

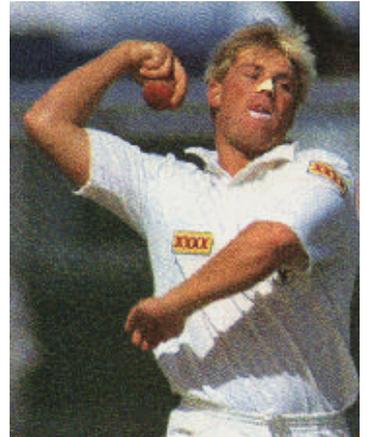
GAMBLING AND THE INTERNET – AN AUSTRALIAN OVERVIEW

Senator Grant Chapman, SA

Paper presented at the conference Gambling, Technology and Society: Regulatory Challenges for the 21st Century, convened by the Australian Institute of Criminology in conjunction with the Australian Institute for Gambling Research and held in Sydney, 7-8 May 1998

SETTING THE SCENE

Let me take you forward to December 2001, and the Test Cricket Match at the premier cricket ground, the Adelaide Oval. Shane Warne ambles back to the pitch, tossing the ball from hand to hand, contemplating how best to bamboozle the batsman with the next ball. Should it be a leg spinner, top spinner, wrongun', flipper or zooter?



Now let me take you to a suburban home where a young cricket fanatic is watching the match on the Channel 9 telecast. With a click of the television remote or the push of a button, instantaneously he bets, just prior to its delivery, that Warne's next ball will be a 'wrongun'. Warne delivers the ball but sadly for the young fan it turns out to be a leg spinner and his money is gone. Never mind. He can try again next ball, or next week.

Let me assure you that the scene I have just painted is not far fetched. The rapid developments relating to interactive television and the Internet will make exactly this scenario quite feasible in the very near future.

Do we want our young people, or for that matter even adults, exposed to these types of gambling opportunities. I say we do not. Urgent action is required if we are to nip in the bud the potentially horrific consequences of allowing interactive and internet gambling to develop.

I therefore welcome the opportunity to address some of the important issues surrounding this phenomenon. My interest in this field arose from my role as Chairman of the Parliamentary Statutory Committee on Corporations and Securities, when I was asked to look into the potential impact of electronic commerce on the securities and investment markets. In the early stages of that inquiry I learnt, with concern, of the application of communications technology to gambling and have spent the past few months looking at its potential development and impact.

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It is unarguable that placing a bet is as Australian as meat pies, kangaroos, and cars but I put it to you that bookmaking on horse racing and other sports, and the pokies, not to mention the inevitable fly crawling up a wall, provide more than enough gambling opportunities for even the most dedicated punter. We now know only too well that these established forms of gambling have created significant economic and social problems.

We can do without the additional problems which interactive and internet gambling undoubtedly will cause. For the balance of my presentation I will describe this technology by the general term "home gambling".

GAMBLING STRIPS THE ECONOMY

In his book **"On a Roll: A History of Gambling and Lotteries in New Zealand"**, D. Grant says *"There has been a revolution of legal gambling in the last two decades, one which has become frantic in the last seven years"*. This description applies no less to Australia than it does to New Zealand.



Australians already spend more dollars per capita on gambling than any other nation. We outrank the second place getter, the United States, by three to one. That is, for every dollar Americans siphon into the gambling market, Australians pledge three dollars.

The growth in gambling is having significant social and economic impacts which are not limited to the gambling participants. A recent South Australian survey has attributed, to poker machines, a decline in small business turn-over, ranging between 6 percent and 25 percent. A number of small business closures have been directly blamed on the introduction of poker machines. American studies have shown that gambling does not deliver its promised economic benefits. Indeed, money used for gambling is being diverted from spending on other goods and services.

With home gambling, the internet page could be established in the Cayman Islands, with profits electronically whisked to bank accounts in any part of the world. The flow-on effect of Australian gambling dollars disappearing into Swiss bank accounts would be a further massive drain on our economy, with drastic social consequences.

The most recent report of the Tasmanian Gaming Commission has found that in 1996/97, Australians wagered some \$80 billion and lost \$10 billion of that, an average of \$100 per year for every adult Australian. We know that gambling expenditure grew by 53 percent in two years that poker machines operated in South Australia.

We also know, from the work of the Australian Tax Research Foundation, that in 1996/97, the industry provided \$3.5 billion to the states and territories, with more than \$1 billion contributed by some 200,000 hard core gamblers.

State and territory governments are hooked on gambling, main-lining on the further explosion in gambling opportunities, which home gambling there is a real danger that social concerns will take second place to revenue even more than currently appears to be the case, in determining policies allowed to happen.

NORTHERN TERRITORY – BLISSFULLY BLASÉ

If anyone believes I am overstating this danger, may I simply refer them to the April 1996 report of the Northern Territory Legislative Assembly Select Committee on Interactive Gaming, which appears blissfully blasé about the potentially detrimental social impact of home gambling. Listen to this conclusion. ***“It is likely that expenditure incurred at home will be largely in substitution for other gambling expenditure*** ignores that whenever a new form of gambling is introduced it attracts customers or extra spending on gambling, as witnessed by the 53 percent growth in South Australia after the pokies arrived. It also ignores the Report that the launching of pay television racing channel Trackside in New Zealand providing a significant increase in the volume of wagering in New Zealand.

Other findings of the Committee include:

- ? Home sports betting has the capacity for a steep growth curve because of its popularity with younger generations of the sports upon which it will rely.

“...Australians already spend more dollars per capita on gambling than any other nation. We outrank the second place getter, the United States, by three to one. That is, for every dollar Americans siphon into the gambling market, Australians pledge three dollars...”



- ? The free to air televising of South Australia’s Easter Oakbank race meeting resulted in betting increasing by 17 percent on the Saturday and 33 percent on the Monday.
- ? The Federal Government’s Broadband Services Expert Group has assumed that the gambling industry is expected to continue 10 percent per annum growth in the short term and has also concluded that home gambling is the second highest item of potential business income from interactive/internet home services, second only to home shopping and ranking ahead of pay TV and video on demand.
- ? The private enterprise model for the ownership and promotion of poker machines in Victoria is accelerating the propensity to gamble at a rapid rate and the commercialism in gaming provisions can expand the product.

Despite all of these findings, regarding expansion of gambling, the Report on the Australian gambling market will stabilise at 3 percent of household disposable income. The Committee seems unaware of the apparent contradiction between this conclusion of findings to the contrary. However, even it qualifies the 3 percent by acknowledging the tendency of some problem gamblers to use their winnings for showing to others a reduction in their standard of living.

It is beyond me how a Report could contain such inconsistencies. It is also beyond me how a Report, which clearly identifies so many opportunities for the expansion of gambling through home services could so readily conclude that gambling overall will not increase as a consequence. It concerns me that the Committee has become a barrack of these services by recommending government support for “the expansion of the gaming product”.

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HOME GAMBLING – LEGITIMATE FEARS

With the rapid development and growth of new and modern technology, it is easier to gamble now than ever before. Australia is renowned for its high take-up rate of new technology.

Undoubtedly, this will lead to home gambling gaining quicker acceptance. My Shane Warner example is but one of many options, opportunities and temptations.



Interactive television of the future could see a television channel selling lottery displaying results, with lottery style transactions charged directly to the customer with the telecommunications carrier. Scratchies would be well suited to players simply use a touch screen. The ensuing on-screen fanfare would add to the excitement of winning and encourage reinvestment of those winnings. Televising live or transmitting virtual casino related games, such as roulette with customers betting on each spin, or card games with customers betting against the dealer or other live or virtual players, will all be possible without leaving the comfort of your own armchair.

Managers of physical gambling venues have become highly skilled in building information bases about their customers and understanding their psyche, to apply more effective marketing techniques. Interactive technologies will multiply these exploitive techniques, to lure the unsuspecting home gambler. Therefore, home gambling is more significantly frightening than any other form of betting. Players can use their personal computers to enter a virtual casino to bet on simulated card and dice games as well as poker machines, playing for fun, money or prizes.

A quick perusal of the internet exposes home gaming for what it really is, a destructive method of separating people from their money, while making it glamorous, much the way that cigarette companies portrayed smoking glamorous. Remember, the Marlboro man died of cancer!

Speaking out against ordinary poker machines recently, Debbie, a gambler, said "Pokies hook you so quickly. They get into your head subliminally and come back to you at any time during the day and all of a sudden you have an urge to play and head off in the direction of the closest machines."

More people like Debbie will succumb to this urge more often, when they see their television or computer on-line to the gambling pages which offer "all day fun, including blackjack, poker, roulette, craps and slot machines ready to play top.....you can play for real winnings or just for fun."

This technology readily lends itself to the application of Solonsch's theory that for a product to be successful it must provide some added value, such as excitement or social appeal. It will be much easier to update the software providing new opportunities to create new forms of excitement and entertainment than to update the hardware at traditional gambling venues, thereby enhancing the relative attractiveness of home gambling.

There are currently some 2,108,634 web pages for on-line gambling on the internet, as displayed under Yahoo Search Results. While many of these are information pages, rather than gambling sites, including the American-based Gamblers Anonymous International Service Office, gambling sites are a significant component. A guide to on-line gambling is just getting started on the Net. More sites and its just getting started?

Home betting is up and running. Players are offered a choice of playing for fun. Playing for fun provides the initial hook. Note that many gambling providers are warning 'caveat emptor' – (let the buyer beware). That may be a definition more proficient in Latin!

Home gambling is already occurring in an unregulated manner throughout the world. The advent of increasingly secure on-line financial transactions, Internet gambling is on the increase. Many gambling providers are located in countries with no existent gaming and tax laws such as Liechtenstein, Antigua, the Cook Islands and the Dominican Republic. The physical location of the gaming operation does not affect the punters' access to that operation.

I find it abhorrent that even airlines are considering introducing in-air interactive gambling facilities through the internet and interactive audio and video systems. It has been announced that it would be the first international carrier to offer in-air interactive on-board entertainment.

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They have since shelved that idea, possibly as a result of social conscience. However, I am informed that British Airways is still looking at the idea.

YOUNG PEOPLE – PROBLEM GAMBLERS TODAY OR TOMORROW?

The potential home gambling affords for new forms of sports betting is obvious – not just Shane Warne’s next ball but who will kick the next goal or take the next mark in a football match – only the imagination limits the potential. Sport is already a major element of television. Combined with technology, it can be tailored readily to suck in the next generation of gamblers. Do we want our children to be encouraged to sit in front of the television set and bet on their sporting heroes?

A study from the United States indicates that 90 percent of problem gamblers have gambled since their mid-teens. Problem gambling is often entrenched from a young age.

The Australian Institute for Gambling Research confirms that problem gamblers are over represented by those under 30 years of age. These are the very people who are fascinated by computer technology and highly literate in its application. It is therefore highly likely that this age group will be attracted to this gambling technology.

We have all seen young teens hunched over machines in video parlours, oblivious to their surroundings. This behaviour, in itself, mirrors gambling addiction.

While age rules apply in the more formal gambling outlets, I defy any computer smart, to be able to detect if a minor is placing bets using their parents’ credit cards. Online gambling and pornographic internet pages have authorisation warnings asking the player to state whether they are over 18 and we have technology like Net 18 restricting access but the success of such controls is essentially dependent on supervision. Evidence abounds of children obtaining access to inappropriate websites without their parents’ permission.



PROBLEM GAMBLING – ENOUGH IS ENOUGH!

While we must deal with the significant social problems arising from traditional forms of gambling, it will be difficult to unscramble the eggs by removing long established gambling opportunities.

However, we can and must act urgently to ban home gambling while it is in its infancy before it becomes well-established and too prolific. The Little Report for the British Gambling Expert Group concluded that interactive television gambling alone will account for 50% of all gambling in Australia, let alone the impact of the internet and related technologies.

Enough is enough! There are already too many overt forms of gambling with the development of covert gambling, where people sit in their own homes and play at casinos, whether on personal computer or the television screen.

Australia is already rife with problem gamblers. In a recent Australian survey, 80% of those questioned said gambling is causing serious problems within the community.

“...Enough is enough! There are already too many overt forms of gambling without allowing the development of covert gambling, where people sit in their own homes and enter virtual casinos, whether on personal computer or the television screen...”

All addictions have a domino effect on the people around them. Much like the heroin addict who has to steal for his next fix, the gambling addict will forgo the weekly grocery shopping in the hope that today their luck will come good. Up to 60 percent of problem gamblers commit crimes to support their habits, with 20 percent of those ending up before the courts.

No one can deny the social problems which are evident already from the Australian psyche's propensity for gambling. Admittedly, some people do win, their smiling faces splashed across the nation's newspapers but we rarely see the other side – the marriage breakdowns, the forced sale of the family home, the denigration of families. Occasionally we are exposed, via the media, to the pathetic sight of the aftermath of the gambling addiction, when some hapless soul has resorted to crime to fuel their gambling lust and has ended up in court.

At least with traditional forms of gambling, with the exception of TA participants have to be present, physically, at the gambling venue.] inconvenience of access, substantial gambling problems have emerged.



Gloria, another member of Pokies Anonymous, said recently with regard to poker machines, “They are too available and there are too many of them. They’re on every corner”.

At least poker machines and gambling venues generally have some restrictions on hours of operation. Home gambling will be unrestricted, twenty four hours a day, seven days a week, 365 days a year. I dread to think how much more severe the problem will be when we never see the public face of the gambler, when they are hidden away in their lounge rooms, feeding their gambling appetites and losing the family home.

While those who come to recognise their problem may seek to bar themselves from home gambling, just as some do from physical gambling venues, do we have any guarantee that interactive operators will honour these bars any more than some physical venue operators do? More than likely, the experience of Sharon Willman with the Station Casino in Missouri, which continued to solicit her custom despite her being legally barred, will occur again and again with home gamblers.

Just as with the mooted success of home shopping, the easy availability of home gambling will create strong impulse buying pressure for every one to participate and will be a big factor causing gambling growth. Although there is no proven link, various studies confirm the widespread belief that the level of gambling and of problem gambling increases in proportion to the availability of gambling opportunities. That is sufficient to convince me that the increased access to and range of gambling becoming available through interactive/internet technologies will inevitably lead to more gambling and greater problems.

Problem gamblers, like all addicts, are very adept at hiding their problem in its manifestation. Those with or developing a problem will be able to seek out for gambling that will be offered through their television or computer families remain tragically unaware – until the serious financial implications

There is also a very real risk that those with a gambling predisposition and time alone at home could become problem gamblers, when ordinarily they opportunity to gamble.

“...This is the real cost of gambling, not the “I only ever put in five bucks” mentality. It’s the desperation of those who have lost almost everything putting their last dollar through the computer in the

This is the real cost of gambling, not the “I only ever put in five bucks” mentality. It’s the desperation of those who have lost almost everything putting their last dollar through the computer in the hope that the big win will be theirs with the next turn of the cards.

I am not saying that every person who will bet, through this new technology, will be a problem gambler. However, a percentage of people experience problems with gambling. This ranges from three per cent to ten per cent, depending on whose statistics are preferred.

What I am saying, is that if this new gambling technology is allowed then that percentage will inevitably rise, as 1989 and 1995 surveys in the American state of Iowa, relating to the expansion of forms of betting, clearly showed.

The potential for credit betting is an aspect of home gambling which is absolute anathema. I am also concerned that internet cash schemes, including anonymous payment forms like e-cash, can allow users to authorise automatic payments to gambling providers. Problems will arise with automatic payments being used in conjunction with gaming activities, particularly in repetitive activities such as virtual gaming machines. In this situation it could be possible for the gaming provider to request more payments than due for games played.

I doubt, even if records could be provided, that the average punter operating a pub can tell you how many spins he or she has had, even though they actively insert coins.

How much easier to get ripped off on a virtual pokie, where money is automatically debited from your account. It would be unlikely that the punter would know they have lost money even when the account records a nil balance.



ACT NOW OR REACT IN SHOCK!

We have an opportunity to prevent further damage stemming from home gambling. We must recognise the potential for problems and act now rather than react too late, when the problem is entrenched.

Let me reinforce the importance of acting now, rather than in the future regretting our failure to protect the Australian community from this potential economic and social damage. I am quoting the South Australian Premier, John Olsen, in the South Australian Parliament on 12 December in relation to poker machines.

He said, *‘We made a mistake with poker machines in South Australia and we admitted it. Five years ago the Gaming Machines Bill...was a mistake conceived and ill-considered...it is fact that easy access to gaming machines has led to a level of compulsive gambling that was not and could not have been foreseen and that has certainly shocked me.*

‘Even those who rail against the concept of the nanny state which legislates to protect people from themselves must be shocked at what this gambling freedom has done.

“...We have an opportunity to prevent further damage stemming from home gambling. We must recognise the potential for problems and act now rather than react too late, when the problem is entrenched...”



within our economy and our society...It is fact that easy access to poker machines...has destroyed individuals, families and businesses.....poker machines can turn the most unlikely people into gambling addicts...The devastation that poker machines have caused in this state has reached a level where we have to say enough is enough’.

My only disagreement with Premier Olsen is his suggestion that this devastation could not have been foreseen. Those South Australian politicians who voted for poker machines were warned strongly about the likely consequences by a wide range of concerned members of the community. I give the same warning about allowing the development of home gambling. If it is allowed, the problems engendered by poker machines will be insignificant by comparison. As with poker machines, in five years’ time it will be too late to stem the tide. Action is needed now.

AUSTRALIAN GOVERNMENTS’ RESPONSES INADEQUATE

Sadly, as has been the case with gambling generally, the response of all Australian governments to the dangers of this new technology has been grossly inadequate.

We all know that gambling facilities and venues proliferate under Labor governments, governments so fiscally weak that they have to institute a wider range of tax grab solutions to shore up their empty coffers, heedless of the damage they are doing to the community they profess to protect.

The previous Federal Labor Government was content to leave the exponential growth of gambling and its associated problems, in the hands of the states and territories.

It was therefore a welcome change of attitude to see the Federal Liberal Treasurer, Peter Costello, announce last week that the Productivity Commission has been directed to inquire into the social and economic impact of the explosion in gambling. While pre-empting the outcome of an investigation may be fraught with danger, I have no doubt that the prediction of small business and welfare groups that the Productivity Commission investigation will find that a national disaster is occurring, will prove to

Australia’s state and territory governments are taking great interest in home gambling but principally as a source of additional gambling tax revenue. Victoria’s hostile reaction to the proposed Productivity Commission inquiry indicates that State’s priorities. Other states, while supporting the inquiry, have taken other initiatives which demonstrate that revenue is also their high priority. A majority of states and territories are considering how to tax home gambling. Internet gambling is cloning at a great rate, both within Australia and overseas.

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The states’ priorities are clearly demonstrated in the “Legislative Objectives” of the proposed legislation under the Draft Regulatory Control Model for New Forms of Interactive Home Gambling. The primary objective is to “Facilitate the offering of interactive home gambling products”. The potential problems arising from home gambling are completely ignored in these “Legislative Objectives” and only receive a passing mention in relation to “harm minimisation” under “Legislative Principles.”



I find this document a grossly disappointing cop-out as a response to this issue, although at least it recognises that *“In the longer term it is still possible that a compelling public interest argument will be put for requiring internet connection providers to filter the content that their clients access. Should this occur then unlicensed gambling products will be included in the content to be filtered out”*. I say, that compelling public interest already exists and all gambling products should be filtered from the internet.

One may assume that New South Wales is considering the Draft Model but thus far its recent gambling initiatives have been limited to proposing warning signs on poker machines and scratchies and seem to ignore home gambling. In South Australia, where at least 10,000 residents have a gambling addiction and despite the Premier’s recognition of the problems the introduction of poker machines has created for individuals and small business, the Government has rushed to embrace the Draft Model, fearing a loss of revenue.

In March, the Queensland Parliament passed the Interactive Gambling (Play 1998 which appears to be based on the Draft Model. The Act aims to protect by a system of licences which will be issued to service providers after stringent probity checks. Queensland Treasurer Joan Sheldon, in introducing the Bill was designed to *‘protect players from unscrupulous operators....Net for stories of players who never received their own stakes back, let alone their*

The Select Committee Report to which I referred earlier, is indicative of the Northern Territory. The principle concern seems to be the effect home gambling have on the revenue the government currently pulls in through their Centrebet two casinos.

Hence, the policy response thus far in Australia seems limited to accepting home gambling, seeking to regulate it for probity and cashing in on the contrasts markedly with the approach of several overseas countries with which comparison.

GLOBAL REACTION

The United States of America has maintained a much stricter attitude to gambling with it being legal in only a few states. Furthermore, it is illegal to place wagers (bets) by way of telecommunications networks or wires. A similar law exists in Canada.

Current internet gambling pages operated by Antigua-based Starnet Com prefixed with the warning “Americans Stay Out”. Starnet operates World G which has configured its system to detect a customer’s origin and actively deny the US and Canada. This demonstrates that through international codes ; overseas gambling page providers could be discouraged from putting their Australia.

Another international gaming page, The Internet Casino, operates with disclaimer: *‘If the activities on this service are illegal in your country, state advise you not to enter as you will be breaking your area’s laws. Proceed at your own risk. Notice to Americans: At this time you may not gamble at this casino site. Call and*

“...The Select Committee Report...

...is indicative of the attitude of the Northern Territory. The principle concern seems to be the effect home gambling is going to have on the revenue the government currently pulls in through their Centrebet system and their two casinos...”



complain to your senators, congressmen and attorneys-general! Democracy does exist in America. Your constitutional rights have been taken away. Take action now!'

It is patently obvious that this plea is falling on deaf ears and instead that the voices of those concerned about the dangers of home gambling are being heard loud and clear.

In March 1997, Republican Senator Jon Kyl introduced the Internet Gambling Prohibition Act of 1997, warning that ***'anyone with a computer and a modem has access to a casino and virtual casinos make it easier for those with gambling addictions to sink deeper into debt and despair'***.

The Kyl Bill provides for fines of at least \$20,000 and four years imprisonment for operating internet casinos and for six month prison terms and at least \$2,500 for betting on internet casinos. It also requires telephone companies and internet service providers to terminate service to whoever is operating the site. The Bill also requires the State to seek international agreements to enforce this law in relation to internet casinos.

In October 1997, the Bill was unanimously approved by the Senate Judiciary Committee. The Bill was made even more stringent with an amendment which also prevents state legislatures from legalizing internet gambling within their respective states. In my most recent discussion with Senator Kyl, earlier this week, he indicated that the Bill and a companion Bill in the House are to be debated within the next three weeks. He is confident they will pass. In the face of opposition to the Kyl Bill, the gambling industry acknowledges that this Bill is a violation of United States law.

Until now, only computer gambling on sports events has been prohibited. A blanket prohibition is a significant advance. Under the current law, on 4 March 1997, the United States Department of Justice indicted fourteen executives from internet gambling companies for accepting wagers from Americans. The charges were laid under the Interstate Wire Act which prohibits the use of telephone lines (telephone and internet) to operate an interstate or foreign gambling business.

In Austria, home gambling has been banned through legislation requiring gamblers to be physically present at the gaming site in order to place a bet.

Singapore, although it has not yet banned home gambling, has made it clear that it will not compromise public security and the national defence, which causes disharmony, or which offends public morals. Internet service providers are required to comply with the laws of Singapore at all times.

The Internet Code of Practice has been established under the Singapore Broadcasting Authority Act to ensure that material which contravenes Singaporean legislation is not disseminated over the internet. The Singapore Broadcasting Authority has the power to impose sanctions, including fines, on licensees who contravene the Code of Practice. That is ***"a licensee shall use his best efforts to ensure that prohibited material is not broadcast via the internet to users in Singapore"***.

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An Internet Content Provider shall deny access to material considered by the Authority to be prohibited material if directed to do so by the Authority. Internet Service Providers commonly use Proxy Servers worldwide to store popular pages so that information can be down loaded quickly. Singapore uses these Proxy Servers to block sites which contravene its legislation. It therefore provides a model which could be adapted to enforce a ban on home gambling.

In the Cook Islands, it is illegal for local on-line casino operators to accept bets from the island's residents. This further demonstrates that prohibition is possible.

BAN HOME GAMBLING

My examination of all of the issues surrounding the development of home gambling leads to but one conclusion, that it should be banned.

Many civil and perhaps even economic libertarians may argue that this is a matter of personal morality. However, it is much more than that. I believe the detrimental social consequences from existing forms of gambling are sufficiently extensive to warrant a complete ban on any further expansion of gambling opportunities. Home gambling is an obvious and potentially pervasive example of these.

“...My examination of all of the issues surrounding the development of home gambling leads me to but one conclusion, that it should be banned...”

If the bastion of liberty and free enterprise, United States, feels compelled to proceed with a ban, then I proffer that we can have little philosophical objection to such a proposal. A year ago, Prime Minister John Howard made plain his concern about the proliferation of gambling in Australia, saying it had reached “saturation point”.

I therefore differ markedly with Mr Steve Toneguzzo of Global Gaming Services, who argues that gambling law should be independent of the gambling medium, which I interpret to mean, for instance, that if gambling is legal in a physical casino then it should be legal in an on-line, virtual casino. It is my view that all types of on-line gambling equate to a new and additional form of gambling, just as having poker machines in hotels represented a new and additional form of gambling compared with casinos.

There can be little doubt that if the South Australian Parliament was now considering allowing the introduction of poker machines to hotels, having the benefit of the last five years' experience since their introduction, that they would vote against them. Similarly, we should cast our vote against home gambling.

There are those who will argue that the sophistication of technology makes the practicality of a ban impossible. However, it seems to me that many of those same people are arguing for effective regulation, rather than a ban.

Even the Northern Territory Legislative Assembly Select Committee, which as I have shown earlier, is generally supportive of home gambling, recommends that the Government *“render betting by Australian residents on interactive electronic gambling product originating in other countries illegal unless an exemption applies”*

To the extent that technology causes compliance and enforcement difficulties in banning home gambling, it seems to me that those difficulties will be greater with offshore sources of gambling, than with on-shore sources. Nevertheless, it is the

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which the Northern Territory Parliament advocates banning. For them, the revenue is the main game and hence their off-shore focus.

For me, the welfare of all Australians is the main game and hence my focus on banning all home gambling, whether from sources off-shore or on-shore. Enforcing compliance with regulation will require dealing with exactly the same technical limitations as imposing a ban will require. In short, I would say, if you can regulate effectively you can ban but if you cannot ban then to say that you can regulate is humbug.

A PLAN FOR ACTION

Earlier this year, the Minister for Communications, Arts and the Information Economy, Senator Richard Alston asked the CSIRO to undertake a consultancy to advise on relevant technology for internet content regulation. This includes looking at the potential of filtering software and blocking devices.

Recently, I have asked him to ensure that the consultants examine the technological feasibility of blocking home gambling service providers. It is claimed that filters, such as slow down access to the internet for all users. However, Singapore re experience may be directly relevant.



The Federal Government has the constitutional capacity to legislate against home gambling and could do so through the Broadcasting Act 1992 and the Telecommunications Act 1991. This contrasts markedly with its relative lack of power to deal with traditional forms of gambling, which are under state jurisdiction.

In July last year, Minister Alston and the Attorney General, Daryl Williams announced, for public comment, legislative principles for the regulation of on-line services in Australia. These principles stem from a report by the Australian Broadcasting Authority into on-line services. In 1996, the Federal and State Ministers responsible for censorship put in place co-operative arrangements for complementary legislation, creating specific criminal offence provisions relating to material which fitted the Refused Classification category under the National Classification Code. In addition to material already identified as coming under the Refused Classification category, home gambling should also be included.

States and territories will argue that this is not a Commonwealth matter. They are wrong. The internet does not recognise state boundaries, time zones or international limits.

While I recognise that technology may make compliance and enforcement of a total ban on home gambling difficult, I do not accept that it is impossible. It simply requires for us to have adequate moral fortitude and political will.

To ensure maximum compliance and the most effective enforcement of this that relevant Commonwealth constitutional heads of power should be made illegal for interactive and internet content providers to make available products, including games of skill, using telecommunications.

Secondly, it should be made illegal for service providers to transmit such gambling telecommunications.

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Thirdly, it should be made illegal for consumers to engage in gambling through these services.

I acknowledge that long-standing traditions relating to traditional TAB telephone betting and traditional products offered under bookmakers licences, together with authorised trade promotions and closed network games should be excluded from these provisions.

In other words, the ban should apply to those items identified for the proposed “Scope of Legislation” under the “Draft Model” of regulation.

Fourthly, the Federal Government should initiate negotiations with off-shore home gambling service providers and their host governments for compliance with this ban in Australia, as provided in the Kyl Bill in the United States.

I can well understand why the Federal Government may not wish to implement my proposals immediately. Having just established the Productivity Commission Inquiry, it would not wish to pre-empt its findings. The specific terms of reference for that inquiry are yet to be determined.

Today, I urge the Federal Treasurer, Peter Costello, to include in the terms of reference, the issues I have raised in relation to home gambling. I will be following up with him on these matters next week.

However, pending the outcome of the Inquiry, the Federal Government should immediately initiate a moratorium on the establishment of any additional home gambling sites in Australia, while warning current site operators contemplating additional development of existing sites that in the future they may be made illegal and have to be abandoned.

CONCLUSION

Legalised gambling, particularly poker machines and now internet gambling, I believe, is destroying the Australian ethos of a fair day's work for a fair day's pay as people place more, misguided reliance on gambling for a quick buck. The issue of home gambling must have a high priority. Once you widen the Net, you deepen the problem.