SPEAKS OUT ON
OME GAMBLING

NING:

esented to the Australian Institute for Gambling Research/Australian Institute of Criminology Conference on Gambling, Technology and Society, Sydney May 7, 1998 and his evidence to the Productivity Commission Inquiry into Gambling, Canberra, November 30 1998)

- Real potential for children to gain access to gambling venues via internet/interactive home gambling communications facilities.

- Australians are already recognised as major gamblers and spend more dollars per capita on gambling than any other nation - 1996/97 $80 billion wagered and $10 billion lost - enough gambling outlets already in existence - already have significant economic and social problems

- SA survey has attributed, to poker machines, a decline in small business turnover, ranging between 6% and 25%

- State and Territory governments hooked on gambling, mainlining on its tax dollars

- With the rapid development and growth of new and modern technology it is easier to gamble now than ever before - this will lead to home gambling gaining quicker acceptance

- A quick perusal of the internet exposes home gabling for what it really is, an insidious and destructive method of separating people from their money, while making gambling look glamorous, much the way that cigarette companies portrayed smoking as sexy and glamorous. Remember, the Marlboro man died of cancer

- The potential home gambling affords for new forms of sports betting is obvious - only the imagination limits the potential

- 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

- 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 up good. Up

to 60% of problem gamblers commit crimes to support their habits, with 20% of those ending up before the courts.

- Home gambling will be unrestricted, 24 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

- …if this new gambling technology is allowed then that percentage (of problem gamblers) will inevitably rise.

- 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

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

- Australia's state and territory governments are taking great interest in the development of home gambling but principally as a source of additional gambling taxes, rather than in its problems

- The Draft Regulatory Control Model for New Forms of Interactive Home Gambling - clearly sets out the states' priorities - potential problems completely ignored - document a grossly disappointing cop-out as a response to this issue

- The United States of America has maintained a strict attitude to gambling generally, with it being legal in only a few states. Furthermore, it is illegal to place bets by way of telecommunications networks or wires.

- The Kyl Bill - the Internet Gambling Prohibition Act 1997 - introduced by Republican Senator Jon Kyl - has been attached as an amendment to the Senate Commerce-Justice-State Appropriations Bill by a vote of 90 - 10 in the US Senate - the amendment was unfortunately dropped, when the House and Senate Bills were merged into the final Commerce-Justice-State Appropriations Bill. The Internet Gambling Bill will be reintroduced at the beginning of the next Congress (January or February 1999)

- The Kyl Bill provides for fines of at least $20,000 and four years imprisonment for people operating internet casinos and for six month prison terms and at least $2,500 fines for those betting on the internet

- The Kyl Bill is co-sponsored by 11 other Senators = 6 Republicans and 5 Democrats - also co-sponsored by 44 Members

- Other supporters of the Kyl Bill are: The Federal Bureau of Investigation (FBI), The National Association of Attorneys General, the National Football League, The

National Collegiate Athletic Association, The National Hockey League, The National Basketball Association, Major League Soccer and Major League Baseball and numerous consumer Advocates and Pro-Family Groups.

- Witnesses testifying before the American Senate Judiciary Subcommittee said:

    1. 'Internet gambling would multiply addiction exponentially, increasing access and magnifying the potential destructiveness of the addiction. Addicts would literally click their mouse and bet the house'- Ann Geer, Chair of the National Coalition Against Gambling Expansion
    2. 'If gambling in general is a dumb bet, then gambling on the Internet is a very dumb bet. Because it is unregulated…odds can easily be manipulated and there is no guarantee that fair payouts will occur. Internet gambling threatens to disrupt the system. It crosses state and national borders with little or no regulatory control. Federal authorities must take the lead in this area' - James Doyle, Chairman of the National Association of Attorneys General
    3. On the Kyl Bill - '..I think it is a very effective change. We certainly support it' - Louis Freer, Director FBI

- 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

- The CSIRO has reported to the National Office for the Information Economy (under Minister Senator Alston) on the relevant technology for internet content regulation. This included looking at the potential of filtering software and blocking devices. I asked that the consultants examine the technological feasibility of blocking home gambling service providers.

- The 'McCrea Report' concludes that it is '….technically possible to block internationally Internet-delivered content at two distinct levels - at the application level and at the packet level'.

- The Report, however, states that both of these alternatives ie packet-level and application-level would be ineffective and neither of the above approaches should be mandated

- Two different solutions are proposed by the McCrea Report - either of which would be acceptable - one is relevant to the short term and the other for consideration as a development in the longer term

- Two options for a short term solution are:

    1. A 'clean' service: the filter includes a list of permitted Uniform Resource Locaters (URLs) only; requests to all URLs outside this list are

refused. Several such proxy-based filtering schemes are currently available, providing access to a universe of thousands of permitted pages

2. A 'best effort' service: the proxy filter blocks a set of known sites, rated according to a prescribed criteria. The result is based on a best-effort approach by an Internet Service Provider (ISP) and cannot be guaranteed. Best filtering software, claims to have a black list of 'hundreds of thousands of pages'.

- ISP's admittedly would incur some costs in setting up either of these alternatives but these costs are negligible in respect of the long term social detriment of internet/interactive home gambling. Government could consider providing some incentives to ISPs to offer such differentiated services.

- The McCrea Report concludes that to be successful it is essential that initial access to the ISP should be to the filtered service. Individual users could also acquire client-based filtering software.

- In the longer term, it is proposed that Australia participates in an international forum to create the necessary infrastructure to formulate international regulation to ensure that organisations which host content would be able to determine the jurisdiction of the client. Having determined the jurisdiction (ie Australia) the ISP can find out whether the requested content is legal in that jurisdiction.

- Content from ISPs in Australia should not be handled by blocking techniques but by law ie if locally hosted material is illegal then the hosting organisation (which can easily be identified) is required by law to remove it. This is possible under the Broadcasting Act 1992 or the Telecommunications Act 1991.

- This is a Commonwealth matter, the internet does not recognise state boundaries, time zones or international limits

- **I advocate that relevant Commonwealth constitutional heads of power be used to make it illegal for interactive and internet content providers to make available any gambling products, including games of skill using technology**

- **Secondly, it should be made illegal for service providers to transmit such gambling products by telecommunications**

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

- **Fourthly, it should be made illegal for financial institutions to facilitate payment by users of this form of gambling**

- This four-pronged approach combined with internet filtering and the development of appropriate international arrangements would be highly effective in minimising participation in home gambling

- Its illegality will make participation difficult, while the educative affect of the law would also be a deterrent

- 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 and 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.

For further information and/or a copy of Senator Chapman's paper "Home Gambling: An Australian Perspective"
16 Topham Mall, Adelaide, SA, 5000
Ph: 08 8231 9611
Toll Free: 1800 018 299