

June 27, 2011

Dear Joint Select Committee on Gambling Reform,

Please find attached a submission to the inquiry into the prevalence of interactive and online gambling in Australia and gambling advertising. Thank you for the invitation and opportunity to contribute to this important and worthwhile inquiry. This submission extends the original submission made to the Senate Standing Committee on Community Affairs in August 2010. Our submission aims to highlight the need for much more research on Internet and interactive gambling, particularly concerning the Australian context and the impact of this form of gambling on various aspects of society. We have also attempted to discuss some of the important areas that should be considered in any regulatory framework.

The authors of the current submission are engaged in several research projects investigating interactive gambling in Australia. These have been summarised and will examine several key concepts including the relation between interactive gambling and problem gambling, how interactive gambling is used in Australia, and online gambling behaviour, which may be used to develop more effective responsible gambling strategies. We would like to take the opportunity to thank all organisations and individuals who have assisted and supported our various research projects as well as individuals who have actively participated in these. We welcome the opportunity to discuss this submission, our research and other matters relating to this inquiry with this committee as well as other stakeholders and interested parties.

We look forward to hearing the outcome of the present inquiry.

Sincerely,

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Joint Select Committee on Gambling Reform: Inquiry into the prevalence of interactive and online gambling in Australia and gambling advertising

Current interactive gambling market

Internet and interactive (mobile phone, wireless devices and interactive television) gambling appears to be one of the fastest growing forms of gambling internationally and in Australia. Gaming consultants H2 Gambling Capital have reported that global online gambling gross market win (i.e., stakes wagered less prizes) is expected to reach AUD\$32 billion in 2011, with underlying growth remaining strong at 12%. This represents around five to ten per cent of the worldwide gambling market. This growth is driven by several factors including the increased availability of cheap, fast broadband Internet access; increased liberalisation of Internet gambling regulations in many international jurisdictions; marketing and promotions by online gambling providers, notably sports betting which is heavily promoted during sporting events; and innovative product offerings and player enticements including bonuses, live betting and mobile applications.

As of June 2011, approximately 2,443 online gambling sites exist, 92% of which are available to Australians. According to Online Casino City, there are 150 different payment methods offered by sites accepting bets from Australia, with new payment methods being developed for use on commercial sites such as Facebook and iTunes. Betting dominates the online market accounting for approximately 41% of revenue, although poker and casino games (including gaming machines and bingo) represent significant Internet product offerings. Australia is the 13th largest provider of Internet gambling worldwide with approximately 32 licensed sites.

The accessibility of online gambling is becoming increasingly easier with overseas jurisdictions, for example Canadian provinces, operating gambling sites and several US states proposing its introduction. The increased liberalisation of Internet gambling regulation is likely to continue given difficulties in enforcing prohibition, restriction loss of revenue to off-shore operators, requirement to control sites to minimize exploitation of players and to promote responsible gambling codes of conduct and player protection.

Substantial variability in the regulatory requirements, technical standards, and control of Internet gambling sites and in models for licensing fees and taxation currently characterizes the market sector. For example, few restrictions apply in sites regulated by Kahnawake and Antigua, while Alderney applies probity checks before granting licenses and conducts ongoing monitoring to ensure that all sites are free from criminal influence, exploitation and cheating, and that players and the public are protected.

The Interactive Gambling Act of 2001

Currently in Australia, the Interactive Gambling Act of 2001 (IGA) prohibits Internet gambling sites from accepting money from Australian residents. Despite these restrictions, Australians were estimated to spend over AUD\$968 million in 2010 on illegal online casino, poker and bingo sites. The inadequacy of regulatory restrictions and compliance is evident in the apparent absence of prosecutions for breaches of the Act (Gainsbury, 2010).

The empirical data supports claims that a growing minority of Australians gamble online. The Productivity Commission (2010) estimated that between one and four per cent of Australians gamble through interactive mediums. A higher figure of 30% of individuals aged 16 and over gambling online was reported by a nationally representative telephone poll conducted by Roy Morgan Research (Nielsen Online, 2010). The variance in figures reflects the difficulty in giving precise estimates of the prevalence of interactive gambling given that offshore companies operate the majority of online gambling sites. In contrast to authorized sports betting and wagering online services and Australian terrestrial (land-based) operators, internationally based operators do not provide accurate data or report on levels of interactive participation. Setting aside the inaccuracy of estimates, data suggests that a minority access Internet gambling and that remains less popular than other modes of gambling. However, annual estimated growth rates between 10-20% suggest that Internet gambling will have an increased impact on Australian society. The concern raised is that the IGA will increasingly become ineffective in preventing Australians from gambling online or preventing significant amounts of un-taxed revenue being taken offshore.

Consistent with its earlier recommendations, the 2010 Productivity Commission has recommended managed liberalisation of Internet gambling in Australia, commencing with Internet poker. In this context, the Commission directed attention to the need for player protection measures and minimization of offshore loss of revenue. The Inquiries attention is directed to the consideration of the benefits and costs of liberalising Internet gambling found in the academic and grey literature (e.g., Monaghan 2008, 2009a, 2009b; Gainsbury, 2010; Gainsbury & Wood, 2010; Wood & Williams, 2007) and in Gainsbury (2010).

One particular deficiency of the IGA is the degree of compliance enforcement. Despite a policy of prohibition, Australians can easily access offshore Internet gambling sites, spend large amounts of money and be exposed to unfair player practices. This is of significant concern as Australians have little recourse if they lose their money or experience unscrupulous treatment. However, little appears to be done to prevent these sites from allowing Australians to play or to stop the sites from directly marketing to Australians. Preliminary research conducted by Dr. Gainsbury and Professor Blaszczynski indicates high levels of confusion regarding Internet gambling regulation among Australians. This has led to a disparity in that sites that abide by the regulatory requirements compete unfairly with offshore sites that offer better odds, more products and have fewer personal identification requirements. *Therefore, we argue that further action should be taken to block advertising online and offline by offshore sites, legal action be taken against unregulated sites that allow Australians to play, and efforts made to educate Australians about the dangers of playing on unregulated sites.* Recent legal action in the US, where several large online poker sites have been prosecuted and forced to stop providing services to US residents, provides an example of the potential impact of taking legal action against offshore sites, despite logistical difficulties.

Regulatory frameworks for online gambling

There are several activities associated with Internet gambling that need to be addressed. These include but are not limited to the capacity for cross-jurisdictional shifting of monies for illegal or terrorist purposes, laundering money, loss of taxable revenue to overseas countries, possibilities of exploiting/cheating players, lack of procedures for the resolution of disputes, lack of clarity over boundaries of legal responsibility, and harm to local residents.

The CEN Workshop (2010), incorporating members of the national standards bodies of 30 European and Mediterranean countries have developed nine draft control objectives relating to responsible remote (Internet) gambling. The intent is to establish uniform guidelines, principles and policies. The nine control objectives include:

- The protection of vulnerable customers
- The prevention of underage gambling
- Zero tolerance of fraudulent and criminal behaviour
- Protection of customer privacy and safeguarding of information
- Prompt and accurate customer payments
- Fair gaming
- Ethical and responsible marketing
- Commitment to customer satisfaction and support
- Secure, safe and reliable operating environment

Australian approaches to responsible Internet gambling ought to take into consideration, and where appropriate, adopt or introduce relevant policies and procedures that are consistent with those implemented in other international jurisdictions. Given the Internet is a global phenomenon, a uniform set of guidelines informing policy decision makers across international boundaries must be pursued to maximize regulatory control and monitoring.

The Alderney Gambling Control Commission (AGCC) provides an example of a successful regulatory framework for Internet gambling and has a highly regard reputation within the Internet casino industry. Operating since 2002, in 2010 Alderney generated a profit of AUD\$5.8 million in licensing fees from Internet casinos, which, combined with other income generated from online gambling, was utilised to benefit local communities such as building an old age home (Cass, 2011). The regulatory objectives of the AGCC are to:

- Ensure that funding, management and operations remains free from criminal influence;
- Ensure that eGambling is conducted honestly and fairly; and
- Protect the interests of public (children and vulnerable) (Wilsenach, 2011).

The licensing and activation process is based on thorough testing of the suitability of the application (including the applicant's character, business reputation, financial position, ownership and corporate structure, character and reputation of business associates and sources of funding. Furthermore, the business processes, equipment and product are tested and approved. Following licensing there is ongoing compliance checks with the regulatory requirements through monitoring and reviews, inspections, customer complaints, 'mystery shopping exercises' and special investigations where necessary. Disciplinary sanctions are enforced if sites and operators do not comply with regulations.

The Canadian province of Ontario has also applied an effective framework in their implementation of an Internet gambling platform (to be launched in 2012). The site will not be launched until extensive consultation with stakeholders has been completed and a strict responsible gambling platform will be introduced based on empirical evidence and consultation with stakeholders. This includes mandatory limits for time and money, pop-up messages to communicate with players and responsible gambling tools such as self-help tests and information about games.

International examples of Internet gambling regulation and empirical evidence where available should be used to guide Australian Internet gambling regulatory frameworks. In

addition, any regulatory changes should be made following consultation with key stakeholders and advisors, including academic researchers.

Advances in computer graphics and technology have led to the development of sophisticated and graphically attractive Internet gaming sites that operate 24 hours 7 days per week and are readily accessible through mobile phones, personal wireless devices (e.g., iPad), and laptop computers. As a consequence, there is an expression of public concern that Internet gambling results in the negative impact and costs associated with excessive gambling and the potential to exploit vulnerable segments of the community.

The focus of this submission to the Joint Select Committee on Gambling Reform is on the potential risks and benefits of Internet gambling to the Australian community that may be taken into consideration in the development of regulatory policies and procedures.

Research and evaluation

The interactive gambling literature is characterised by few, small-scale studies that often have methodological issues such as the use of non-representative, self-selected samples, which limit the validity of results. Furthermore, the findings of these become rapidly outdated as result of constant changes in technology and the market. In addition, very little research has directly examined interactive gambling in Australia. Consequently, there is little information about the demographics of users, extent of use and/or impact of online gambling in Australia making it difficult to develop appropriate policy responses or predict market trends.

To address this lack of empirical data, it is recommended that the government must as a first step ensure that research funding is provided to independent researchers to investigate the impact on society at the individual, family and community level. Such research should attempt to describe the socio-demographics of Internet users and further the understanding of interactive gambling in terms of participation levels, frequency and duration of play, expenditure, Internet gambling sites used and pattern of engagement with all forms of gambling (interactive and terrestrial). Additionally, research is needed to clarify the relationship between interactive gambling and problem gambling, and the involvement of youth and young adults in Internet gambling. As individuals become increasingly comfortable and familiar with gambling through interactive mediums it is expected that the popularity of Internet gambling will increase; however, in the absence of basic and fundamental data, effective policies cannot be implemented.

It is recommended that collaborative research funded by the government be encouraged between academic researchers, industry operators, state and federal governments and regulatory bodies. Collaborative research is necessary to gain a complete understanding of interactive gambling including the impacts of this form of gambling on individuals and society. Efforts should be made to encourage such projects through the provision of funding to academic researchers from government and industry groups and incentives for operators such as tax breaks. This form of research will be instrumental in establishing Australia as an international leader in gambling research and provide accurate information to guide policy formation. *It is essential that such research be conducted independently based on scientific methods to ensure that results and subsequent conclusions are valid and reliable. Furthermore, all results must be subject to academic peer-review to ensure the integrity of research and made available through journal articles.*

Youth

There are several areas of concern with interactive gambling that require special attention. One such concern is the participation of youth and young adults in interactive gambling. Youth are familiar and comfortable with interactive and anonymous electronic media and use the Internet for a multitude of social, entertainment, educational, and business interactions. Australian studies have found that a substantial proportion of school students gamble online (Delfabbro et al., 2005; Jackson et al., 2008). Furthermore, international studies indicate that Internet gamblers are more likely to be younger adults (Wood & Williams, 2009). As young adults have been identified as being at greatest risk for gambling-related problems compared to any other age cohort (Delfabbro, 2008), this highlights the particularly vulnerable of youth to potential harmful consequences. This concern is supported by several research studies that have found relatively high rates of Internet and associated problem gambling amongst young adult populations (Griffiths & Barnes, 2008; McBride & Derevensky, 2009; Olason et al., 2011), again highlighting the necessity for further research in this population to understand the impact of interactive gambling amongst this vulnerable population. Development of attitudes and entrenched behaviour toward Internet gambling among adolescence has implications for longer-term involvement in adulthood and chronicity of problems affecting families and the broader community.

Research indicates that youth are highly influenced by gambling advertising (Lamont, Hing, & Gainsbury, 2011; Monaghan, Derevensky, & Sklar, 2008). Studies involving Canadian adolescents report that advertisements for gambling products increases the extent to which youth think about and want to try gambling as well as the likelihood of youth engaging in gambling (Derevensky, Sklar, Gupta, & Messerlian, 2010; Felsher, Derevensky, & Gupta, 2004). Promotional products, sexualised images, and celebrity endorsements appear to be highly appealing to youth and these techniques may encourage adolescents and young adults to engage in gambling. *It is recommended that efforts be made to protect children and adolescents from being exposed to Internet gambling advertisements online and offline. Efforts should also be undertaken to reduce the appeal of advertising and marketing strategies to youth and young adults and ensure that all advertisements are balanced with appropriate education of gambling risks and potential harms.*

Problem gambling

A significant concern is the apparent association between interactive gambling and problem gambling. Several studies have found higher rates of problem gambling in Internet gamblers as compared to non-Internet and terrestrial gamblers (Griffiths et al., 2008; Volberg et al., 2006; Wood & Williams, 2007; 2009). However, it is unclear whether problem gamblers gamble online and exacerbate existing problems, or whether particular factors of Internet gambling, including availability, convenience, use of credit, and speed of play, lead to gambling problems. It is highly likely that both are contributing factors and that the association between interactive gambling and problem gambling is multifaceted.

Nevertheless, it is relevant to emphasize that responsible gambling strategies and harm-minimisation measures can be enacted online to minimise potential gambling-related harms; in some cases more effectively than for land-based venues. Software-based algorithms to detect deviations from normal expenditure and atypical patterns of behaviour can be used in promoting early detection and intervention strategies for problem gambling. Internet gambling sites are increasingly implementing consumer protection measures and abiding by

mandated or voluntary codes of conduct; however, as long as unregulated sites are available and present an attractive and reasonable alternative, individuals will be able to gamble in a manner that causes significant problems. Therefore, it is possible that increased use of interactive gambling may result in an increase in gambling-related problems with associated social and financial burdens on society including psychological, health, legal, and welfare services.

In particular, given the anonymity and absence of interpersonal interaction characteristic of Internet gambling, it remains a challenge to limit underage gambling. Use of robotics (software programs that evaluate statistical probabilities and thus have an unfair advantage but are designed to mimic humans giving the impression that players are competing against other humans) is also difficult to control in unregulated markets.

It is recommended that efforts be taken to implement effective public education programs to inform people of the potential risks associated with Internet gambling, including the lack of consumer protection measures on offshore sites.

Internet treatment options

As Australians are already using interactive mediums to gamble, both legally and illegally, it is expected that some individuals will develop or exacerbate gambling-related problems. Given that fewer than 10% of problem gamblers seek formal treatment, typically in response to life crises, new forms of treatment should be considered to assist problem gamblers unwilling or unable to access existing treatment options. *Internet-based treatment options represent a new form of help that may be more appealing to individuals, particularly those comfortable and familiar with Internet technology. Emerging research is demonstrating the effectiveness of Internet-based interventions, including online therapy and self-help options, for gambling, including youth-specific interventions (Gainsbury & Blaszczynski, 2011; Monaghan & Blaszczynski, 2009; Monaghan & Wood, 2010). The implementation of relatively simple Internet interventions, such as brief assessments with automated normative feedback, may be particularly useful in increasing awareness of potential gambling-related problems amongst vulnerable populations and lead to appropriate behavioural regulation and change. Such strategies may even be incorporated as a mandatory component of Internet gambling sites as a responsible gambling strategy.*

Internet responsible gambling strategies

The Internet offers a unique medium through which to offer responsible gambling strategies. Unlike land-based venues, Internet gambling customers play with a specific account and their gambling behaviour is tracked and monitored by online gambling sites. *This would enable the development and implementation of tailored responsible gambling programs that provide specific, individualised responses to players based on their Internet gambling (Gainsbury, in press).* This would increase the effectiveness of responsible gambling programs for players at-risk of developing gambling problems and reduce the impact of responsible gambling strategies on players already using gambling sites in a responsible manner.

Internet gambling behaviour can be tracked, and analysed to identify behavioural patterns that may be related to risky play or signify potential problems (Gainsbury, in press). Operators can then provide practical information and strategies, such as assisting players to set appropriate time and money limits, providing information about problem and responsible

gambling and encourage players to complete self-assessment tests. Research is currently underway by Dr. Gainsbury and Professor Blaszczynski, working with an Australian online wagering operator, to develop such a system. The results of this research could be extrapolated to other online gambling sites and greatly enhance the player protection measures offered. This system would be highly beneficial to operators by reducing the extent to which customers gamble beyond their means and would also be likely to reduce the incidence of problem gambling among Internet gamblers.

Sports wagering and sponsorship of sporting teams and events

Exceptions to the IGA include lotteries and wagering, including sports betting. Sports-betting is Australia's fastest growing form of gambling, a fact primarily attributed to the increased popularity of interactive wagering complemented by aggressive advertising on television. Such advertising is portrayed not only through commercial advertisements but embedded in sports commentaries during telecasts. This mode of advertising has effectively normalized gambling as an integral part of sporting activities, associated gambling with sports in the mind of many, and has led to the encouragement of youth to gamble amongst themselves in addition to commercial operators.

Global Betting and Gaming Consultants estimated that Australians will spend \$611 million on online sports betting in 2011, representing a 230% increase from 2006. Although revenues relating to online wagering are increasing on regulated sites, large sums are expected to be spent on offshore sites which have fewer requirements for identification to open an account, may offer more competitive odds and bonuses and offer a wider range of betting options including live action betting. These figures do not include peer-related betting, particularly through social mediums such as Facebook.

The increased use of interactive mediums to place wagers may be in part related to the extensive advertising and marketing campaigns of online wagering sites, including sponsorship of sporting teams and events. Partnerships between Internet gambling corporations and sporting associations appear to be quite symbiotic as costs associated with sports increase and sports fans represent an ideal market for online gambling (Lamont et al., 2011). Although mandated and self-regulated codes of conduct restrict the involvement of other "non-healthy" products including tobacco, alcohol, and junk food, little attention has been paid to the potential harm caused by sports sponsorship from Internet gambling corporations. Some jurisdictions, including the UK, have prohibited the placement of gambling corporation logos on promotional merchandise, in recognition of the potential risk posed to vulnerable populations. The prominent exposure of gambling products normalises this activity and associates it with healthy activities and role models posing a direct risk to youth who are susceptible to influence (Monaghan & Derevensky, 2008; Monaghan et al., 2008). *The involvement of Internet gambling sites in the sponsorship of sporting teams and events should be carefully considered and regulated to reduce any risks of exposure to vulnerable populations.*

Recent policy changes to restrict the involvement of online gambling and wagering providers with sporting teams are commended. However, unless strict policies are mandated by legislation there will remain temptations to utilise funds provided by online gambling providers through creative avenues allowing continued marketing and promotions. *Regulators must carefully consider and set limits on the degree to which online gambling*

may be promoted during sporting events with clear penalties that are enforced for teams, individuals and event organisers that do not abide by these policies.

Advertising and aggressive promotion of online sports betting plays a significant role in the influencing participation rates among youth. This is evidenced in anecdotal reports among some treatment providers of a rapid escalation in young males presenting for treatment for excessive sports betting. The trend is apparent that lucrative gambling contracts and sponsorship of sporting clubs and television broadcasts is now replacing alcohol and tobacco sponsorship. The same arguments that has led to the banning of alcohol and tobacco sponsorship of sporting activities applies equally to gambling; namely influencing the attitudes and behaviour of youth to encourage gambling behaviour resulting in the emergence of a problem gambling and harm within this vulnerable sub-population within the community. *It is argued that the advertising of gambling and its integration within sports commentaries ought to be restricted and that appropriate guidelines be established.*

International Internet gambling policy cohesion

The introduction and growth of interactive gambling has been relatively sudden and many jurisdictions are finding that their regulations are outdated and ineffective with regards to this medium of gambling. However, due to difficulties effectively regulating Internet gambling and some reluctance to permit this medium, there is no “gold standard” regulation in existence that can be used to guide an appropriate policy response. This is in part because Internet gambling is a global phenomenon, but policy must reflect the needs of a local population and legal restrictions. Nevertheless, internationally jurisdictions are increasingly enacting more sophisticated regulatory approaches in acknowledgement of the reality and permanence of Internet gambling. *Although Australian policy makers must formulate a unique response to Internet gambling, international legislation can be used to guide policies.*

The Productivity Commission (2010) recommended that a cohesive approach be taken to maximise alliances with other similar jurisdictions. This is an extremely sensible approach as it would allow policy measures such as filters and blocking software to be shared and Internet sites to be regulated and evaluated based on international guidelines. *In particular, there should be a national policy framework to guide regulation in all Australian states and territories.* This is very important to reduce competition between states and ensure a cohesive corporate responsibility and consumer protection policy is in place. Furthermore, alliances with a country such as Canada, which has many similarities with Australia including a cohesive policy framework, would be expected to provide mutual benefits for both jurisdictions.

Southern Cross University & The University of Sydney current research and preliminary results

The attention of the Joint Select Committee on Gambling Reform is drawn to several research projects currently underway that are designed to identify detailed information on the use of interactive gambling in Australia.

An investigation of Internet gambling in Australia

Principal investigator: Dr. Sally Gainsbury (Southern Cross University)

Co-investigators: Professor Nerilee Hing (Southern Cross University), Professor Alex Blaszczynski (University of Sydney), Associate Professor Robert Wood (University of Lethbridge)

Funding: Menzies Foundation – Allied Health Sciences Grant

Aim: This research will examine the characteristics of Internet gamblers in Australia to determine the impact of this form of gambling on society, to inform key stakeholders and to assist in forming appropriate responses to the increasing popularity and effect of interactive gambling.

Method: Australian gamblers, particularly Internet gamblers, are being recruited to complete an online survey that investigates gambling involvement (including types of gambling engaged in, frequency and duration of play, time and monetary expenditure), knowledge and attitudes about gambling, problem gambling and specific use of Internet gambling and related problems. Participants receive interactive feedback on how their responses compare with peers matched by age and gender. This survey is based on an online survey used in a large study of Canadian and international Internet gamblers, which will allow the Australian results to be directly comparable to international samples. Links to the survey have been placed on several sites expected to be used by gamblers including online gambling sites, help-seeking sites, state gambling sites, sporting organisation sites and also promoted through media involvement. Paid advertisements will also be used to recruit participants.

Results: Launched in December 2010, the survey will be available until August 2011. Over 4,000 surveys have been completed so far. Preliminary analysis has been conducted for the first 1,697 responses. Preliminary findings suggest that horse/dog race wagering, sports betting and poker are the most popular forms of Internet gambling. The majority of Internet gambling is done through computers (76%) and mobile phones account for only a small proportion (4%) of Internet gambling, although mobile gambling accounted for 7% of Internet sports betting. Compared to non-Internet gamblers, Internet gamblers are more likely to be male and generally more involved in multiple forms of gambling. Internet gamblers appear to participate in more types of gambling than non-Internet gamblers including racing and sports wagering, lottery, poker and casino games. Overall monthly gambling expenditure was significantly higher for online gamblers compared to non-Internet gamblers and online gamblers spent more on dog/horse betting, poker and scratch tickets and Internet casino games. Notably, Internet gamblers did not appear to be more involved in electronic gaming machines (EGMs), indicating that EGM play may appeal to a different type of gambler.

Players reported being concerned primarily with safety and security of Internet gambling sites and chose sites based on their ability to protect and return their money, their reputation, payouts and bonuses. Secondary considerations when choosing a site were legality and the country that the site was based in, indicating that further efforts are needed to educate consumers about the dangers of playing on unregulated sites. Internet gambling was used for convenience, comfort, to gamble in private without other unpleasant people and because online site offered better payout rates and interesting games. However, 28% of the preliminary sample of Internet gamblers reported that Internet gambling was too convenient, 25% report that it was easier to spend more money and 13% reported that it was more addictive, indicating potential disadvantages of Internet gambling.

Significant differences were found in rates of problem gambling (as measured by the Problem Gambling Severity Index) between Internet and non-Internet gamblers, with non-Internet

gamblers being more likely to report no problems (41% vs. 26%). However, differences in problem gambling were not as significant as found in previous national and international research and this will be investigated further in the final results. Over one-fifth (21%) of Internet gamblers reported having gambling problems, and of these, approximately one-third attributed these primarily to Internet gambling. The remaining two-thirds of Internet gamblers reported other forms of gambling as their primary problem and stated that they had existing problems before they gambled online. This indicates that Internet gambling may cause problems for some individuals, while also exacerbating and maintaining existing problems for problem gamblers. Finally, 18% of Internet gamblers reported that using electronic payment caused them to increase their gambling expenditure.

The preliminary results have been presented at the following conferences:

- Gainsbury, S. (March, 2011). *Internet gambling*. Invited keynote presentation at the Australasian Casino and Gaming Regulators Conference, Hobart, Australia, March 31-April 1, 2011
- Gainsbury, S. (May, 2011). *Emerging trends in online gambling within Australia*. Invited guest speaker. Presentation at the Victorian Responsible Gambling Awareness Week Forum, Melbourne May 23.
- Gainsbury, A. (April, 2011). *Let's Play... Sports and interactive betting go head to head*. Presentation at Discovery 2011, Ottawa, April 5-8. Available at: <http://www.responsiblegambling.org/en/programs/events-discovery-2011.cfm>

A copy of the presentation given at the Victorian Responsible Gambling Awareness Week Forum is appended to this submission. A report will be prepared with an analysis of the final results once the study has been completed.

Interactive Gambling in Australia

Principal investigator: Professor Nerilee Hing (Southern Cross University)

Co-investigators: Dr. Sally Gainsbury (Southern Cross University), Professor Alex Blaszczynski (University of Sydney), Associate Professor Robert Wood (University of Lethbridge), Professor Dan Lubman (Turning Point)

Funding: Gambling Research Australia

Aim: This large-scale national research study aims to determine who, what, why and how Australians are gambling using interactive technology. The study will examine interactive gambling behaviour, preferences, and motivations; how people transition from land-based to interactive gambling; demographic profiles of interactive gamblers; the current prevalence of interactive gambling in Australia; the extent to which interactive gambling contributes to problem gambling and help-seeking behaviours of interactive gamblers.

Method: This study will use a combination of methods including a nationally representative telephone survey, an online survey, interviews with gamblers and data collected from gambling treatment agencies and helplines.

Progress: This study commenced May 1, 2011 and will take 30 months to complete. A final report will be available on the outcomes of this research and results will also be disseminated through conference presentations, journal articles and media involvement.

An investigation of the characteristics of Internet gamblers and online gambling behaviour based on player account data

Principal investigator: Dr. Sally Gainsbury (Southern Cross University)

Co-investigator: Professor Alex Blaszczynski (University of Sydney)

Funding: grant proposals under consideration

Aim: This research aims to analyse comprehensive data derived from the accounts of players betting on Australian Internet wagering sites to investigate the characteristics, betting patterns and behaviours of Internet bettors. The objective is to describe the socio-gambling demographics of Internet wagering gamblers and to identify specific variables that may (a) identify patterns of wagering associated with problem gambling that may guide early intervention strategies, and (b) inform responsible gambling strategies and initiatives.

Most Internet gambling studies include self-selected non-representative samples of gamblers and utilize self-report measures resulting in the potential for biased data and interpretation of results describing player characteristics and behaviours. This study will conduct a retrospective analysis of objective player account data to identify key characteristics of gamblers and betting patterns, and variables that may be used in identifying potential problem gamblers. The findings will provide a significant foundation for future comparative studies of gambling sites and cultures that will inform regulators and industry operators of current and emerging Internet wagering patterns and trends, and inform early intervention initiatives designed to reduce the incidence of problem gambling.

Method: This study will involve obtaining access to relevant de-identified objective data from player accounts of participating legal Australian Internet wagering sites. Statistical analyses will be conducted using demographic details, account variables (e.g., frequency of bets, size of bets) and customer interactions to identify characteristics of Internet gamblers and common patterns of play. Further analysis will investigate differences between identified categories of gamblers and potential variables that may indicate gambling-related problems.

Progress: Preliminary analysis is currently underway with data sets provided by two Australian Internet wagering operators. The results will be published in peer-review academic journals and presented at relevant conferences in Australia and internationally.

Conclusions

In conclusion, it is anticipated that Internet gambling and online sports-betting has the potential to become a significant source of taxation revenue that if not regulated will be lost to offshore sites to the detriment of Australians, expose Australian community members to exploitation and absence of recourses for complaint resolution, and increases in the negative social impact of problem gambling. The integration of advertising in sports-betting television broadcasts and prominent display of Internet signs on playing grounds contributes substantially to the normalization of gambling as an integral component of sporting activities, particularly influencing the attitudes of youth.

Given the dearth of empirical evidence informing and guiding policies and decision-makers, it is strongly recommended that a systematic approach be directed toward funding research into the demographics, characteristics and social and economic impacts of Internet gambling in Australia. To this end, the concept of a research institute to provide a systematic program of research should be given serious consideration.

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