



## **Responsible Wagering Australia**

### **Statement**

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

### **Introduction**

Responsible Wagering Australia (RWA) welcomes the opportunity to participate in the Senate Environment and Communications Legislation Committee's inquiry into the *Interactive Gambling Amendment (Sports Betting Reform) Bill 2015*.

RWA was formally launched late last year as an independent representative body for the Australian online wagering industry. Our members include leading online wagering companies bet365, Betfair, CrownBet, Sportsbet and Unibet.

RWA's objective is to ensure that Australia has the best conducted, socially responsible wagering industry in the world. Crucially, we are committed to:

- exceeding regulatory and licensing standards in terms of consumer protection.
- delivering a strong harm-minimisation framework to wagering customers.
- preserving the integrity of sport and racing by working closely with controlling bodies and police authorities.
- reducing illegal offshore wagering activity by offering a safe, fair and competitive alternative to black-market wagering.
- supporting government efforts to create a technology-neutral, fiscally responsible national framework for wagering, so as to encourage legal, responsible and licensed providers.

To take all of this forward, RWA members are committed to a Code of Conduct that sets out their shared commitment and ambition for a wagering framework in Australia which we aspire to be amongst the world's best. We believe Australians deserve no less.

As RWA was formed after the window closed for submissions to the Committee's inquiry into the *Interactive Gambling Amendment (Sports Betting Reform) Bill 2015*, this statement outlines RWA's position on the major elements of the Bill.

## **Establishment of an Interactive Gambling Regulator**

RWA does not object, in principle, to the proposal for an Interactive Gambling Regulator. This is, however, subject to further details about the design and implementation of the proposed regulator, including its powers and responsibilities, and how it would interact with current Federal, State and Territory agencies, laws and regulations.

We also note that the Australian Government has sought to address concerns about regulatory compliance and enforcement as part of the *Interactive Gambling Amendment Bill 2016*, which is currently before the Senate. This includes, for example:

- the introduction of a civil penalty regime to be enforced by the Australian Communications and Media Authority (ACMA), which would include formal warnings, infringement notices, civil penalties and injunctions; and
- removing mandatory requirements to refer matters to the police and enabling the ACMA to handle the entire process from receipt of complaints to enforcement.

RWA and its members support these efforts by the Australian Government to significantly enhance the compliance and enforcement powers of the ACMA.

## **National Self-Exclusion Register**

Subject to implementation details, RWA supports the introduction of a National Self-Exclusion Register (NSER) to allow for permanent cross-operator self-exclusion. We also support the proposed requirements that operators place a link on their websites to the NSER, that operators be required to check whether an individual is on the NSER, and that operators be prohibited from opening an account if an individual is found to be on the Register.

RWA believes the NSER should be funded and administered by a representative industry body, require individuals to verify their identity, have a short cooling off period, and prohibit anybody other than the individual (including a wagering operator) from nominating an individual to be entered in the Register. We also believe that it should be a requirement for all wagering operators to offer short, medium and long term self-exclusions from their services. These tools, which are often referred to as 'time out' arrangements, would be separate to (and not recorded on) the NSER.

While it could take some time to establish a NSER, we believe an interim practical step would be for State and Territory licensing authorities to require that all operators, including retail 'over the counter' operators, be required to offer a highly visible, completely online self-exclusion process. This is currently not the case in all State and Territory jurisdictions.

RWA is aware that the Australian Government is also planning to introduce a NSER as part of the forthcoming National Consumer Protection Framework. To date, RWA and its members have been very supportive of this initiative on the basis that we

understood it would provide a centralised mechanism to allow customers to seek permanent exclusion across all operators. We are, however, concerned about the model that the Government is currently considering following a recent industry roundtable with officials from the Department of Social Services who indicated that the current proposal under consideration would:

- allow customers to select which and how many operators to exclude from – in other words, to choose to exclude from only one, two, three and so on – rather than automatically resulting in exclusion from all operators;
- allow customers to choose from a range of self-exclusions lengths, possibly as short as one month – rather than having the register as a permanent cross-operator exclusion process that would be coupled with an appropriately rigorous process for seeking removal from the register; and
- not be centrally managed by an independent authority, but that every operator would be forced to maintain an internal register, with operators to send emails between each other when a customer wants to add themselves to the register.

RWA believes this model is fundamentally flawed and would caution the Government against pursuing it in the strongest possible terms. If adopted, this model would significantly weaken a key benefit of a national register; that by opting to be added to the register, an individual would be excluded from all operators, thus removing the potential to continue betting with other operators they have accounts with or to open new accounts with alternative operators. In our estimation, it would also be extremely administratively burdensome and could be contrary to privacy requirements for two key reasons:

- there is the very real potential that emails between operators might be missed, enabling potentially at-risk customers to continue betting; and
- operators would be sharing the personal details of at-risk individuals with each other, including potentially operators that the individual does not have an existing account with and has thus not agreed to share their personal information with.

## **Advertising**

RWA and its members acknowledge that there is legitimate and growing public concern about the level of gambling advertising, particularly advertising during sports telecasts that could be viewed by minors. We support government action to reduce the volume of wagering advertising, including during live sports telecasts. We call on the Australian Government to initiate a consultation process with the wagering industry, community groups, sporting organisations and broadcasters to devise a plan that will achieve meaningful reductions in wagering advertising. RWA and its members would look forward to, and be constructive participants in, that process.

## Credit Betting

RWA and its members support regulatory reform to phase-out credit betting facilities for individuals. We welcome the in-principle commitment made by relevant Federal, State and Territory Ministers on 25 November 2016 that the forthcoming National Consumer Protection Framework will include a prohibition on lines of credit being offered by online wagering operators.

We understand from recent discussions with officials from the Department of Social Services that the Australian Government is considering including an exemption for VIP customers that would enable them to continue to access lines of credit. RWA will work constructively with the Australian Government on this issue as part of the development of the National Consumer Protection Framework.

## Micro Betting

RWA supports a ban on micro betting, but we do not support the approach taken in *Interactive Gambling Amendment (Sports Betting Reform) Bill 2015*.

No Australian-licensed wagering operator offers what is commonly understood to be a 'micro bet'. A micro bet is best summed up as a bet on the outcome of the next ball in a cricket match or the next point in a tennis match. Micro bets are repetitive and high frequency, and the time between the placing of a micro bet and knowing the outcome is typically very short.

Micro bets are currently prohibited in Australia and RWA strongly supports them remaining so given the potential risk they pose to the integrity of sport. Unfortunately, the same is not true of the illegal offshore operators who offer a variety of prohibited bet types, including micro bets, on Australian sports and racing events.

In an effort to prohibit micro bets, the *Interactive Gambling Amendment (Sports Betting Reform) Bill 2015* adopts a very expansive definition of micro betting. This would not only ban what is commonly understood to be micro betting, but also all forms of in-play betting. It would also ban all contingency bets, even when those contingency bets are placed prior to the commencement of a race or sporting event.

For the benefit of the Committee, 'in-play betting' and 'contingency bets' can be defined as follows:

- An 'in-play bet', as the name suggests, is a bet placed after a race or event has commenced. In-play betting is currently permitted on horse, harness and greyhound races over any platform including online, and is permitted on sporting events when a bet is placed over a telephone or in a licensed terrestrial venue – but not via online platforms.
- A 'contingency bet' is best explained as a bet on which team is leading a football match at half time or the highest run-scorer in a cricket match. Unlike micro bets, contingency bets are not repetitive, high frequency or easily repeatable – for

example, there can only be one ‘highest run-scorer’ or ‘first goal scorer’ – and thus do not pose the same sports integrity risks as micro bets.

It is RWA’s strong view that the proposed ban on micro betting as defined in the *Interactive Gambling Amendment (Sports Betting Reform) Bill 2015* would have the opposite effect of what is intended. It would, in our view, significantly curtail the offering of existing legitimate bet types that are not micro bets, have a deleterious effect on the competitiveness of Australian online wagering operators, and significantly increase the attractiveness of illegal offshore operators.

### **Mandatory Pre-Commitment Limits**

RWA and its members support a requirement that wagering operators offer voluntary pre-commitment limits and that the option to set these limits be a completely online process (i.e. not paper-based) and highly visible. A further practical step would be for State and Territory licensing authorities to mandate that all operators, including retail operators, be required to offer highly visible, online voluntary pre-commitment tools.

We do not, however, support the mandatory pre-commitment limits proposed in the *Interactive Gambling Amendment (Sports Betting Reform) Bill 2015*. We note, for example, that it only allows these pre-commitment limits to be increased if the customer has not made more than one other such request in the previous 12 months. This could drive a ‘last drinks’ mentality with customers focussed on what they can spend rather than what they can afford, or cause customers to become frustrated with their inability to change these limits and switch to illegal offshore providers that provide no harm minimisation tools at all.

Notwithstanding RWA’s reservations about mandatory pre-commitment limits, we do support the principle contained in the *Interactive Gambling Amendment (Sports Betting Reform) Bill 2015* that where a customer has opted to set a betting limit, then operators should be prohibited from accepting a bet that exceeds that limit.

### **Inducements**

RWA and its members support a ban on inducements, subject to an appropriate definition that delineates between:

- inducements that seek to entice new customers to sign-up to an operator, such as ‘free bets’ or ‘free cash’ on sign-up; and
- marketing to existing customers, which is something all businesses do and should continue to be permissible.

RWA supports a prohibition on sign-up offers as we believe customers should make a decision to join a wagering operator without a financial incentive. We would also support the implementation of appropriate protections that ensure that customers utilising ‘take a break’ self-exclusion tools do not receive communications from the relevant operator that seek to induce them to gamble.

## **Activity Statements**

RWA's view is that all operators should be required to make information about a customer's transaction history easily accessible 24/7 on their websites, with an option for customers to opt-in to receiving a monthly email statement. We do not believe that mandating the provision of periodic statements is reflective of modern communication processes between online e-commerce merchants and their customers.

## **Account Opening and ID Verification Requirements**

RWA and its members support a significant reduction in the time allowed for verification of the identification of new customers. We do not agree, however, that verification should be required to take place prior to an account being established as this would drive customers to open accounts and gamble using illegal offshore websites.

The Northern Territory, where most operators are licensed, requires that identity verification occur within 45 days of account registration, while anti-money laundering and counter-terrorism law offers up to 90 days. We understand that the Australian Government is considering reducing the period allowed for ID verification as part of the forthcoming National Consumer Protection Framework and we would encourage the Government to be ambitious.

RWA would support a reduction to 14 days for verification provided there are appropriate controls in place, such as prohibiting withdrawals and imposing limits on amounts that can be deposited prior to verification. Our members also believe there is potential to reduce this further to 72 hours if full and consistent access to government agency databases is provided to operators.

## **Disclosure of Customer Information for Marketing Purposes**

We would need further information on the intention of these provisions to reach a firm view. We appreciate there may be a desire to protect customers from fly-by-night operators that might try to sell customers' personal information without consent when their operation folds. We would caution, however, against broadly drafted provisions that might, for example, interfere with the operation of legitimate and optional loyalty programs that customers enjoy and derive benefit from.

## **Financial Transaction and Website Blocking**

RWA and its members support, in principle, financial transaction blocking as well as blocking of illegal offshore gambling websites. While we have some reservations about the potential effectiveness of these measures, we believe that if appropriately implemented they could contribute to reducing the impact of illegal offshore wagering. That is why we urged the Australian Government to press ahead with its undertaking to assess the feasibility of these measures as part of our recent submission to the Government's Black Economy Taskforce.

## **Employee Training**

RWA's members already require customer-facing service agents to undergo comprehensive training. We believe this should be an industry wide requirement. We also believe that customer service agents should be required to complete training within three months of commencing with an operator and then be required to complete annual refresher training.

7 March 2017



## Code of Conduct

### RWA Members:

1. are committed to funding independent research to ensure accurate and representative information is made available to the community, policy makers and industry regarding the prevalence and impacts of online wagering in Australia, using existing researchers until stronger institutions are in place;
2. agree to implement evidence-based, global best practice in responsible gambling and harm minimisation, whether or not required by regulators – using research, third-country experience and other information to identify what should be done;
3. will promote the industry's contribution to innovation, employment and the economy generally;
4. will continue to work for rational, technology-neutral regulation of the whole Australian market, to underpin consumer protection, the funding of sports and racing bodies, integrity, choice and economic growth;
5. are committed to working with the National Integrity of Sport Unit to assist National Sports Organisations (see: [http://www.ausport.gov.au/about/australian\\_sports\\_directory](http://www.ausport.gov.au/about/australian_sports_directory)) to which product fees are not payable, in the fight against offshore betting threats to the integrity of Australian sport;
6. will investigate, and where feasible, implement the following minimum harm-minimisation standards to ensure their services are offered responsibly:
  - (a) cross-operator, national, self-exclusion amongst, and available to customers via a single form across all, RWA members;
  - (b) a voluntary pre-commitment regime at the point of registration and at regular intervals thereafter;
  - (c) a "time out" facility, allowing customers to take a break from wagering for periods defined by the customers themselves; and
  - (d) provision of access to information and account statements (including time played reminders, etc.);
7. will advocate for regulatory reform to phase-out credit betting facilities for individuals and be constructive participants in Government-led discussions on the status of VIP customers;

8. will advocate for regulatory reform to prohibit any links to payday lenders;
9. will voluntarily suspend new accounts in circumstances where a customer fails to verify their identity within 14 days;
10. will apply the following responsible gambling initiatives:
  - (a) the display of an RWA standardised responsible gambling logo and message on all its websites and advertising;
  - (b) all websites and social media pages will carry prominent responsible gambling messages;
  - (c) all social media channels will carry regular standalone responsible gambling posts; and
  - (d) promote, by direct customer communication, its responsible gambling tools on an annual basis;
11. offer comprehensive training in the responsible service of wagering to all employees within three (3) months of commencement and refreshed on a 12-month basis thereafter;
12. are committed to reducing the volume of all forms of static high-impact gambling advertising which is readily viewable by minors (e.g. public transport advertising and advertising in close proximity to schools), ahead of the development of wider rules; and
13. will immediately advocate for further industry wide commitments to reduce the volume of wagering advertising and to ensure that appropriate controls exist on a national basis including:
  - (a) a reduction in advertising in sports broadcasts; and
  - (b) a national prohibition on sign up offers to new customers.

*Note:*

*Any proposed commitment and / or consumer protection measure or similar contained herein which if entered into, or given effect to, could constitute a cartel or anti-competitive agreement related offence under Australian law will only be committed to and / or implemented if authorised by the ACCC.*