

Online Gambling

The main forms of online gambling are online wagering and online gaming.

Online wagering is comprised of betting on racing (thoroughbred, harness and dog), sports betting (such as the outcome of a cricket match), and betting on the outcome of events (such as elections or reality TV shows).

Online gaming comprises of casino games (Blackjack, Baccarat, Roulette), all forms of poker and virtual gaming machines. Lotteries and Keno can also be provided in an online environment.

Online Sports Betting

Online sports bets can be placed on most sporting games in Australia and some online providers also allow for bets to be placed on international sports games.

Online providers of sports betting allow individuals to bet on sporting games in the NRL, AFL, tennis, rugby union, cricket, basketball, golf and boxing. Each provider offers a different assortment of bets. Single bets can be placed on which team will win the NRL Premiership or which team will win a particular AFL game. Margin Betting is where you pick the winning margin of an event between two teams. A number of “exotic” bets are also offered, such as will score the first try in a rugby league or AFL game.

Online sports gambling tends to involve small but high frequency wagers and can allow for frequent micro-bets to be placed during the game itself. For example, live odds are often provided during the course of a rugby league game in N.S.W and during a cricket match bets can be placed as to whether the next delivery will be a “no ball”.

Due to this ability to place high frequency bets online, individuals engaging in online sports betting may be at greater risk of losing more money than individuals placing sports bets at physical venues which typically only offer bets on the winning team and the margin of the win.

Incidence of Online Sports Betting

Although sports betting is not as popular as horse wagering, sports wagering is subject to several annual special events (e.g. football grand finals, state of origin rugby league games), which may attract irregular or occasional gamblers.

Participation rates for sports wagering have been up in some Australian jurisdictions and down in others. For example, in N.S.W it is estimated that the proportion of the adult population which engage in sports wagering was 8% in 1999 and was 7% in 2008-9.

Some evidence reviewed by the Productivity Commission report (2011) suggests that the pervasiveness of online wagering appears to have increased in the 2000s, although evidence is limited. For example, Tabcorp alone reported that 35 per cent of its active 400 000 accounts had been internet-enabled. According to recent estimates around 424 000 online sports wagering accounts were active in 2008 which is a 103 per cent increase on 2004 levels and around \$391m was spent on online sports wagering in 2008 - a 73 per cent increase on 2004 levels. It is not possible to estimate from these numbers what proportion of the population participates in online wagering. For example, one person may have several online accounts with different providers.

The Tasmania Gambling Study (2008) compared sports betting for the adult population in Tasmania in two previous studies from 2005 and 2007. They found that the percentage of the population engaged in online sports betting was approximately 3.5% of the population in 2005 compared to 3.9% in 2007. The Allen Consulting Group Internet Gambling Survey (2003) found that 0.55% of the adult Australian population engaged in internet gaming, which implied an estimated 83,000 individuals as of 2003.

Expenditure on Sports Betting

In terms of wagering expenditure, thoroughbred (61%) is the most popular, following by Greyhound racing (15%), Sports betting (14%) and Harness racing (10%) (Australian Racing Fact Book, 2011).

The Productivity Commission estimates that in 2008-09 that total expenditure on sports betting was \$0.2 billion or 1% of the total gambling expenditure across all forms of gambling.

The Tasmania Gambling Study (2008) found that approximately 3.2% of individuals placed bets online on sports games less than once a month, 0.6% placed bets 1-3 times a month, while 0.1% placed online bets once per week or more.

Table 1: Examples of online wagering operators

<i>Online wagering operator</i>	<i>Licensing jurisdiction</i>	<i>Type of wagering events</i>
www.tab.com.au	NSW, Victoria	Racing, sports
www.acttab.com.au	ACT	Racing, sports, Keno, racing simulation.
www.ozbet.com.au	Western Australia	Racing, sports
www.centrebet.com.au	Northern Territory	Australian and international racing, sports
www.tabonline.com.au	South Australia, Northern Territory, Queensland	Racing, sports
www.thetote.com.au	Tasmania	Racing, sports
www.betfair.com.au	Tasmania	Racing, sports, racing simulation, novelty bets
www.betchoice.com	Northern Territory	Racing, sports
www.luxbet.com.au	Northern Territory	Racing, sports

Source: Productivity Commission Report 2011.

The Productivity Commission found that there been growth in the number of online wagering services offered by these operators. Tabcorp's online wagering alone turned over \$1 billion within the 2007 financial year.

Online Gaming

Online gaming comprises of casino games (Blackjack, Baccarat, Roulette) and all forms of poker and virtual gaming machines. In June 2001 the Australian Government passed the *Interactive Gambling Act 2001* (IGA) which is targeted at online gambling operators and makes it an offence to provide an interactive gambling service to a customer physically present in Australia. Gambling services prohibited under the IGA include: online casino games, like roulette, blackjack and all forms of online poker, online versions of electronic gaming machines and online bingo. The Act does not make it illegal for Australians to access these online gambling services. While the Australian ban on online gaming has reduced its growth, international sites are being increasingly accessed, some of which have poor harm minimisation features and unscrupulous business practices.

Incidence of Online Gaming

There is a very small, but growing, literature dedicated to online gambling, mainly based on prevalence surveys. Online gambling appears to be a relatively rarely used form of gambling, perhaps due to it being essentially a newer form of gambling which gamblers have not yet become comfortable with.

For example, in 2003, Allens (cited in Productivity Commission, 2010) conducted a random telephone sample of 2008 Australians and found only 19 internet gamblers. Wood and Williams (2009) in a Canadian study found that, of the problem gamblers who had also gambled online in last 12 months, only 11.3 per cent nominated internet gambling as the format that most contributed to the problem. The Productivity Commission (1999) found that 0.4% of adult Australians had played an internet casino game, with 60 individuals playing online games less than once a month, 15 individuals endorsed playing between 1-3 times a month, 21 individuals played between 1-3 times a week, and 4 individuals played more than 3 times a week. The Allen Consulting Group Internet Gambling Survey (2003) found that 0.12% of the adult Australian population engaged in internet gaming which implied an estimated 18,000 individuals as of 2003.

Problems in estimating the incidence of online gambling include the often-employed loose definition of what constitutes an “online gambler” in prevalence studies and the fact that gamblers often engage in more than one type of gambling and may be using both online and venue based gambling.

Expenditure on Online Gaming

It is difficult to collect data for online gaming, since these activities are illegal and therefore not captured by the tax system. The Productivity Commission estimates that in the 2008-9 expenditure on poker expenditure was \$249 million and expenditure on online casinos was \$541 million. According to some estimates, expenditure on illegal online gaming could constitute around 4 per cent of gambling expenditure.

Who tends to Gamble Online?

The Productivity Commission found in 1999 that Internet gamblers tend to be young and high-income earners. The Allen Consulting Group (2003) has found similar results with internet gamblers more likely to be men, in the 18-24 year old age

bracket, more likely to be students, be single and have higher discretionary spending.

The Allen Consulting Group Internet Gambling Survey (2003) found that 96 per cent of female Internet gamblers bet on racing, while only 19 per cent bet on sports. It also found that men and young people are more likely to participate in a range of Internet gambling activities, while women and those aged 35 years and over are more likely to concentrate their online gambling activity on racing only.

Problem Internet Gambling

The Allen Consulting Group Internet Gambling Survey (2003) estimated that 9.6 per cent of internet gamblers are at risk of being problem gamblers. The survey found no evidence that people who gamble over the Internet are any more or less likely to become problem gamblers. This survey results is consistent with findings by the Productivity Commission, which estimated that the share of Internet gamblers who are problem gamblers (based on South Oaks

Gambling Screen scores of 5+) is:

- 13.3 per cent for users of casino games
- zero for punters betting on the races
- zero for punters on sports betting

It appears that participation by Australians in internet gambling is currently low and that rates of problem gambling directly related to internet gambling is also low. This may reflect the success of the *Interactive Gambling Act 2001*. The Alan Consulting Group (2003) concludes by warning that although the magnitude of problem internet gambling is currently low, the concern is that the potential for uptake is very significant and the impact of this form of problem gambling may continue to increase in time.

Treatment for Online Gambling

Treatments that specifically target problem sports betting and online gaming have not been adequately researched by the gambling literature. As such, it is not possible to make a recommendation based on the treatment literature in relation to the most effective treatment for this population. This is echoed by the 2011 problem gambling treatment guidelines developed by Monash University, which concluded that the present treatment outcome literature is too limited to be able to make evidence based recommendations for treatments in relation to all the different types of problem gambling. Clearly further research is needed in relation to sports betting

and online gaming, and in particular, which treatments are most likely to be effective in treating this population of gamblers.

Here, at the Gambling Treatment Clinic, we are constantly developing and refining our treatments for different types of gambling problem. To treat problem online gambling, we utilise a modified version of our cognitive therapy approach for problem gambling developed at our clinic.

References

All material is from the Productivity Commission Reports unless otherwise specified.

Australian Racing Factbook (2011). A guide to the racing industry in Australia.

Problem Gambling Research and Treatment Centre (PGRTC) (2011). Guideline for screening, assessment and treatment in problem gambling. Clayton: Monash University.

Productivity Commission (1999). Australia's gambling industries. Canberra: Productivity Commission.

Productivity Commission (2010), Gambling, Report no. 50, Canberra: Productivity Commission.

Tasmania Prevalence Study (2008). Social and Economic Impact Study into Gambling in Tasmania, Volume 2: The Prevalence Study Final Report.

The Allen Consulting Group 2003, *Report on Issues Related to Commonwealth Interactive Gambling Regulation*, report for the Department of Communications, Information Technology, and the Arts, July, Melbourne. Available online http://www.archive.dbcde.gov.au/__data/assets/pdf_file/0014/10922/Final_Report_on_Issues_Related_to_Commonwealth_Interactive_Gambling_Regulation.pdf

Wood, R., & Williams, (2009) and Williams, R. 2009, *Internet Gambling: Prevalence, Patterns, Problems, and Policy Options*. Final Report prepared for the Ontario Problem Gambling Research Centre, Guelph, Ontario, Canada.