



SUBMISSION TO SENATE: ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS LEGISLATION COMMITTEE

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This brief submission is directed specifically to the *Interactive Gambling Bill 2001*. I have previously expressed my views on the development of interactive gambling and its impacts in written and personal submissions to other forums and inquiries, including the Productivity Commission, Senate Select Committee on Information Technologies and the NOIE forum held in October 2000.

I have approached my consideration of the Bill by firstly identifying and commenting on the rationale and policy implications of the Explanatory Memorandum, and then evaluating the Bill in terms of those objectives.

My understanding of the Bill's primary objectives are:

- To prevent interactive gambling by people physically located in Australia.
- By banning interactive gambling by Australians, to prevent any further increase in problem gambling. The Government is concerned that new interactive communication services could increase the size and accessibility of the gambling industry in Australia. The potential for interactive gambling to attract new gamblers and young gamblers is also presented as a particular problem.
- To establish a complaints process in relation to interactive gambling services.

While a ban on interactive gambling may be desirable - particular in view of the findings of the Productivity Commission and the Senate Select Committee's *Netbets* report – I have grave reservations about the specific approach taken in this legislation. I also doubt the capacity of relevant agencies to effectively enforce the legislation.

My concerns with the Bill are:

- That this legislation will not prevent Australians gambling with offshore internet providers. In the last two years there has been a proliferation of interactive gambling operations in Australia and overseas. Interactive gambling is no longer confined to 'unregulated' jurisdictions with a questionable reputation. Many reputable overseas operators are already being promoted in Australia, eg, UK internet sportsbetting providers.
- The Bill is based on the principle that interactive gambling is unacceptable for Australians because of the potential for harm; yet it will permit Australian operators to provide interactive gambling to international customers. There is an inherent ethical contradiction in this Bill. **It is morally indefensible to imply that**

Australians should be protected from this form of gambling yet Australian operators can profit from the harm created in other countries.

- That the ban on internet gambling by Australians *per se* will not prevent an increase in problem gambling:
 - The ban will not prevent Australians from gambling offshore, thus increasing the potential for problem gambling without the generation of revenue to fund essential support services.
 - Australian operators with an interactive gambling licence will continue to promote their existing products and (given the current rates of market growth) will attract increasing numbers of customers to this form of gambling.
 - Moreover, land-based gambling operators will continue to introduce new products and expand the market, with the inevitable increase in gambling problems - unless there is an effective national strategy to prevent this occurring. The Productivity Commission identified **gaming machines and TAB gambling as the main sources of problem gambling**. The Tasmanian Gambling Statistics 1999-2000 indicate that gaming machine turnover increased by 12.27% in that year; sportsbetting increased by 42.13%.
- If the aim of the legislation is to address problem gambling, the TABs' proposal that wagering should be exempted from the Bill is unacceptable. As the TGC figures above indicate, sportsbetting is the most rapidly growing gambling market in Australia. AIGR research also shows that interactive gaming providers have established far superior responsible gambling initiatives to wagering and sportsbetting providers. **In many cases, Australian sportbetting and wagering providers have no player protection programs.**
- As a matter of principle, I am uncomfortable with any legislation that allows ministerial discretion. I obtain some comfort from the fact that any such decision will be subject to Parliamentary review and debate. However, it is not clear why there should be discretion to determine what is NOT an interactive gambling service.
- Nor am I convinced that the enforcement costs will not "have any financial impact on Commonwealth expenditure and revenue". Effective enforcement of the Bill and implementation of the complaints mechanism must have resource implications for the AFP and the ABA. It is my experience that the AFP is already under-resourced and that gambling has low priority when compared with other policing issues.
- The ABA has no regulatory experience with gambling, and the responsibility of administering the complaints procedures will place a large additional burden on that agency. As any gambling regulator can assert, gambling is a complex and unique phenomenon which requires specialist regulatory expertise and understanding.

I conclude by repeating my earlier submissions on this issue:

- While a ban might be theoretically desirable, advances in global communication services make it practically impossible for any national government to enforce a ban.
- The costs of implementation and enforcement of the proposed ban have not been calculated.
- More to the point, the ban proposed in this Bill will have limited impact on problem gambling in Australia, while actively permitting Australian operators to create problem gambling in other nations. **This is irresponsible legislation.**

In such circumstances, an immediate and concerted effort should be made by the Commonwealth and states/territories to improve the current licensing and regulatory standards and procedures and to develop a uniform, national approach that ensures the highest common standards for all gaming and wagering providers.

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27-04-01