

**To:**

The Committee Secretary  
Via the Senate online system / By Email ([gamblingreform@aph.gov.au](mailto:gamblingreform@aph.gov.au) )  
Joint Select Committee on Gambling Reform  
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**Subject:**

Submission to the Joint Select Committee on Gambling Reform

**About the authors:**

We are a group of Public Policy students who each, for our own reasons, share a personal interest in Problem Gambling and related issues. We have taken the opportunity to submit our analysis of Interactive Gambling (in particular, online gambling) in Australia to the Committee on Gambling Reform as an opportunity to apply the policy analysis methods we are studying to a field with personal meaning to each of us.

**Problem Definition:**

Online Gambling poses unique threats to Australians that other forms of gambling do not. It can be discrete and hard to detect; it can be done from the home, or anywhere with internet access. The international nature of providers and consumers renders it a problematic area for regulations. Furthermore, little can be done to restrict access to online gambling for vulnerable demographics such as under age gamblers and problem gamblers.

The IGA of 2001 attempted to significantly restrict online gambling, but has failed in several ways. It has been difficult and costly to enforce locally, and partly because many Online Gambling Providers are not bound by Australian laws.

Online regulations and media laws for Australia are clearly the purview of the Federal Australian Government and therefore it is critical that appropriate steps are taken at the national level to manage this new danger to Australia's people.

**Stakeholders:**

Those who stand to lose from Interactive Gambling most are problem gamblers, but also their families, communities and the agencies which support people with gambling problems.

There are many companies, and potentially the government, which stand to gain financially from Interactive Gambling. Online Gambling Providers are based both overseas and locally. We have already seen an online poker provider sponsoring Australian sports. There are clearly many opportunities for other industries in Australia to benefit through advertising deals and other promotions from Online Gambling. Recreational (i.e. non-problem gamblers) can benefit from Online Gambling as a recreational pastime.

**Prevalence of Problem Online Gambling:**

Problem gambling in general is an issue that affects many Australians. Prevalence rates of problem gambling are estimated to be between 1.4% and 2.1% of adults, with 0.5-1.0% of adults suffering "significant problems" from gambling (Productivity Commission, 2010). It is noted, however, that many adolescents may also experience difficulties with gambling. In a 2007 study of 2,669 South Australian adolescents, 2.4% of respondents could be classified as problem gamblers, with a further 6.4% considered "at risk" (Lambos, Delfabbro, & Pugliese, 2007). As such, it appears possible that the true size of problem gambling within the Australian community must also extend to include gambling in adolescents.

Current gambling policy and research has a strong focus on gambling on poker machines. However, with more than 10.4 million internet subscribers in Australia (ABS, 2010), and many Australians now having access to the internet via mobile phones, the issue of online gambling is increasingly highlighted. The Productivity Commission's 2010 report notes that it is unclear how many people participate in online gambling. Anecdotally, however, there is evidence to suggest that the prevalence of online gambling is increasing (Responsible Gambling Advocacy Centre, 2011).

Prevalence estimates of online gambling are additionally constrained by an inability to understand the exact size of the international online gambling industry. In response to UK legislation the United Kingdom Gambling Commission received 2,357 licence applications in 2007. In 2010, the Productivity Commission noted that a web search of 'internet gambling' yield over 12 million hits, in stark contrast to 7,000 hits in 1999 (Productivity Commission, 2010).

The 10.4 million active internet subscribers in Australia represents a jump of over 16% since June 2010. Not only is the number of internet subscribers growing, internet media and content continues to grow at an exceptional rate. The debate over internet gambling has been brought to the forefront given recent talks to end broadcasting of odds during live sporting events. Minister for Communications, Internet Technology and the Arts, Richard Alston recently discussed introducing legislation to prohibit "Australian gambling service providers from providing online and interactive gambling and wagering services to people located in Australia."

The difficulties associated with prohibiting online gambling has grown while the forms of gambling available to consumers has also grown to include: sports betting, casino games and various other forms. Studies have shown that "people of all ages are spending more time interacting with technology in the form of Internet, videogames, interactive television, mobile phones, MP3 players, etc." This provides evidence to counter the argument that growth is only taking place in certain subsets of age categories. As media and technology capabilities continue to evolve, the accessibility by all Australians to online gaming continues to grow warranting prudent oversight.

### **The Interactive Gambling Act 2001**

Whereas the Interactive Gambling Act 2001 (IGA) prohibits internet gambling services from being provided to customers physically present in Australia, as well its advertising, it has not been effective enough to prevent Australian residents from suffering all psychological, social and economic impacts related to the gambling problem described in this document.

Some of the issues that have prevented the IGA from accomplish its purposes are: (i) it just focuses on the service providers; (ii) no restrictions are placed for Australian users; (iii) the definition and extension of "non-prohibited internet gambling services" is ambiguous enough to allow much gambling over the internet without restrictions in Australia; and, (iv) lack of real authority to regulate and control international service providers (this fact cannot be changed unless international cooperation and agreement is reached with foreign authorities).

Even though, gambling is one of the Australians favourite leisure activities, the Australian Government should intervene when a leisure activity is becoming a major social problem. In this regard, the IGA is the best legal instrument the Australian Government can use to regulate all Australian resident customers, moderate gambling services use and protect Australia's internet users from gambling addiction.

### **International Context:**

When creating a new law or amending the current Interactive Gambling Act, Australia can benefit from looking at the various legislative activities taken by other countries. The United Kingdom (UK) seems to have achieved the most success with the Gambling Act 2005. Instead of prohibiting online gaming, the UK chose to regulate it, mandating each "remote gambling" company must have a license. The idea is that interested parties will find a way to gamble, so regulating the market and ensuring UK companies are competitive is important. New Zealand and Canada both prohibit interactive gambling, although there are exemptions in each country.

The United States (U.S.), meanwhile, has more complicated and ambiguous legislation. While states are able to make their own laws for gambling within their borders, the emerging prevalence of online gaming has necessitated the involvement of the federal government. In 2006, a last minute measure called the "Unlawful Internet Gambling Enforcement Act of 2006" (UIGEA) attempted to regulate online gambling, and has generally made online gambling illegal. In April, 2011, the three largest poker websites accepting U.S. players were shut down using UIGEA. Currently, there is debate within the U.S. government of whether to legalize online gambling, creating needed tax revenue.

**Recommendation 1:**

Clearly the current Interactive Gambling Act has not achieved its goals. Regulating rather than prohibiting Online Gambling is an attractive option which has been successful in the UK. This will allow the Australian Government to ensure a degree of fairness and decent business practise among the providers, while providing a mechanism to enact support for problem gamblers.

Australia should strongly consider the UK's Gambling Act 2005 when creating new legislation. People that want to gamble will always find a way to successfully accomplish the goal. Regulating the environment can help Australian companies be competitive while encouraging and enabling health related measures to diminish the issue of problem gambling.

**Recommendation 2:**

Online Gambling providers should have similar requirements placed on them as physical venues do to the extent possible. This might include access to and promotion of gambling support services on the web site.

**Recommendation 3:**

Establish a Government function to monitor and report on participation in online gambling. As discussed above, there is currently very little solid data available for analysis of these issues and their prevalence in Australia.

**Recommendation 4:**

Increase community education around online gambling and funding for targeted community programmes. Most urgently needed is education about online gambling in programs for adolescents and other high risk groups.

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Review of current and future trends in Interactive gambling activity and regulation: [http://www.fahcsia.gov.au/sa/gamblingdrugs/pubs/review\\_trends/Documents/chap5.htm](http://www.fahcsia.gov.au/sa/gamblingdrugs/pubs/review_trends/Documents/chap5.htm)

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