



Parliamentary Joint Select Committee on Gambling Reform

Second report

Interactive and online gambling and
gambling advertising

Interactive Gambling and Broadcasting Amendment
(Online Transactions and Other Measures) Bill 2011

December 2011

© Commonwealth of Australia 2011

ISBN 978-1-74229-557-2

This document was printed by the Senate Printing Unit, Parliament House, Canberra.

Committee Membership

Members

Mr Andrew Wilkie MP (Chair)	Tasmania, IND
Mr Nick Champion MP (Deputy Chair)	South Australia, ALP
Senator Chris Back	Western Australia, LP
Senator Catryna Bilyk	Tasmania, ALP
Mr Steven Ciobo MP	Queensland, LP
Senator Trish Crossin	Northern Territory, ALP
Mr Josh Frydenberg MP	Victoria, LP
Mr Stephen Jones MP	New South Wales, ALP
Mr Shayne Neumann MP	Queensland, ALP
Senator Nick Xenophon	South Australia, IND

Secretariat

Ms Lyn Beverley, Secretary
Ms Meg Banfield, Principal Research Officer
Ms Katie Bird, Administrative Officer

PO Box 6100

Parliament House

Canberra ACT 2600

Ph; 02 6277 3433

Fax: 02 6277 5952

Email: gamblingreform@aph.gov.au

Internet: http://www.aph.gov.au/senate/committee/gamblingreform_ctte/index.htm

Table of contents

Committee Membership	iii
Executive Summary	xiii
Part 1	xiii
Part 2	xiii
Part 3	xiv
Part 4	xv
List of acronyms and abbreviations	xvii
Recommendations	xix
Chapter 1	1
Introduction and conduct of the inquiry	1
Background to reference.....	1
Terms of Reference	1
Conduct of the inquiry	2
Referral of a related bill.....	2
Acknowledgements	3
Terminology	3
Use of terminology in the report	7
Note on references	7
Structure of the report.....	7
Part 1	9
Introduction and background	9
Chapter 2	11
Online gambling and problem gambling research	11
Global interactive gambling market	11

Online gambling prevalence rates	12
Online gambling research findings.....	15
Harms associated with online gambling.....	20
Online problem gambling rates	21
Risks of online gambling.....	27
Support and education	37
The need for more research	38
Chapter 3	45
Regulation versus prohibition of online gambling.....	45
Background.....	45
A summary of the case for liberalisation.....	46
Advantages of liberalisation	50
Risks of liberalisation	55
Issues	57
A summary of the case for prohibition.....	66
Do the difficulties with prohibition add up to a case for liberalisation?	67
Views of states and territories	70
Chapter 4	73
International regulatory environment—forms of liberalisation.....	73
The trend towards liberalisation	73
United Kingdom	73
France	83
Alderney	87
Chapter 5	95
International regulatory environment—forms of prohibition.....	95
The prohibition model	95
United States of America.....	95

Federal legislation	96
Germany	104
Canada	108
An international regulatory standard?	109
Conclusion	111
Part 2	113
The Interactive Gambling Act.....	113
Chapter 6	115
The current regulatory framework.....	115
The power of the Commonwealth to regulate	115
Working towards the Interactive Gambling Act	115
Interactive Gambling Act	118
Advertising of prohibited interactive services.....	120
Agency roles	121
Related work.....	122
Chapter 7	125
Effectiveness of the current regulatory framework	125
Clarifying the purpose of the IGA.....	125
Limiting the provision of interactive gambling services.....	126
Deficiencies of the IGA raised with the committee	129
Options to strengthen the IGA.....	138
Other approaches to regulation.....	143
Committee conclusion	146
Chapter 8	149
Other issues raised in relation to the IGA	149
The need for legislation to be able to deal with emerging new technologies	149

Potential for harm minimisation measures	153
Other online gaming opportunities	154
Other issues.....	157
Chapter 9	159
Interactive gambling advertisements and inducements.....	159
Effects of gambling advertising.....	159
Effect of advertising on youth	163
Regulating online gambling advertising.....	165
Advertising of prohibited content under the Interactive Gambling Act.....	167
Issues raised with the committee	170
Inducements to gamble.....	174
Part 3	179
Sports betting and wagering.....	179
Chapter 10	181
Introduction to sports betting and wagering.....	181
Introduction	181
Definitions	181
Which sports are involved?	183
Prevalence of sports betting and race wagering	184
The growth of online wagering	185
Wagering providers	190
Sports betting and problem gambling	195
Sports betting and the Interactive Gambling Act	197
State and territory regulation	198
Chapter 11	205
Key issues in wagering and sports betting	205

Exemption of online wagering from the Interactive Gambling Act.....	205
The current ban on 'in-play' betting online.....	206
The risk of underage gambling.....	212
Betting on losing outcomes	215
Regulation of online wagering by state and territory governments	220
Credit betting	228
Payment of commissions to third parties	233
Conclusion.....	235
Chapter 12	239
Sports betting advertising.....	239
Recent proliferation of sports betting advertising	239
Inducements to bet.....	242
Sponsorship of sports	250
Extent of sports betting advertising during sporting events	253
Effects of gambling advertising on young men.....	256
Effectiveness of harm minimisation messages.....	258
Problem gambling associated with advertising of sports betting	261
Promotion of 'live odds' during sport	263
Calls for further action on advertising.....	267
Regulatory approaches to advertising of sports betting	271
Conclusion.....	275
Other issues.....	277
Chapter 13	279
Match-fixing and corruption in sport.....	279
Introduction	279
International match-fixing and corruption scandals.....	283
National Policy on Match-Fixing in Sport	288
Legislative measures to address match-fixing.....	297

Chapter 14	307
Match-fixing and corruption: the role of sporting bodies and the risk of exotic betting	307
Coalition of Major Professional and Participation Sports (COMPPS)	307
Player and participant vulnerability.....	310
Exotic bets	313
Part 4	319
Interactive Gambling and Broadcasting Amendment (Online Transactions and Other Measures) Bill 2011	319
Chapter 15	321
Interactive Gambling and Broadcasting Amendment (Online Transactions and Other Measures) Bill 2011: Introduction and IGA amendments	321
Background.....	321
Purpose of the bill.....	321
Schedule 1—Ability to suspend or cancel online gambling transactions	323
Schedule 2—Inducements to gamble	334
Chapter 16	339
Interactive Gambling and Broadcasting Amendment (Online Transactions and Other Measures) Bill 2011: Amendments relating to sports betting.....	339
Clause 3—Prohibitions on corporations offering gambling services.....	339
Schedule 3—Advertising.....	346
Schedule 4—Obtaining a financial advantage by deception, in relation to a code of sport.....	352
Conclusion	357
Chair's additional comments	361
Interactive Gambling Act	361
The view of the Productivity Commission.....	362
Advantages	365
Additional requirements	370

Would Australians prefer Australian-based sites?	371
What about overseas sites?.....	371
Payment controls	372
Conclusion	374
Coalition committee members' additional comments	377
The Interactive Gambling Act 2001 (IGA)	377
Prohibiting the offering of credit to gamblers	377
Advertising of gambling products	378
Conclusion	379
Additional comments by Senator Xenophon.....	381
There are already problems to address	381
The risks of opening up the gambling market.....	383
Conclusion	386
Advertising	387
Inducements.....	388
Conclusion	390
Interactive Gambling and Broadcasting Amendment (Online Transactions and Other Measures) Bill 2011	391
Schedule 1 —Ability to suspend or cancel online gambling transactions	391
Schedule 2—Inducements to gamble	392
Prohibitions on corporations offering gambling services —Clause 3.....	392
Schedule 3—Advertising.....	394
Schedule 4—Obtaining a financial advantage by deception, in relation to a code of sport.....	394
Additional information	394
Appendix 1	397
Submissions received for the inquiry into interactive and online gambling and gambling advertising	397

Submissions received for the Interactive Gambling and Broadcasting Amendment (Online Transactions and Other Measures) Bill 2011	400
Additional Information Received.....	401
Answers to Questions on Notice	401
Correspondence	402
Appendix 2.....	403