

A submission to the inquiry into

**THE INTERACTIVE GAMBLING AND BROADCASTING AMENDMENT
(ONLINE TRANSACTIONS AND OTHER MEASURES) BILL 2011**

by the

JOINT SELECT COMMITTEE ON GAMBLING REFORM

from the

TASMANIAN INTER-CHURCH GAMBLING TASKFORCE

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Introduction

The Tasmanian Inter-Church Gambling Taskforce was formed in 2001 with the support of 12 Christian denominations in response to concerns about the harmful social impacts arising from problem gambling, due mainly to increasing access to electronic gaming machines (EGMs).

Although EGMs are currently the main source of problem gambling, the Taskforce is conscious of the potential for interactive online gambling to become an even greater problem, and drew attention to this issue in the closing remarks of its recent submission to this committee's inquiry into a mandatory pre-commitment scheme for EGMs in Australia. Various studies have indicated that the incidence of at-risk or problem gamblers is several times higher among internet gamblers than it is for gamblers generally, although it is not clear whether this means that problem gamblers are more likely to participate in online gambling or online gamblers are more likely to develop a problem.

Nevertheless, logic indicates that the increasing access to gambling opportunities provided by developing technology, which means that one no longer has to physically visit a gambling venue or to even be at a home computer to gamble, is likely to result in the growth of online gambling and with it gambling problems. This is especially so given that online gambling is not subject to restraints such as operating hours and conditions that apply to gambling venues and participants may be free of the social constraints that prevail where they can be observed by others. Furthermore, the absence of cash in an on-line environment will make it easier for gamblers to disconnect from reality and lose touch with the magnitude of their losses.

In summary, it seems that the only reason online gambling has not caused even greater problems than EGMs to date is its relatively low uptake. But that situation could soon change if improved measures to properly regulate it are not put in place promptly.

The Interactive Gambling Act 2001 currently prohibits the provision of an internet gambling service using casino or EGM type games to Australian residents, but a quick scan of the internet will show that these prohibitions are blatantly ignored. While a diligent search of some of the interactive gambling websites may reveal – somewhere in the small print that nobody reads – a statement that people in countries where the provision of such services is prohibited should not participate, many sites are clearly aimed at Australian gamblers and provide a specific facility for people to gamble in Australian dollars. While recognising the difficulties involved in enforcing such prohibitions, it is clear that the Act as it stands is ineffective and needs to be given more teeth.

Although circumstances prevented the Taskforce from lodging a submission to the committee's recent inquiry into interactive and online gambling and gambling advertising, we welcome this opportunity to comment on the Interactive Gambling and Broadcasting Amendment (Online Transactions and Other Measures) Bill 2011, which is clearly intended to address some of the shortcomings of the Interactive Gambling Act 2001.

The provisions of the Bill

We note that the ultimate effects of this Bill would very much depend on the associated regulations. These would need to be carefully drafted to avoid unintended consequences. How, for example, would betting on a losing outcome be distinguished from betting on a winning outcome in team or one-on-one sporting contests where for one side to win the other must inevitably lose? And could a sporting team that uses a confidential report that one of its players will be unfit to bring in another player it believes will maximise its chances of winning, thereby gaining a financial advantage in the form of winning payments, fall foul of the Act if it is so amended? These and other questions are legal technicalities that will need close attention but on which the Taskforce is not equipped to pass judgment. We will therefore restrict our further comments to the apparent principles and objectives behind the Bill.

Prohibitions on corporations offering gambling services

We support the principle that betting of the sort described in Section 3 should be prohibited. Examples from overseas have shown how it has the potential for corrupt gamblers to entice players into rigging outcomes with a view to profiting from the proceeds of gambling. This can compromise the integrity of the sport, undermine public confidence in performances and put pressure on sports people who may get caught up in it, possibly leading to the destruction of their careers. With the previously mentioned qualification about the distinction between betting on winning and losing outcomes, we believe there is nothing to lose and everything to gain from prohibiting the provision of such services. Although such prohibitions are most relevant to online gambling we believe that, in principle, they ought to apply to all methods of gambling.

Amendments relating to online transactions.

The provisions within Schedule 1 are perhaps the most contentious in the Bill. Their aim seems to be to foil any attempt to offer illegal interactive gambling services to Australians by allowing the gamblers to back out of uncompleted transactions to pay for their losses. In principle, they seem to mean that gamblers could collect any winnings but would have an avenue to avoid full payment of any debts they incur. We believe that a better approach would be a blanket prohibition on financial transaction providers making payments to the providers of prohibited online gambling services. Once a gambling service had been identified as inconsistent with Australian law its operators would then know that they could not gain access to gamblers' funds through Australian financial transaction providers and would presumably take steps to ensure that Australians did not access that service.

Amendments relating to inducements to gamble

We strongly support the inclusion of a measure such as is incorporated in Schedule 2. Online inducements to gamble, which are accessible to all including children, should not be permitted. The inclusion of 'inducement to gamble' as a gambling service would ensure that a site which offered such inducements and provided a link to a gambling site could not escape the prohibition on the grounds that it was not itself a gambling service.

Particularly invidious inducements can be found on ‘freeplay’ sites that offer unrestricted access to anyone (including children) to play EGMs with all the features of the real ones except that ‘credits’ are used in place of real money. Players may be enticed with free credits to get started. As well as all the usual appealing features these sites may have the odds heavily loaded in the player’s favour so that, directly contrary to what happens when playing with real money, it is virtually impossible to lose. They may then provide a link to a site where one can play with real money, contrary to the existing provisions of the Act. Their clear intention is to entice players into believing that if they can achieve large wins with credits only then they ought to be playing with real money. We can be confident that once they did so the odds would be dramatically reversed. It is crucial to ensure that such deceitful inducements do not become more widespread.

Amendments relating to broadcasting about gambling

We support, in principle, the aims behind the measures set down in Schedule 3. We believe that gambling services are a dangerous product and their advertising should therefore be restricted to a context where they are least likely to attract interest from vulnerable people, especially children, who may not be fully aware of the risks involved. This means excluding such advertising from all children’s viewing times, all G classified programs and all sports related programs of interest to children.

The prohibition of broadcasting odds where there is a commercial arrangement between the licensee and the betting agency concerned is a wise precaution to prevent the broadcasting of what are, in effect, paid advertisements masquerading as news, commentary or information.

Amendments relating to obtaining a financial advantage by deception

As well as the proposed amendments to prohibit gambling providers from offering services that are likely to encourage corrupt practices in sport, it is regrettably necessary to also amend the Criminal Code Act 1995 to guard against those involved being enticed by the promise of a gambling windfall to engage in deception. We therefore also support in principle the measures described in Schedule 4.

Conclusion

While we accept that it should be made as easy as possible for gamblers to withdraw authorisation for an operator to extract funds from their account, we believe that a blanket ban on financial transaction providers making payments to the providers of prohibited online gambling services would be preferable to allowing gamblers to back out of uncompleted payments for gambling debts they have already incurred.

We support in principle the objectives of tightening the provisions of the Interactive Gambling Act 2001 in order to constrain the use of inducements to gamble; to restrict the advertising of this dangerous product on radio, television, and subscription television, especially at times when children are likely to come under its influence; and to reduce the temptation to corrupt sporting outcomes for financial gain, especially through gambling.

While the detailed content of the Bill deserves careful consideration, we urge the committee to endorse any measures that would contribute towards the important outcomes it seeks to achieve. This is needed to protect the vulnerable from exploitation and to maintain the integrity of our online services and sporting activity.

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