



RSL & SERVICES CLUBS

SUBMISSION TO

**JOINT SELECT COMMITTEE
ON
GAMBLING REFORM**

**INQUIRY INTO
INTERACTIVE GAMBLING**

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

INTRODUCTION

The RSL & Services Clubs Association welcomes the opportunity to make a submission to the Joint Select Committee on Gambling Reform and its Inquiry into Interactive Gambling.

By way of background the Association represents the interests of the 270 RSL and kindred clubs in New South Wales and is an affiliated Association with ClubsNSW.

Some of the issues the Association wishes to comment on have recently been addressed by the Council of Australian Government (COAG) Select Council on Gambling Reform, in particular those relating to promotion of live odds and inducements to bet.

This submission also addresses the issue of the 'level playing field' between all forms of gambling with particular reference to advertising of online gambling and the ability to bet on credit.

This Association believes that if the Government is seriously concerned about the extent of problem gambling it should move to ban credit betting on online gambling and sports betting sites before it spirals out of control.

Furthermore, it should move to impose the same advertising bans on online gambling as applies to clubs, hotels and casinos. The Committee needs to consider why this form of gambling is seen as less of an issue for problem gamblers than the playing of poker machines.

As mentioned in previous submissions, these sites are spawning another category of problem gambler who is most likely sitting at home alone with no harm minimization controls, possibly under the influence of alcohol, possibly under-age and, using a credit card to bet with money they don't own.

Worse still any moves toward a mandatory pre-commitment scheme for poker machine will likely force problem gamblers to these sites driven by the almost incessant advertising invading television screens and the radio airwaves.

Implications of new technologies

In recent years there has been an explosion in the availability of internet and mobile phone gambling which goes largely un-regulated when compared with clubs, and hotels and casinos.

Much of the focus in recent years has been placed on gaming machines as a source of problem gambling addiction. But in that same period, harm minimisation measures employed by Government through legislation and strictly adhered to by venues has done much to cut those levels from an estimated 2% of the population to 0.4%.

However, the 'internet' is now ranked the fastest growing gambling activity with an annual conservatively estimated turnover of more than \$1 billion per year and growing.

A recent Canadian report into online gambling showed that Australia is among the top 20 online gambling jurisdictions in the world.

The report – *Internet Gambling: Prevalence, Patterns, Problems and Policy Options*, prepared for the Ontario Problem Gambling Research Centre – showed, among other things, that both Canadian and international internet gamblers identified its 24-hour availability and convenience as its main advantage.

Secondary advantages included a better game experience, more physically comfortable, lack of crowds, anonymity, better payout rates, less smoke and being able to smoke.

The Report also found that Canadian and international internet gamblers engage in all types of gambling more frequently than their 'land based' counterparts as well as having higher average gambling expenditures relative to non-internet gamblers.

According to the report the monthly expenditure for internet gamblers from Australia/New Zealand was \$300 compared to \$59 for non-internet gambling. The figure is also higher than internet gamblers in the United States who spent an average \$237/month and the United Kingdom where the figure was \$64 and Canada \$166.

Further, the Canadian Report estimates that the prevalence of problem gambling is three to four times higher in internet gamblers compared to non-internet gamblers. Among the international online sample, the report estimated that 16.6% were either moderate or severe problem gamblers, versus a rate of 5.7% among land-based gamblers.

In terms of the policy implications, the report says that it is almost impossible to effectively prohibit online gambling. *"Whether online gambling is good or bad for society, it is better for it to come under legal regulatory control so as to accrue the economic benefit and to better ensure player protection. Some of this new revenue can then be used for prevention and treatment of online problem gambling"*.

Unlike gaming machines where money used to play is 'cash', internet or mobile phone gambling allows the player to bet on credit – money which the individual does not 'own' – in the unregulated and comfortable environment of their home. As is determined by the Canadian research, the Association would argue that this form of gambling is breeding a new type of problem gambler who is going totally undetected.

While these sites discourage minors (under the age of 18) attempting to bet on the site, the onus appears to fall on to parents or responsible adults installing child protection software packages to prevent them from accessing the sites.

Unlike clubs and hotels in particular, these internet gambling sites are able to advertise their products widely on radio and television, both mediums which penetrate heavily in to the community and influence under 18s. There is also the 'lure' of start-up inducements on activities such as football tipping to attract punters to a site.

This is an area highlighted by the recent COAG meeting which agreed to take action to reduce and control the promotion of live odds during sports coverage. The meeting raised

specific concern that such promotions, including commentary by sporting role models, was becoming insidious in live sports coverage.

Also of concern were the so-called 'exotic' bets on various outcomes during a game of, for example rugby league, which have the capacity to impact directly on the integrity of sport.

And following that meeting the Coalition of Major Professional and Participation Sports (COMPPS) – including the AFL and NRL – moved to propose laws to require punters who bet or collect more than \$5,000 in cash to register their wagers so they can be monitored.

The move was one of nearly 30 recommendations in a report on betting and the integrity of sport considered by COMPPS.

Further, a recent report by the University of Sydney's Gambling Treatment Clinic confirms the view that the rising popularity of internet sports betting is changing the face of the problem gambler. In that report the internationally recognised gambling expert, Professor Alex Blaszczynski, stated that problem gambling had certainly moved away from the traditional picture of a person sitting for hours on end at a poker machine.

He reported that young men in particular are turning to gambling on sports and reporting difficulties controlling this form of gambling, with access to technology such as high speed internet via smartphones allowing them to literally gamble anywhere, anytime.

Liberalisation of Online gambling

The Association questioned a number of the reasons behind the Productivity Commission's recent report justifying a managed liberalisation of online gaming which it concluded would inevitably entail some risks.

Of most concern was the Commission's statement that:

Moreover, as online gambling is still relatively new, many occasional gamblers may not yet be comfortable with the medium (this is likely to be particularly so for older age cohorts). Heavy gamblers and problem gamblers will inevitably be early adopters of the technology and will thus be over-represented amongst online gamblers. As the industry matures and becomes normalised, it will become more attractive to recreational (non-problem) gamblers, and the prevalence of problem gambling may well decline.

The Commission made the statement in contrast to an earlier comment that '*online gamblers do not fit the typical profile of a vulnerable or at-risk group within the community. Rather they are more likely to come from higher socio-economic groups with above average education levels and income, and working in professional or managerial jobs.*' Simply because someone works in a professional or managerial position does not guarantee they are not a problem gambler.

Similarly, the Commission conceded that, '*in general, the evidence suggests that people who have gambled online at some stage in the past tend, on average, to have a considerably higher rate of problem gambling than people who have never gambled online.*'

One of the major precursors to initiating the Productivity Commission inquiry, and one of its major objectives, was to investigate ways of limiting problem gambling. However, the Commission's recommendation not to impose a ban on the use of credit cards for online gambling was perhaps the most controversial.

The use of a credit card for online gambling is akin to walking in to a licensed club and placing it in the slot of a gaming machine and commencing to play. While this would create a major community backlash, the Commission chose to overlook this in relation to online gaming. Also of concern was the 'line of credit' offered by online wagering agencies and complimentary 'start up' amounts which are used to entice people to play, along with advertising on mainstream media, which is banned for gaming machines.

While the Commission recommended the use of various harm minimisation measures, such as pop up messages (these can be turned off), it also overlooked the role that financial institutions could take under these circumstances.

It is common practice for financial institutions to question irregular transactions on general use of a credit card. However, these same institutions do not seem to have the same diligence when it comes to use of credit cards for wagering activities or the capacity of individuals to pay back the money.

Summary

The Association believes the banning of credit card facilities for gambling online, as it is for land based gaming, would be one of the biggest single deterrents to individuals becoming problem gamblers.

Rather than try and harness the existing expanding problems the responsible action of Government would be to place the same restriction of no credit betting on all forms of online gambling.

The Association would therefore argue strongly for a 'level playing' field for all forms of gambling, namely:

- No 'credit' betting
- No 'start up' inducements to bet
- The banning of so-called 'exotic' bets
- The same legislative controls on advertising restrictions as apply to gaming machines in clubs and hotels in NSW

We thank the Committee for the opportunity to make a submission to this inquiry.

Further information:

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