

**Submission by**  
**Sportsbet Pty Ltd**

to the

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

February 2016

The logo for Sportsbet.com.au is displayed on a blue rectangular background. The word "sportsbet" is written in a white, lowercase, sans-serif font, with "bet" in a larger, bold font. The ".com.au" is written in a smaller, white, lowercase, sans-serif font below "bet".

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## Executive Summary

Sportsbet considers that while the *Interactive Gambling Amendment (Sports Betting Reform) Bill 2015 (Bill)* contains some prudent measures – many that Sportsbet has been advocating for over an extended period – the Bill contains a number of proposed reforms that would lead to significant adverse unintended consequences for Australian consumers and the integrity of Australian racing and sport. We therefore do not support the Bill in its current form.

In the submission which follows, Sportsbet outlines its position in relation to each of the proposed reforms, and in so doing refers to relevant evidence and policy considerations which drive its support (or opposition) to the particular reforms proposed in the Bill.

### Opening observation

At the outset, Sportsbet recognises that a reader of these submissions may bring a level of cynicism to the review of submissions and arguments advanced by wagering operators in relation to the Bill. All businesses have a certain regard to their own interests, and the wagering industry is no different. There are two key points here:

- First, where the interests of the Australian public and wagering providers are coterminous, reform should align with those interests. By way of example, legalising in-play betting is clearly in the broader public interest, given the increase in state and federal revenue, and the consequential re-direction of Australian customers away from unlicensed and unscrupulous offshore providers. The fact that this reform may have ancillary benefits for Australian-based and licensed wagering operators does not alter the merits of this reform.
- Second, in a very real sense, the interests of the Australian public are one and the same as the interests of the wagering sector. To be viable and sustainable, the wagering industry in this country must operate in an environment which provides for and ensures sensible and reasonable customer protections. There are a number of measures in the Bill which do further this objective, and they are identified and supported in our submission.

Sportsbet trusts that its submissions are reviewed and considered with these observations in mind.

### The Bill would drive custom offshore

The Bill involves significant additional restrictions on the provision of online sports betting services by licensed Australian wagering providers, in an environment where Australia is already facing a significant problem with offshore wagering. Unlicensed offshore operators currently derive revenue from Australians of approximately \$480m a year,<sup>1</sup> and this figure is growing substantially year-on-year. It is imperative that the wider ramifications of substantially tightening this operating environment (as the Bill proposes) are properly considered. Given the borderless nature of the internet, if Australian online wagering consumers are prohibited from accessing the products they require in the locally regulated online market, they will inevitably seek these products offshore. The Bill would exacerbate this leakage and along with it, cause significant consumer harm, as unregulated offshore websites do not meet Australia's stringent regulatory requirements for consumer protection and harm minimisation, nor contribute to protecting the integrity of Australian sport and racing.

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<sup>1</sup> *Australian Offshore Interactive Wagering Independent Report*, H2 Gambling Capital, November 2015, Pg 32

The Bill has been introduced into the Senate under the premise that sports betting has '*grown exponentially over the past ten years in Australia and with it an exponential increase in the harms associated with problem gambling*'.<sup>2</sup> As we detail in our submission, while the popularity of sports betting has increased in recent years, neither of these assertions is accurate. Real wagering spend per adult has slightly *declined* for the period from 2007 to present, along with a consistently low prevalence of problem gambling and relatively low levels of participation in wagering on sports, relative to other forms of gambling.<sup>3</sup>

Sportsbet agrees with, and has a history of advocating for, specific prudent measures flagged in the Bill such as a national exclusion database and a continued ban on *micro-betting*. However these measures are outweighed by amendments that would cripple the Australian wagering industry and result in more Australians consumers betting offshore. These include:

- **the proposed blanket prohibition on offering so-called 'inducements'** which would have wide reaching adverse consequences to Australian racing and sporting codes, the Australian wagering industry and, ultimately, consumers, as the restrictions will further encourage even more Australians to bet with illegal offshore operators in pursuit of competitive promotions; and
- **the introduction of overly restrictive advertising prohibitions** which are unnecessary and would erode broadcasting revenue in circumstances where an extensive legislative and regulatory framework already exists across Australia's States and Territories to govern the advertising of gambling services to ensure they are socially responsible and do not target children.

Justifying these reforms based on a report by Financial Counselling Australia,<sup>4</sup> which makes a number of anecdotal and unsubstantiated claims, is neither an appropriate nor sophisticated approach to public policy.

Policy decisions must be evidenced-based, foster a competitive domestic market, provide robust, prudent responsible gambling and consumer protections, and be mindful of the very real consequences that illegal offshore wagering operators represent to the Australian economy through tax leakage, and the adverse impacts on the integrity of sport and Australian consumers. It is appropriate in the circumstances to await the Federal Government's response to its *Review of the Impact of Illegal Offshore Wagering* before taking any further action in relation to the issues raised in the Bill.

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<sup>2</sup> Commonwealth, *Parliamentary Debates*, Senate, 24 November 2015, 8773 (Nick Xenophon)

<sup>3</sup> See page 8 of this submission

<sup>4</sup> Financial Counselling Australia, *A Report Duds, Mugs and the A-List, The Impact of Uncontrolled Sportsbetting*, August 2015

# Introduction to Sportsbet

## Sportsbet is a sophisticated digital e-commerce business

Sportsbet is an industry-leading digital e-commerce business in the online wagering sector with over two million Australian customers. Sportsbet accounts for approximately 23% of Australia's online wagering market and is a member of the wagering industry peak body, the Australian Wagering Council (**AWC**). Sportsbet is licensed in the Northern Territory and is wholly owned by Paddy Power Betfair plc, which is publicly listed on both the Ireland and London stock exchanges and only operates in jurisdictions where it is licensed to offer services to in-country residents.

We invest tens of millions of dollars each year developing new and innovative technology and products, and supporting budding new technology staff including program and app designers, analysts, software engineers and data scientists. This investment has led Sportsbet to become the largest provider of online wagering in Australia.

## Sportsbet is a significant contributor to the Australian economy

We make a significant contribution to the Australian economy through the employment of over 650 highly skilled professionals across our Melbourne, Sydney and Darwin offices. We're consistently adding 70-80 new staff a year and have budgeted for similar growth over the next three years. Sportsbet is also acquiring additional office space at our Melbourne and Sydney offices to accommodate this growth, and is committed to technology and infrastructure development, most recently demonstrated by our commitment to build an additional new data centre to be hosted in the NT, which Sportsbet will fund at a cost of several million dollars.

Sportsbet pays State and Federal taxes on the same basis as other Australian bricks and mortar and digital businesses, namely, GST, fringe benefit tax, payroll tax and income tax. Combined with product fee contributions to Australian racing and sports controlling bodies (see below in this section), Sportsbet contributed \$107M in product fees and taxes in FY15 alone. This amounts to around 25% of Sportsbet's revenue.

## Sportsbet's strong commitment to responsible gambling and consumer protection

Sportsbet is committed to providing a safe environment where wagering is a fun and entertaining experience and the harms associated with problem gambling are minimised as far as reasonably possible. Sportsbet acknowledges the significant harms that problem gambling can cause individuals and their families. It is for this reason that Sportsbet strives to lead the online wagering industry in responsible gambling and is proactive in developing innovative tools that empower our customers to understand, and stay in control of, their gambling behaviour.

Sportsbet's responsible gambling philosophy is simple. We recognise that we have a responsibility:

- to provide our customers with transparent and easily accessible information about their betting activity to enable them to make informed decisions about their wagering; and
- to provide our customers with the best tools to empower them to place limits on their behaviour so that they can stay in control of their wagering.

While there is no doubt that the impacts of problem gambling can be significant, it is important to understand the prevalence of problem gambling in the context of online wagering is extremely low, as detailed below on page eight of this submission. Nevertheless, Sportsbet acknowledges that the issue is serious and must be met with concrete action.

Sportsbet's commitment to responsible gambling is genuine and demonstrated through the wide range of responsible gambling initiatives and tools we offer that go over and above the obligations imposed on Australian licensed WSPs under state and territory-based laws, regulations, codes of practice and advertising standards.

**These responsible gambling measures and initiatives include:**

- **Deposit Limits (Voluntary Pre-Commitment)** - Customers are able to set a daily, weekly or monthly limit on the amount of money they are able to deposit into their account. Once set, a deposit limit is subject to a 'cooling-off period' which prevents customers from immediately increasing their limit once it has been reached, ensuring the deposit limit is an effective barrier to the customer betting above their chosen amount. In excess of 25% of new Sportsbet customers elect to set a deposit limit.
- **Take a Break and Self-Exclusion** – Sportsbet recently launched *Take a Break*, a self-service self-exclusion tool which allows our customers to choose when, and for how long, to take a break from betting. *Take a Break* allows our customers to take a short term break (24 hours – 30 days), long term break (6 months, or 1 to 5 years) or permanently self-exclude at any time, without needing to contact customer service or submit any forms.
- **Spend-tracking facilities** - Sportsbet provides customers with an easily accessible, transparent and customisable history of all of a customer's transactions, including winning and losing bets, deposits, withdrawals and a running account balance. This allows our customers to apply their own analysis and monitoring of their own behaviour.
- **Specialised Responsible Gambling Officers** – Sportsbet employs a number of Responsible Gambling Officers (**RSG Officers**) who oversee and implement our customer care, escalation and intervention policies. Sportsbet's RSG Officers receive specialised training in responsible gambling, passive listening and how to assist distressed customers.
- **Mandatory Staff Training** – All employees receive annual responsible gambling training. The training covers topics including the harms of problem gambling, how to escalate a responsible gambling issue and the products and tools we offer our customers to help them stay in control of their betting.
- **Responsible marketing of gambling** - Sportsbet is committed to ensuring that the content of its advertising meets community standards and is compliant with the Australian Association of National Advertisers Code (**AANA**) of Ethics. Sportsbet, together with the AWC, has taken a leading role in a new Code of Conduct for advertising in the online wagering sector which was published on 9 November 2015 for community consultation. This self-regulation measure will apply a number of specific and tailored controls to advertising in the online wagering sector and ensure all WSPs meet community standards with their advertising.
- **Support for industry self-regulation** – Sportsbet has strongly supported all self-regulation measures that have been proposed by the AWC, including an industry wide advertising code of conduct and the banning of the broadcasting of live odds and advertisements during play well prior to changes to the Broadcaster Codes.
- **Clock and Session Timer** – Sportsbet provides a clock and session timer present on every page of the desktop site. This helps ensure customers are aware of how much time they are spending on betting.
- **Dedicated Responsible Gambling website** – Sportsbet has a dedicated responsible gambling website that provides detailed information on all of Sportsbet's responsible gambling tools and encourages customers to assess their own betting behaviour. It also provides information about support and counselling services.
- **The implementation of a cash withdrawal card** so that customers can immediately withdraw money from their account, removing any hindrance or restrictions for customers to access their funds.

# Putting the *Interactive Gambling Amendment (Sports Betting Reform) Bill 2015* in context

## Timing of the Bill

The Bill comes at a time where the Federal Government, recognising the serious and sustained impacts of illegal offshore operators on Australian consumers and Australian racing and sport, launched a *Review into the Impact of Illegal Offshore Wagering (Review)* and is now considering its findings. The Review's Terms of Reference reflect and are an acknowledgement of the significant harms caused to Australian consumers by illegal offshore operators.

Sportsbet considers that the Review's findings, expected to be released with a Government response while the Senate Committee is considering the Bill, is the appropriate vehicle for assessing any required reforms in the online wagering environment. The Review considered submissions from and met with all relevant stakeholders (both within and outside the industry) and evaluated the international experience in order to formulate an appropriate solution.

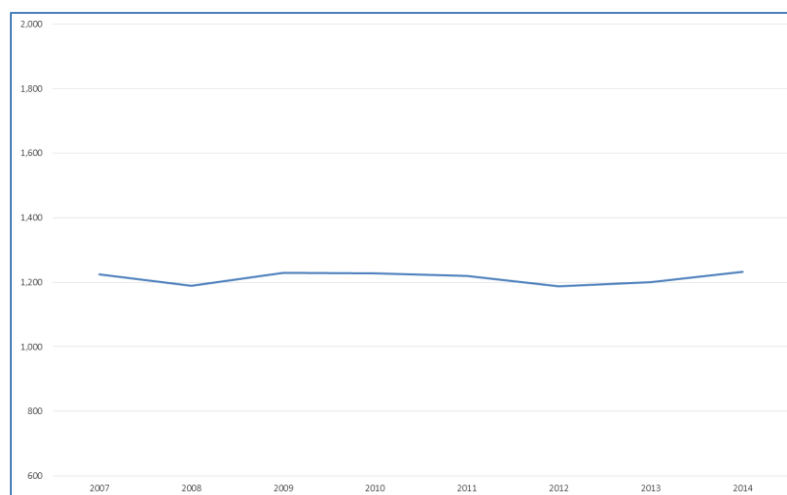
## Premise behind the Bill

The Bill has been introduced into the Senate by Senator Nick Xenophon based on an apparent assumption that sports betting has:

*'grown exponentially over the past ten years in Australia and with it an exponential increase in the harms associated with problem gambling'<sup>5</sup>.*

Neither of these statements is accurate. Although the popularity of sports betting has increased in recent years, Australia's official gambling statistics<sup>6</sup> show that total wagering turnover has not increased – in fact real wagering spend per adult has slightly *declined* for the period from 2007 to present.

**Figure 1 – Real Wagering Turnover Per Capita<sup>7 8</sup>**



<sup>5</sup> Commonwealth, *Parliamentary Debates*, Senate, 24 November 2015, 8773 (Nick Xenophon)

<sup>6</sup> Australian Gambling Statistics (AGS), 31st Edition, 1988-89 to 2013-14.

<sup>7</sup> Source: Australian bureau of Statistics; Australian Racing Factbook

<sup>8</sup> Turnover is value of bets places as opposed to player spend

While there has been slight decline in wagering turnover from 2007, there has been a material shift in the *betting channels* where that spend is occurring. Improved technology and better innovation has seen a shift from the more traditional wagering channels (i.e. retail outlets, on-course and phone operator) to online channels such as the Internet and smart phones. In addition, while wagering on racing is a well-established and mature betting market, sports betting is an emerging market which has experienced growth but still only accounts for approximately 4.6% of total annual wagering turnover. It is important to note that while there has been a shift from offline to online betting, over 50% of wagering revenue still occurs through retail outlets.

With respect to the prevalence of problem gambling, the QLD Government Household Gambling study did not find any increase in the prevalence of problem gambling over the period 2001 to 2009, the period over which we have experienced a significant increase in *online* wagering. In fact, the studies indicated a decline in problem gambling prevalence over this time.<sup>9</sup> In 2010, a Productivity Commission Inquiry found that problem gambling affected approximately 0.5 - 1% of the Australian population, of which it was estimated that 75 - 80% were directly related to the use of poker machines, with the residual balance spread across other forms of gambling including lotteries, instant win scratch tickets and wagering (land and online). It follows that the incidence of problem gambling is extremely low in the online wagering environment. Senator Xenophon has himself stated in 2014 that the '*predominant cause of gambling addiction in this country is poker machines*'.<sup>10</sup>

A recent comparison of problem gambling prevalence in Victoria with other states and territories of Australia conducted by the Victorian Responsible Gambling Foundation reflects a consistently low prevalence of problem gambling (approximately 0.81% of the adult population).<sup>11</sup> Similarly, a comparison of adult past year gambling participation in prevalence studies across major states and territories of Australia shows relatively low levels of participation in wagering on sports, relative to other forms of gambling.<sup>12</sup> This is plainly at odds with the suggestion of an explosion in wagering on sports.

The Bill's Second Reading Speech also refers to the existence of a 'lax regulatory environment' and 'dangerous and predatory practises' with references to a report prepared by Financial Counselling Australia<sup>13</sup> (FCA). The FCA report makes a number of anecdotal and unsubstantiated claims including in relation to 'accidental deaths related to the sports betting debts' and is not appropriately robust research upon which to base the formation of public policy or legislation.

Licensed Australian online WSPs such as Sportsbet are already heavily regulated. The Northern Territory has a strict regulatory framework comprising legislation, regulations, codes of conduct and licensing conditions which match if not exceed the regulatory regimes in a number of other Australian jurisdictions (and those in place in many international jurisdictions), particularly in relation to harm minimisation measures and responsible gambling initiatives. Over and above those requirements, licensed Northern Territory sports bookmakers must comply with the laws and codes of conduct which exist in every other Australian state and territory (which impose significant restrictions on licensed operators, including in relation to inducements and the advertising of same).

Sportsbet supports appropriate and measured regulation. The international experience clearly demonstrates that in order to mitigate the risks of problem gambling, the most effective public policy measure is to permit

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<sup>9</sup> Queensland Government's Household Gambling surveys for the period 2001, 2003-04, 2006-07 and 2008-09.

<sup>10</sup> Senate, Hansard, 5 March 2014

<sup>11</sup> *Study of gambling and health in Victoria: Findings from the Victorian prevalence study 2014*, Victorian Responsible Gambling Foundation, November 2015, Pg 60. Victorian 2008 data: *Study of gambling in Victoria: Problem Gambling from a Public Health Perspective*, Department of Justice, September 2009, Pg 60.

<sup>12</sup> *Study of gambling and health in Victoria: Findings from the Victorian prevalence study 2014*, Victorian Responsible Gambling Foundation, November 2015, Pg 45

<sup>13</sup> Financial Counselling Australia, *A Report Duds, Mugs and the A-List, The Impact of Uncontrolled Sportsbetting*, August 2015



wagering under a regulated onshore licensing regime. H2 Gambling Capital (**H2GC**) (a highly respected market data and intelligence consultancy specialising in the global gambling industry) observe:

*‘Those [jurisdictions] that have successfully controlled interactive offshore wagering through the process of regulation...have created fair and competitive environments for licensed operators that, in turn, attract their citizens away from their unlicensed offshore competitors, and so wager on sites that provide good consumer protection and contribute tax revenues to the state.’<sup>14</sup>*

With the above in mind, it is critical that any wagering reform in Australia’s regulatory landscape takes account of the social, integrity and financial impacts offshore illegal wagering operators have on Australia and therefore the importance of sound policy and reforms to ensure the millions of Australians who enjoy having a punt are channelled to bet with Australian licensed WSPs in Australia’s highly regulated environment.

Table 1 below illustrates the stark difference between Australian licensed WSPs and illegal offshore wagering operators.

**Table 1 – Comparison between Australian licensed WSPs and illegal offshore wagering operators**

Online regulatory wagering landscape	Australian licensed online wagering service providers	Illegal Offshore Wagering Operators
<b>Harm Minimisation and Consumer Protections</b>		
Offer sophisticated and comprehensive responsible gambling measures and programs	✓	✗
Offer robust consumer protection measures and programs	✓	✗
<b>Social Impacts</b>		
Promote employment in Australia	✓	✗
Contribute to the community through sponsorships across Australia	✓	✗
Share wagering information with Australian racing and sports controlling bodies to protect and enhance the integrity of sport	✓	✗
Operate legal businesses that ensure consumers can access their money	✓	✗
<b>Economic Impacts</b>		
Pay taxes to Australian Government (e.g. GST, income tax)	✓	✗
Pay product fees to Australian racing and sports controlling bodies	✓	✗
Pay State & Territory licensing fees in Australia	✓	✗
Invest heavily in developing new and innovative technology and digital products in Australia	✓	✗

In the following section, we address the proposed amendments in the Bill.

<sup>14</sup> Australian Offshore Interactive Wagering Independent Report, H2 Gambling Capital, November 2015, Pg 25

## Consideration of the Bill's key amendments

Senator Xenophon correctly observes in his Second Reading Speech that '*the Interactive Gambling Act 2001 (IGA), whilst only 14 years old may as well be 140 years old...*'<sup>15</sup> Sportsbet has long argued that the prohibitions in the Act have become less effective and out-dated as the internet and associated technologies including smart phones have advanced. In a real sense, the IGA is 'analogue' legislation ill-suited and ill-equipped to deal with the digital age.

Consumers now expect to be able to access a full suite of products on their mobile devices and over the internet. However, Australian licensed WSPs cannot legally provide some products – particularly wagering in-play over the internet – which places providers like Sportsbet at a significant disadvantage to illegal offshore operators. Notwithstanding this, the Bill seeks to ban or severely restrict the ability for Australian licensed WSPs to advertise and incentivise its products and thus undermines the very few advantages of being a licensed tax-paying domestic provider. Indeed, the Bill explicitly refers to Australian online WSP's providing 'restricted wagering services' and proposes to regulate the conduct of these services by 'imposing restrictions on these sports betting services'.

### Significant adverse consequences would follow from the majority of the Bill's proposed amendments

The introduction of many of the Bill's measures would have the following significant adverse consequences (among others):

- It would create a domestic wagering environment where online WSPs would be even less able to compete with illegal offshore operators, who have next to no responsible gambling and consumer protection measures, and who have a history of not returning customers' winnings, pay no or minimal taxes and pay no product fees (and can therefore offer better odds and products);
- as more wagering spend moves offshore the integrity of Australian racing and sport will be seriously compromised, as offshore operators do not work together with Australian racing and sporting bodies in sharing information and monitoring for integrity issues or pay product fees to fund integrity measures; and
- ultimately, the shift in online wagering spend offshore will result in a lower overall contribution by Australian online WSPs to GST, product fees and other taxes and consequently increase the financial support racing and sport will require from State and Federal Governments.

Sportsbet agrees with and has a history of advocating for specific prudent measures flagged in the Bill, such as a national exclusion database and that *micro-betting* or 'spot betting' being prohibited across *all* technological platforms. However, these measures are completely out-weighed by initiatives that would cripple the domestic industry and force Australians to bet offshore. This section addresses many of these measures.

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<sup>15</sup> Commonwealth, *Parliamentary Debates*, Senate, 24 November 2015, 8773 (Nick Xenophon)

## Inducements

### *s61GB - Restricted wagering service must not induce a person to use the service*

Section 61GB(1) provides that a person contravenes this subsection if the person *'induces, or attempts to induce'* another individual to use a restricted wagering service.

Although Sportsbet supports sensible and prudent regulation in relation to offering so-called 'inducements', Sportsbet firmly opposes this reform for various reasons. First, the proposed reform seeks to impose a blanket ban on 'inducements' in circumstances where there is no evidence that the availability of inducements to customers encourages or has increased the prevalence of problem gambling. In fact, significantly, 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>16</sup>.

Licensed Australian WSPs, like any other legal business, have the right to advertise their services responsibly and promote the services they offer over those of their competitors. The term 'induce' is not defined in the Bill or the Act and, as a result, the proposed reform could extend to prohibit all wagering advertising and promotional activity, whether through the public domain or through direct communication with members. At least to some extent, all promotional activity and engagement is designed to encourage consumers to choose one operator over another. The proposed blanket restriction on licensed Australian WSPs is apt to preclude them from advertising their products in a sensible way and communicating the features and benefits of membership to recreational punters.

More fundamentally, banning licensed Australian WSPs from advertising certain products and promotions would put the Australian industry at a significantly increased competitive disadvantage to illegal offshore operators. These operators can and do offer a range of incentives without fear of prosecution (on top of 'better' prices, which they can afford to offer as they don't pay product fees and taxes). This would likely lead to more Australian consumers betting with unregulated offshore operators, which not only puts consumer welfare at risk, but also has the potential to seriously jeopardise the Australian wagering industry and, consequently, racing and sport. This is particularly the case for racing as it relies on the income it derives from Australian licensed wagering operators through the payment of tens of millions of dollars in race fields' fees and taxes for a sustainable future.

In any case, State legislation already exists in most jurisdictions across Australia including Victoria, New South Wales, Western Australia and South Australia which places significant restrictions on wagering advertising and in many cases prohibits publication of any gambling advertising which offers an inducement to participate in any gambling activity (including online wagering) or open an account. For that reason, this proposed reform does not add in any sensible way to the regulation of licensed WSPs. Instead, given the uncertainty and breadth of its formulation, its effects will be negative and far-reaching, for the reasons outlined above.

For the reasons outlined above, Sportsbet opposes the proposed s61GB.

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<sup>16</sup> Productivity Commission (2010), *Inquiry Report Gambling*, para.16.59

## Micro betting

### Sportsbet recommends that *micro-betting* or 'spot betting' be prohibited across all technological platforms and the in-play restriction be removed

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

Section 61GC provides that restricted wagering services must not offer or accept micro betting. In its definition of micro-betting, the Bill also bans in-play betting altogether (including via a standard telephone service). Sportsbet supports a ban on micro-betting, but not in-play betting.

### The distinction between in-play betting and micro-betting

In-play betting and micro betting are two very different types of betting:

- **Micro-betting** can be described as betting on the outcome of the next ball in a cricket match or the next point in a tennis match. Micro betting is currently prohibited. We provide further detail on micro-betting and the need for a clearer definition on micro-betting below.
- **In-play betting** relates to a bet placed on a race or sporting event after the beginning of the race or event. It is currently allowed for betting on horse, harness and greyhound races (over any platform, including online) and for sporting events (but only where bets are placed over a telephone or in retail TAB venues - not online).

The Bill prohibits in-play betting by capturing it in its definition of micro betting - *betting that relates to a horse race, a harness race, a greyhound race or a sporting event and either the bet is: (ii) placed, made, received or accepted after the beginning of the race or event.*

Sportsbet recommends the removal of the in-play restriction, together with a continued ban on micro-betting which would provide important protection to consumers wagering in-play.

### Removing the in-play restriction will have significant public policy benefits

Sportsbet considers that removing the in-play restriction (by simply deleting s8A(2) of the IGA) will have significant benefits from a public policy perspective, and materially mitigate potential harms to Australian consumers.

It must be recognised that there is no evidence that online in-play betting poses a specific, identifiable risk to problem gambling as opposed to other modes of wagering.<sup>17</sup> The urgent need for a platform neutral approach is supported by some of Australia's leading gambling academics, including Dr Sally Gainsbury.

Removing the in-play restriction will also serve to protect and enhance the integrity of Australian sport (which is a key imperative given the ever-present threat of match-fixing, which is often linked to and/or driven by unlicensed offshore operators) as Australians will wager less with offshore operators and instead choose to wager locally, where WSPs are required to share suspicious betting information with sports controlling bodies. The reform would also serve to grow Australia's digital economy, benefit Australian Governments by minimising tax leakage offshore and also benefit Australian consumers as it's well established that offshore operators take a vastly inferior approach to harm minimisation and consumer protection compared to those operating in the highly regulated Australian market.

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<sup>17</sup> See also report conducted by the UK Gambling Commission, 2009.

However, in order to effectively adopt a platform neutral approach to in-play betting without compromising protections provided to Australian consumers and the integrity of sport, Sportsbet recommends that *micro-betting* be prohibited across *all* technological platforms, and that State and Territory governments similarly legislate to prohibit micro-betting in retail outlets. This draws on international precedents, including in France, where in-play betting is permitted, but micro-betting is not.

### Micro-betting should continue to be prohibited and a new micro-betting definition created

Given the propensity for micro-betting to give rise to at risk behaviour, Sportsbet maintains that it should remain illegal and that the IGA should be amended to include an appropriate definition for micro-betting. This was, after all, the real vice that the IGA in-play prohibition was introduced to address, as the Explanatory Memorandum made clear.

In this context, Sportsbet considers that micro-betting needs to be clearly defined to include the placing, making, receiving or acceptance of bets which have the following characteristics:

- the betting opportunity is repetitive, of a high frequency and is part of a structured component of the relevant match or game;
- the bet is placed on one of a limited number of possible outcomes (for example, whether the next serve will be a fault, or whether the next ball in a cricket match will be a no ball); and
- the time between placing the bet and knowing the outcome is very short (less than 2 minutes).

If a bet type satisfies all three of the above criteria, it would be classified as a micro-bet and therefore be prohibited. Sportsbet considers that the above proposed definition would better clarify the micro-betting prohibition.

It is important to recognise that Commonwealth legislation is not the only source of regulation in relation to in-play wagering in Australia. Relevant State and Territory regulatory bodies and, where they exist, relevant sporting bodies should be (and are) empowered as the controlling bodies to approve specified bet types in accordance with their Product Fee and Integrity Agreements with licenced Australian WSPs. If a bet is not approved by the relevant sporting body, licensed Australian WSPs would not be permitted to take bets on that type of market. The effectiveness of this measure is well established.

For example, Part 5 of the *Gambling Regulation Act 2003* (Vic) (**GRA**) establishes a platform-neutral regime to control the types of bets that can be offered by betting operators on sporting events in connection with Victoria, and to facilitate information sharing between these betting operators and relevant sports controlling bodies in order to protect and enhance sports integrity. The net effect of the Victorian regime is that Australian licensed betting operators are precluded from offering any markets (or bet types) on major sports unless they are specifically approved by the sports controlling body, based on its expert assessment of any risks the relevant market or bet type may pose to the integrity of the sport.

Sportsbet submits that sporting bodies in particular have the requisite expertise in relation to the sports which they govern to carry out this role most effectively. In addition, the GRA provides an additional safeguard pursuant to s4.5.29 which empowers the Commission to prohibit wagering on any type of contingency if the Commission believes (either of its own volition or on application of a sporting body) that a bet type may, among other things, expose the relevant event to unmanageable integrity risks or be contrary to public policy.

In relation to the third element of the micro-betting definition, Sportsbet submits that any time period longer than two minutes would cause significant ambiguity and lead to inadvertent breaches of the

prohibition. Further, the proposed two minute period would clearly capture those high repetition events such as those covering the next ball in a cricket match or the next point in a tennis match.

Finally, Sportsbet also recommends that State and Territory governments properly give effect to the above proposed change by ensuring that micro-betting across all wagering platforms, including in relation to bets placed over the telephone or in retail outlets, be outlawed.

Adopting a platform neutral approach to in-play betting, taking into account the above measures to ban micro-betting, would provide various and significant public policy benefits to numerous stakeholders, and do so in a clear and responsible manner to ensure that the type of wagering that can give rise to at risk behaviour remains outlawed.

## Advertising

### Wagering providers are already heavily regulated with respect to broadcast advertising and further restrictions are unjustified and would have serious adverse consequences

#### *S61GO - Restricted wagering service advertisements not to be broadcast during certain programs*

Section 61GO (1) of the Bill provides that a person contravenes this subsection if the person: *broadcasts a restricted wagering service advertisement in Australia and the broadcast is during:*

- (i) a G classified television program; or*
- (ii) a television program that consists of coverage of a sporting event.*

(hereafter, the **proposed advertising restrictions**)

Sportsbet strongly opposes the proposed advertising restrictions.

### Sportsbet's advertising does not target children or minors

The Bill's Explanatory Memorandum outlines that the purpose of the proposed advertising restrictions is to minimise the exposure of children to sports betting advertising.

However, the proposed advertising restrictions fail to take account of the existing mandatory regulatory framework which already prohibits any gambling advertising which targets minors. It is also worth noting, in light of the stated purpose of the Bill, that the Australian Subscription Television and Radio Association (**ASTRA**) reports that persons under 18 comprise a very small proportion of the audience for live sports events on subscription TV<sup>18</sup>. In addition, Free TV Australia has reported that of the very small percentage of the sports viewing audience comprised by children, more than 85 per cent co-view under adult supervision<sup>19</sup>.

Sportsbet takes its advertising obligations very seriously. It does not target or direct any of its advertising of any products or services at children in any way (either expressly or implicitly). Sportsbet employs a range of measures to ensure its advertising does not target minors. As we outline below, particular concerns about children being exposed to the promotion of live odds have been addressed by the decision to remove references to live odds from in-play broadcasts and in stadiums, and to restrict commentators from discussing live odds, along with existing broadcast regulations governing advertising to minors.

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<sup>18</sup> OzTam ratings for Top 50 Live Sport Programs on STV, 1/1/12 – 31/12/12.

<sup>19</sup> Free TV Submission to the Parliamentary Joint Select Committee Gambling Reform *Inquiry into the advertising and promotion of gambling services in sport*, 2013, pg 5

Additionally, the rigorous account-opening procedures which include third party identity and age verification checks contribute to preventing minors from accessing online account-based wagering services in Australia.

More fundamentally, and in relation to the broader wagering industry, an extensive legislative and regulatory framework across Australia's States and Territories already governs the advertising of gambling services to ensure they are socially responsible and do not target children. For example:

- Commercial television broadcasters are required to comply with the Commercial Television Industry Code of Practice (**CTV Code**), which is developed by Free TV Australia in consultation with the ACMA. Before the Code is registered, the ACMA must be satisfied that it provides appropriate community safeguards.

Under clause 6.14 of the CTV Code, advertisements for gambling services are already prohibited during certain "G" classification periods. Practically, this means that gambling advertisements must not be broadcast between 6.00am and 8.30am or 4pm and 7pm on any day (unless one of the limited exception applies, such as for news, current affairs or sports programs or where the advertisement relates to government lotteries or similar), or during any program broadcast during 5:00am and 8:30pm that is principally directed at children.

These restrictions are specifically directed to ensure that gambling advertisements are not placed in programs that are likely to have an audience which is predominantly made up of minors.

- Commercial radio broadcasters are required to comply with a plethora of state and territory gambling code requirements in the relevant jurisdictions, including a requirement for advertising to not be (either expressly or implicitly) directed at minors;
- Section 2.6 of the AANA Code specifically prohibits advertising which '*depicts material contrary to Prevailing Community Standards on health and safety*';
- Clause 11 of the Subscription Broadcast Television Codes of Practice expressly prohibits gambling advertising from being directed at children; and
- Section 8.5 of the NT Code strictly prohibits sports bookmakers from targeting minors in advertising.

This demonstrates that there are already a number of significant restrictions on advertising of gambling to ensure that concerns around exposure to minors are appropriately addressed. Further measures are not necessary at this time.

### Unintended consequences of further advertising restrictions

Banning advertising during sports and G-rated television broadcasts would have wide reaching consequences for Australian racing and sporting codes, broadcasters and the Australian wagering industry.

The online wagering industry operates in a highly competitive global environment and, as is the case across many industries, advertising promotes brand loyalty, creates awareness of the products being offered to the marketplace and allows companies to engage with their customers. The fact is that growth in sports-betting advertising has not increased wagering overall in Australia, nor has it been shown to have caused an increase in the prevalence of problem gambling.

Licensed Australian wagering operators should be free to advertise their services (within the existing framework of sensible limits and stipulations), acknowledging the benefits it provides for sport, racing,

broadcasting and consumers. We firmly believe that advertising should always conform to prevailing community standards, and not promote harmful behaviour, or make implicit promises that undermine those standards.

For context, Sportsbet and other members of the AWC moved proactively in 2013 to respond to concerns expressed in some sections of the community as to the nature and volume of sports-betting advertising during live sports broadcasts. In doing so, Sportsbet and other AWC members were quick to self-regulate and significantly reduce gambling advertising well in advance of formal changes to the Broadcaster Codes of Practice in respect of live sports broadcasts which came into effect in 2013. These changes, in broad terms:

- banned the advertising of live odds siren-to-siren during live sports broadcasts;
- restricted generic gambling advertisements to scheduled breaks (outside of play, e.g. half time); and
- banned 'plugs' by commentators and other sporting identities.

The changes to the Broadcaster Codes struck a fair balance between community concerns about the volume of advertising (and exposure to children) during live sports broadcasts and the right of licensed wagering providers to advertise their products in a socially responsible manner to the many Australians who enjoy wagering responsibly in their recreational time. Sportsbet understands that the changes to the Broadcaster Codes of Conduct have been fully complied with since their inception in September 2013.

In addition, Sportsbet actively participated in the proposed AANA national code, published on 9 November 2015 for community consultation, which is important in establishing standards and an accepted and effective complaint and enforcement framework.<sup>20</sup> The proposed code would – and should – establish standards that are broadly consistent with wider advertising standards. It is important that this process take its course. It is self-regulation, and self-regulation is a term that is often used pejoratively. But this process involves the AANA, the wider broadcasting and advertising industries, and an independent complaint and enforcement mechanism through the Advertising Standards Board that is demonstrably effective.

An outright ban on advertising during sports broadcasts and G-rated television broadcasts as the Bill proposes would have serious adverse consequences including:

- for Australian racing and sports codes, as it would preclude popular promotional activity which promotes wagering, for instance, on the racing industry which is dependent on wagering revenue streams;
- for broadcasters, who would face a material erosion of their revenue;
- for Australian WSPs, who face a highly likely direct impact; and
- ultimately, consumers will be affected, because, among other things, restrictions will drive even more Australians to bet with illegal and foreign websites in pursuit of competitive promotions.

Sportsbet is not aware of any evidence-based research which indicates that the increased level of advertising of sports-betting since 2008 has had any negative impact on the prevalence of problem gambling in Australia. With significant advertising regulations already in place across all Australian States and Territories, including those governing live sports broadcasts, there is no demonstrable need for further advertising restrictions. Any further legislative efforts would go further than necessary and adversely affect the many stakeholders referenced above.

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<sup>20</sup> Australian Association of National Advertisers, AANA launches public consultation on code for wagering, Media Release, 9 November 2015



## Credit

**Australian licensed WSPs are already subject to rigorous regulatory controls with respect to credit, and prohibiting credit as proposed would result in Australian consumers being exposed to the dangers of transacting with unregulated operators**

*S 61GA - Restricted wagering service must not offer credit*

Section 61GA (1) provides that a person contravenes this subsection if a provider of restricted wagering services provides, or offers to provide, credit to individuals to use the service.

Sportsbet does not support a prohibition on credit on the basis that the provision of credit facilities is already subject to rigorous regulatory controls and that prohibiting credit would not achieve the stated purpose of the Bill.

### **The provision of credit facilities is subject to rigorous regulatory controls**

First, it is important to highlight some facts in relation to the offering of credit (sometimes referred to as deferred settlement facilities) by Australian licensed WSPs and, in particular, Sportsbet's existing stringent credit practices in light of some recent ill-informed reporting. These recent reports fail to comment on the current regulatory environment, but rather report on a handful of issues in about 2012 (a time at which, as detailed below, the current regulatory regime did not exist) – they include a report written by Herald Sun contributor Scott Pape suggesting sports betting companies are 'exploiting lending loopholes'<sup>21</sup> and the FCA report which as previously noted in this submission makes a number of anecdotal and unsubstantiated claims.

The provision of credit facilities by licensed NT sports bookmakers is, rightly, subject to rigorous regulatory controls under the existing 'Mandatory Code of Practice for the Provision of Deferred Settlement Facilities for Northern Territory Licensed Sports Bookmakers' (**NT Mandatory Code of Practice**). The NT Mandatory Code of Practice came into force on 1 November 2015 and imposes strict obligations on all licensed NT sports bookmakers. Non-compliance with any of the obligations (including in relation to unsolicited offers of credit) carry serious penalties, including loss of the sports bookmaker's licence.

In particular, the NT Mandatory Code of Practice, among other things:

1. bans unsolicited offers of credit;
2. requires that operators conduct diligent credit assessments on all credit facility applications; and
3. prohibits customers from being approved for a facility amount in excess of a customer's pre-commitment limit.

### **Sportsbet implements its own rigorous checks beyond our obligations**

It is noteworthy that only approximately 5% of active Sportsbet customers hold a credit account, 87% of which are for a maximum amount of \$200. Over and above the obligations imposed by the NT Mandatory Code of Practice, Sportsbet implements its own rigorous checks and balances to ensure that consumer protection and harm minimisation measures are strengthened while the benefits for approved customers to use a credit facility as a convenient funding option are maintained.

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<sup>21</sup> Scott Pape, *Lost in a loophole over betting*, The Herald Sun, 31 October 2015

### There are many adverse consequences that would arise from a prohibition of credit

To be clear, Sportsbet supports prudent and reasonable regulation in this space. However, in response to the Bill's proposed amendment to prohibit the provision of credit facilities, we must emphasise that overly prescriptive regulation can, and in the case of a blanket prohibition likely will, result in Australian consumers being exposed to the dangers of transacting with operators who are not subject to that regulatory regime. That is, if consumers are unnecessarily restricted in the way they can operate a credit facility, this will result in:

- customers increasingly accessing credit from unregulated offshore operators;
- customers increasingly accessing credit from less scrupulous operators, such as illegal SP bookmakers and loan sharks which have little regard for consumer protection or harm minimisation; and
- legitimate and illegitimate third party credit providers and intermediaries filling the void, either directly or indirectly, which would then subject customers to:
  - significant interest and fees on their loans; and
  - undesirable collection methods.

Sportsbet recommends that appropriate time be given to assess the efficacy of the NT Mandatory Code of Practice prior to implementing any additional regulatory reform. This is supported by the recent publication of the South Australian Independent Gambling Authority's '*Gambling Codes of Practice (Account Gambling) Variation Notice 2015*'<sup>22</sup> to vary the existing *Gambling Codes of Practice* by including a proposed strict regime to regulate the provision of credit facilities to South Australian residents. This SA provision sets out some prudent regulatory measures for consultation.

Sportsbet recommends that given the newly established regulatory regime which applies to all licensed NT sports bookmakers, and further proposed regulation relevant to South Australian account holders, now is not an appropriate time to implement any further reform to the existing regulatory regime for the provision of credit, and most certainly not to be prohibiting credit given the likely consequences outlined above.

### Mandatory Pre-commitment

**Sportsbet already allows customers to set a pre-commitment limit and this responsible gambling tool is also available to customers to utilise after setting up an account.**

*S 61GG - Restricted wagering service must include pre-commitment options when creating account*

Sportsbet supports the merit of a binding pre-commitment requirement, provided the pre-commitment is voluntary. The purpose of the *voluntary* aspect and how this works in practice is outlined below. All customers are given (and indeed must) elect whether they wish to put in place a binding pre-commitment limit.

### Sportsbet's binding, voluntary pre-commitment requirement

Sportsbet currently has in place a *binding, voluntary pre-commitment* capability whereby customers can set a daily, weekly or monthly deposit limit when opening an account and update this at any time.

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<sup>22</sup> The Variation Notice is marked '28-day Draft No.1, as at 16 October 2015'

Any attempted deposits that are made by customers that would cause the nominated limit to be exceeded are denied. Sportsbet's feature is further enhanced by imposing a seven day cooling-off period in relation to any request to increase a deposit limit. We understand that the majority of WSPs in Australia offer a similar service. This initiative is not of course offered in retail TAB stores.

Sportsbet customers have demonstrated that they use the pre-commitment tool as one of many responsible gambling measures Sportsbet has in place. The solid take up rate by Sportsbet's customers highlights that the pre-commitment tool is working and Sportsbet believes it would be an even more valuable tool if implemented across the industry.

### **Why a binding pre-commitment requirement should be *voluntary***

It's important to note why we recommend a 'binding voluntary' pre-commitment. By mandating this feature as opposed to giving customers a choice, it encourages customers to set an unrealistically high limit to bypass the feature instead of giving it active consideration. Any attempts by government or regulators to define a pre-commitment for them would be impractical and will exacerbate the already significant wagering that Australians conduct with illegal offshore operators who have no such restrictions on deposit limits. For these reasons, Australians should be given the tools to manage their wagering spend proactively, but not be mandated to do so.

Online voluntary pre-commitment facilities are significantly more effective than those that can be offered by land-based cash operators as only account-based online wagering operators have the ability to verify the identity of customers and to enforce any established pre-commitment limit.

### **Increasing betting limits, and the prohibitions on exceeding betting limits and inducing customers to increase their limits**

**Sportsbet broadly supports the proposed limitation on increasing betting limits save for one exception outlined below, and we fully support the concept of prohibiting 'inducements' to increase betting limits and the ban on allowing customers to exceed betting limits**

*s61GI - Restricted wagering service must not increase a customer's betting limit unless in certain limited circumstances*

Broadly, this provision provides that a customer's mandatorily set pre-commitment limit can only be increased if:

- the customer requested the increase and has given 7 days' notice (for monthly limit) or 14 days' notice (for annual limit); and
- the customer has not made more than 1 request to increase his or her limit in the previous 12 months.

Although Sportsbet supports the notion of customers voluntarily electing to set pre-commitment limits, and already imposes a cooling off period on the increase of any limits set, we do not support proposed s61GI in its currently drafted form. This is primarily because it is unnecessarily restrictive in that it does not allow customers to change their limit more than once throughout the course of the year. This is counterintuitive and, as touched on above, would lead to customers setting unnecessarily high limits in the first instance. It would also discourage customers from decreasing their pre-commitment limit at 'quieter' times throughout the year (for instance, at the end of the Spring Carnival if the customer primarily bets on racing). This is

because if they choose to take this responsible step, they will later be prevented from increasing their limit at a later time of the year if they have already increased their limit once in that year.

For the reasons above and in the context of our submission regarding proposed s61GG, Sportsbet supports the introduction of s61GI(2)(a) and (b) but recommends that subsection 2(c) be deleted.

*s61GJ - Restricted wagering service must not induce, or attempt to induce, a person to increase their betting limit; and*

*s61GK - Restricted wagering service must not accept a bet from a person if they have exceeded their betting limit*

Sportsbet supports both proposed s61GJ which would prevent WSPs from 'inducing' customers to increase their betting limits, and s61GK would prevent WSPs from accepting bets from customers once they have exceeded their betting limits.

We consider that both measures are prudent. Sportsbet does not attempt to 'induce' any of its customers to increase their betting limits, and likewise we do not accept bets from customers once they have reached their pre-commitment limit. Again, for clarity, Sportsbet's support of these provisions needs to be read in the context of our submission regarding mandatorily set pre-commitment limits, which we do not support for the reasons outlined in this submission.

### **Account opening, verification of personal details and the requirement to check the National Self-exclusion Register prior to opening an account**

*s61GD - Restricted wagering service must require certain details be provided to establish account & s61GE - Restricted wagering service must verify identity of account-holder before creating account*

Sportsbet supports the proposed s61GD which would require customers to provide their personal details prior to opening an account. Indeed, this reflects Sportsbet's practices and, as we understand, that of most Australian WSPs.

However, in respect of s61GE, for the reasons that follow, Sportsbet considers the proposed requirement to verify those details prior to opening an account to be unnecessary and burdensome in light of the existing federal regulatory framework and additional licencing requirements for licensed NT sports bookmakers.

Under the *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth), all Australian licensed WSPs are required to verify the identity of new customers within 90 days of account opening. This ensures that licensed online WSPs know the identity of their customers and prevents individuals under the age of 18 years from accessing wagering services. This obligation is stricter for licensed NT sports bookmakers which are required by their licensing conditions to verify the identity of new customers within 45 days.

Sportsbet currently verifies over 64% of new customers almost immediately upon account opening and funding through a third party verification agency, and a further 32% of those who are not successfully verified by the primary agency are verified through alternate online electoral roll verification process. The upshot of this is that over 75% of new Sportsbet customers are verified within 24 hours of initial account funding.<sup>23</sup> Notwithstanding this, Sportsbet recommended to the recent Federal Review that the industry should go further and reduce age and identity verification requirements on Australian online wagering sites from 90 days to 7 days of account funding. This will keep pace with global best practise and ensure prompt

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<sup>23</sup> The remainder verify their identity through Sportsbet's online verification portal or by providing certified copies of identification.

identity verification and age identification – but for this to occur, WSPs must be permitted greater access to appropriate federal and state databases to achieve this end.

In addition, all wagers placed by customers of licensed Australian online bookmakers are transacted through registered online accounts (which facilitate far greater controls and transparency than retail betting or on land-based gaming machines) and funds cannot be withdrawn until a customer has satisfactorily verified their account details.

Sportsbet considers that s61GE is, therefore, out of step with international best practice and we do not support the proposed measure. The likely effect of unnecessarily slowing down account opening processes until verification is that Australians will increasingly open accounts and wager with illegal offshore operators.

#### *s61GF – Restricted wagering service must check the National Self-exclusion Register (NSER) before creating an account*

Sportsbet is strongly supportive of a mandatory requirement for WSPs to check a NSER or similar register before creating an account.

Indeed, Sportsbet recommended to the Federal Review that a national self-exclusion database should be established, and be funded by licensed Australian WSPs. Crucially, we also advocate that a NSER be administered by an appropriate independent third party, such as a newly formed national gambling regulator, or ACMA. Sportsbet has long been an advocate for this type of reform to ensure that individuals who elect to permanently self-exclude from a particular wagering operator are able to do so easily, and with effect across the field (i.e. to ensure that those individuals are not permitted to utilise the services of an alternate Australian licensed WSP).

### **Account statements**

#### *s61GL - Restricted wagering service must provide statement*

Section 61GL requires that wagering operators ‘*must provide each individual who uses the service with a statement of the individual’s transaction history*’ that complies with regulations and must be provided no less than once a month.

Sportsbet supports the notion of proposed s61GL but, for the reasons that follow, does not support the proposed new provision in its currently drafted form.

Sportsbet strongly supports the stated purpose of this provision – to ‘*ensure individuals have a clear understanding of how much they are betting*’ – and notes that it is an existing requirement for NT licensed sports bookmakers to maintain separate records of all bets made with the WSP.

Indeed, Sportsbet already make available an easily accessible, complete and customisable transaction history for all bets, deposits and withdrawals for all customers. This transaction history can be accessed by customers in ‘real time’ 24/7 as regularly as they choose to and allows customers to analyse and monitor their own behaviour. We understand that other licensed providers offer similar services.

However, mandating accounts to be provided to customers on a monthly basis would impose an undue administrative burden, and is also at odds with e-commerce reality and customer preference for online based information (accessible 24/7) regarding account activity. If introduced, s61GL would add another example of an analogue law ill-suited for the digital world.

## Disclosure of personal information

### *s61GM - Restricted wagering service must not disclose information for marketing purposes*

Proposed s61GM prohibits wagering operators from disclosing personal information of an individual to another person or entity for the use by the other person or entity in relation to marketing of goods or services.

Sportsbet supports the stated purpose of proposed s61GM, namely to *'to ensure restricted wagering services do not share information on customers in order to encourage those customers to use gambling services provided by other restricted wagering services'*. However, Sportsbet does not support the introduction of s61GM in its drafted form as it would plainly encapsulate the provision of personal information in a far wider range of circumstances than the stated purpose. This could be remedied by limiting the prohibition to restrict provision of personal information by one restricted wagering service provider to another restricted wagering service provider.

In any case, Sportsbet does not provide personal information of its customers to third parties for marketing purposes, and considers the thrust of s61GM to be a prudent measure.

## Mandatory staff training

### **Sportsbet trains all staff in the responsible serving of gambling and utilises the valuable insight provided by account-based online wagering to assist its customers**

#### *14A – Offence of failing to train gambling service employees*

Section 14A(1) provides an offence of failing to train gambling service employees. Sportsbet supports mandatory staff training, which reflects existing licensing conditions for NT sports bookmakers.

Below, we expand on Sportsbet's specific staff training and the associated benefits of account based wagering that is able to minimise the prevalence of problem gambling far more effectively than most forms of venue-based gambling.

### **Sportsbet's responsible gambling training and associated harm minimisation measures**

All Sportsbet employees receive annual responsible gambling training that covers topics including the harms of problem gambling, how to escalate a responsible gambling issue and the products and tools we offer our customers to help them stay in control of their betting.

In addition to training for all employees, Sportsbet employs a number of Responsible Gambling Officers who oversee and implement our customer care, escalation and intervention policies. These employees receive specialised training in responsible gambling, passive listening and how to assist distressed customers. They are also able to utilise the valuable insight provided by account-based online wagering to actively provide a range of preventative and rehabilitative support for the very small number of customers who may have a difficulty gambling within their means.

Further, Sportsbet provides customers with the online tools and resources (described on pages 5-7 above) to assess their own circumstances and minimise the prevalence of problem gambling far more effectively than most forms of venue-based gambling.

Moreover, Sportsbet's dedicated responsible gambling website provides detailed information on all of Sportsbet's responsible gambling tools and encourages customers to assess their own betting behaviour. The website also provides information about and links to external support and counselling services.

## **Interactive Gambling Regulator**

### **Sportsbet supports a national gambling regulator**

#### *61JA - Establishment of the Interactive Gambling Regulator*

Section 61JA provides for the establishment of the Interactive Gambling Regulator.

Sportsbet supports a national gambling regulator – despite Australian licensed WSPs being already heavily regulated – with the remit and flexibility to balance the protection of Australian consumers with a healthy and competitive domestic wagering environment that keeps pace with changes in technology and makes research-based decisions.

### **The current regulatory framework**

The NT has a strict regulatory framework with respect to wagering providers comprising legislation, regulations, codes of conduct and licensing conditions which match, if not exceed, the regulatory regimes in a number of other Australian (and international) jurisdictions.

Over and above those requirements, each state and territory has its own separate regulatory requirements, particularly with respect to harm minimisation and consumer protection measures, such as responsible gambling messages, advertising and voluntary pre-commitment. This means that online providers offer varying harm minimisation options to their customers and present these on their websites in different ways.

This fragmented approach leads to confusion and uncertainty for consumers who are not guaranteed minimum levels of harm minimisation and consumer protection in their wagering activities with Australian licensed WSPs. This varying approach can also add significant operational, compliance and cost burdens to online WSPs who operate in a national (and international) wagering market and provide their services to residents in different states and territories.

While regulation on a state-by-state basis has been relatively effective for many years for traditional land-based gambling which is located in defined geographic areas, it is not effective for the online wagering industry. The internet is truly borderless, and most consumers will be from a jurisdiction other than the one in which the wagering provider is licensed.

### **Benefits of a national gambling regulator**

Sportsbet supports a national gambling regulator which would:

- address risks relating to fragmented harm minimisation and consumer protection requirements across state and territory jurisdictions (and the risks that this generates from a problem gambling perspective);
- reduce the significant regulatory burden on wagering providers;
- administer the NSER (or equivalent register);
- set minimum national standards;
- make sensible research-based decisions; and

- crucially, keep pace with changes in the wagering environment – particularly technological changes such as avoiding the situation of the now significantly outdated in-play restriction in the IGA drafted in 2001 – with the flexibility of not necessarily having to rely on parliamentary amendments or comity between different State and Territory bodies.

It is critical that any new regulatory regime be competitive to ensure it does unnecessarily limit the ability of licensed WSPs to compete with illegal offshore or onshore wagering operators. Otherwise, customers and revenue will inevitably leak offshore. Further, any reforms introduced must be research-based and not be overly burdensome to implement, acknowledging that measures must be reasonably achievable from an operational and technical perspective.

Any measures that do not properly take account of the above will discourage operators who are currently operating illegally offshore from licensing in Australia and operating within a regulated framework. Moreover, it will put those that are operating legally in Australia at a real competitive disadvantage. This, in turn, will impact Australian based customers.

## **National Self-Exclusion**

### **Sportsbet is a strong supporter of a national self-exclusion register**

*61GF - Restricted wagering service must check the National Self-exclusion Register before creating account*

Section 61GF provides that a restricted wagering service must check the National Self-Exclusion Register before creating an account. Sportsbet strongly supports national self-exclusion and has long advocated for a national scheme to properly protect individuals who choose to self-exclude to manage their gambling and at the same time instilling the confidence of Australian licensed WSPs in its administration.

### **Sportsbet's self-exclusion offering**

Sportsbet offers customers the ability to self-exclude from betting with Sportsbet. This enables persons who may be at risk of problem gambling to take proactive steps to ensure Sportsbet permanently closes their account and does not take bets from them. Additionally, Sportsbet recently launched *Take a Break*, a self-service self-exclusion tool which allows our customers to choose when, and for how long, to take a break from betting at any time, without needing to contact customer service or submit any forms.

### **The need for a national self-exclusion register**

While self-exclusion or *Take a Break* can be an effective tool for our customers, it does not prevent consumers from utilising the services of alternative Australian licensed WSPs.

Sportsbet has consistently argued for, and recently submitted to the Federal Review, that this could be remedied by establishing a national self-exclusion register that would enable any customer who self excludes with a licensed Australian wagering provider to be recorded on the register. This would ensure that a customer who has taken steps to manage their gambling by closing an account with one WSP is subsequently excluded from wagering with all providers.

A national self-exclusion register should be funded by Australian licensed WSPs and crucially, be administered by an appropriate independent third party, such as ACMA or similar national gambling regulator, to ensure that both Australian licensed WSPs and consumers have confidence in the efficacy of the system.



## Conclusion

Sportsbet appreciates the opportunity to contribute to the Inquiry. While we agree with some of the proposed measures, the Bill misses the opportunity to tackle the significant problem of illegal offshore operators targeting Australians, and will instead compound the problem. Given this, Sportsbet does not support the Bill.

The focus, as the Federal Government has clearly acknowledged through its Review, ought to be on the harms being created by illegal offshore operators and the requisite public policy solutions to mitigate them. While the opportunity exists to implement further, properly attenuated and uniform harm minimisation measures – which Sportsbet recommended in our submission to the Review – further restricting the legitimate field of operations for Australian licensed WSPs is contrary to international best practise. The consequences of doing so will cascade and negatively impact sports and racing, government revenue, and ordinary Australians.

Policy decisions must be evidenced-based, foster a competitive domestic market, provide responsible gambling and consumer protections and be mindful of the very real threat that illegal offshore wagering operators represent to the integrity of sport and Australian consumers. In this context, we eagerly await the Government's response to the *Review of the Impact of Illegal Offshore Wagering*.