

SUPPLEMENTARY REMARKS AND RECOMMENDATIONS TO THE REPORT ON ONLINE GAMBLING

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1.1 This Report of the Senate Select Committee on Information Technologies contains useful recommendations to minimise harm based on a view that a complete prohibition of online gaming is difficult to implement.

1.2 We do not share that view. If an extension of Internet gambling, with its ease of access in the home, will exacerbate the already unacceptable high incidence of problem gamblers, then policy makers should take every step to prevent this.

1.3 Obviously aware of the dangers worldwide, United States policy makers are taking such steps. Rather than promoting worldwide Internet gambling, Australia should join forces with the US to reduce access to online gaming and thus reduce the incidence of problem gamblers.

1.4 Recommendation One of the Report imposes a moratorium on issuing online gambling licences until State and Territory governments ensure that the licences incorporate specified consumer protection policies.

1.5 The moratorium is a positive step in providing State and Territory governments with the incentive to adopt stricter regulatory policies, which are essential to offset the negative impacts of online gambling.

1.6 The Report considered a range of regulatory policies in detail. In our view, these need to be refined and improved with further research and analysis.

1.7 The potential impact of online gambling should not be underestimated. The Productivity Commission referred to reports which state that problem gamblers make up 2.1 per cent of the population. This is 290 000 people – approximately equivalent to a city the size of Newcastle. The Productivity Commission refers to reports which state that problem gambling negatively affects 10-15 people.¹

1.8 The Break-Even Western Problem Gambling Service cites evidence that problem gamblers affect another 7 to 10 people. Lesieur says that between 10 and 17 other people are affected by the ‘excessive’ gambler, including spouse, children, extended family, employer, employees, clients, consumers, creditors and insurance agencies. Using data from the *Survey of Clients of Counselling Agencies*, the Commission estimated that the average number of people who are adversely affected by a problem gambler is 7.3.² Therefore, this could represent 20 per cent of the

1 Productivity Commission 1999, *Australia's Gambling Industries*, Report No. 10, AusInfo, Canberra, Vol 1, p. 7.34.

2 Productivity Commission 1999, *Australia's Gambling Industries*, Report No. 10, AusInfo, Canberra, Vol 1, p. 7.34.

Australian population with each problem gambler having a wide ranging negative impact on the community.

1.9 A related issue is the number of significant others who are affected by problem gamblers. While about one in five problem gamblers live alone, most live with others, who must be affected by the problem gambler on a daily basis. Just under half of problem gamblers (49.4 per cent) live in households with children.³

1.10 It is curious that when a pharmaceutical company wishes to introduce a new drug product into Australia, it must go through years of rigorous research and analysis to prove there will be no harm. Yet it seems that many are happy for the new consumer product of online gaming to go ahead, despite the obvious personal and social damage that this is likely to cause. This will be exacerbated by the proximity and ease of access to this technology. To quote the Productivity Commission report: **“Internet and interactive gambling offers the prospect, therefore, of an infinitely flexible gaming machine in every Australian household.”**⁴

1.11 Proximity and access to gaming seems on the evidence to be a key factor in driving the expansion of gambling in Australia. For example, in Australia following the introduction of pokies in pubs in 1995, gambling expenditure rose from \$7.6 billion to \$11 billion in a four year period.⁵ At the same time the population of women who were problem gamblers rose from 2 per cent to 50 per cent. Greater proximity and acceptability of the pub machines is highly likely to be the main cause.

1.12 In our view, it is unacceptable that the Australian community should be fully exposed to this new technology before it has been thoroughly assessed. Given the extent of the gambling problem in Australia as indicated in the Productivity Commission’s report, we should be the last country to be leading the world charge towards more easily accessible forms of gambling. If the USA, the world’s leading economy and another gambling nation is prepared to hang back on Internet gaming as demonstrated by the introduction of the Kyl Bill, which attempts a ban, then so should Australia.

1.13 Without regulatory action, the pending introduction of digital television in Australia is likely to lead to a quantum leap in accessibility to gambling activities. It will bring online gambling into the living rooms of most Australian households and will form a part of their routine leisure activities. This type of access would be unprecedented, and on the evidence submitted would increase the already unacceptable level of problem gambling in Australia.

3 Productivity Commission 1999, *Australia’s Gambling Industries*, Report No. 10, AusInfo, Canberra, Vol 1, p. 7.34.

4 Productivity Commission 1999, *Australia’s Gambling Industries*, Report No. 10, AusInfo, Canberra, Vol 2, p. 18.12.

5 Productivity Commission 1999, *Australia’s Gambling Industries*, Report No. 10, AusInfo, Canberra, Vol 1, p. 8.

1.14 Consequently, a five-year moratorium should be imposed on online gaming operations in Australia. This could be achieved by issuing licences that do not permit operators to offer their services within Australia. They would, however, be able to access overseas markets. This is roughly an extension of what is already happening in the Northern Territory in relation to the rest of Australia.

1.15 Given that the majority of the online gaming market comes from overseas, it is noted that Australian operators will under the following recommendations continue to be able to conduct profitable businesses, and contribute to the Australian economy. Australian residents will be able to access overseas based online gambling sites. Therefore, online gaming will be available and will have an impact on the community. It is likely, however, that Australian residents would prefer to gamble with domestic providers. Consequently, there will be a slower uptake of online gambling in Australia than if domestic services were available.

1.16 Additionally, online gambling should not be offered on digital television for the next five years. Interactive wagering operators would be able to continue to offer their services to the domestic market using existing technologies. The reason for this distinction is that online gaming brings new gambling activities to Australia, whereas interactive wagering merely facilitates existing gambling activities.

1.17 A moratorium on online gambling through digital television sets will put a break on the availability of additional gambling outlets in Australia. Therefore, in combination, these measures will act to diminish the negative personal and social impacts of online gambling in Australia.

Recommendation

That at the end of the moratorium referred to in Recommendation One, online gaming licences will be issued for trading outside Australia only.

That during a five year pause on the approval of domestic online gaming licences, a detailed social impact statement should be prepared on the effect of society on online gaming in the Northern Territory and overseas.

Recommendation

That digital television licences exclude gambling for a five year period during which a social impact statement be prepared on the effect on society of online gambling in Australia and overseas.

