

The Parliament of the Commonwealth of Australia

Netbets

A review of online gambling in Australia

Report by the Senate Select Committee on
Information Technologies

March 2000

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Terms of Reference

On 25 June 1999, the Senate Select Committee on Information Technologies resolved to inquire into online gambling in Australia under part (b) of its terms of reference, in order to examine:

- the nature, extent and impact of online gambling in Australia;
- the feasibility of controlling access to online gambling, especially by minors;
- the adequacy of State and Territory regulations in relation to online gambling;
and
- the need for federal legislation.

Membership of the Committee

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Deputy Chair:

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Other Members:

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Senator Brian Harradine (Ind, TAS)

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Structure of report

The Committee has structured the report as follows:

Chapter 1 Overview

This Chapter provides an overview of the main points of discussion in the Report.

Chapter 2 Online Gambling in Australia

This Chapter discusses the nature of online gambling in Australia today and the gambling bodies involved, including Lasseters Online and Centrebet, which the Committee toured in Alice Springs. A detailed discussion is provided on the various State and Territory regulatory models for online gambling.

Chapter 3 Problem Gambling

This Chapter discusses the impact of online gambling on problem gambling, and the policy options for addressing problem gambling, including a prohibition. The Committee concludes that currently the regulatory models do not adequately deal with problem gambling in Australia, and makes recommendations that address the limitations.

Chapter 4 Adequacy of Regulations

This Chapter discusses the adequacy of measures taken by gambling operators in relation to: a national cooperative model, player protection, money laundering, privacy, security, access to minors and proof of identity. The Committee finds that some aspects of the regulatory models need further refinement.

Chapter 5 International

This Chapter discusses the regulation and prevalence of online gambling in other countries. It mainly details the models proposed for the United States and South Africa. It also discusses the competition that South Africa potentially poses to the Australian online gambling industry.

The Committee wishes to thank all those who contributed to the inquiry.

Senator Jeannie Ferris
Chair
March 2000

Recommendations

Recommendation 1

The Committee recommends that Federal, State and Territory governments work together to develop uniform and strict regulatory controls on online gambling with a particular focus on consumer protection through the Ministerial Council on Gambling. [4.15-4.19]

Working with its expert advisory body of community and gambling representatives and resourced by the National Office for the Information Economy, the Council should develop a range of policies that reflect existing community standards, and which will be applied by all States and Territories.

These policy initiatives should include:

- **clear procedures to assist problem gamblers such as outlawing direct credit card online gambling, self and third party exclusion, pre determined betting amounts, limited gambling times with a regular ‘cooling off’ period and a permanent screen display of financial losses and gains. [3.73-3.113; 4.20-4.25]**
- **the prohibition of any form of game manipulation, specifically the ‘near miss’ signal, which gives gamblers the perception that they have just missed out on a jackpot, thereby inducing them to continue gambling. [3.98-3.100; 4.20-4.25]**
- **the provision of personal electronic security passwords, ‘challenge’ questions and PIN numbers to ensure that gambling sites cannot be accessed by any other family member. [4.56-4.62]**
- **strict privacy arrangements to protect consumers’ financial details including gambling accounts, credit card identification and exclusion arrangements. [4.43-4.49]**
- **legislation to ensure that all online winnings are paid by non-negotiable cheques posted to the registered gambling account holder. Credit card accounts should not be used to receive automatic payment from online gambling wins. [4.26-4.42; 4.50-4.55]**
- **the need to work with international agencies, the National Crime Authority (NCA) and the Australian Transaction Reports and Analysis Centre (AUSTRAC) to stop Australian online gambling sites being used to ‘launder’ large amounts of illegally acquired money. [4.26-4.42]**

Pending the implementation of these consumer protection policies the Committee recommends that no further online gambling licences be granted in Australia for a limited period of time. This moratorium should be implemented by the Ministerial Council on Gambling with the assistance of Federal, State and

Territory governments, or through the Commonwealth's power to regulate telecommunications. [4.17-4.18]

Recommendation 2

The Committee recommends that all registered online gambling operators be required to impose on individuals a secure electronic pathway before access is given to gambling sites. This access should detail information on assistance available for problem gambling and contact numbers for immediate telephone counselling. [3.96-3.97]

Additionally, each online casino must establish a 'chat room' so that players can speak directly with a casino employee to obtain information on odds applying to games on offer. [3.89-3.92; 3.101-3.104]

Recommendation 3

The Committee recommends that State and Territory governments contribute a fixed percentage of their gambling revenue to a national education campaign on gambling and to agencies that assist and rehabilitate problem gamblers. The education campaign should be approved by the Advertising Standards Board, and include a particular emphasis on the potential dangers posed by regular gambling. [3.105-3.113]

Recommendation 4

A national Code of Conduct for advertising should be developed with the approval of the Advertising Standards Board in conjunction with the gambling industry. This Code of Conduct should impose limitations on the advertising of online gambling, and include warnings about the potential financial impact of problem gambling using material similar to those used in smoking, alcohol and road safety campaigns. [3.93-3.95]

Recommendation 5

Because of the potential dangers to consumers of this rapidly expanding industry, the Senate should again promptly review the recommended policy changes in the sector to measure the effectiveness of these recommendations and to examine the effect on the community of any new online gambling opportunities including interactive television.

