser from the Latrobe Regional Health Centre says an increasing number of young people are being exposed to gambling through social networking and other websites. She says young people need to be made aware of the risks of gambling:

¹⁴ 'Betting firms told to target video gamers' The Age, May 6 2011, Jason Dowling

“Increasingly we’ve seen opportunities to bet or wager, gamble on different sporting events, a range of different events every day. Even during football calls we’re hearing about the odds and people are being encouraged to get on board and lay a bet.”¹⁵

6.4.5 A combination of faster internet speeds and the proliferation of internet enabled mobile phones has created a younger generation that can “gamble anywhere, anytime.”¹⁶ Professor Blaszczynski argues that as technology and the promotion of sports betting boosted access and awareness so there was an “increase of higher rates of problem gambling.”¹⁷

6.5 Statistics

6.5.1 To further illustrate the potential impact of sports betting on problem gambling, it is worthy to note that the number of people with sports betting related problems that attend the University of Sydney’s gambling addiction clinics has surged by around 70% in just three years.¹⁸

6.5.2 In addition, seventeen per cent of participants in the Australian Gambling Survey said that online gambling is more addictive than other forms of gambling.¹⁹

6.5.3 Further, two thirds of problem gamblers reported that they had gambling problems before they ever went online, however, a third of internet gamblers who now have problems, never had problems before they gambled online.²⁰

6.6 The relative regulatory framework of online and non-online gambling

6.6.1 There are some key differences between regulating online and non-online gambling. Currently under the Interactive Gambling Act 2001, Australia is attempting to ban online gambling, subject to some specific exceptions.

¹⁵ “Worries aired over youth online gambling”, 25/05/11, ABC News Website, <<http://www.abc.net.au/news/stories/2011/05/25/3226237.htm>>

¹⁶ “Internet changing face of problem Gambling”, The Age, March 11 2011, Danny Rose <<http://news.theage.com.au/breaking-news-national/internet-changing-face-of-problem-gambling-20110311-1bqx4.html>>

¹⁷ “Internet changing face of problem Gambling”, The Age, March 11 2011, Danny Rose <<http://news.theage.com.au/breaking-news-national/internet-changing-face-of-problem-gambling-20110311-1bqx4.html>>

¹⁸ “Internet changing face of problem Gambling”, The Age, March 11 2011, Danny Rose <<http://news.theage.com.au/breaking-news-national/internet-changing-face-of-problem-gambling-20110311-1bqx4.html>>

¹⁹ Preliminary results from the Australian Gambling Survey presented in Sally Gainsbury, “[Emerging trends in online sports betting in Australia](#)” presented at Victorian Responsible Awareness Week Forum May 23rd 2011 p.25

²⁰ ‘Online gambling causing real problems’, Lateline ABC, 20 May 2011, Michael Atkin, <<http://www.abc.net.au/lateline/content/2011/s3223031.htm>>

- 6.6.2 Despite this there is no express mention in the IGA of specific enforcement available to persons who breach the Act. There are detailed complaints sections and the option for Australian Communications and Media Authority (the ACMA) to pursue any complaints as well as undertake their own investigations. Penalties do apply for breaches discovered by the ACMA or the Australian Police Force; but there is no penalty for participating in online gambling provided by an overseas company. This effectively means that Australians can use off-shore gambling sites without implication. This opens up the possibility for a whole new area of legislation in terms of how to regulate off-shore sites, ban the use of such sites, and where necessary, prosecute people from outside the jurisdiction of Australia.
- 6.6.3 Comparatively, it is much easier to physically enter a venue that hosts gambling such as pubs, clubs or casinos and actually monitor whether or not the staff are following the code of conduct and the mandatory procedures. If a discrepancy is found between the venue and the codes of conduct specific processes are followed to ensure the appropriate remedy as well as punishment (if required) is carried out.
- 6.6.4 The difficulty with a similar process for online gambling is that when a site is found to be violating a code or regulation, the website owner can close the website (or it can be closed down by an outside person), and reopen it with a new URL within hours and advise their members of the changed URL.
- 6.6.5 Another key difference between the two types of gambling is the attempts to prohibit online gambling, yet regulate non-online gambling. Evidence from other countries around the world is showing evidence that regulating online gambling instead of prohibiting it has been beneficial and is one avenue that that Australia might consider in addressing the legality of online gambling.
- 6.6.6 When asked about online gambling, Mr Wilkie stated that he has an open mind on the subject, but the current situation could not continue: "We need to get in here and nip it in the bud, and avoid getting into the situation we have with poker machines, where it's so big and so entrenched."²¹

6.7 Recommendations

- 6.7.1 Looking at the consumer's best interests it is recommended that in order to be able to effectively regulate the provision of online gambling services, there needs to be a regulatory body who allows particular companies/individuals to apply for licences to provide an online gambling website. This regulatory body needs to have the power to enforce particular codes of conduct as well as block or remove websites where codes have been breached.

²¹ "Gambling reform heats up", The Age, March 6 2011, Michael Bachelard
< <http://www.theage.com.au/national/gambling-reform-heats-up-20110305-1biv8.html#ixzz1QQVpETWr>>

- 6.7.2 In order to ensure the consumer's safety it is recommended that mechanisms such as pop-ups stating how long and how much money has been spent, pop-ups and obvious links to Gamblers Help hotlines/websites, and enforced breaks in play are implemented. While it may be argued that these types of mechanisms encroach on an individual's freedom of choice, it is of utmost importance to ensure the health and wellbeing of any individual participating in such a high risk activity.
- 6.7.3 Other mechanisms that could also be included are pre-commitment schemes, information on how to block yourself or children from websites, and other choice based methods of self-exclusion.

6.8 Inducements to bet on sporting events online

- 6.8.1 Many online gambling websites will offer you a 'free' first bet, or a guaranteed win where regardless of whether you win or lose, you will get your money back. This lulls the user into a false sense of security and encourages them to return to the website and continue placing bets.
- 6.8.2 The Centre recommends that this practice is ceased. The next best outcome would see a low value limit (\$1 to \$20 dollars) placed on the amount of any free bets offered. This should be controlled and limited to a reasonable amount. The Centre recommends that this should be similar to the amount that people would be likely to start out betting with (\$1 to \$20).
- 6.8.3 If a person starts with unlimited free bets, they may become accustomed to betting this amount of money, which leads to a high risk to the consumer when they are playing with their own money.
- 6.8.4 Some of the other factors that influence people's attraction to bet online are the ease of access, websites, and the convergence of technology and higher speeds of web access.
- 6.8.5 Some people may also like that online gambling is anonymous and private²²; especially those unfamiliar with gambling or who felt intimidated by the environment of gambling venues.²³ This has been found to be a more prominent reason for women to gamble online.²⁴

²² June Cotte and Kathryn A. Latour, *Blackjack in the Kitchen: Understanding Online versus Casino Gambling*, Journal of Consumer Research, vol 35, February 2009, pg 744ff

²³ Abby MacCormack and Mark D. Griffiths, *Motivating and Inhibiting Factors in Online Gambling Behaviour: A Grounded Theory Study*, International Journal Mental Health Addiction, Published online 18 November 2010, pg 2.

June Cotte and Kathryn A. Latour, *Blackjack in the Kitchen: Understanding Online versus Casino Gambling*, Journal of Consumer Research, vol 35, February 2009, pg 744ff

²⁴ Abby MacCormack and Mark D. Griffiths, *Motivating and Inhibiting Factors in Online Gambling Behaviour: A Grounded Theory Study*, International Journal Mental Health Addiction, Published online 18 November 2010, pg 2.

6.9 Practice games

- 6.9.1 Another issue is that ‘practice games’ provided by many websites are frequently found to have much more favourable odds than real games. This leads the player to believe they are able to win more often than they will in ‘real life’ play. In turn, the player may continue to gamble in order to ‘chase the win’ and to the experience the ‘thrill associated with winning’, as well as mistaking practice odds for the real chances of winning.²⁵
- 6.9.2 Particularly vulnerable audiences for practice games leading to uninformed real play include young people, inexperienced gamblers, people of lower than normal intelligence levels, the elderly to name a few.
- 6.9.3 The Centre recommends that the practice games have the same odds and chances of winning as ‘real’ games. This means consumers will not be enticed to play believing their likelihood of winning is greater than it actually is. The Centre believes that offering favourable odds practice games is dishonest and coercive.

6.10 The risk of match fixing in sports as a result of the types of bets available online

- 6.10.1 There are increasing concerns raised by the community that sports betting has the capacity to corrupt sports criminally, as well as undermine its cultural meaning.²⁶
- 6.10.2 On 10 June, 2011, Australian sports ministers reached an agreement to address match fixing and protect the integrity of sports.²⁷
- 6.10.3 The ability to bet online has created a more private, secretive way to bet. For example, over the internet a well-known sports person could be placing bets on the outcome of their team or an event they are involved in and not be recognised or noticed. This allows the possibility of the sports person (or a close relative or friend) placing a bet on a particular aspect of a game and then altering the way in which they perform in order to ensure that themselves or a friend or family member profit from the result.

June Cotte and Kathryn A. Latour, *Blackjack in the Kitchen: Understanding Online versus Casino Gambling*, Journal of Consumer Research, vol 35, February 2009, pg 744ff

²⁵ “Concern over youth gambling online”, The Australian, May 23 2011, The Australian, AAP
<<http://www.theaustralian.com.au/news/breaking-news/concern-over-youth-gambling-online/story-fn3dxity-1226061257229>>

²⁶ Jan McMillen & Peter Grabosky “Internet Gambling” Trends and Issues in Crime and Criminal Justice, No 88 Australian Institute of Criminology June 1998

²⁷ “Ministers take united stand against match-fixing” June 10 2011, Australian Government, Australian Sports Commission
<http://www.ausport.gov.au/news/releases/story_436753_ministers_take_united_stand_against_match-fixing>

6.11 *Should certain types of bets be prohibited, such as spot betting in sports which may expose sports to corruption?*

6.11.1 Wagers on certain micro-events within a match suggest the possibility of corruption and match-fixing within sport, the obvious example being the recent corruption within the Pakistani Cricket Team and claims that matches have been lost on purpose, no-balls bowled and other forms of influencing results.

6.11.2 The presence of large bets on a particular aspect of a match can lead also people to believe that something untoward may occur. Betting agencies claim that the prohibition of these types of bets would result in them going ‘underground.’ This would likely result in more corruption and malpractice and also make it more difficult to track.²⁸

6.12 *The impact of betting exchanges, including the ability to bet on losing outcomes*

6.12.1 A betting exchange is a platform that enables person-to-person betting; it allows people to swap or exchange bets. The betting exchange allows people to make a ‘lay bet’; this is a bet on a certain selection to lose.²⁹

6.12.2 One of the more concerning aspects of the use of betting exchanges is the potential impact this has on the integrity of the sport, in particular, racing. A key concern is the prospect of racing participants and their owners benefiting from the defeat of their own horses or from the defeat of another runner.³⁰

6.12.3 Another implication of betting exchanges is that while the odds of arbitrage betting (the concept of no risk betting, where there is supposed to be no possibility of losing) may seem higher, the payouts are lower. There have been a number of complaints revolving around this issue, centring around the use of terms such as ‘trading’, ‘arbitrage trading’ and ‘strategic investment’ to encourage consumers to believe that the operator of the betting exchange is not gambling with their money, rather ‘trading’ with it on their behalf.³¹

6.12.4 ASIC have received numerous complaints regarding these arbitrage systems that do not honour guarantees to refund money, or guaranteed wins over a specified period of time.³²

²⁸ “Some bets should be off” SMH Editorial May 6 2011

²⁹ Betting Exchanges Frequently Asked Questions, accessed June 28 2011

http://www.bettingexchanges.org/BettingExchanges_FrequentlyAskedQuestions.htm

³⁰ Report of the Betting Exchange Task Force to the Australasian Racing Ministers’ Conference, July 10 2003, page iii (Executive Summary).

³¹ “CA08-05 Sports Arbitrage – don’t gamble on this ‘get rich quick’ scheme” April 30 2008, ASIC Website

<http://www.asic.gov.au/asic/asic.nsf/byheadline/CA08-05+Sports+Arbitrage+-+don't+gamble+on+this+%E2%80%98get+rich+quick%E2%80%99+scheme!?openDocument>

³² “CA08-05 Sports Arbitrage – don’t gamble on this ‘get rich quick’ scheme” April 30 2008, ASIC Website

<http://www.asic.gov.au/asic/asic.nsf/byheadline/CA08-05+Sports+Arbitrage+-+don't+gamble+on+this+%E2%80%98get+rich+quick%E2%80%99+scheme!?openDocument>

6.13 The implications of betting on political events, particularly election outcomes

6.13.1 The major implication associated with betting on political events is that if people have placed a bet on the outcome of a political event they are likely to vote in accordance with that bet. This can effectively undermine the election process.

6.13.2 In the 1916 election in America, \$165 million was wagered, which was more than twice the total amount spent on the election itself by the campaigns.³³ Even at this early stage, predictions proved prescient; in only one case did the clearly favoured candidate one month prior to Election Day lose, even state-specific forecasts were quite accurate.³⁴

6.14 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

6.14.1 The primary concern for sporting bodies is with the potential for corruption. Recently, the Australian Football League (AFL) has developed an 'integrity database' in order to fight potential match-fixing or gambling related corruption.³⁵ A key aspect that recurs in AFL procedures is that the "intelligence is only as useful as the ability to analyse it."³⁶ The way the AFL are looking to ensure the utility of the information is via the database and enable the overseer to identify and manage potential risks.

6.14.2 The AFL has also performed checks to monitor whether players or officials are using other person's accounts to place bets. This has led to changes allowing the sanctioning of a person found to be using another persons' account in May 2010.³⁷

6.14.3 The National Rugby League (NRL) is also facing similar issues with several people charged over illegal betting activity regarding a round 24 NRL match in 2010.³⁸

6.14.4 It is believed that a crucial part of any anti-corruption program is education³⁹; it is recommended that every sport should have on appropriate anti-corruption code managed by appropriate staff, which ensures that the integrity of sport is upheld.

³³ "Political Prediction Markets: A Better Way to Conduct Campaigns and Run Government." Andrew S Goldberg. Accessed 28 June 2011 <http://www.scribd.com/doc/37267629/Political-Prediction-Markets-A-Better-Way-To-Conduct-Campaigns-and-Run-Government-Cardozo-Public-Law-Policy-Ethics-Journal>

³⁴ "Political Prediction Markets: A Better Way to Conduct Campaigns and Run Government." Andrew S Goldberg. Accessed 28 June 2011 <http://www.scribd.com/doc/37267629/Political-Prediction-Markets-A-Better-Way-To-Conduct-Campaigns-and-Run-Government-Cardozo-Public-Law-Policy-Ethics-Journal>

³⁵ "AFL moves to thwart match-fixing" The Age, December 9 2010, Jason Dowling.

³⁶ "An open letter from the AFL's Adrian Anderson" December 9 2010, accessed December 10 2010 <http://www.smh.com.au/afl/afl-news/an-open-letter-from-the-afls-adrian-anderson-20101209-18qct.html>

³⁷ "An open letter from the AFL's Adrian Anderson" December 9 2010, accessed December 10 2010 <http://www.smh.com.au/afl/afl-news/an-open-letter-from-the-afls-adrian-anderson-20101209-18qct.html>

³⁸ "Government bans announcers updating live betting odds during matches", Herald Sun May 27 2011, Phillip Hudson

³⁹ "Government bans announcers updating live betting odds during matches", Herald Sun May 27 2011, Phillip Hudson

6.15 Gambling advertising

- 6.15.1 Currently the IGA prohibits the advertising of interactive gambling services⁴⁰, except in specific instances. Of particular importance is the issue of advertising of gambling to children. The standards for children and advertising can be found in the Children's Television Standards 2009.
- 6.15.2 The Centre supports preliminary comments and findings from Dr Samantha Thomas of Monash University: that although participants in sports betting may not be children so messages are not aimed specifically at them, children consume all messages they have access to. These cumulative experiences influence children's gambling behaviours once they turn 18 and can legally gamble.
- 6.15.3 As has been substantially reported in media and increasingly in academic research, gambling advertising in family friendly forums such as major sporting events and broadcasts, is at saturation levels.
- 6.15.4 In 2010, both Channel 9 and 10 were found to have breached their licence conditions by advertising interactive gambling services in contravention of the IGA. These investigations are reportedly the ACMA's first investigations into prohibited advertisements under the IGA.
- 6.15.5 Another issue is the advertisement of gambling on sports persons' jerseys and jumpers and sponsorship of clubs by gambling companies. This may have a substantial effect on children, cementing the idea in their minds that football and gambling go together as one broad concept.⁴¹
- 6.15.6 The sponsors of some football clubs have direct links from specific football club homepages; for instance the Melbourne Football Club homepage comes up with a flashing sign "Support the Demons;" clicking on this link takes you to the website 'Deebet', a betting website that offers not only betting on football matches, but betting on other sports as well. This is one of six links promoted on AFL club websites.⁴²
- 6.15.7 Recently, on 27 May 2011, the Federal Government announced that measures will be taken to minimise the promotion of live broadcasts during sports broadcasts. The agreement is that TV sports commentators will not be able to give out live betting odds. This crackdown will also include radio, internet, mobile phones, ground announcers and score-boards, the aim of which is to reduce and control excessive gambling advertising.⁴³ The Government has allowed the industry a 12 month period during

⁴⁰ Interactive Gambling Act 2001 (Cth) Part 7A

⁴¹ "Football's big punt" The Age, May 14 2011, Royce Millar

⁴² "Football's big punt" The Age, May 14 2011, Royce Millar

⁴³ "Government bans announcers updating live betting odds during matches", Herald Sun May 27 2011, Phillip Hudson

which they are to establish an industry code of conduct regarding this type of advertising.

6.15.8 The Centre is strongly supportive of this measure. In addition, the Centre supports further consideration of a national code for sports betting providers to cease advertising products in family friendly viewing times and venues. This could be similar to standards regulated for the advertising of alcoholic products, but could initially be under a code, rather than regulated. If the code was not sufficient to change advertising placement, the Centre supports further national regulation of gambling advertising to ensure children do not unintentionally receive an overwhelming amount of gambling advertising that they may not understand, but that may significantly influence their future gambling behaviour.