

**DISCUSSION
PAPER**

GAMBLING HARM AND THE ONLINE GAMBLING ENVIRONMENT

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Authors: Brett Hetherington and Tony Phillips

Editor: Fiona Skivington

Layout: Suwanit Downing

RESPONSES TO THIS DISCUSSION PAPER

Responses to this paper are welcome and can be sent to: contact@responsiblegambling.vic.gov.au

RESEARCH ENQUIRIES

Rosa Billi +61 3 9452 2625

rosa.billi@responsiblegambling.vic.gov.au

MEDIA ENQUIRIES

Fiona Skivington +61 3 9452 2650

fiona.skivington@responsiblegambling.vic.gov.au

ACCESSIBILITY

If you would like to receive this publication in an accessible format, such as large print or audio, call +61 3 9452 2600 or email contact@responsiblegambling.vic.gov.au.

Victorian Responsible Gambling Foundation
Level 6, 14–20 Blackwood Street
North Melbourne Victoria 3051

PO Box 2156
Royal Melbourne Hospital
Victoria 3050

Telephone: +61 3 9452 2600

Facsimile: +61 3 9452 2660

ABN: 72 253 301 291

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Abbreviations and acronyms

The following abbreviations and acronyms are used in this discussion paper.

ABA	Australian Banking Association
ACMA	Australian Communications and Media Authority
ASSAD	Australian Secondary Students Alcohol and Drugs survey
EGM	electronic gaming machine
NCPF	National Consumer Protection Framework (for Online Wagering)
PGSI	Problem Gambling Severity Index

1. Introduction

The Victorian Responsible Gambling Foundation is a statutory authority dedicated to preventing and reducing gambling harm in and for our community.

The consequences of harm from gambling are poorer health and wellbeing for individuals who gamble, their family members, friends and community. For every person whose behaviour is classified on the Problem Gambling Severity Index (PGSI)¹ as ‘problem’ gambling, six other people are negatively affected.²

It is often assumed that gambling harm is defined by extreme outcomes, like bankruptcy, family breakdown or suicide. In reality, however, harm occurs at varying levels of severity and across different dimensions of people’s lives, including financial, psychological and in their personal relationships. The greatest amount of total population harm is experienced by people at low- or moderate-risk of problem gambling.³ This includes stigma, which is a barrier to help seeking.

The social cost of gambling to Victoria was conservatively estimated some years ago at \$7 billion a year.⁴ Family and relationship problems (\$2.2 billion) were the highest cost, followed by emotional and psychological issues, including distress, depression, suicide and violence (\$1.6 billion). Financial harms were only the third-highest cost (\$1.3 billion).⁵

A new landscape

The potential for harm has increased with the proliferation of online gambling, which has changed the way people gamble.

The nature of online gambling involves greater risk because consumers can bet (and lose) money immediately and continuously at all times of the day, on seemingly endless outcomes, and without needing to travel to a venue.

Exposure to these risks is exacerbated in an environment that is both highly competitive and profitable, which creates conditions in which providers are increasingly incentivised to develop and offer products that have the effect of intensifying harmful gambling.

These products are persuasively offered via technologies that at all times facilitate a direct and largely unmoderated transaction between the provider, the consumer and the consumer’s bank accounts. This presents hazards and heightens the risk of harm for all, but especially for those vulnerable to harm.

Sport as a gambling product

The proportion of Australian adults who gamble online rose from 12.6 per cent of all those wagering⁶ in 2010–11 to almost 31 per cent in 2019. Wagering refers to betting on races, sports or novelty outcomes, like who will win a reality TV show.

Figures from 2019 show that 63 per cent of sports bettors and 35 per cent of race bettors gambled online.⁷ More recent data show that the COVID-19 pandemic and lengthy periods of lockdown significantly increased the proportion of sports bettors who gamble online.⁸ This suggests that related harms will also have increased.

Further, inducements, complex offers, the availability of credit and ease of access to betting continue to encourage increased risk of harmful spending.

The experience of gambling-related harm from betting on races and sports is high. Of Victorians who bet on these products more than once a month, more than a third experience harm.⁹

Marketing tactics

Online gambling operators use sophisticated data analytics to develop highly targeted campaigns that include direct and ‘dark’ marketing, which refers to ads that can only be seen by the recipient, appearing fleetingly in a social media feed. The content of these ads is difficult to regulate because they are not published on advertiser accounts where others can view them.¹⁰ At-risk groups such as young men are said to be ‘swamped’ by gambling ads delivered in this way.¹¹

These promotional activities are in stark contrast to community sentiment, demonstrated by the findings of a recently concluded three-year study of Victorian sports fans conducted by La Trobe University, on behalf of the Foundation, which elicited almost 50,000 responses.

The study revealed that 78 per cent of respondents felt they should be able to watch sport on TV free from gambling ads; 87 per cent agreed that young people (12–17 years) are exposed to too much gambling advertising; and 63 per cent said betting should not be a part of sport.¹²

An important discussion

The causes of gambling harm are complex. A person’s gambling behaviour and their experience of harm are influenced by a range of factors, including social, cultural, policy, legislative, economic, and environmental issues.

Through our research program and our role as funder of the Gambler’s Help service system in Victoria, we see the profound effects of gambling harm and the need for coordinated, effective solutions involving policy, regulation, community awareness and industry action.

Further, our intelligence is underpinned by knowledge and insights gained through ongoing work with people who have lived experience of gambling harm.

This discussion paper draws on the findings of Foundation-funded and other academic studies, market research and public discourse, as well as policy and regulatory responses such as the National Consumer Protection Framework. In so doing, the Foundation has sought to highlight current issues, challenges and opportunities with regard to preventing and reducing the risk of harm in the online gambling environment.

2. Extent of gambling harm

2.1 MORE THAN PROBLEM GAMBLING

Harm from gambling was once considered a consequence experienced only by people whose behaviour was described as problem gambling. However, research in Victoria and elsewhere has established that harm is much more widespread.

The PGSI is a research-based questionnaire that measures the likelihood that a person will experience problem gambling. A version of the PGSI is used by Australian jurisdictions that conduct population research on gambling.

The PGSI classifies people who gamble into four categories:

- non-problem gambling
- at low risk of problem gambling
- at moderate risk of problem gambling
- problem gambling.

Research published by the Foundation in 2016 established that harm is experienced by many people whose behaviour is not classified as problem gambling.¹³ This research showed that some people in the non-problem gambling category even experience harm. Similar findings have been replicated in other population studies, including the most recent Victorian study.¹⁴

The research identified a wide variety of harms from gambling that could affect a person's wellbeing, to varying degrees. The percentage of the occurrence of harm in each of the PGSI categories is given in table 1.

Table 1: Percentage experiencing harm by PGSI category

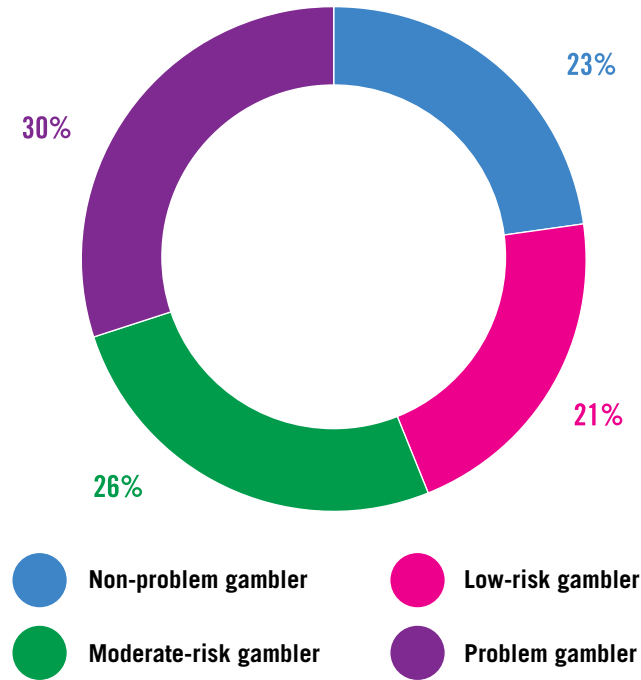
	Respondents who gambled in the past 12 months (%)	Non-problem gambling (%)	Low-risk gambling (%)	Moderate-risk gambling (%)	Problem gambling (%)
No harm	90.4	95.3	70.8	40.6	0.0
Any harm	9.6	4.3	29.2	59.4	100

Reproduced from table 42 Rockloff, M, Browne, M, Hing, N, Thorne, H, Russell, A, Greer, N, Tran, K, Brook, K & Sproston, K 2020, *Victorian population gambling and health study 2018–2019*, Victorian Responsible Gambling Foundation, Melbourne. Based on screen with a binary result, harmed or not harmed.

Figure 1 shows that in the actual distribution of harm across the gambling population in Victoria, people who experience problem gambling only accrue 30 per cent of the sum of harms.

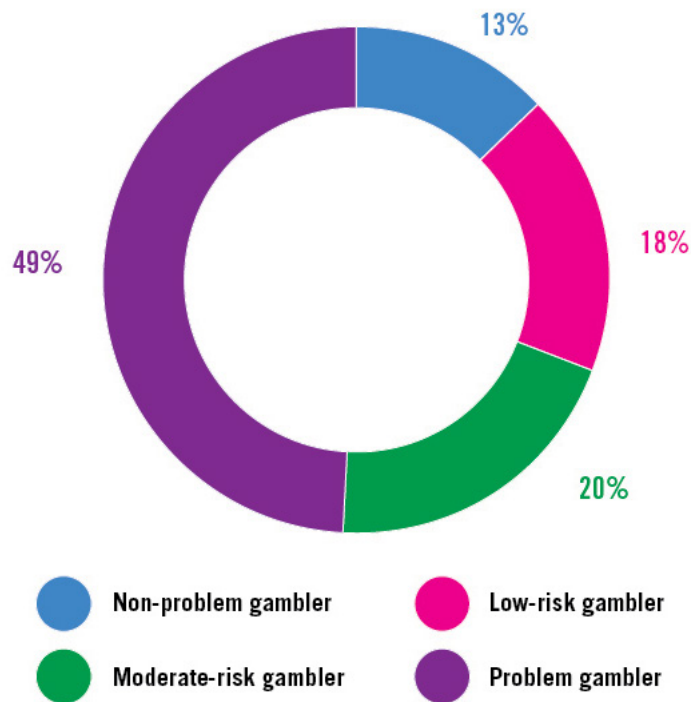
Figure 2 provides a breakdown with a focus on the distribution of more severe harms, which shows 51 per cent of these accrue to people outside the problem gambling category.

Figure 1: Distribution of gambling harms among those who gamble, by PGSI status



Reproduced from Figure 77 Rockloff, M, Browne, M, Hing, N, Thorne, H, Russell, A, Greer, N, Tran, K, Brook, K & Sproston, K 2020, *Victorian population gambling and health study 2018–2019*, Victorian Responsible Gambling Foundation, Melbourne.

Figure 2: Distribution of selected *severe gambling harms* among those who gamble, by PGSI status¹⁵



Reproduced from Figure 77 Rockloff, M, Browne, M, Hing, N, Thorne, H, Russell, A, Greer, N, Tran, K, Brook, K & Sproston, K 2020, *Victorian population gambling and health study 2018–2019*, Victorian Responsible Gambling Foundation, Melbourne.

The 2018–19 Victorian population study data allow the distribution of PGSI categories and harm to be calculated for those involved in different types of gambling. This includes wagering, i.e. gambling on races and/or sports or other sundry events that bookmakers offer.

Race and sports betting are included among the gambling products most associated with harm in Australia. While efforts to reduce harm from gambling are applicable to many types of gambling, the evidence of high occurrences of harm among those who gamble on races, sport, pokies and table games, combined with numbers of those estimated to use those products,¹⁶ make them legitimate priorities for regulatory action to reduce the harm they cause.

Table 2 shows that the PGSI scores strongly associated with harm are much higher across those groups who regularly gamble (more than once a month) on these products.

Table 3 shows the percentage of Victorians who gamble regularly on these products and the percentage of those who gamble regularly on them who experience harm.

Table 2: PGSI scores of Victorians who gamble regularly (an average of once a month or more)

Product used more than once a month	Low-risk PGSI score (%)	Moderate-risk PGSI score (%)	Problem gambling (%)	Total for PGSI categories combined (%)
Race betting	26	13	6	45
Sports betting	36	13	7	56
EGMs (pokies)	26	17	12	55
Casino table games	26	27	16	69

Source: Data tables from Rockloff, M, Browne, M, Hing, N, Thorne, H, Russell, A, Greer, N, Tran, K, Brook, K & Sproston, K 2020, *Victorian population gambling and health study 2018–2019*, Victorian Responsible Gambling Foundation, Melbourne

Table 3: Harm score Yes/No percentage of Victorians who gamble

Product	All users of product more than once a month (%)	Those using once a month or more experiencing harm (%)
Race betting	17	33
Sports betting	30	38

Based on results from, Rockloff, M, Browne, M, Hing, N, Thorne, H, Russell, A, Greer, N, Tran, K, Brook, K & Sproston, K 2020, *Victorian population gambling and health study 2018–2019*, Victorian Responsible Gambling Foundation, Melbourne.

The figures in these tables quantify the risks and harm associated with wagering products for a high percentage of regular users.

2.2 COST OF HARMS FROM GAMBLING

In 2017, the Foundation published research that conservatively estimated the social cost of gambling to Victoria at about \$7 billion a year.

Table 4: Estimated costs of gambling harm – Victoria

Area of harm	Cost of harm
Family and relationship problems	\$2.2 billion
Emotional and psychological issues, including distress, depression, suicide and violence	\$1.6 billion
Financial losses e.g. through excessive spending, bankruptcy, including losing house	\$1.3 billion
Costs to government, such as research, regulation and professional support services, including mental health and homelessness services	\$1.1 billion
Lost productivity and other work-related costs	\$600 million
Costs of crime, including to businesses and the justice system	\$100 million

Browne, M, Greer, N, Armstrong, T, Doran, C, Kinchin, I, Langham, E & Rockloff, M 2017, *The social cost of gambling to Victoria*, Victorian Responsible Gambling Foundation, Melbourne.

Reductions in harm from major gambling products, including race and sports betting, would have social and economic benefits and reduce costs across government and the community, and not just for those who gamble.

KEY ISSUES

- Gambling harm is experienced more broadly than among those whose behaviour is classified by the PGSI as problem gambling.
- The majority of gambling-related harm is experienced by people outside the PGSI problem gambling category.
- Regular wagering (once a month or more) significantly increases the risk of harm.
- A third or more of Victorians who wager regularly experience harm.
- The costs of gambling harm to the Victorian community are significant.

3. THE ONLINE GAMBLING ENVIRONMENT

3.1 JURISDICTIONAL ROLES

Each Australian state and territory has its own gambling legislation. Each government oversees the provision of gambling services in its jurisdiction, regulates and enforces the law, and derives revenue through fees and taxes.

However, the Commonwealth *Interactive Gambling Act 2001* prohibits the provision of online or interactive gambling services, excluding wagering, sports betting and lotteries, to Australian residents.¹⁷

Further, the Commonwealth's telecommunications powers mean it has jurisdiction over gambling advertising, promotions and trade via broadcast and online services.

3.2 EXPANSION OF ONLINE GAMBLING, INCLUDING SPORTS BETTING

In 2008, the High Court of Australia ruled unanimously in favour of allowing residents of Western Australia to place bets with a licensed online betting exchange regulated in Tasmania.

The decision enabled online wagering operators regulated in one jurisdiction to publish race fields, advertise and offer bets to customers located in other Australian jurisdictions.¹⁸

This led to a rapid increase in the number and scale of online betting companies offering services to Australian residents. It also resulted in a proliferation of gambling advertising and other promotions by these companies.

Sports betting and race wagering are now the largest interactive gambling markets in Australia.¹⁹

3.3 NATIONAL CONSUMER PROTECTION FRAMEWORK

In 2015, the Commonwealth commissioned a review of illegal offshore wagering, following which the National Consumer Protection Framework (NCPF) for Online Wagering in Australia was developed by the Commonwealth with input and agreement by state and territory governments.

The intention was that the NCPF would bring Australian online gambling consumer protection measures up to date, reflect best practice and address regulatory fragmentation and inconsistency across jurisdictions.

The NCPF comprises 10 measures that provide tools for consumers and requirements for online wagering providers licensed in Australia to help mitigate gambling harm. The phased rollout began in 2018 and is almost complete.²⁰

The NCPF measures:

- prohibit lines of credit being offered or provided by interactive wagering providers, with the exception of certain on-course bookmakers (in effect 17 February 2018)
- discourage links between interactive wagering service providers and small amount credit contracts (payday lending) for online wagering (in effect 17 February 2018)

- reduce the customer verification period from 90 days to a maximum of 14 days for online wagering across all jurisdictions (in effect 26 February 2019)
- restrict all specified inducements in applicable jurisdictions (in effect 26 May 2019)
- ensure that online wagering account closure or cancellation is readily available and accessible for all customers (in effect 26 May 2019)
- provide a voluntary opt-out pre-commitment scheme for deposit limits (in effect 26 May 2019, with further trials and tests proposed to enhance the measure)
- ensure customers receive meaningful statements on their wagering activities from each interactive wagering service provider
- provide evidence-based consistent gambling messaging
- provide staff training in the responsible service of online gambling
- provide a National Self-Exclusion Register that ensures consumers can immediately exclude themselves from services offered by interactive wagering service providers.

A baseline evaluation of the NCPF was completed in 2019. Further evaluation will be undertaken in a phased approach.²¹

3.4 NEWER ONLINE AND INTERACTIVE GAMBLING PRODUCTS

Relatively new online products such as esports (virtual sporting events) and fantasy sports betting are now also regulated and available to Australian consumers.

Products that exhibit many of the characteristics of gambling are also readily available online. These include loot boxes within games and wagering on in-game products and features (called skins betting).²² Many online games either simulate gambling or contain features that mimic or work in ways similar to features associated with gambling harm.²³

These products, simulated gambling within video games and similar online content consumed by children, have been identified as potentially harmful.²⁴ There is also evidence that underage gambling is occurring using skins as currency for esports betting.²⁵

The research suggests that games and products of this type can:

- normalise gambling for children and create pathways into underage gambling as well as harmful gambling in adulthood²⁶
- create unrealistic expectations among users of the likelihood of gambling wins
- create harm among users similar to that experienced by people who gamble, such as spending excessive time and/or money on the activity.

These games do not fall within the current legal definition of gambling, but they can be a pathway to harmful gambling activity and produce harms similar to those caused by gambling. There is little to no regulation relating to the marketing of these simulated gambling games or games with chance-based features.

KEY ISSUES

- The National Consumer Protection Framework is a set of standard minimum protections for people who participate in online gambling.
- Rollout of the 10 NCPF measures began in 2018. Their effectiveness in mitigating gambling harm will be evaluated in a phased approach.
- The rapid growth of online wagering activities and their proliferation across platforms and technologies are critical issues for consideration in relation to strengthening consumer protections.
- Interventions to reduce the risks associated with simulated gambling and gambling-like products in video game content warrant consideration.

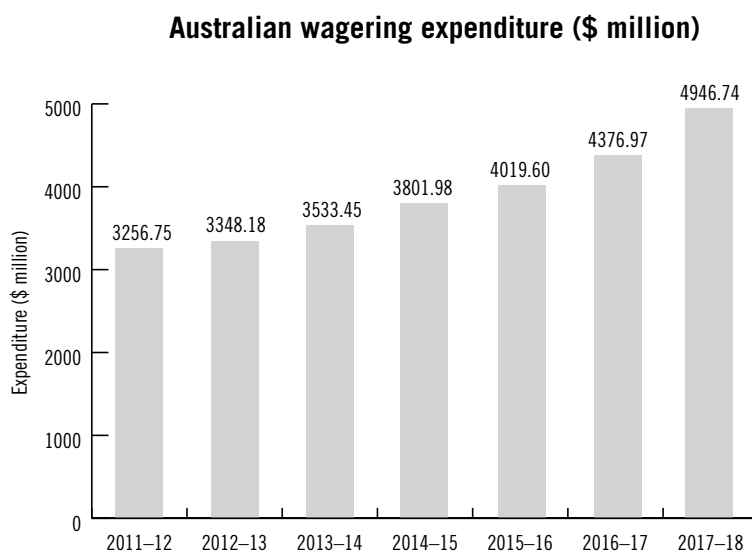
4. RECENT FACTORS AFFECTING PARTICIPATION

4.1 GROWTH IN ONLINE WAGERING

Largely driven by advertising and the proliferation of smart devices and apps, wagering has increasingly migrated online since 2008. National surveys show the proportion of people gambling online increased from 12.6 per cent in 2010–11 to almost 31 per cent in 2019. Significantly, this included 63 per cent of sports bettors and 35 per cent of race bettors.²⁷

In 2018–19, a Foundation study found 71.7 per cent of all Victorians who gambled on sports placed bets online compared to 52 per cent in 2014 and 22.4 per cent in 2008. The shift was not as prominent for race bettors, with 34.7 per cent placing bets online in 2018–19.²⁸

Figure 3: Australian wagering expenditure, 2011–18



Reproduced from [Australian gambling statistics, 37th edition](#). Note: 2018–19 excluded due to incomplete data.

4.2 ONLINE BETTING EXACERBATES GAMBLING HARM

There is strong evidence that online gambling increases harm and risk of harm. Gambling online inflates factors known to be associated with gambling harm, particularly when compared to other forms of gambling.

Online gambling greatly increases:

- opportunities to gamble through 24/7 access and an almost instantaneous ability to place bets. This intensifies the vulnerability stemming from other known risk factors for harm, such as a lack of impulse control²⁹ and chasing losses³⁰
- spending through online digital money transfers from bank to betting account, which makes spending frictionless, less painful and, for some people, more difficult to track than cash-based betting.³¹

Research shows that people who gamble online (not only on wagering) have higher problem gambling scores and are significantly more likely to experience harm than those who gamble in

other ways.³² One study found that at least 34 per cent of those who gambled online were likely to experience at least one form of harm, compared to 15.6 per cent of those who engaged in land-based gambling.³³

In a 2022 article on structural changes in online gambling, Australian researchers provide an overview of the ways in which wagering online can escalate the risk of harm and increase the harm experienced.³⁴ They partly attribute this to the nature of online gambling, and partly to the products on offer and how they are provided.

The researchers note that in the past decade, ‘the provision of online gambling has intensified with increased access, enhanced betting markets, a broader product range, and prolific marketing’.³⁵

The structural factors they identify as increasing the risk and intensity of harm are:

- the speed by which bets can be placed and money transferred into accounts
- access to gambling via internet-enabled devices (mostly tablets and smartphones) at any time and from almost any location
- the opportunity to bet on a greater range of events, such as overseas sports
- a vast range of new betting types, especially complex multibets with difficult to understand odds and reward values and opportunities to wager on occurrences within an event rather than just on the final outcome
- the ongoing proliferation of advertising and inducements, particularly during televised sports and racing events and via social media and targeted push marketing.³⁶

A significant proportion of people who participate in online wagering do experience harm, especially those who gamble regularly (defined as once a month or more). Among Victorians who gambled regularly in 2020, 33 per cent of those who bet on races and 38 per cent of those who bet on sports experienced harm from their gambling.

This level of harm reinforces the point made by researchers, that existing regulations are not working adequately and there is a need for this inadequacy to be addressed.³⁷

Not all people who participate in online sports or race betting experience harm. However, Australia’s online gambling environment offers constant opportunities and pathways that can lead to harm.

4.3 THE COVID-19 PANDEMIC

In Victoria, wagering losses rose from \$1.67 billion in 2019–20 to \$2.33 billion in 2020–21, an increase of 39.5 per cent.³⁸

Victorian wagering and betting tax data reveal a large, sudden increase in Victorian online wagering expenditure that aligns with the lockdowns that closed retail betting at the start of the COVID-19 pandemic. There is also evidence that consumers who continued to gamble during lockdowns increased their spending.³⁹

Betting company reports for the periods before and during lockdowns also note a rapid increase in the number of account holders and a rise of market share by online bookmakers.

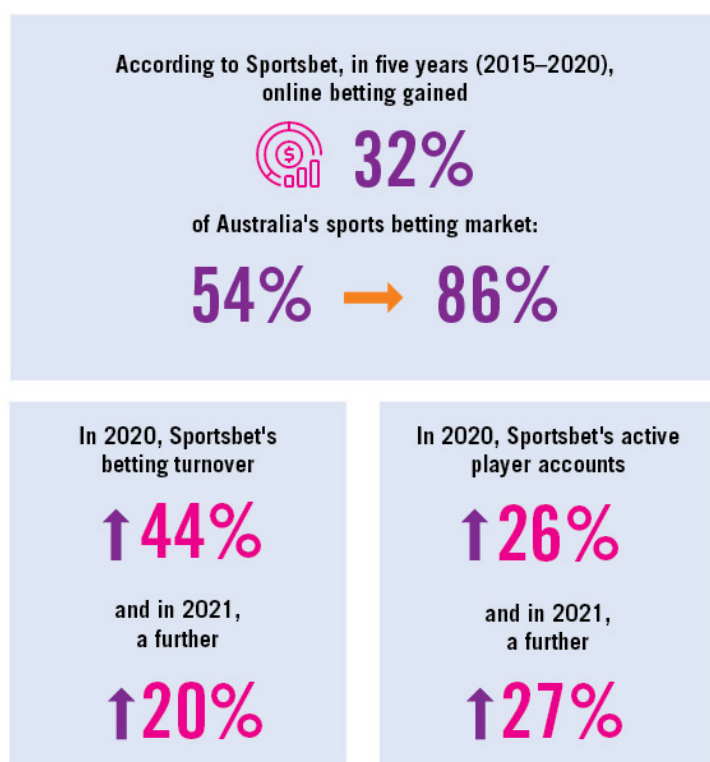
Given that lockdowns drove people wanting to gamble to online platforms and that losses increased significantly, it is likely that the move to online was a major factor in the increase in losses.

The most recent Victorian figures (pre-COVID) show that 5.8 per cent of adults who gamble, including 39.1 per cent of men aged 18 to 24, participate in sports betting.⁴⁰ Surveys indicate this is consistently increasing over time.

Sportsbet stated in 2021 that online betting accounted for 86 per cent of the total Australian sports betting market in 2020, up from 54 per cent in 2015.

The company, which claims a 50 per cent share of the Australian online wagering market, reported an increase in betting turnover of 44 per cent in 2020 and a further 20 per cent in 2021.

Active player accounts increased by 26 per cent in 2020 and a further 27 per cent in 2021.⁴¹



Tabcorp claimed a 25 per cent share of the Australian online wagering market in 2021. It reported a 27 per cent increase in online betting turnover in 2021 and a 10 per cent increase in active player accounts.⁴²



Online wagering expenditure has not reverted to pre-pandemic levels in Victoria since the lifting of lockdown measures. That this expenditure is consistently and substantially higher than pre-pandemic levels suggests a permanent shift in consumer behaviour, including a major increase in the percentage of those using apps and computers to gamble online.

KEY ISSUES

- Growth of online gambling has accelerated in Australia since 2008, both in participation and expenditure.
- The COVID-19 pandemic lockdowns accelerated the shift to online gambling.
- Regular participation in sports and race betting significantly increases the risk of gambling harm.

5. PROLIFIC GAMBLING ADVERTISING

5.1 INEFFECTIVE POLICY

More than a third (38 per cent) of Victorian adults who bet on sport more than once a month experience gambling harm.⁴³

Sports betting is associated with one of the highest rates of problem and moderate-risk gambling for any gambling product.⁴⁴

Findings from the most recent prevalence studies suggest that harm from sports betting continues to increase and is not decreasing in response to policy interventions,⁴⁵ such as the current restrictions on gambling advertising that apply to a narrow range of children's TV hours and live sport between 5 am and 8.30 pm.

5.2 GAMBLING ADS ARE ASSOCIATED WITH HARM

Broadly, the saturation levels of gambling advertising in Australia are harmful because they normalise gambling, especially for children (see sections 5.4 and 5.5), and are triggering for people who have lived experience of gambling harm or are at risk of problem gambling.

Research on the normalising effects of gambling ads shows that they can lead to:

- misperceptions about the extent to which gambling is normal, and how much gambling is a normal and reasonable amount e.g. wall-to-wall advertising can create an immersion effect that makes it seem like everyone is gambling regularly, even when this is not the case⁴⁶
- people betting more and spending greater amounts of money than they intended⁴⁷
- vulnerable groups, such as newly arrived migrants whose backgrounds do not include gambling, believing they need to gamble to fit into Australia's culture⁴⁸
- participation in wagering being perceived as a symbol of belonging.⁴⁹

Research on the triggering effects of gambling ads shows that:

- they can lead people who wager regularly to do so more frequently, exposing them to a higher risk of harm⁵⁰
- high levels of engagement with the ads can lead to a person being exposed to significantly more digital advertising and receiving a greater volume of direct marketing or tailored advertising. This has been found to have negative effects on how much a person risks and how much they lose⁵¹
- those at risk of experiencing, or already experiencing, problem gambling are more likely to increase their gambling when exposed to the gambling ads, including via broadcast and social media⁵²
- people trying to reduce or cease gambling have fewer safe places to avoid being reminded of their desire to gamble. This is especially difficult for people who gamble online because the ads for, and access to, betting are both via their phone⁵³

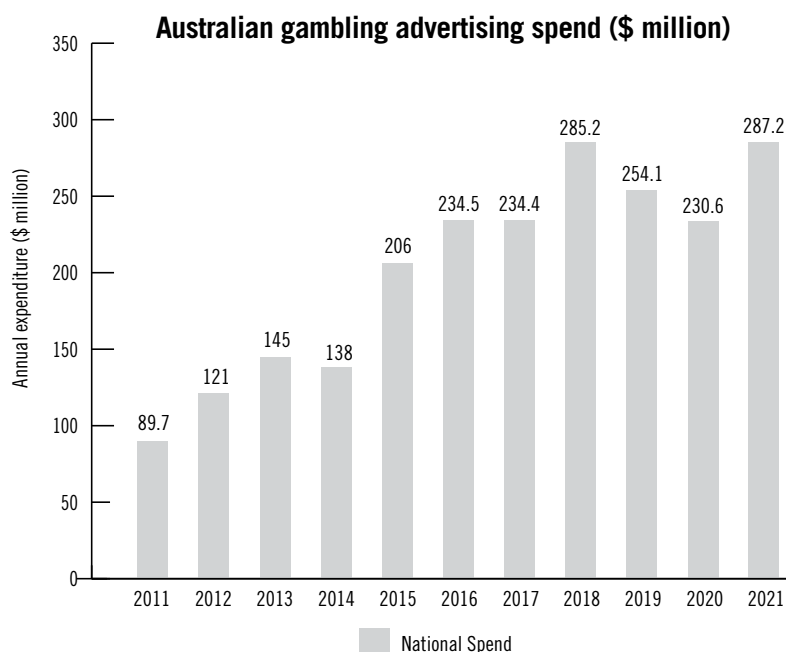
- people already experiencing harm from gambling and those who have sought help and are attempting to stop gambling are exposed to a greater risk of harm. One research participant noted the constant advertising ‘sort of made you feel like you were still gambling’.⁵⁴

5.3 GAMBLING ADS ARE EVERYWHERE

Wagering ads, particularly sports betting ads, have reached saturation levels in Australia across all media. The advertising is run on free-to-air broadcasts, streaming services and social media, as in-program content, through product placement, and more. In addition, targeted promotions are delivered as specific messages to account holders through apps, online and via other digital communications.

Figure 4 shows that in Australia the total gambling advertising spend a year rose from \$89.7 million in 2011 to \$287.2 million in 2021, not including in-program content, stadium or sponsorship signage. This equates to a 320 per cent increase over the 11 years.

Figure 4: Australian gambling advertising spend



Source: 2011–2016 Standard Media Index, 2017–2021 Nielsen’s Ad Intel

Notes:

- national spend for 2017–19 includes metro and regional TV, metro and regional press, cinema, out of home, metro radio, magazines and digital
- national spend for 2020 and 2021 includes social media
- all national spends exclude sponsorship and in-program content, such as during live sport broadcasts.

Of the \$287.2 million spent on gambling advertising in Australia in 2021, about three quarters can be attributed to wagering providers and corporate bookmakers. TV ads accounted for 54 per cent of the spend.

In Victoria, the gambling advertising spend was more than three times the spend on alcohol, with about 346,000 free-to-air TV ads.⁵⁵ That’s an average of 948 gambling ads a day or 39.5 an hour, of which more than half aired between 9 am and 8.30 pm.⁵⁶ An average of 148 gambling ads were shown during the weekday primetime family viewing slot of 6–8.30 pm.⁵⁷

Over 11 years (2011–2021), expenditure on gambling ads in Australia

↑ 320%

\$89.7 million → \$287.2 million

Excludes in-program content, stadium and sponsorship signage

In 2021, gambling ads on Victorian free-to-air TV averaged:



948 a day



148 between 6 and 8.30 on weeknights

Foundation analysis of data purchased from Nielsen indicates that while sports programs featured heavily as places for gambling advertising, most programs carried multiple ads, including comedy shows and Marvel movies. This included programs that appeal to children, including children who have little or no interest in sport.

It appears that the sheer size of the spend meant that sporting programs alone could not provide sufficient advertising space. This is supported by the Australian Communications and Media Authority (ACMA), which has reported that an effect of restricting gambling advertising during live sport from April 2018 was an increase in gambling ads during non-sport programs.

In addition, there was a 50 per cent increase in the volume of ads after the restrictions came into place in 2018, largely between 6 and 10.30 pm.⁵⁸ The breakdown included:

- an 86 per cent increase in the volume of gambling spots on regional TV
- a 61 per cent increase in the volume of gambling spots on radio
- a 24 per cent increase in the volume of gambling spots on metro TV.⁵⁹

This indicates that rather than reduce the volume of gambling advertising, the restrictions have led to them being dispersed into general programming. The intention to protect children who watch live sport was offset by the increase in gambling ads shown across many other TV programs and during times when children would be watching.

5.4 CHILDREN ARE HEAVILY EXPOSED TO GAMBLING ADS

Gambling ads are permitted during primetime viewing hours except during live sport broadcasts and during narrowly defined children's viewing times. While ads during live sport are only permitted after 8.30 pm, many children who start watching a match earlier in the evening will continue watching until its conclusion after 8.30 pm and therefore see the ads. Other programs about sport are not affected by the restrictions, and neither are news and current affairs programs.

Questions included in the Victorian version of the 2017 Australian Secondary Students Alcohol and Drugs (ASSAD) survey revealed that 73 per cent of participants had been exposed to gambling advertising in the past month.

More than a third of the students were aware of gambling ads on radio, sporting scoreboards, websites or social media.⁶⁰ They were also exposed to gambling ads online, via outdoor displays such as stadium signage and, particularly, through broadcast media.

Exposure to online gambling ads was associated with past month gambling and being identified as experiencing problem gambling.⁶¹

On average, each student who participated in the ASSAD survey was exposed to four different types of advertising for gambling in a 30-day period: 34 per cent heard ads on the radio; 40 per cent saw ads on social media; and 36 per cent saw them on a website.⁶²

Children's exposure to gambling ads may even be higher than it is for adults. A Gambling Research Australia study in 2015 found that adolescents were more likely to be exposed to gambling ads on TV than adults, including adults engaged in regular sports betting.⁶³

This exposure is likely to have long-term consequences for young people. For example, men aged 18 to 24 are the largest group of sports bettors in Victoria⁶⁴ and part of the first generation to grow up surrounded by gambling ads.

5.5 GAMBLING ADS NORMALISE GAMBLING FOR CHILDREN

Sports betting is a normalised concept for young people, including children, across Australia. In one study, three quarters of a small sample of children who participated in AFL, NFL and soccer in New South Wales (NSW) and Victoria thought that betting was a normal part of sport.⁶⁵ In another, children aged 14 to 17 showed a deep unconscious association between gambling and sport.⁶⁶

The normalisation of gambling for children involves:

- a perception that the importance of sport is as a gambling product, especially in its commercial forms, which undermines or displaces the role of sport as a form of socialisation⁶⁷ a pathway to underage/early gambling that is associated with harm or risk of harm⁶⁸
- misconceptions about the level of risk gambling entails⁶⁹
- expectations that gambling forms a passage into adulthood.⁷⁰

There is reason to be concerned about the exposure of children to targeted direct and social media marketing, but there is limited research on this issue.⁷¹

5.6 UNDER 18S ALREADY EXPERIENCE GAMBLING HARM

The findings of the 2017 ASSAD survey included that nearly a third (31 per cent) of Victorian secondary students had gambled, of which 38 per cent had bet on sport.⁷² Similarly, national research undertaken by the Australian Institute of Family Studies shows that 6 per cent of people aged 16 and 17 have bet on sport in the past 12 months.⁷³

Gambling harm can be more common among adolescents who gamble than adults: one study found that for adolescents who gamble, 5 per cent experience problem gambling and a further 26 per cent are at risk.⁷⁴

Research in other areas of public health indicates that exposure to ads may lead to earlier use of products associated with harm⁷⁵ and a high level of consumption. In the long-term, greater exposure to gambling ads could well be associated with greater gambling harm at a population level.

5.7 PARENTS WANT SUPPORT TO PROTECT KIDS

Many parents are concerned about, and overwhelmed by, the volume of gambling ads reaching their children, with studies consistently showing they want further restrictions.

ACMA research found that 72 per cent of parents are ‘bothered’ by their children’s exposure to gambling ads.⁷⁶ Other research highlights that parents struggle to combat the advertising and to prevent the normalisation of gambling among their children.⁷⁷

This is reflected in broader community concerns, with one study finding that an overwhelming majority of the general public (around 80 per cent) support a ban on gambling ads during televised sport.⁷⁸

Community concern about gambling ads, especially sports betting ads, has been evident for a long time. For example:

- as early as 2013, an ACMA survey showed 85 per cent support for restrictions on the broadcast of betting ads at certain times⁷⁹
- a 2018 study of Victorian basketball fans aged 11 to 16 (N=111) found most had seen gambling ads across different media, from free-to-air TV to social media and YouTube, and 79 per cent stated there were too many gambling ads in sport⁸⁰
- a 2019 Foundation survey of 1,231 Victorians found that 73 per cent thought adolescents were exposed to an excessive amount of gambling advertising⁸¹
- a 2019 national study by ACMA reported that 62 per cent of parents surveyed were bothered by gambling ads and 73 per cent were concerned about children’s exposure to them. The level of concern was higher among parents of teenagers⁸²
- a 2021 AFL Fans Association survey showed that more than a third of the 860 respondents (37 per cent) were concerned about gambling ads in stadiums and on TV. The issue ranked second – behind the standard of umpiring – on the list of fans’ concerns⁸³
- in a 2021 report developed for the government of South Australia (SA), CQUniversity researchers concluded ‘there are widespread concerns in the community about the normalising effects of sports betting advertising and its potential to increase gambling harm’. The same study reported 63 per cent of South Australians want sports betting ads banned⁸⁴

- 11 of 16 AFL club executives who responded (anonymously) to a 2022 survey conducted by *The Age* said the level of gambling advertising in their sport is excessive. One said they found the exposure ‘personally offensive’ and that the AFL had ‘prostituted themselves’ to the gambling industry⁸⁵
- a 2022 poll by the Australia Institute found that 71 per cent of Australians agreed gambling ads on TV should be banned. Only 11 per cent disagreed⁸⁶
- a recently concluded three-year study of Victorian sports fans conducted by La Trobe University on behalf of the Foundation found that, of the almost 50,000 responses, 78 per cent believe they should be able to watch sport on TV or in-stadium without gambling, 75 per cent of parents are concerned about their kids seeing gambling ads, 87 per cent agree young people are exposed to too much sports betting advertising and 63 per cent believe betting shouldn’t be part of sport.⁸⁷

KEY ISSUES

- Victorians are constantly exposed to saturation levels of gambling ads across all media.
- Exposure to gambling ads normalises betting and increases the risk of harm.
- Current restrictions have failed to reduce children and young people’s exposure to gambling, especially sports betting, which they think is normal.
- The prolific promotion of sports betting does not align with community values or expectations.

6. SERVICE PROVIDER RESPONSIBILITIES

A body of recent research has identified particular characteristics as linked closely to the harmful potential of a product.⁸⁸

That is, the way products are offered and promoted affects the risk of customers experiencing harm. In particular, the harm and risk of harm experienced by those who wager online is influenced by:

- product accessibility
- the nature of the products offered
- how products are promoted
- interactions between customers and gambling providers.

6.1 DIRECT MARKETING

The NCPF prevents gambling providers from offering inducements or other incentives to potential customers to open a gambling account. However, once an account has been opened, a customer can be sent direct marketing materials unless they proactively opt out.⁸⁹

Direct marketing and wagering inducements encourage betting by offering something for ‘free’, like bonus bets, money-back guarantees and discounts. They are effective methods of influencing betting behaviour, result in higher expenditure and increase the risk of harm.⁹⁰

Access to inducements can lead to increases in gambling intensity and frequency, such as chasing losses and playing multiple games. This increase in risky behaviour has been especially noted for those considered to be at risk according to the PGSI.⁹¹

The 2022 Northern Territory Wagering Commission Code of Practice to Reduce Gambling Harms consultation paper⁹² explores whether inducements and/or other direct marketing activities should be prohibited for users who:

- have been identified by a wagering service provider as at risk of harm
- have not logged into their betting account in the past 12 months
- are under 25 years of age
- have an account balance of \$10 or less and who have not logged into their betting account for the past three months.

6.2 INDUCEMENTS

A 2018 Foundation-funded study found that many vulnerable bettors had been heavily exposed to wagering marketing, which led them to place bigger and more frequent bets. Multibets, bonus bets, reward programs, early cash-outs and direct messages from gambling companies were all linked to increased expenditure and riskier betting.⁹³

A follow-up study in 2019 focused on direct texts and emails from wagering operators and showed that direct messages are extremely frequent and likely to contribute to risky gambling. This study stated:

Given the high rates of gambling problems amongst regular bettors, and continued growth of these markets, regulators should consider restricting access to the most potentially harmful forms of wagering advertising, as identified in this study, including direct messages, stake-back offers, multi-bet offers, match your stake or deposit offers, better odds/winnings inducements, happy hours, rewards programs, and cash out early offers.⁹⁴

Australian studies have shown that people who often use wagering inducements have a greater tendency to place impulse bets during sporting events. They have also shown that sports bettors with a greater tendency to place impulse bets during sporting events are more likely to experience problem gambling. This suggests that wagering inducements could promote impulse betting during sporting events among frequent sports bettors and people who experience severe gambling harm.⁹⁵

The Foundation has previously argued for a ban of all inducements that are likely to cause harm.⁹⁶ This includes inducements that:

- have terms and conditions that are difficult to access and understand, making it challenging for customers to assess both risk and rate of return
- encourage an increase in the frequency and intensity of betting, such as rewards for extra or top-up bets or offers that ‘match’ extra funds committed by the customer
- create environments that encourage impulsive rather than considered betting, such as time-limited ‘special’ offers such as cashback bonuses or free bet offers
- present gambling as low risk, especially to vulnerable groups.

Inducements generate excitement for customers who gamble on a device, rather than at a venue. They also create an environment in which manipulative marketing conduct can occur. For example, customer data can be exploited to develop targeted inducements that encourage engagement, or re-engagement, with gambling.

When customers do not understand an inducement, they may make gambling choices that result in harm.⁹⁷ When advertised broadly they can mislead others, including children, about the level of risk involved in these types of gambling.

Some Australian jurisdictions, including NSW⁹⁸ and SA,⁹⁹ have introduced restrictions on inducements over and above those included in the NCPF. These may warrant consideration by other states and territories seeking to strengthen harm mitigation measures.

6.3 USE OF CREDIT

The NCPF has prevented online gambling providers from offering lines of credit to customers since 2018. However, banks and other financial institutions can still provide credit for gambling.

Generally, a credit card is linked to an online gambling account or credit is provided via a cash advance facility that deposits money into an online gambling account. It is usual for a high rate of interest to be charged, which increases the burden of any losses.

In 2020, the Australian Banking Association (ABA) *Community consultation on the use of credit cards for gambling*¹⁰⁰ found strong community and institutional stakeholder support for a legislated ban on the use of credit cards for gambling.

The Commonwealth Parliamentary Joint Committee on Corporations and Financial Services held an inquiry in 2021 into the regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia.

In its submission to this inquiry, the Australian Finance Industry Association suggested a ban be implemented through the NCPF.¹⁰¹ Arguments in favour of a ban, including those made in the Foundation's submission to the inquiry,¹⁰² highlighted that the provision of credit could exacerbate harm from gambling.

The ABA is pushing for a regulatory solution to prevent registered online gambling companies from accepting payment by credit,¹⁰³ with chief executive Anna Bligh stating to the Committee that:

A simple amendment to the Interactive Gambling Act would make it illegal for an online gambling company to accept a credit card online, just as it is at the track or the TAB.¹⁰⁴

Financial Counselling Australia also supports a prohibition on gambling companies accepting credit cards for betting, including via e-wallets, buy now pay later facilities or vouchers.¹⁰⁵

This mechanism to reduce gambling harm would align with credit card restrictions already in place for retail wagering (TAB agencies) in Australia, as well as restrictions introduced in the United Kingdom in April 2020.¹⁰⁶

6.4 DATA-INFORMED INTERVENTION

Gambling providers, and online gambling operators in particular, hold a substantial amount of rich, account-based data about their customers' gambling expenditure and behaviour. Changes in behaviour, such as new gambling patterns, extended periods of gambling, and more frequent and/or larger deposits into a customer's gambling account, may indicate they are engaging in risky gambling or experiencing harm.

Data monitoring systems and algorithms are capable of identifying emerging patterns of risky behaviour. These could be used to identify and offer support to customers experiencing gambling harm. Currently, however, they are not well used for this purpose.¹⁰⁷

Betting providers have a social obligation, referenced or implied in current codes of conduct¹⁰⁸ and codes of practice,¹⁰⁹ to intervene if they suspect a customer needs help. Evidence suggests, though, that to be effective these obligations need to be a legal requirement.

For example, Victorian pokies venues are subject to a mandatory Responsible Gambling Code of Conduct that states they must:

...take all reasonable steps to prevent and minimise harm... including by monitoring the welfare of...players, discouraging intensive and prolonged...play and intervening when a person is displaying behaviour that is consistent with gambling harm.¹¹⁰

The code is underpinned by the provision of training and support for venue workers in evidence-based signs and behaviours that a customer is experiencing harm and that an intervention is necessary.

Recent Foundation-funded research suggests that online gambling operators should be compelled to intervene when a customer is identified by personal observation or algorithm as displaying signs of harm. It recommends actions such as: suggesting to the customer that they reduce their pre-commitment limits; referring the customer to counselling or another clinical intervention; activating targeted messages about expenditure or time spent gambling; and/or encouraging the customer to self-exclude (for a period of time or indefinitely).¹¹¹

6.5 TRAINING

The NCPF is supportive of all staff involved in providing wagering services, or with capacity to influence wagering services, undertaking training within certain parameters.

Training currently covers how to identify at-risk customers and respond appropriately to mitigate risks related to online gambling.¹¹² However, there is mixed evidence regarding how effectively the knowledge and skills are translated into interventions with customers.¹¹³

Foundation-funded research notes that staff of online gambling sites should be trained and supported to offer assistance to people who they believe are experiencing harm. Such assistance could be implemented personally or via electronic messaging that would ‘piggy-back’ on pre-commitment systems and harm identifying algorithms.¹¹⁴

6.6 AFFORDABILITY TESTING

A topical issue of interest is whether betting companies should be required to ascertain if a customer is gambling at a level they can afford. This is commonly referred to as affordability checking or testing.

The United Kingdom Select Committee on the Social and Economic Impact of the Gambling Industry found in 2020 that affordability checks are critical to any attempt to make gambling less risky and to reduce problem gambling. It reported that affordability checks are needed not only to ensure that customers are not gambling beyond their means, but also to prevent them gambling with what may be the proceeds of crime, or to use gambling as a way of laundering money.

Further, the Committee encouraged the UK gambling regulator to define the minimum steps operators should take to determine customer affordability, and to make clear that it is for the operator to take those steps, and any necessary additional steps, to enable them to identify customers who are betting more than they can afford.¹¹⁵

Leading gambling academics claim that affordability, which can be objectively and extrinsically measured, represents the crucial but missing information needed to identify customers who cannot afford what they are spending, in contrast to those whose excessive spending is supported by their income. Furthermore, they note the adoption of guidelines to determine affordability would be a substantial step towards a holistic approach to preventing gambling harm.¹¹⁶

Care must be taken in drawing up determinations and processes to establish affordability. Work currently being done on lower risk gambling guidelines that relate to frequency of gambling, number of products used at any given time and expenditure as a proportion of income¹¹⁷ will be relevant to the bulk of those who gamble.

KEY ISSUES

- The way gambling providers promote and offer products influences the risk to customers of experiencing harm.
- Strengthened restrictions on direct marketing and inducements would reduce the risk of gambling harm.
- Banning the use of credit for online gambling would likely reduce the harm experienced.
- Data collected by online betting companies could be used to identify and offer support to customers showing signs of gambling harm.
- Affordability testing could be an effective gambling harm prevention tool.

ENDNOTES

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- ¹⁵ Severe harms include: Spent less on essential expenses such as medication, health care and food; Experienced greater conflict in my relationships (arguing, fighting, ultimatums); Been a victim of family/domestic violence; and Didn't attend fully to the needs of children. These harms were determined in the study as arising from a respondent's gambling.
- ¹⁶ The [Victorian population gambling and health study 2018–2019](#) estimated 9.6 per cent of adults participated in sports betting and 16.8 per cent participated in race betting. This compares with 16.4 per cent participation on EGMs and 6 per cent participation on casino table games. Hing, N., Russell, A. M. T., Browne, M., Rockloff, M., Greer, N., Rawat, V., Stevens, M., Dowling, N., Merkouris, S., King, D., Breen, H., Salonen, A., & Woo, L. (2021). [The second national study of interactive gambling in Australia \(2019–20\)](#). Melbourne: Gambling Research Australia Fig 4.5 p.96.
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DISCUSSION PAPER
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