

25 June 2012

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Submission on the interim report on the review of the Interactive Gambling Act 2001

Thank you on behalf of the Gaming Technologies Association and its members for the opportunity to provide feedback on the Department's interim report.

The emergence of smartphones, tablets Internet-accessible televisions, and other devices is vastly increasing the available opportunities to gamble – and Australians have vigorously embraced these opportunities, notwithstanding the provisions of the *Interactive Gambling Act 2001* ("the Act"). It is commonly agreed that this increase in available opportunities to gamble online is projected to continue growing strongly amongst Australians.

We wish to make the following comments:

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About the Gaming Technologies Association ("GTA")

GTA is a not-for-profit company limited by guarantee, established in 1990 for the purpose of promoting the development of the region's manufacturing resources.

GTA's primary members provide gaming technology and equipment, including online products and services, in over three hundred jurisdictions worldwide. GTA's primary members include Ainsworth Game Technology, Aristocrat Technologies, Aruze Gaming, Bally Gaming, International Game Technology, Konami Gaming, Shuffle Master and WMS Gaming.

GTA and its members have amassed vast experience over more than 55 years in all matters surrounding gaming in Australia and around the world.

Background

The Act has now been in place for more than a decade, during which technology and media have undergone a series of transformations.

In 2001, gambling on the Internet was largely confined to the use of personal computers. Smartphones and tablets have made Internet gambling functionality portable and smart televisions and other devices are taking gambling from the traditional venues and moving it to mainstream in-home entertainment.

Australians are using these technologies to gamble – whether for the purposes of sports betting, wagering or online casino gambling – oblivious to the Act's provisions.¹

Expectations

What is clear is that smartphones, tablets, smart televisions and other devices will continue to evolve ever more rapidly, with improved and expanded content and access. Similarly, as competition in this digital area also increases the costs of obtaining the new technology continues to decrease making it an 'affordable' luxury for all Australians.

The greater issue for the operation of the Act is that social media and gambling are coming together around the world, and creating more opportunities than ever for people to gamble. This digital access internet and interactive gambling has established a global market place, with a global audience, that ignores geographical and legal boundaries with impunity irrespective of whether those operations are conducted under existing legislative and regulatory frameworks or not.

The opportunity cost of the Act continuing in its current form is increasing and includes risk to players for example through credit card or identity fraud, unknown operational standards, for example by a site failing to pay winnings, foregone government revenue, and potential for money laundering.

¹ "You connect to them with Twitter and Facebook and the next thing you know they're betting" *Social media helps tennis return \$1bn wager*, article in the Australian Financial Review, 23 February 2012

It is estimated that "Australians lose around \$1 billion per annum to online gambling service providers that are not 'licensed' in Australia. This is projected to continue growing strongly."²

Existing players (who gamble in Australian licensed venues or forums) most likely have scant regard for the operational environment with which they are engaging due to the effective regulatory controls that Australia has in place for these environments. In the internet or interactive gambling environment, with players moving from the 'community control' which has characterised traditional gambling for years, may or may not be as cognisant of the pitfalls that this style of gambling may impart, for example;

- whether they (the player) are accessing licensed or regulated operators whose probity and integrity have been demonstrated;
- are they (the player) providing personal information to operators whose privacy protections are fundamental to their business and adequately to protect the individual; or
- is the player able to access a robust complaint mechanism or other recourse in the event of any negative outcome.

Further, the global nature of internet and interactive gambling poses particular problems for taxation authorities and jeopardises the revenue base of the Australian States and Territories which have and continue to depend on gambling as a source of funds³. Take the example that if one accepts that online gambling service providers that are not licensed in Australia currently generate \$1 billion revenue, then it follows that Australian governments arguably forego around \$300 million in annual tax revenue. By all accounts, these revenues are projected to continue growing strongly. The GTA's opinion is that these estimates are conservative.

Impact on Existing gaming operations

With the growing proliferation of internet and interactive gaming, in particular with high levels of advertising that the digital environment provides, and as the community continues to become more connected and social media participation continues to increase, on gaming and wagering, it should be noted that it may come at some expense to the traditional gambling environments and reduce the "location based" gambling industries, with detrimental consequences for employment in hotels and clubs for example.

One immediate area where "location based" gambling industries are already feeling the instability is with the advertising and other communication restrictions imposed on the gaming operations in hospitality venues. Should there be no "levelling of the playing field" it may well be perceived as being increasingly discriminatory and damaging to a significant business sector.

² Interim Report, Review of the Interactive Gambling Act 2001, page 7

³ No. 88 Internet Gambling, Australian Institute of Criminology, page 2

This challenge affecting the existing industry could be dealt with easily by allowing those existing gaming operations to be enabled to and encouraged to provide online 'for-money' gaming sites. 'Free-play' sites mirroring the products and services available in their respective hospitality venues should also be encouraged, subject to players demonstrating that their age is over 18 years. This could provide a more controlled environment for gamblers who want to use the new technology forum for their gambling.

Recommendations of the Interim Report

GTA would like to comment on the following recommendations:

Recommendation 1: national standard for consumer protection

GTA supports the development of a national standard for consumer protection measures and agrees that the standards should be developed by a joint working party.

The working party should be required to include representatives of operators and providers, both land based and online, in order to ensure that its deliberations are realistic and grounded in experience. In particular, operators and providers should provide input to the development of the working party's terms of reference.

Recommendation 21: enable and encourage online gaming sites

GTA supports widespread adoption of the harm minimisation and consumer protection measures in the proposed national standard.

GTA opposes allowing Australian or Australian accessed online gaming sites only offering online tournament poker. The GTA does not accept that 'risk' varies or increases between gaming services or the types of games being offered to the Australian public.

The most important risk factor in any form of gambling is affordability for the player, which should be addressed in the national standard. Affordability is critical both in terms of the player's initial decision to participate; and in terms of their continuing participation in a gambling session or series of sessions.

Adoption of such digital technology can also be used as regulatory tool. It may enable computerised monitoring, and auditing online gambling, whilst at all times being able to implement consumer protection regulations.

Recommendation 22: five-year trial

GTA supports a five-year period during which online gaming sites can demonstrate that the gaming services they offer also offer effective solutions in reducing problem gambling risks.

However, GTA reiterates that 'risk' according to game type does not vary between gaming services. Accordingly, GTA recommends that the five-year trial applies to all gaming services that are available to the Australian player by overseas vendors of online gambling sites. Such a fulsome trial would give Australian suppliers and operators an equal opportunity against overseas competitors and similarly provide the government with more realistic observations of the global online gambling industry

In the absence of such a trial, by 2017 the proliferation of online gambling service providers that are not licensed in Australia will likely exceed current expectations and the foregone government revenue will be in the billions. In essence, non-regulation of online gambling will only increase the demand of gaming services in the internet and interactive space, and at the same time magnify, and fail to tackle the negative consequences of on line gaming.

Summary

The GTA supports any strategy that recognises the perils of online gaming and provides the structure or framework in which to minimise those risks. Yet, the GTA also supports a strategy which provides the Australian gaming industry every opportunity to realise the advantages that online gaming can provide and to use the experience that the existing 'land based' industry can bring to this fledgling industry .

Therefore, in summary the GTA positions are as follows;

- GTA supports the development of a national standard for consumer protection measures and agrees that the standards should be developed by a joint working party which should be required to include representatives of operators and providers.
- GTA supports widespread adoption of the harm minimisation and consumer protection measures in the proposed national standard.
- GTA opposes that any trial online gaming sites only offer online tournament poker, because GTA does not accept that 'risk' in game type varies between gaming services.
- GTA supports a five-year period during which online gaming sites demonstrate that the gaming services they offer are effective in reducing problem gambling risks.
- GTA supports a level playing field where existing gaming operations and suppliers are enabled and encouraged to provide online 'for-money' and 'freeplay' sites, mirroring the products and services available in their respective hospitality venues, subject to players demonstrating that their age is over 18 years.