

Submission by  
**William Hill Australia Pty Limited**  
**(William Hill)**

to the

Senate Environment and Communications  
Legislation Committee

Inquiry into the Interactive Gambling Amendment  
(Sports Betting Reform) Bill 2015

February 2016

## Introduction

William Hill Australia (**WHA**) is a member of the industry peak body, the Australian Wagering Council (**AWC**), which represents the interests of a number of Australian-based, Australian-licensed wagering operators. WHA has contributed to and supports the submission made by the AWC. In addition to the AWC submission, we set out below some general observations in relation to the *Interactive Gambling Amendment (Sports Betting Reform) Bill 2015* (the **Bill**).

We note that as at the date of this submission, the Government has not yet released the O'Farrell Review into Illegal Offshore Wagering (**O'Farrell Review**). WHA supports the O'Farrell Review process and considers any legislative reform to the *Interactive Gambling Act 2001 (Cth)* must necessarily await, and then afford due consideration to, the review's recommendations.

The Productivity Commission has estimated that in Australia, problem gambling affects between 1.4% and 2% of adults and that between 75% and 80% of problem gamblers are directly related to the use of poker machines<sup>1</sup>. It follows that the incidents of problem gambling is extremely low in the online wagering environment.

WHA supports efforts to minimise the prevalence of problem gambling, however believes that current harm minimisation and consumer protection measures are largely adequate to minimise the scope of problem gambling online among Australians. **Annexure A** sets out more detail about our harm minimisation and consumer protection programs and other industry self-regulation initiatives.

As set out in the AWC submission, WHA supports the concept of a national policy framework, the appointment of an Interactive Gambling Regulator and the introduction of a National Self Exclusion Register.

## Interactive Gambling Amendment (Sports Betting Reform) Bill 2015

### 61GA Restricted wagering services must not offer credit

Wagering operators who let customers settle their accounts periodically are not offering credit in the legal sense, but rather these arrangements are referred to as a deferred settlement facility, an established practice of most trackside bookmakers. Customers are not charged fees or interest on their facility.

For high net-worth clients this is often their preferred arrangement. Other clients also like the flexibility to be able to settle their accounts regularly, in arrears if that is the position the account is in. It is worth noting that the vast majority of accounts are run on a deposit basis (i.e. do not involve 'credit' arrangements) and deferred facility arrangements are made on a case by case basis following a request by the client and only after an appropriate credit assessment has been undertaken.

'Credit' of this sort is already regulated. The Northern Territory (where the majority of online wagering operators are licenced) has introduced a mandatory code (**NT Code**) on the provision of deferred settlement facilities (**DSF**), with compliance being a condition of license.

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<sup>1</sup> Productivity Commission, Inquiry Report on Gambling (2010) and Gambling Commission (2011)

The NT Code provides a robust framework in relation to the provision of DSF to ensure this funding option accords with the promotion of responsible gambling while allowing bookmakers to remain competitive against offshore, unlicensed wagering operators. The key provisions of the NT Code can be summarised as follows:

- The DFS must be applied for – bookmakers must not offer a facility on an unsolicited basis and no incentives or promotional offers are to be offered to encourage customers to open a facility.
- An appropriate credit assessment of an application for a facility must be undertaken (with an interview (appropriately documented) undertaken for any DSF over \$20,000). Such checks must include:
  - o Verification of identity in accordance with Anti-Money Laundering requirements;
  - o Confirmation of age;
  - o Confirmation of current residential address;
  - o Contact details including phone and email address; and
  - o Assess credit worthiness by establishing employment or source of income or by other means.
- A wagering provider cannot charge interest on the account or charge any fees for the administration of the account.
- A DSF must not be approved for an amount in excess of a pre-commitment level set by a customer.
- A customer shall be prohibited from placing bets if their account balance at any time is equal to or exceeds the DSF amount.

WHA submits that the proposed clause 61GA is unnecessary in light of the NT Code and that any prohibition on 'credit' will likely result in a number of unintended consequences. These include:

- Customers would continue to access credit from unregulated overseas operators (which may also potentially adversely impact on the integrity of sport as suspicious betting patterns cannot be identified or bets tracked);
- Customers would continue to access credit from less scrupulous operators, such as illegal SP bookmakers and loan sharks which have little regard for consumer protection or harm minimisation;
- Customers may be charged significant interest on their loans; and
- Customers may become subject to undesirable collection methods.

### 61GB Restricted wagering service must not induce a person to use the service

There is no evidence that indicates the availability of inducements to customers encourages or has increased the prevalence of problem gambling<sup>2</sup>.

The Productivity Commission found that ‘offering inducements to wager through discounted prices to new customers is not necessarily harmful, it may primarily serve to reduce switching costs between incumbent wagering operators and new entrants, enhancing competition’.<sup>3</sup>

WHA submits that limitations on the ability of licensed Australian wagering providers to use inducements significantly impacts the ability of domestic operators to compete with illegal or unregulated offshore operators. Increasing these limitations would mean more Australians gambling through unregulated offshore sites, not less, with increased risks to Australians in terms of inadequate harm minimisation and consumer protection measures.

WHA supports the Productivity Commission’s recommendation for a nationally consistent approach to inducements, rather than a strict prohibition, as the current interstate discrepancy disadvantages some wagering providers when competing for market share in jurisdictions that permit these practices<sup>4</sup>.

### 61GC Restricted wagering service must not offer or accept micro betting

The Explanatory Statement to the *Interactive Gambling Act 2001 Cth (IGA)* differentiates between ‘micro-wagering’ being continuous wagering, such as real time ball-by-ball betting (also known as spot betting) and ‘betting on the run’ (also known as in-play or live betting) where bets are placed after an event has begun.

The proposed definition of ‘micro betting’ in the Bill is broad and appears to cover both ‘micro-wagering’ and ‘betting on the run’. While the stated rationale for prohibiting ‘micro betting’ is ‘to discourage match-fixing or the rigging of matches’ (Bill EM, page 4), this is contrary to the submission by the Coalition of Major Professional and Participation Sports (**COMMPS**) to the O’Farrell Review. COMMPS notes that integrity of sport will be strengthened by the removal of the current prohibition on online in-play sports betting. This will encourage Australian consumers to gamble with licensed Australian betting operators who have mechanisms in place to monitor and react to suspicious, illegal or corrupt practices.

Similarly, the then Department of Broadband, Communication and Digital Economy (**DBCDE**) noted:

*“It is already the case that major online gambling providers based overseas and unlicensed in Australia, are specifically targeting the Australian market. In doing so, they are also taking advantage of the opportunities to provide ‘in-the-run’ wagering services. This places these services at a distinct advantage over Australian based services, as well as potentially*

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<sup>2</sup> Review and analysis of sports and race betting inducements, Victorian Responsible Gambling Foundation (2015), page 13

<sup>3</sup> Productivity Commission (2010), Inquiry Report Gambling, para.16.59

<sup>4</sup> Productivity Commission (2010), Inquiry Report Gambling, para.16.58 (Finding 16.5)

*undermining the scope of Australian sports bodies from receiving payment for their products and putting the integrity of Australian sports at risk.”<sup>5</sup>*

Currently, ‘betting on the run’ is restricted to the circumstances in which bet types are authorised by the relevant state/territory regulator (for example, the Northern Territory Racing Commission) and the relevant national sports controlling body (for example, Tennis Australia or the National Rugby League). In this way, sports controlling bodies already have the powers to restrict ‘micro-wagering’, and do so.

The most mature interactive nations have ‘something for everyone’ market equilibrium – where government has player security and taxation; the operators have market protection and profit; and the consumer enjoys choice, value for money and player protection. It does not make sense, from an economic, consumer protection or integrity perspective, to ban ‘in-play’ betting. H2 Gambling Capital have reported that if online ‘in-play’ was regulated in Australia, the total market would only increase by 3% by 2020, however the proportion of Australian spend with onshore interactive operators would rise from 49% in 2014 to 78% in 2020<sup>6</sup>.

#### 61GC Restricted wagering service must verify identity of account holders before creating account

In accordance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML Act)*, wagering operators have an obligation to collect an individual’s full name, date of birth and residential address prior to offering a designated service (i.e. before opening a betting account or placing a bet).

The requirement to ‘verify’ a customer via receipt of ‘original or certified copies’ of identification documents prior to opening an account is onerous and not practical. In fact, such a requirement would likely push Australian consumers to illegal offshore wagering websites who do not require verification and do not offer the benefit of robust harm minimisation and consumer protection measures.

WHA uses several independent third party suppliers to electronically verify customers. 65-70% of all clients are electronically verified when the account is created. The remaining clients are provided 45 days to manually verify their account. Where an account is not verified within this period, it is disabled. In accordance with the AML Act, clients are unable to withdraw funds until their account is verified and where an account has been disabled, the account balance is returned to the source of deposit (i.e. back to the same credit card or bank account).

#### 61GF and Part 7C National Self-exclusion Register

WHA has previously noted that it endorses a national self-exclusion scheme, allowing customers to opt out of betting for periods of time, or permanently, with that request immediately honoured by all wagering providers, including retail providers.

#### 61GG Restricted wagering service must include pre-commitment options when creating an account

It is already a condition of our NT Licence to offer a customer the ability to set a deposit limit at the time they sign up. In addition, WHA offers the client the ability at any time to set a daily, weekly or monthly deposit or loss limit and also a temporary or permanent exclusion from their account. Limits cannot be adjusted for a period of at least 7 days after they are set.

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<sup>5</sup> DBCDE Final Report on the review of the IGA, pages 112-113.

<sup>6</sup> H2 Gambling Capital – Australian Offshore Interactive Wagering – Independent Report (November 2015) page 3

WHA submits that it provides clients with the necessary tools to manage their spending and that the mandatory pre-commitment regime (as set out in 61GG and 61GI – 61GK) is unnecessary.

#### 61GL Restricted wagering service must provide statement

WHA allows customers to access their betting statement account online at any time. Options include the 'Account Summary', 'Total Bets', 'Deposits', 'Withdrawals' and 'Betting Balance' over a day, week, month or any custom period.

Without seeing the details of what the regulations prescribe, WHA submits that its clients already have access to a 'clear understanding of how much they have bet (and lost)' over any chosen period. We support the requirement to allow a client access to their transaction history however do not believe legislation should dictate how and when such history is provided in circumstances where clients can simply log on to their account and check.

#### 61GM Restricted wagering service must not disclose information for marketing purposes

WHA, like all other Australian-based wagering operators are obligated to comply with the *Privacy Act 1988* and Australian Privacy Principles (**APP**). In particular, APP 6 covers use or disclosure of personal information in general while APP 7 sets out restrictions on the use or disclosure of personal information for the purpose of direct marketing.

In light of these obligations, there is no requirement for the proposed clause 61GM of the Bill.

#### 61GO Restricted wagering service advertising not to be broadcast during certain programs

In Australia, gambling operators that seek to legitimately advertise their products and services are already subject to a comprehensive framework of codes, regulations and legislation.

The Commercial Television Industry Code of Practice for example, provides that except for a commercial broadcast in a news, current affairs or sporting program, a commercial relating to betting or gambling must not be broadcast in G classification periods Monday to Friday, nor on weekends between 6.00am and 8.30am, and 4.00pm and 7.30pm. In addition, amendments were made in 2013 to the various national broadcast industry codes restricting the promotion of live odds during broadcast of sports events and imposing limitations on discussing live odds during commentary.

We submit that this framework minimises the exposure of children to sports betting advertising, as set out on page 8 of the EM to the Bill.

## Annexure A

### Responsible Gambling Protections

#### Responsible Gambling and Self-Regulation

William Hill endorses the principle of informed choice, which is aimed at empowering customers to make informed decisions and exercise choice regarding their gambling expenditure. We have a wide range of measures which:

Protect vulnerable customers including the provision of:

- activity statements to enable customers to review betting activity and history
- voluntary pre-commitment facilities
- daily, weekly and monthly deposit and loss financial limits
- self-exclusion procedures (temporary or permanent)
- mandatory training of customer service staff to offer assistance to customers displaying observable signs of distress or seeking assistance for problem gambling
- specialised responsible gambling officers
- providing access to problem gambling awareness tools, support services and responsible gambling messages, online and telephone self-help and contact details for counselling services available on websites.

Prevent underage gambling with age identification and verification tools and by encouraging the use of filtering programs.

Promote problem gambling awareness by ensuring information on self-help and support services together with responsible gambling messaging is provided on websites and other mediums including links to the national gambling helpline and gambling counselling organisations.

In addition to these, William Hill has been a driving force in relation to industry self-regulation in areas which go over and above the obligations imposed by law, regulation or codes of practice. In particular, this includes:

- support for the ban on broadcasting of live odds and advertisements during sporting events
- providing strong advocacy for an industry wide self-exclusion database
- leading the industry push through the Australian Association of National Advertisers (AANA) to develop and implement a wagering advertising code of 'best practice'
- support for the Deferred Settlement Facility (DSF) code by the Northern Territory Regulator which provides a robust framework for mandatory regulation in relation to the provision of DSFs to ensure this funding option accords with the promotion of responsible gambling while allowing Australian operators to remain competitive against offshore, unlicensed wagering operators.