

Chapter 12

Sports betting advertising

12.1 This chapter will cover sports betting advertising. While chapter nine dealt with advertising of interactive gambling services covered by the *Interactive Gambling Act 2001* (IGA), this chapter will consider the reasons for the growth in advertising of sports betting services. As well as outlining some current research on the proliferation and possible effects of the growth of sports betting advertising, it will also cover the practice of offering inducements to bet and the sponsorship links between the betting industry and sport. The recent government announcement on reducing promotion of live odds during sport will also be covered. The chapter finishes with discussion of the current regulatory landscape and the calls for a national approach to regulation of advertising for sports betting.

Recent proliferation of sports betting advertising

12.2 Sports betting has grown at a rapid pace in Australia over the past several years, as outlined in chapter 10. Many submitters to the inquiry attribute this growth to the proliferation of marketing campaigns to promote online sports betting services.¹

12.3 Clubs Australia described the landscape for advertising of legal sports betting services and contrasted it with that for prohibited interactive online gaming services:

While the *Interactive Gambling Act 2001* prohibits the advertising of interactive gambling services, there are virtually no restrictions on advertising gambling products such as sports betting and wagering online or through mainstream media. Currently, companies advertise widely during televised national sporting events, heavily promoting gambling services and the placing of bets. In some instances, sporting odds are even provided during match commentary. A number of researchers have indicated that advertising expenditure appears to be increasing and that gambling advertising during sporting events is increasingly viewed as a social norm. A High Court judgment has confirmed that current laws permit wagering companies to advertise, offer inducements to players and offer credit betting facilities. These outcomes are contrary to good public policy.²

12.4 The Australian Christian Lobby argued that the growing relationship between sport and gambling was 'unhealthy':

Sport is an important part of Australian culture and is widely followed by families and children. Encouraging gambling and normalising it as an inherent characteristic of sport presents an unhealthy image of sport to

1 Sportsbet, for example, expects to spend \$30 million this year on marketing alone; Brendan King, 'Online sports betting', *Breakfast*, ABC Radio National, 25 November 2011.

2 Clubs Australia, *Submission 24*, p. 8.

young fans. Such frequent promotion of gambling is unnecessary and creates an unwelcome sporting environment for families who do not desire gambling as a part of their sporting experiences.

As well as unnecessary messages about the place of gambling in sport, this provides an unhealthy culture within sport itself. In the light of some prominent recent controversies involving match fixing and a growing problem of betting scandals within sport, addressing gambling advertising in sport is timely, and regulation would be welcome in addressing some unhealthy trends.³

12.5 Dr John McMullan's submission also highlighted research showing that sustained promotion of sports betting is having negative effects on young people:

According to Dyall, Tse & Kingi (2007) the repeated promotion of gambling through sport products, images, usages and icons has created community wide legitimacy to participate in wagering at an earlier age overall. New Zealand children, they say, are heavily exposed to gambling advertisements that are "linked to sport or a major sport or track event, such as watching a major rugby game or horse racing event."⁴

12.6 Dr McMullan argued that the reinforcement of messages about sport and gambling have combined in such a way as to lead to the perception that there is an indissoluble association between the two activities:

...the messaging in more and more gambling advertising is evincing an emergent sport-related belief system within actual advertising content. McMullan & Miller (2008; 2009; 2010) found that the use of sport symbols such as footballs, hockey pucks, goal lines, goal posts, soccer pitches, golf greens, tennis courts, pool tables and stadiums, along with the shouts of players, the images of sport gear and the roar of spectators have come together in both online and brick and mortar advertising to associate winning at gambling with winning at sports. The sport content, they say, brings gambling products to consumers in new ways while simultaneously minimizing the negative impressions of wagering by relating online card games to popular approved uses, users and ideals that equate the fun of gambling with the fun of playing the big game on grass, clay or ice.⁵

12.7 Clubs Australia asserted that excessive sports betting advertising was glamorising gambling behaviour and noted that land-based venues did not operate on a level playing field in relation to advertising:

The association of gambling with sportspeople and sports broadcasters glamorises participation in gambling and informs youth of opportunities to engage. The results of a recent study clearly underscore the power of gambling advertising. Forty-two per cent of those surveyed stated that

3 Australian Christian Lobby, *Submission 21*, p. 3.

4 Dr John McMullan, *Submission 32*, p. 5.

5 Dr John McMullan, *Submission 32*, p. 5.

gambling advertising made them want to try gambling. Another study examined sources of gambling advertising: 96 per cent reported exposure through television advertising and 93 per cent reported internet exposure.

By contrast, land-based venues in most jurisdictions are prohibited from promoting their gambling operations in advertising and signage. In NSW, venues are not permitted to acknowledge that such facilities even exist.⁶

12.8 Dr Sally Gainsbury has suggested that future trends in the sports betting environment will include an increasing use of social media, an increasing relationship with television and growth in the use of sponsorship.⁷

12.9 For example, a Centrebet presentation to the Gaming, Racing and Wagering Conference in August 2011 illustrated the company's intention to be ranked in the top two operators in the Australian corporate bookmaking market. To achieve this goal, Centrebet's marketing activities focused on major Australian sports sponsorship and promotion activity including sponsorship of National Rugby League (NRL) and Australian Football League (AFL) teams (e.g. Cronulla Sharks and St Kilda) and on-ground signage deals with the Sydney Cricket Ground (SCG), including sponsorship of NRL 'corner-posts'. As part of its deal with the SCG, Centrebet reported that it was able to access the Sydney Swans team database to 'understand how the club works and how to convert fans to punters'.⁸ Sponsorship links between betting agencies and sporting clubs are further discussed later in this chapter.

12.10 Some in the community also object to the advertising methods used by sports betting agencies. One submitter to the inquiry observed that a sports betting advertisement that had been screened on Saturday afternoon during the AFL preliminary final on Channel Ten was distasteful and offensive because of its 'intended and overt sexual connotations'.⁹

2008 High Court decision on Betfair

12.11 A number of submitters pointed to the 2008 High Court ruling involving Betfair and the state of Western Australia as being a crucial decision for sports betting advertising. In March 2008, the High Court of Australia ruled that section 92 of the Constitution, guaranteeing the absolute freedom of interstate trade and commerce, effectively invalidated Western Australian laws which had been introduced to prohibit

6 Clubs Australia, *Submission 24*, p. 8, citing Monaghan, S, Derevensky, J & Sklar, A (2008). Impact of gambling advertisements and marketing on children and adolescents: Policy recommendations to minimise harm. *Journal of Gambling Issues*: Issue 22, December 2008.

7 Dr Sally Gainsbury and Professor Alex Blaszczynski, *Submission 7*, Attachment A, p. 34.

8 'Building the Centrebet brand via sport', presentation to the Gaming, Racing and Wagering Conference 2011, Sydney, 23 August 2011, <http://www.beaconevents.com/2011/grwa2011/en/DLPaper/index.html> (accessed 4 October 2011).

9 Ms Heather Coyne, *Submission 57*, p. 1.

people in Western Australia from using a licensed betting exchange and to prohibit a licensed betting exchange offering markets on Western Australian races.¹⁰

12.12 Betfair's submission also referred to this landmark case:

The Western Australian government justified the prohibition on the basis that betting exchanges supposedly threatened the integrity of racing in WA. The legislation was ruled constitutionally invalid by the High Court. The Court found that a prohibition is not “necessary for the protection of the integrity of the racing industry of that State” (paragraph 110) and that the regulation imposed by Tasmanian legislation (i.e. the *Gaming Control Act 1993* Tas) is effective and non-discriminatory. In reaching its decision, the High Court compared the three types of betting operators in the Australian marketplace – totalisators, bookmakers and betting exchanges – and determined that Western Australia was not permitted to treat betting exchanges differently on the basis of integrity.¹¹

12.13 FamilyVoice Australia pointed out that this ruling has since 'opened up advertising to sports betting agencies registered under looser laws in the Northern Territory':

The High Court decision makes it constitutionally problematic for individual States to adequately control gambling advertising. This puts the onus on the Commonwealth to take the lead in promoting a co-operative federalist approach to this issue.¹²

12.14 The calls for national action on a number of areas of advertising are outlined throughout the rest of this chapter.

Inducements to bet

12.15 Unsurprisingly, sports betting providers argued against restricting the practice of offering inducements to bet (including the offering of free credit or 'free bets'). On the other hand, some submitters to the inquiry claimed that the use of 'inducements' to advertise betting products was inappropriate and could contribute to or exacerbate problem gambling.

12.16 Leagues Clubs Australia's submission described a range of inducements and promotions offered by online sports betting providers:

Inducements include:

- 100% first deposit bonus

10 Betfair, Media Release, 'High Court upholds Betfair's claim', 27 March 2008, http://www.betfaircorporate.com.au/media/PR%20High%20Court%20upholds%20Betfair's%20claim_270308.pdf (accessed 4 October 2011).

11 Betfair, *Submission 12*, p. 20.

12 FamilyVoice Australia, *Submission 4*, p. 2.

-
- Deposit \$25 to get a \$100 free bet
 - Deposit \$30 to get a \$100 free bet
 - Place first bet up to \$50 and if it loses they'll refund you up to \$50 (Excludes VIC and SA)
 - \$1000 Free Bet – 15% Signup bonus: Enter promotional Code HIGHROLLER. To get the most of this bonus we need to deposit \$15,000. The minimum requirement is a \$2,000 first deposit.
 - Get 10% added to your odds
 - Get \$50 FREE Bets. 20% BETTER ODDS
 - Score a \$200 Bet You Can't Lose!
 - Join Today and Receive \$100 Deposit Bonus!¹³

12.17 The Productivity Commission's (PC) view was that inducements, including the offering of free bets to open betting accounts, are not necessarily harmful and may even enhance competition by reducing 'switching costs between incumbent wagering operators and new entrants'. It recommended that any perceived risks of inducements should be properly assessed and that, regardless of whether prohibition or managed liberalisation is the appropriate outcome, a nationally consistent approach would be warranted.¹⁴

12.18 The PC's view was supported by a number of submitters including the NSW Bookmakers' Co-operative Ltd, the Australian Bookmakers' Association and Greyhounds Australasia.¹⁵

12.19 Betchoice's submission argued that the use of the term 'inducement' was 'overly broad' and provided:

...little assistance in developing good policy. Inducements cover a wide range of business practices, can occur in a variety of media and may be targeted at widely differing groups. As an example, we set out below¹⁶ some of the practices, media and target audiences that may be involved in an inducement:

13 Leagues Clubs Australia, *Submission 40*, p. 8.

14 Productivity Commission, *Gambling*, vol. 2, Commonwealth of Australia, Canberra, 2010, pp 16.58–16.59.

15 NSW Bookmakers' Co-operative Ltd, *Submission 11*, Attachment 1, p. 5; Australian Bookmakers' Association, *Submission 18*, p. 8; Greyhounds Australasia, *Submission 41*, p. 8.

16 Betchoice, *Submission 43*, p. 15.

Business Practice	Advertising Medium	Target Audience
<ul style="list-style-type: none"> • Lower price • Rebate • Free trial • Gift • Satisfaction guarantee • Endorsement 	<ul style="list-style-type: none"> • Official website • Third party websites • Email newsletter • Third party email • Direct mail • Newspaper/magazine • Trade publication • Billboard • Radio • Television 	<ul style="list-style-type: none"> • Existing customer • Customer of competitor • New customer

12.20 Betchoice argued strongly against a prohibition on all inducements:

A prohibition...would, if taken literally, extend to preventing operators from lowering prices to respond to competitive pressures or to pass on production savings. It makes no sense in a liberalised environment, such as wagering, to prevent so broad a range of standard business practices.¹⁷

12.21 Sportsbet reaffirmed the PC's position on inducements and promotional activities as being pro-competitive:

New entrants will seek to invest heavily in advertising and inducements; we would expect that the returns to advertising spending would only materialise after a threshold level is exceeded.

Promotional activities by new entrants will be pro-competitive, if undertaken on a sufficient scale. The Productivity Commission found that inducements may serve primarily to reduce the cost to consumers of switching from incumbents to new entrants, and could therefore be pro-competitive.

Incumbents will seek to invest in promotional activities, but they also stand to gain from restrictions on such activities. This is because their reputational advantage as incumbents means that an inability to spend an extra dollar on such activities will disadvantage new entrants to a much greater extent than it would the incumbents.¹⁸

12.22 Betfair acknowledged that while offering inducements is a common practice used by all types of businesses, such offerings should be done 'responsibly', and suggested limits on free bet amounts:

Wagering operators, like any other legal business, have the right to advertise their services responsibly. The offering of inducements is common place and legitimate for all types of businesses and as such,

¹⁷ Betchoice, *Submission 43*, p. 15.

¹⁸ Sportsbet, *Submission 44*, Attachment A, p. 41.

operators should be permitted to offer inducements to open a betting account - provided such offerings are responsible.

The increasing level of competition in Australia's online and offline gambling market has seen the proliferation of promotions offering free bets to new customers. Betfair does not believe that a free bet, of itself, encourages problem gambling, but we believe that bets should be limited to \$50.¹⁹

12.23 At a public hearing, committee members questioned Betfair about the practice of offering inducements to bet. Mr Andrew Twaits, Chief Executive Officer, explained that the company offered 'terms of trade' to a small number of customers, similar to the 'credit betting' practice covered in chapter 11:

Senator XENOPHON: Does Betfair provide credit or inducements to gamble?

Mr Twaits: Not in the sense that bookmakers traditionally provide credit. We are not allowed to provide unsolicited credit, if you like, to customers; however, like the TABs we are able to provide terms of trade to our more sophisticated corporate type customers who are approved by the Gaming Commission. There are about 20 of those customers.

Senator XENOPHON: So apart from those 20 with Gaming Commission approval, you cannot make a commercial decision to say, 'We're going to give you \$10,000 in credit'?

Mr Twaits: No.²⁰

12.24 When asked about whether the company offered inducements to open a betting account, Betfair told the committee that 'in the past we would have offered a free cap or \$50 in your account if you open an account with Betfair'. In relation to offering free credits or free bets, the company said:

Mr Blanksby: Certain jurisdictions do not allow it and do not allow the advertising of it, so we ensure that any offerings we make abide by that legislation.

Senator BILYK: But in the jurisdictions where it is allowed, do you do it?

Mr Twaits: We do. Generally up to \$50 or \$100—\$200 maybe—depending on the potential size of the customer.²¹

12.25 The committee then questioned Betfair on how the offering of free credits or bets to customers is determined:

19 Betfair, *Submission 12*, p. 11.

20 Senator Nick Xenophon and Mr Andrew Twaits, Betfair, *Committee Hansard*, 11 August 2011, p. 27.

21 Senator Catryna Bilyk, Mr Andrew Twaits and Mr Josh Blanksby, Betfair, *Committee Hansard*, 11 August 2011, p. 27.

Senator BILYK: If you do offer free credits, how do you determine that you [are] going to offer them to the customers?

Mr Blanksby: The promotion is usually done on an action of the customer. Usually you want the customer to place a bet with us on a certain event and that will trigger their credit...

Senator BILYK: So why don't you offer free credits to all customers?

Mr Twaits: It costs money to offer those benefits. Our system is quite complex compared to the run of the mill bookmaker or the TAB. Sometimes we have problems educating people on how the back and lay system works, how a lay bet works. Even for experienced punters it is quite hard. The free bets we offer are typically targeted to reactivation or encourage them to experience the full—

Senator BILYK: If someone has not used their account for awhile?

Mr Twaits: Potentially that and sometimes, even if they are quite active, to encourage them to take advantage of a broader range of benefits that we think Betfair has to offer.²²

12.26 Other submitters argued that inducements to bet were aggressive and needed restrictions. For example, the Social Issues Executive of the Anglican Diocese of Sydney put forward its concerns about trends:

...towards anonymous, individual gambling contexts which lack social accountability and which make it more difficult for problem gamblers to separate themselves from situations in which problem gambling behaviours can be exercised. Inducements to bet online are thus a cause for concern as they promote this shift and endorse gambling opportunities for individuals that are not mediated by a social context.²³

12.27 Mr Christopher Hunt of the University of Sydney Gambling Treatment Clinic also stated that inducements to gamble have the potential to hinder the recovery efforts of existing problem gamblers:

I have a client, who I saw this week, for example, who was trying to cut down and then the gambling site gave him a free \$50 and that got him into a spiral where he ended up losing considerably more than that. While it might not contribute to someone becoming a problem gambler it definitely exacerbates the problem of already existing problem gamblers.²⁴

22 Senator Bilyk, Mr Josh Blanksby and Mr Andrew Twaits, *Committee Hansard*, 11 August 2011, pp 27–28.

23 Social Issues Executive, Anglican Diocese of Sydney, *Submission 17*, p. 3.

24 Mr Christopher Hunt, University of Sydney Gambling Treatment Clinic, *Committee Hansard*, 16 September 2011, pp 21–22.

Regulation of inducements to bet

12.28 Significant discrepancies exist in the regulation of inducements to bet across states and territories. For example, the Queensland Government noted that there has been discussion of a national approach to inducements to bet for some years. However, no agreement has yet been arrived at:

Inducements to bet on sporting events have been discussed at a national level both through the Australasian Racing Ministers Conference and through the National Wagering Advertising Working Party.

It is understood that at a meeting of the Australasian Racing Ministers Conference in December 2008, state and territory Ministers indicated their support for a national approach to prohibiting the advertising of inducements to open new wagering accounts.

Specifically, a prohibition on offers of any credit, voucher or reward as an inducement to participate, or to participate frequently, in any gambling activity or to open a betting account was supported.

At a meeting of the National Wagering Advertising Working Party in December 2010, participants raised that the definition of ‘inducement’ could be open to interpretation and suggested a nationally consistent definition be adopted.

The offering of inducements for gambling is not unlawful in Queensland. However, given that online gambling has no jurisdictional boundaries and there is a need for constitutional adherence with free trade requirements, if restrictions are to be placed on inducements to bet on sporting events online, a consistent national approach is warranted.²⁵

12.29 The Australian Internet Bookmakers Association (AIBA) argued that recent moves by states and territories to restrict certain types of inducements to bet had not been ‘evidence-based’:

Recently, some States and Territories prohibited Australian operators from offering modest “signup bonuses” to those who open new accounts - the “\$100 free bet” offer. This had been labelled an improper inducement to gamble.

Offers such as this must be kept in perspective.

“Cash-back” offers and giveaways are a standard (and unremarkable) feature of the marketing of all businesses. In the case of gambling sites, the “free bet” or other “bonus” offers are a practical way of appealing to the market.

This is not a new concept, with “free bets” and bonuses having become so prevalent in the global internet gambling industry, they are now the subject of specialist websites and services that compare the bonuses on offer.

25 Queensland Government, *Submission 55*, p. 15.

As this is global practice, with various forms of bonuses being offered by all major operators, a ban on Australian operators matching these modest offers has had the effect of making the Australian industry less competitive in the global market but at the same time making overseas operators more attractive to Australian punters.

Furthermore, it appears that the impetus for such a step was less a concern about problem gambling, and more a desire to protect TABs from competition.²⁶

12.30 The committee wrote to state and territory regulators asking them to outline their rules around the offering of inducements to bet. Responses were received from New South Wales, Victoria, Queensland, South Australia, Western Australia, Tasmania, and the ACT. Responses varied, demonstrating a range of different rules in place across jurisdictions.

12.31 The Victorian Commission for Gambling Regulation stated that Section 4.7.10 of the *Gambling Regulation Act 2003* made it an offence for a wagering service provider to offer any credit, voucher or reward as an inducement to open a betting account.²⁷ New South Wales has similar restrictions.²⁸

12.32 In South Australia, the relevant responsible gambling codes of practice (not legislation) prohibit the SA TAB, bookmakers and authorised interstate betting operators from offering inducements.²⁹

12.33 Queensland reported that there were no prohibitions on licensees regarding the offering of inducements, whereas in Tasmania, Western Australia and the ACT only certain types of inducements were prohibited.³⁰

12.34 As an international example, the UK Gambling Commission noted that under its licensing arrangements, inducements to bet were regulated in the following manner:

The code aims to balance operators' legitimate use of inducements and other marketing incentives to differentiate themselves from competitors and to attract customers against the risk that the inducements are frustrating the licensing objectives (for example, by encouraging loss-chasing). For

26 Australian Internet Bookmakers Association, *Submission 54*, p. 28.

27 Correspondence from the Victorian Commission on Gambling Regulation, 20 September 2011.

28 Correspondence from the New South Wales Office of Liquor, Gaming and Racing, received 5 October 2011.

29 Correspondence from South Australia's Independent Gambling Authority, 8 September 2011; and South Australian Office of the Liquor and Gaming Commissioner, 14 September 2011.

30 Correspondence from the Queensland Office of Liquor and Gaming Regulation, 16 September 2011; Tasmanian Gaming Commission, 16 September 2011; Western Australian Department of Racing, Gaming and Liquor, 30 September 2011; and ACT Gambling and Racing Commission, 21 September 2011.

example, a promotion that encourages people to gamble by requiring them to spend a minimum amount within a relatively short period of time to qualify for rewards would be of concern.³¹

12.35 Clubs Australia expressed its concern about inducements, viewing them as 'particularly dangerous'. It advised that in Victoria, New South Wales and South Australia, the advertising of incentive bonuses to sign up is prohibited and that despite this regulation, operators continue to promote these sign up incentives online.³² The committee acknowledges the recent action by the Victorian Commission for Gambling Regulation which has charged four operators with allegedly offering illegal incentives to open betting accounts.³³

Sportsbet case—free bets

12.36 To demonstrate the danger of incentives, the committee notes the case of a Melbourne man with a mental illness who ran up \$80,000 in debts with Sportsbet, which was canvassed at one of the committee's public hearings. According to media reports, the man claimed he was lured in by the offer of \$5,000 in free bets. He then accepted thousands of dollars worth of credit to continue betting.³⁴ The evidence from Sportsbet on the case was covered at the end of chapter 11 in the sections on credit betting and the payment of commissions to third parties.

Committee view

12.37 The provision of free bets presents risks and the committee is unconvinced that all inducements to bet should be treated as simply standard advertising practice. With a riskier product such as a gambling service, such inducements and 'free bets' can lead to significant financial problems, such as those experienced by Sportsbet's client who lost \$80,000. This case demonstrates how dangerous the combination of free bets and the provision of credit can be. Along with rules on advertising in general, regulations covering such practices appear to be inconsistent between jurisdictions.

12.38 At the end of this chapter, the committee makes a recommendation on a national code of conduct which covers inducements to bet. The development of consistent standards on inducements to bet should take into consideration the risks posed by inducements to encourage consumers to chase losses or spend a certain amount in a short period to qualify for rewards.

31 UK Gambling Commission, *Submission 33*, p. 6.

32 Clubs Australia, *Submission 24*, p. 7.

33 Ashley Gardiner, 'Betting operators accused of offering free bets, a refund on losing wagers', *Herald Sun*, 10 October 2011. The operators are: IASbet.com, Sportsbet, Betezy and Betfair.

34 Richard Willingham, 'Betting agency settles over man's \$80,000 debt', *The Age*, 26 July 2011.

Sponsorship of sports

12.39 For many sporting codes, sports betting and the advertising of sports betting services are a lucrative source of income.³⁵ According to media reports, Tabcorp and Betfair have deals with the AFL worth more than \$2 million annually. In addition, more than 20 other betting agencies pay a dividend of their AFL-related takings to the league and many clubs have sponsorship deals with wagering companies.³⁶ For example, TAB Sportsbet is a major sponsor of the Collingwood AFL club.³⁷

12.40 Restricting access to revenue derived from sports betting could have some financial and commercial implications for these sporting codes. However, sporting codes are also concerned about the erosion of the sports experience for fans if advertising of sports betting becomes too prominent.³⁸

12.41 The Australian Christian Lobby drew attention to the obvious sponsorship links between popular sporting clubs and gambling providers:

In addition to the promotion by commentators and at grounds during the game, sport teams are commonly sponsored by gambling providers – for example, the NRL's Canberra Raiders are sponsored by prominent poker machine venue the Tradies Club, while the Manly Sea Eagles in the NRL and the St Kilda Saints in the AFL are sponsored by Centrebet.³⁹

12.42 Leagues Clubs Australia's submission described the extent of betting agencies' sponsorship of major Australian sports:

The major Sports betting agencies have commercial agreements with sport governing bodies such as the NRL, AFL, Cricket Australia, Tennis Australia, PGA and V8 Supercars Australia as well as sponsorships with individual AFL teams such as Carlton (Sportingbet), St Kilda (Centrebet) and Richmond (Tabcorp), NRL teams such as St George Illawarra, Manly, Penrith, North Queensland, Parramatta (all Centrebet) and Brisbane (Sportingbet).

These collective agreements result in maximum exposure at sporting grounds (electronic scoreboards and fence advertising), during televised sport on free to air, pay TV and radio (including live odds during games),

35 It should be noted that some sponsorship deals with gambling companies are entered into with broadcasters of sporting events, not with sporting clubs, so the sports themselves may not have influence over these arrangements during the broadcast of their events.

36 Samantha Lane, 'AFL in a bind over advertising explosion', *Sydney Morning Herald*, 8 April 2011.

37 See <http://www.collingwoodfc.com.au/tab%20sportsbet/tabid/14380/default.aspx> (accessed 17 October 2011).

38 Samantha Lane, 'AFL in a bind over advertising explosion', *Sydney Morning Herald*, 8 April 2011.

39 Australian Christian Lobby, *Submission 21*, p. 3.

high exposure in the print media (newspapers & sporting magazines) as well as via the internet and mobile phones.⁴⁰

12.43 Some of the sponsorship deals that have raised concerns provide cash incentives to fans in return for signing up a friend with a particular betting agency. Anti-gambling campaigner Rev. Tim Costello has described these sorts of deals as 'disgraceful'.⁴¹

12.44 The AFL club Collingwood and its major partner, TAB Sportsbet, recently launched a competition where fans who bet a minimum of \$5 through TAB Sportsbet were offered the chance to win a spot in the Collingwood coach's box at a match. TAB Sportsbet denied the promotion was designed to encourage fans to open betting account 'as that is illegal in Victoria'.⁴²

12.45 Other AFL clubs have arrangements in place with BetEzy, an online bookmaker licensed in the Northern Territory. For example, the club websites for the Adelaide Crows, the Melbourne Demons and the Essendon Bombers provide links (under 'Tipping') to 'CrowsBet', 'DeesBet' and 'Bombersbet', offering club members a 'VIP service for VIP clients' with the opportunity to bet on a broad range of Australian and international racing and sporting events.⁴³

12.46 David Scharwz, a former AFL player and recovering problem gambler, argued on SBS TV's *Insight* program that gambling advertising during sport was 'out [of] control':

It's too skewiff, it's too out of kilter with what society is thinking...Whilst money is coming in from betting agencies to government, to the codes, to the associations they are almost drunk on it. It's that appealing.⁴⁴

12.47 The rise in corporate sponsorship of sport by gambling companies internationally was described at length by Dr McMullan:

...both offline and online gambling providers have increasingly used sport sponsorship as a marketing platform deploying huge investments of money to recruit and retain consumers (Binde, 2007; Monaghan et al., 2008). This sponsorship has included reaching people by putting posters in bars during National Football League (NFL) games, running billboard ads during college basketball tournaments, displaying racy billboards featuring models on the sides of trucks parked in the lots outside sport events, posting

40 Leagues Club Australia, *Submission 40*, p. 8.

41 Ben Butler, 'Footy clubs cashing in big on gambling deals', *Herald Sun*, 23 December 2009.

42 Jason Dowling, 'Sit with the Pies' coach? You bet', *The Age*, 2 June 2011.

43 See <http://www.crowsbet.com.au/Home/Default.aspx>; <http://deesbet.com.au/home/default.aspx>; <http://bombersbet.com.au/Home/Default.aspx> (accessed 17 October 2011).

44 David Scharwz, 'Online Gambling', *Insight*, SBS TV, 13 September 2011, <http://www.sbs.com.au/insight/episode/index/id/428/Online-Gambling#transcript> (accessed 11 October 2011).

website addresses to gamble on women's swimwear, and promoting corporate brands on team uniforms and replica promotional products (McMullan & Miller, 2008). According to Monaghan et al. (2008), corporate sponsorship deals in Premier League soccer in the United Kingdom, for example, have "increased from 2006 to 2007 by 25% to approximately £70 million" (p. 256). Gambling providers, in turn, have directed their viewing and listening audiences on their advertising slots and programs to watch sport programs such as soccer qualifiers, baseball events, tennis matches, snooker tournaments and the like.⁴⁵

12.48 He also highlighted the increasing dependence of sport on sponsorship from gambling providers:

Most recently, the European Parliament has acknowledged that sports in their jurisdictions are increasingly dependent on gambling as a primary source of revenue resulting in more promotional products being sold, more in-store product sales taking place and more celebrity endorsements occurring where the naming rights, brands and logos of gambling companies are associated directly with sporting teams and venues as selling techniques. Indeed some sport icons have been promoting preferred gambling sites by wearing branded merchandize available for purchase, offering their legendary status as prizes to tournament winners and sponsoring their own worthy causes through gambling. The sales pitch has been to twin gambling with sport culture and to encourage consumers to purchase the myth of gambling as a sport, an approach that has been especially appealing to adolescents in several countries (Dyall et al., 2007; Korn et al., 2005; Maher et al., 2006; McMullan & Miller, 2008; Monaghan et al., 2008).⁴⁶

12.49 Dr McMullan also pointed out the risks posed by the close relationship between sports and gambling and its effects on young people:

...learning about gambling through sport programming on television and the internet promotional products such as clothing, electronic gear and travel accessories, and sale ads and billboards at actual sport venues (Korn et al., 2005). Indeed Monaghan et al. (2008) suggest that merchandizing gambling through sports poses "a direct risk to youth at a developmental age that makes them susceptible to influence" (p. 257) and a New Zealand study states that gambling advertisers have created "unhealthy sponsorships" with gambling providers that excessively expose and normalize their products to young people (Maher, Wilson, Signal & Thompson, 2006).⁴⁷

12.50 Dr Declan Hill has called sponsorship of sporting clubs by betting providers 'dancing with the devil':

45 Dr John McMullan, *Submission 32*, pp 4–5.

46 Dr John McMullan, *Submission 32*, p. 5.

47 Dr John McMullan, *Submission 32*, pp 4–5.

These kinds of relationships must be watched very, very closely. If the gambling industry wants to bet on sports events, then they should be footing the bill for the integrity units and anti-corruption activities, including higher salaries and better pensions for players.

You are always going to have some idiot who will take a bribe. But the trick is to bring levels of corruption down to where it is simply the odd psychotic thug who will do these things. What Australia must avoid are the levels of corruption in some Asian sports leagues, where it is as common for a fan to watch a fixed match as a normally played one.⁴⁸

12.51 Dr Gainsbury and Professor Alex Blaszczynski noted the 'symbiotic' relationship between internet betting services and sporting clubs:

Partnerships between Internet gambling corporations and sporting associations appear to be quite symbiotic as costs associated with sports increase and sports fans represent an ideal market for online gambling (Lamont et al., 2011). Although mandated and self-regulated codes of conduct restrict the involvement of other “non-healthy” products including tobacco, alcohol, and junk food, little attention has been paid to the potential harm caused by sports sponsorship from Internet gambling corporations. Some jurisdictions, including the UK, have prohibited the placement of gambling corporation logos on promotional merchandise, in recognition of the potential risk posed to vulnerable populations. The prominent exposure of gambling products normalises this activity and associates it with healthy activities and role models posing a direct risk to youth who are susceptible to influence (Monaghan & Derevensky, 2008; Monaghan et al., 2008).⁴⁹

12.52 Their submission therefore recommended that:

The involvement of Internet gambling sites in the sponsorship of sporting teams and events should be carefully considered and regulated to reduce any risks of exposure to vulnerable populations.⁵⁰

Extent of sports betting advertising during sporting events

12.53 As noted earlier, one of the key issues raised during the inquiry was the view that there has been a proliferation of sports betting advertising over recent years. The committee was told⁵¹ about relevant research being conducted by Dr Samantha Thomas and Associate Professor Colin McLeod and invited them to a hearing to speak about their work on gambling advertising and sports betting. These studies included the frequency, length and content of online betting advertising in sporting stadiums

48 David Sygall, 'Beware of tainted money', *Sydney Morning Herald*, 12 June 2011.

49 Dr Sally Gainsbury and Professor Blaszczynski, *Submission 7*, p. 8.

50 Dr Sally Gainsbury and Professor Blaszczynski, *Submission 7*, p. 8.

51 Ms Penny Wilson, Responsible Gambling Advocacy Centre, *Committee Hansard*, 11 August 2011, p. 36.

and during sporting broadcasts, and the effectiveness of harm minimisation messages in gambling advertising. In addition, Dr Thomas has conducted qualitative research with a range of gamblers on their conceptualisations of risk.⁵² A summary of the research and findings is provided below.

12.54 Dr Thomas and Associate Professor McLeod found that marketing strategies are embedded in the game itself at stadiums and also in television broadcasting and that sponsorship adds another layer to these marketing strategies. In addition to gambling advertisements at the match, sponsorship is visible on banners (including run through banners), player uniforms and fan jerseys. There are also pop up messages at the stadiums and during broadcasting which encourage people to 'bet now'. This leads to a troubling convergence of aggressive gambling advertising and the technology which allows people to bet in real time.⁵³

Effect of exposure to gambling advertising on children

12.55 The high level of in-venue advertising is of concern to the committee because spectators are a captive audience. Sporting matches are promoted as 'family friendly', yet the environment exposes children to a very high level of marketing for an adult product.⁵⁴

12.56 In this context, the committee notes with concern the information provided to the committee indicating that children are vulnerable to the gambling advertising messages and that we do not know the long-term effect of this level of exposure.⁵⁵

12.57 The committee discussed the role of parents to educate children about the risks and benefits of gambling, noting this argument is made by gambling providers⁵⁶ and parents as role models. Dr Thomas commented:

As a sociologist I think that no longer can we say that parents are the most influential role model on children and their behaviours. Now young people

52 Thomas, S.L. Lewis, S. McLeod, C. Haycock, J. (2011) 'They are working every angle'. A qualitative study of Australian adults' attitudes towards, and interactions with, gambling industry marketing strategies. *International Gambling Studies*. 1–17, iFirst article.

53 Thomas, S.L. Lewis, S. McLeod, C. Haycock, J. (2011) 'They are working every angle'. A qualitative study of Australian adults' attitudes towards, and interactions with, gambling industry marketing strategies. *International Gambling Studies*. 1–17, iFirst article, pp 10–11.

54 Thomas, S.L. Lewis, S. McLeod, C. Haycock, J. (2011) 'They are working every angle'. A qualitative study of Australian adults' attitudes towards, and interactions with, gambling industry marketing strategies. *International Gambling Studies*. 1–17, iFirst article, p. 11.

55 See chapters two and nine and earlier in this chapter. See also Thomas, S.L. Lewis, S. McLeod, C. Haycock, J. (2011) 'They are working every angle'. A qualitative study of Australian adults' attitudes towards, and interactions with, gambling industry marketing strategies. *International Gambling Studies*. 1–17, iFirst article, p.12, 14.

56 See comments from Alan Eskander, 'Online Gambling', *Insight*, SBS TV, 13 September 2011, <http://www.sbs.com.au/insight/episode/index/id/428/Online-Gambling#transcript> (accessed 17 October 2011).

are exposed and have access to so much outside of their parents that we are seeing a whole new level of influence on behaviour and particularly on risk and risk perceptions.⁵⁷

12.58 Long-term effects on children have not been studied but Dr Thomas and Associate Professor McLeod described the following developments already evident for children. The advertising to a captive audience promotes an adult product in what is considered to be a family environment. Children are exposed to this marketing. Dr Thomas emphasised that while the advertising is not directly marketed to children and children cannot consume the product, they are absorbing the message.⁵⁸ In addition, the constant promotion of live odds updates at matches and within game play during broadcasts may have a normalising effect on children. This is because there is a blurring between advertising and the game so children may consider the live odds, for example, to be part of the game.⁵⁹

12.59 The committee discussed with Dr Thomas what the effects might be over the long term. Although there is currently no available research, Dr Thomas thought an educated guess would be possible based on the effects of tobacco, alcohol and junk food advertising:

We can probably make an educated guess, that, as with those products, kids are being softened to this. It is becoming part of their talk...Kids are consuming these messages. They are consuming the brands. What we do not know is what long-term impact it is having on them and what will happen over time in terms of encouraging them to engage in gambling...⁶⁰

Committee view

12.60 The committee notes that the boundaries between sports betting advertising and the game are being blurred. It is concerned that sports betting is becoming normalised for children and that they consider it to be just part of the sport. One of the main ways this occurs is the through the live odds announcements, particularly those that occur within the match or game play. The committee heard how odds are now embedded in conversations about sport. With constant consumption of gambling advertising by children who follow sport, where they are subjected to high levels of gambling advertising, the long-term effects are unknown. The committee's view on live odds promotion is discussed in greater detail later in this chapter.

12.61 At this point, the committee recommends further research into these trends to determine what effects such promotions may be having on children. Until such time as a national independent research institute on gambling (as recommended in chapter two and in the committee's previous report) can undertake this work, the COAG Select

57 Dr Samantha Thomas, *Committee Hansard*, 11 October 2011, p. 9.

58 Dr Samantha Thomas, *Committee Hansard*, 11 October 2011, p. 8.

59 Dr Samantha Thomas, *Committee Hansard*, 11 October 2011, p. 2.

60 Dr Samantha Thomas, *Committee Hansard*, 11 October 2011, pp 8–9.

Council on Gambling Reform should commission this work. (In chapter 16, the committee makes a broader recommendation on legislative action to restrict gambling advertising during children's viewing times).

Recommendation 12

12.62 The committee recommends that the COAG Select Council on Gambling Reform commission further research on the longer-term effects of gambling advertising on children, particularly in relation to the 'normalisation' of gambling during sport.

Effects of gambling advertising on young men

12.63 Dr Thomas and Associate Professor McLeod discussed with the committee their qualitative research findings which shed light on the way in which sports betting advertising has contributed to young men watching sport through a 'gambling prism'.⁶¹ These young men were aware that gambling advertising was being deliberately marketed towards their demographic. They described the aggressive tactics used in advertising in 'war metaphors'; for example, feeling bombarded, targeted, or unable to escape it.⁶²

12.64 Gambling appears to be increasingly normalised for young men, with discussions about odds regularly included in conversations about sport. Some young men feel pressured to bet by their peers and the committee heard of an emerging trend where groups of young men choose a neutral sporting event to attend with their peers, specifically to gamble on it. This was highlighted to the committee as an unusual trend, as often gambling advertising was targeted to a fan's sense of team loyalty.⁶³

12.65 The advertising is appealing to these young men in a number of ways. It taps into team loyalty, knowledge of the game and self-identity. Associate Professor McLeod elaborated:

The way in which a lot of the promotion around gambling is pitched is: 'Show us how smart you are, show us that you really belong'. So there is a normative thing but it is also about your own sense of loyalty to the team that you follow—you are not a fan unless you are gambling on the team. There is also the idea that you understand the game better than anyone else and if you do gamble on the team then you are probably going to win.⁶⁴

61 Dr Samantha Thomas, *Committee Hansard*, 11 October 2011, p. 2.

62 Dr Samantha Thomas, *Committee Hansard*, 11 October 2011, p. 2. See also See also Thomas, S.L. Lewis, S. McLeod, C. Haycock, J. (2011) 'They are working every angle'. A qualitative study of Australian adults' attitudes towards, and interactions with, gambling industry marketing strategies. *International Gambling Studies*. 1–17, iFirst article, p. 10.

63 Dr Samantha Thomas, *Committee Hansard*, 11 October 2011, pp 2–3.

64 Associate Professor Colin McLeod, *Committee Hansard*, 11 October 2011, p. 3.

12.66 In addition, Dr Thomas explained how betting companies were deliberately 'softening' the language used to advertise their services:

You will never hear the gambling industry use the word 'gambling'. It talks about betting and punting and so on, and punting in particular. There is the softening of language; a slow embedding within conversations, but again within our research we are seeing this purely with young men.⁶⁵

12.67 Along with the advertising messages which appeal to young men, the research found that young men are attracted to inducements to bet, such as the offer of free bets or other such incentives to open an account. Young men believed that they were taking advantage of and could exploit the industry with their knowledge of sport and skill in betting. For example, the research found numerous examples of young men who opened multiple betting accounts but who still felt they were in control and were taking advantage of something that was being given away for free.⁶⁶

Read the fine print

12.68 Given that young men appear to believe they are taking advantage of the inducements to bet, it is important to note that reading the terms and conditions, or the 'fine print', is essential to understanding the offer as the details are not usually presented in the advertisements. For example, a recent Betstar 'join up' offer of \$500 free bets actually offered a free bet of 20 per cent of the original deposit up to a maximum of \$500. To reach \$500, it was conditional on a minimum \$2,500 deposit which had to be spent within 30 days with restrictions on the kinds of bets that could be placed. These conditions were not presented in the advertisements for the offer. In addition, unless customers read the terms and conditions they would not be aware the offer was not available in Victoria or South Australia.⁶⁷ The terms and conditions specify:

1. Upon funding the newly registered account the account holder will be eligible to receive a free bet being 20% of their initial deposit, to a maximum of \$500.
2. To be eligible for the Betstar Sign Up Bonus, the initial deposit must be turned over and the bonus must be redeemed within 30 days of the account being opened. If the offer is not redeemed within the 30 days, the offer is void. Kindly note qualifying turnover must be placed on outcomes at a dividend of \$1.20 or greater and does not include turnover on \$2 Powerlines.

65 Dr Samantha Thomas, *Committee Hansard*, 11 October 2011, p. 2.

66 Dr Samantha Thomas, *Committee Hansard*, 11 October 2011, p. 8.

67 Information available from: <http://www.cyenne.com/discussion/sneaky-bastards-file-betstar/> (accessed 2 November 2011). Under section 4.7.10 of the *Victorian Gambling Regulation Act 2003*, it is an offence for a wagering service provider to offer any credit, voucher or reward as an inducement to open a betting account. In South Australia, the relevant responsible gambling codes of practice prohibit the TAB, bookmakers and authorised interstate betting operators to offer an inducement (see discussion earlier in the chapter on inducements to bet).

3. The Betstar sign up bonus is only available to Australian residents, however due to legislative requirements, Victorian and South Australian residents are not eligible to receive the Betstar Sign Up Bonus...⁶⁸

12.69 Another example is an offer from Luxbet.com of a \$100 first deposit bonus. However, the following conditions apply:

The Bonus must be wagered as a single bet on a fixed odds market with a dividend of greater than or equal to \$1.50 per \$1 bet.

If the Bonus returns a winning dividend, those winnings (excluding the Bonus stake) will be credited to your Luxbet betting account.

Each Bonus and any winnings accrued from the Bonus must be turned over at least once (x1) for a Bonus up to and including \$250 and at least twice (x2) for a Bonus of greater than \$250 on bets with a dividend of greater than or equal to \$1.50 per \$1 bet within 90 days before you can withdraw the Bonus or any winnings from your Luxbet bonus bet account or Luxbet betting account (the Minimum Turnover Threshold)...⁶⁹

12.70 The committee also received a further example from an individual who created a Centrebet account just to place a bet on the Melbourne Cup. After reading the terms and conditions closely, the person thought they were eligible for the advertised \$200 bonus offer but were advised that they were not as the bonus was only paid on the first 'stake', which they felt was unclear. Then when they attempted to close down the account they were asked for a Medicare, passport or drivers licence number to do so. The submitter pointed out that they were not asked to provide such details to create the account and indicated that had they known such information was required at the outset, they would not have created the account.⁷⁰

Committee view

12.71 The committee notes that exposure to gambling advertising is a public health issue. Some groups, such as young men appear to be particularly vulnerable. The need for responsible gambling messages to counter the messages in online sports betting advertising is discussed below. The need for consistent legislation around inducements to bet is also discussed below.

Effectiveness of harm minimisation messages

12.72 Given the high level of advertising by online gambling providers, it is timely that Dr Thomas⁷¹ has also conducted research on the awareness of and recall of harm

68 Information available from: https://www.betstar.com.au/betstar-terms-and-conditions/free_bet_bonuses.html (accessed 2 November 2011)

69 Information available from: http://info.luxbet.com/bonus_bet_rules.pdf (accessed 2 November 2011).

70 Name withheld, *Submission 60*.

71 Research undertaken with PhD student Shenae Beus.

minimisation messages that are currently present in television commercials for online gambling products. This research used eye tracking software to investigate whether 166 students saw and recalled a responsible gambling message in broadcast advertisements for three online betting companies.⁷²

12.73 The study found that overall, 60 per cent of individuals did not see any responsible gambling or gamblers help message in the three advertisements. However, there were differences in recall for each advertisement. In addition, no students were able to either recall the message in full, or recall the 1300 Gamblers Help helpline number. The differences in recall for each advertisement could be due to the different presentation of the messages. For example, in the Tom Waterhouse commercial there is a different colour scheme and the message is displayed in the middle of the advertisement rather than at the end of the advertisement, which makes it less likely to be seen.⁷³

12.74 Dr Thomas suggested that there needed to be greater consistency in standards applied to the presentation of harm minimisation messages in advertising. For example, reference to a phone help-line could be mandated; the font size and length of the message could be standardised; clear references could be made to the likelihood of losing money. Dr Thomas argued that such messages were valuable from a public health perspective:

...I think they are in-principle messages that we need to have there. They make a strong statement that we need those there; that we need counterframing on those ads. This is kind of like the old days of cigarettes when we used to have that tiny little warning on the packet...

It needs to be more clearly signposted and for a longer period. Will people act on that information? Maybe or maybe not, but it is the first step and then directing people towards a suite of help services and so on that can help them if they need that...

Do not forget that those messages are not really geared towards problem gamblers. They are aimed towards people who are bordering on risky gambling behaviours. They are the little reminder ones...⁷⁴

12.75 To support the need for greater consistency in standards, the committee notes a recent media article which reported that some betting companies showed 'contempt' for the requirement to provide responsible gambling messages. Uniting Care Wesley manager Mr Mark Henley said that a complaint had been lodged with the South Australian Independent Gambling Authority in March 2011 about a company whose radio advertising concluded with the fast delivery of the message: 'Gamble

72 Dr Samantha Thomas, *Committee Hansard*, 11 October 2011, p. 5. The three companies were Centrebet, Sportsbet and Tom Waterhouse.

73 Dr Samantha Thomas, Associate Professor Colin McLeod, *Committee Hansard*, 11 October 2011, pp 5–6.

74 Dr Samantha Thomas, *Committee Hansard*, 11 October 2011, p. 6.

responsibly, don't drink too much and be nice to your mother'. Mr Henley observed: 'The wording coupled with the delivery is clearly, in my opinion, applying ridicule to the requirement...to include a responsible gambling message'.⁷⁵

Committee view

12.76 The committee notes that responsible gambling messages support a public health approach to preventing and minimising harm. They are a reminder about risky gambling behaviour. The committee supports the use of responsible gambling messages from a public health perspective to counter the amount of sports betting advertising. While such messages will never be able to compete with the slick advertising campaigns funded by the industry, the committee agrees that further work is necessary to ensure these messages are as effective as possible. To increase effectiveness there should be greater consistency of standards such as size, duration, colour and they should include references to the likelihood of losing money.

Recommendation 13

12.77 The committee recommends that the COAG Select Council on Gambling Reform work towards nationally consistent requirements for responsible gambling messages to ensure they work effectively as harm minimisation measures to counter-balance the promotion of gambling.

Other issues

Binge gambling not currently measured

12.78 Dr Thomas told the committee that during the interviews, they heard about periods of 'binge gambling':

...we are certainly seeing patterns of binge gambling with young men where they may not bet the whole year but they bet excessively during grand final week or they put an excessive amount of money on who will win the Brownlow or the Coleman or so on.⁷⁶

12.79 She pointed out that binge gambling is not measured by current screening tools as it may be event-specific. These individuals may score very low on gambling screening tools (such as the Problem Gambling Severity Index) but the researchers heard that some then struggle to pay bills and spend the rest of the year trying to

75 Miles Kemp, 'Commentators may be told to tone down TV betting plugs', *The Advertiser*, 9 November 2011.

76 Dr Samantha Thomas, *Committee Hansard*, 11 October 2011, p. 4.

recover from their losses. Dr Thomas explained that this is a weakness with the current screening tools that needs to be addressed.⁷⁷

Committee view

12.80 The committee believes that being able to measure binge gambling would be helpful in order to assess whether this behaviour is increasing and whether any targeted harm minimisation measures could be effective. Rather than revise the current screening tools, the committee suggests this could be achieved by including some additional questions designed to capture and measure this behaviour.

Problem gambling associated with advertising of sports betting

12.81 The committee received evidence that the heavy promotion of sports betting was associated with experiences of problem gambling.

12.82 The University of Sydney Gambling Treatment Clinic's submission outlined the degree to which its clients with problem gambling behaviours had been affected by sports betting advertising:

Our clients consistently report that the promotion of sports betting has contributed to the onset and maintenance of their gambling problems. Firstly, almost all sports betting clients report they began by gambling on sports that they had previously followed or had participated in. By watching sports on television, or checking scores through other media outlets, they report that they were frequently exposed to promotion of betting and prices that outlets were giving for various betting combinations. Many of our clients reported that they observed advertisements encouraging them to bet and portraying sports gamblers winners who were able to have a better time with friends, and that promoted the idea that they may actually become a deeper supporter of the sport through wagering. Advertisements of this ilk appeared to have led many of our clients to believe that they could turn their knowledge and interest in their favourite sports into a supplementary income source. This idea, that one can use knowledge and interest to wager successfully, is also widely promoted in media reports on betting on non-sporting events (e.g. elections, reality television contests). Major media outlets frequently run stories on the betting markets in non-sporting areas, which emphasise the (false) belief, central to the development of gambling problems, that there is easy money to be made if you know something about an upcoming event. Invariably though, they begin to lose more money than they win, and turn to other sports to try to recoup the money that they lost during their initial betting outlays.⁷⁸

77 Dr Samantha Thomas, *Committee Hansard*, 11 October 2011, pp 3–4. See also Thomas, S.L. Lewis, S. McLeod, C. Haycock, J. (2011) 'They are working every angle'. A qualitative study of Australian adults' attitudes towards, and interactions with, gambling industry marketing strategies. *International Gambling Studies*. 1–17, iFirst article, p. 2, 9.

78 University of Sydney Gambling Treatment Clinic, *Submission 9*, p. 3.

12.83 The Clinic also noted that some of its clients, after trying to take action to deal with their own problem gambling behaviour, can often no longer watch their favourite sports without being bombarded with gambling advertising:

...the constant promotion of gambling that is tied to sports broadcasting and reporting also becomes problematic when gamblers try to cut back on or stop their betting. They report that they are unable to watch previously enjoyed sports without being inundated with prices and odds, which again encourages them to think about winning and activates their hope that they could win back some of their losses. Over time, sports gamblers report that they no longer enjoy watching or reading about sports, because the focus of their attention is no longer about the different aspects of the sport, but rather almost exclusively on the outcome of their bet.⁷⁹

12.84 At a public hearing, Mr Christopher Hunt of the Clinic elaborated:

For a lot of clients we are seeing, watching sports can be one of their favourite pastimes, so taking that away from people is a catch-22 situation. It stops them from doing something they enjoy that could stop them thinking about gambling, but they may watch sports and think about gambling. So it takes away an avenue for doing something different rather than gambling. It can make it difficult to give up gambling when one of your previously enjoyed pastimes is now no longer an avenue for you to get some relaxation or enjoyment.⁸⁰

12.85 Dr Gainsbury and Professor Blaszczynski also pointed out the hazardous influence that aggressive marketing was exerting over the youth market:

Advertising and aggressive promotion of online sports betting plays a significant role in the influencing participation rates among youth. This is evidenced in anecdotal reports among some treatment providers of a rapid escalation in young males presenting for treatment for excessive sports betting. The trend is apparent that lucrative gambling contracts and sponsorship of sporting clubs and television broadcasts is now replacing alcohol and tobacco sponsorship. The same arguments that has led to the banning of alcohol and tobacco sponsorship of sporting activities applies equally to gambling; namely influencing the attitudes and behaviour of youth to encourage gambling behaviour resulting in the emergence of a problem gambling and harm within this vulnerable sub-population within the community.⁸¹

12.86 Dr Jeffrey Derevensky told the committee of his deep concern about the blurring of advertising and sports wagering and its potential impact on youth. Using the example of live odds commentary, he stated:

79 University of Sydney Gambling Treatment Clinic, *Submission 9*, pp 3–4.

80 Mr Christopher Hunt, University of Sydney Gambling Treatment Clinic, *Committee Hansard*, 16 September 2011, p. 17.

81 Dr Gainsbury and Professor Blaszczynski, *Submission 7*, p. 9.

I do believe that many adolescents will certainly be influenced by commentators' recommendations for where to place a wager. This is particularly concerning to me. Rather than just commenting on the football game, they are talking about the odds and the probabilities. This influences young people to gamble and place bets. I worked with a sports announcer who on one Sunday lost 12 out of 13 games. He said broadcasting sports was his livelihood and he knew everything about sports. He knew who had had a fight with his girlfriend, who had broken his arm, but even he could not pick a winner. He said: 'If I had a monkey throwing a dart at a board, the monkey probably would have done better.' You have sports announcers and sports teams promoting different kinds of gambling. I think that is particularly problematic.⁸²

12.87 A recent Newspoll survey of 1,200 Australians aged 18 to 64 found that 63 per cent believed that sports betting advertising contributed to an increase in problem gambling, with one in 10 stating that advertising by sports betting agencies was more harmful to the community than alcohol or tobacco advertising.⁸³

12.88 The survey, organised by PR agency Crossman Communications, also found that the younger generation was less concerned about the marketing practices of betting agencies. Ms Jackie Crossman, Managing Director, observed:

The 18 to 34 age bracket is almost three times more likely to have a regular bet than those aged 50 plus and they are considerably more laissez-faire and opposed to controls on sports betting agencies.

It used to be that we enjoyed a flutter on the Melbourne Cup and had the odd spin on the pokies. But the introduction of more exotic options and the promotion of odds and options at venues during coverage has normalised sports betting for younger segments of society.

When such sophisticated marketing practices become mainstream it is extremely difficult to turn back the tide...and young males are the ones happily riding the waves.⁸⁴

Promotion of 'live odds' during sport

12.89 The committee heard there was considerable community concern about the practice of announcing 'live odds' at sporting events and during broadcasts. This normally involves sporting commentators—some of them respected former players— or representatives of betting agencies providing live updates on the odds prior to or

82 Dr Jeffrey Derevensky, *Committee Hansard*, 16 September 2011, p. 7.

83 Crossman Communications, 'Australians say no to marketing by sports betting agencies', Media Release, 28 July 2011, <http://crossmancommunications.com.au/?p=772> (accessed 24 October 2011).

84 Crossman Communications, 'Australians say no to marketing by sports betting agencies', Media Release, 28 July 2011, <http://crossmancommunications.com.au/?p=772> (accessed 24 October 2011).

during an event. The in-game advertising of live odds is seen as particularly problematic.

12.90 Showing the level of concern in the community over this practice, a recent Newspoll survey of 1,200 Australians found that 42 per cent believed that giving live odds during sports coverage should be illegal.⁸⁵

12.91 The main concern, apart from announcements interrupting enjoyment of the game, is the effect on children. A recent discussion on the *Insight* program on SBS TV illustrated one parent's views on the merits of broadcasting of live odds during sports coverage when children were likely to be watching:

...my seven-year-old son is seeing those exact same odds and they are filtering down into his mind and it's normalised gambling as a seven-year-old. It's great for you as a punter. You can walk into the TAB at the football and check out those odds. It's not that I have problem with them being in an accessible location to adults who can understand it, but how can you say it's acceptable and it's a good thing to have them up on the screen for everyone to see.⁸⁶

Government plans to reduce 'live odds' promotion during sport

12.92 On 27 May 2011, the Minister for Families, Housing, Community Services and Indigenous Affairs, the Hon Jenny Macklin MP, the Minister for Broadband, Communications and the Digital Economy, Senator the Hon Stephen Conroy, and the Assistant Treasurer, the Hon Bill Shorten MP, announced the federal government's intention to work with the sporting and betting industries to 'reduce and control' the promotion of live odds during sporting broadcasts:

The Government will work with the sporting and betting industries to reduce and control the promotion of live odds during sports coverage through amendments to their existing industry codes.

If satisfactory amendments are not in place by the end of June 2012, the Australian Government will consider the need for legislation, noting that the measures would not apply to pre-existing contracts for the promotion of live odds during sports coverage as of 1am today [27 May 2011].⁸⁷

85 Crossman Communications, 'Australians say no to marketing by sports betting agencies', Media Release, <http://crossmancommunications.com.au/?p=772> (accessed 24 October 2011).

86 Russel Dennison, 'Online Gambling', *Insight*, SBS TV, 13 September 2011, <http://www.sbs.com.au/insight/episode/index/id/428/Online-Gambling#transcript> (accessed 11 October 2011).

87 The Hon Jenny Macklin MP, Media Release, 'Tackling problem gambling in Australia', 27 May 2011, http://www.jennymacklin.fahcsia.gov.au/mediareleases/2011/Pages/jm_m_prob_gambling_27_may2011.aspx (accessed 14 June 2011).

12.93 This course of action had been agreed at the meeting of the COAG Select Council on Gambling Reform on the same day. The COAG communiqué stated:

Governments are concerned that promotion, including commentary by sporting role models, is becoming insidious in live sports coverage. We are concerned that this can significantly influence vulnerable and young people and normalise gambling behaviour.⁸⁸

12.94 Ministers agreed that consultation on the scope of the measures would be undertaken with industry. However, governments agreed that the racing industry would be exempt 'due to its long standing integral connection with wagering'.⁸⁹

12.95 The NSW Government's submission supported the announcement on reducing the promotion of live odds, noting it would reduce the potentially harmful effects on young people:

The NSW Government shared research findings with the COAG Select Council on Gambling Reform confirming the potential harmful effects of this form of advertising, particularly for young people significantly influenced by advertising associated with their favourite media/sporting personalities. The use of commentators and sporting role models to promote gambling and discuss betting odds can normalise gambling and influence vulnerable and young people in an adverse manner. This approach is at odds with broadcasting codes of practice in relation to alcohol and tobacco advertising aimed at protecting children from exposure to adult activities.⁹⁰

12.96 Betting agencies such as Sportsbet and Betfair have publicly supported the government's moves in this area.⁹¹ The committee notes that sporting grounds such as the MCG have also announced that they are moving towards eliminating live odds from their scoreboards.⁹²

12.97 The AIBA did acknowledge that the government announcement on reducing promotion of live odds 'achieves a proper balance between improper advertising and acceptable advertising'.⁹³

88 COAG Select Council on Gambling Reform, Communiqué, 27 May 2011, http://www.jennymacklin.fahcsia.gov.au/statements/Pages/jm_comm_gamblingreform_27may2011.aspx (accessed 14 June 2011).

89 The Hon Jenny Macklin MP, Media Release, 'Tackling problem gambling in Australia', 27 May 2011, http://www.jennymacklin.fahcsia.gov.au/mediareleases/2011/Pages/jm_m_prob_gambling_27may2011.aspx (accessed 14 June 2011).

90 NSW Government, *Submission 56*, p. 5.

91 See Sportsbet, *Submission 44*, p. 33; Betfair, *Submission 12*, p. 22.

92 Editorial, *The Age*, 25 August 2011.

93 AIBA, *Submission 54*, p. 35.

Harm minimisation messages

12.98 Dr Thomas from Monash University, whose research on gambling advertising and sports betting was described earlier in the chapter, pointed out that her work found that live odds announcements were a relatively small part of the overall marketing for online betting agencies at the game. However, the research found that the only clear harm minimisation messages that were either visible or audible were given during the live odds announcements. She pointed out that this has important implications for the work underway to reduce and control the live odds announcements, as it will mean there will be fewer opportunities for the only clear responsible gambling message to appear. Therefore, consideration is needed on how best to ensure responsible gambling messages are included in all sports betting advertising.⁹⁴

Committee view

12.99 While the committee welcomes the reduction of live odds announcements, it notes that uncertainty remains regarding the scope of the ban. While numerous media reports⁹⁵ of the government's announcement described a plan to 'phase out' live odds altogether, the committee notes that Senator Conroy has stated there will be discussions with broadcasters about the scope of a ban, which may be limited to the duration of a sporting event and not include pre-match and half-time commentary.⁹⁶

12.100 The committee believes that the level of concern in the community about this practice is sufficient to warrant the total ban of the promotion of live odds both at venues and during the broadcast of a match (which includes pre-match coverage). Information on betting odds will still be easily available through websites, TABs and other betting outlets at stadiums.

Recommendation 14

12.101 The committee recommends that the government legislate a total ban of the promotion of live odds both at venues and during the broadcast of a sporting event.

12.102 The committee also agrees that there needs to be an investigation of how best to ensure the inclusion of responsible gambling messages in the marketing for online betting agencies.

94 Dr Samantha Thomas, Associate Professor Colin McLeod, *Committee Hansard*, 11 October 2011, pp 6–7.

95 Michael Edwards, 'No dice on live odds', ABC AM, 28 May 2011, <http://www.abc.net.au/am/content/2011/s3229566.htm> (accessed 30 May 2011); ABC News Online, 'Industry questions live odds ban benefits', 28 May 2011, <http://www.abc.net.au/news/2011-05-28/industry-questions-live-odds-ban-benefits/2735180> (accessed 30 May 2011); Malcolm Farr, 'Live broadcasts of betting odds to be phased out by June, Stephen Conroy says', *Courier Mail*, 27 May 2011.

96 Malcolm Farr, 'Live broadcasts of betting odds to be phased out by June, Stephen Conroy says', *Courier Mail*, 27 May 2011.

Recommendation 15

12.103 The committee recommends that the work to legislate a total ban on live odds promotion also ensures that responsible gambling messages are retained as a harm minimisation measure and continue to appear as a counterpoint to other instances of gambling advertising, both in venues and during sporting broadcasts.

Calls for further action on advertising

12.104 A number of submitters suggested that further restrictions on advertising, beyond the promotion of live odds, were required.

12.105 Dr Gainsbury and Professor Blaszczynski welcomed the government's moves to work cooperatively with industry to reduce live odds broadcasting; however, they also advocated legislation to underpin such policy directions:

...unless strict policies are mandated by legislation there will remain temptations to utilise funds provided by online gambling providers through creative avenues allowing continued marketing and promotions. *Regulators must carefully consider and set limits on the degree to which online gambling may be promoted during sporting events with clear penalties that are enforced for teams, individuals and event organisers that do not abide by these policies.*⁹⁷

12.106 Similarly, the University of Sydney Gambling Treatment Clinic favoured:

A banning of, or at least much tighter regulation of, the promotion of online gambling in sports broadcasting, either directly through advertisement and sponsorship, or indirectly through well placed media stories and commentator's remarks.⁹⁸

12.107 The Australian Christian Lobby also welcomed this initial step by authorities to regulate sports betting advertising but felt that much more could be done in this area:

Although prohibiting the promotion of gambling odds by commentators is a positive start, further regulation of other forms of gambling advertising in sport would be an appropriate additional measure to further limit the potential harms of gambling. This would be consistent with the policy behind the current move, and would help to slow the growing view of gambling as an inherent feature of sport.

ACL recommends that, in addition to advertising during broadcasting, the government regulate the broader advertising methods of gambling

97 Dr Gainsbury and Professor Blaszczynski, *Submission 7*, pp 8–9.

98 University of Sydney Gambling Treatment Clinic, *Submission 9*, p. 4.

companies, particularly sponsorship of sporting teams, venues, and competitions.⁹⁹

12.108 Dr McMullan also advocated further restrictions on advertising activity:

A responsible advertising program would restrict companies that generate their revenues primarily from gambling to promote or advertise their organizations or products, including branding, logos or naming rights through the sponsorship of sporting figures or teams who are under the age of majority. Products advertising gambling – shirts, shoes, hats, belts, travel bags, etc. – should not be sized for minors, be awarded as prizes or given away in free promotions. Furthermore, gambling providers should be discouraged from advertising their products directly through amateur sport sponsorship and encouraged to act with charitable intentions by providing money to independent government operated agencies who, in turn, can supply funds to sporting events, community teams and individual athletes. Moreover real winners, or models and actors portraying real winners, should not be deployed to promote or advertise internet gambling products. Gambling providers and advertisers should not utilize celebrity endorsements that are likely to appeal to youth, and only be permitted to use them at locations and on time slots primarily frequented and viewed by adults and in a manner that does not suggest that gambling contributed to their success (Dyall et al., 2007; Maher et al., 2006; McMullan & Miller, 2008; Monaghan et al., 2008; Poulin, 2006; RIGT, 2007).¹⁰⁰

12.109 In a Newspoll survey of 1,200 Australians aged 18 to 64, over one third of respondents (36 per cent) wanted to ban betting agencies from sponsoring sporting teams or events.¹⁰¹

12.110 However, betting agencies argued against any further restrictions on gambling advertising during sport. For example, Betchoice stated:

One of the most prominent points of concern in the community in the past 12 months has been the nature of betting advertising associated with sport...

...in the context of sport, Betchoice can understand this concern and believes there are situations in which a particular form of advertising is inappropriate and are of the view that this is one such occasion where the practice should not be conducted.

However, Betchoice does not support broad prohibitions on other types of advertising (eg. during advertising breaks, sponsorship of particular sporting teams, etc). For the reasons outlined earlier in respect of inducements, we believe that advertising is a vital mechanism by which we can notify customers and potential customers about our business. Given that

99 Australian Christian Lobby, *Submission 21*, pp 3–4.

100 Dr John McMullan, *Submission 32*, pp 11–12.

101 Crossman Communications, 'Australians say no to marketing by sports betting agencies', Media Release, <http://crossmancommunications.com.au/?p=772> (accessed 24 October 2011).

we are restricted from opening terrestrial outlets, this type of advertising is critical in order for us to provide genuine competition to existing gambling businesses.

...our preferred approach is to impose restrictions requiring adequate harm minimisation measures be in place. We believe this will be a more effective mechanism by which operators are encouraged to implement systems that protect those potentially at risk.¹⁰²

12.111 Similarly, the AIBA argued that gambling advertising was already 'subject to strict codes of practice' and did not contribute to problem gambling:

Advertising is not targeted at problem gamblers and there is no evidence to suggest that it increases the rate of problem gambling per se. It is true that as the number of sports bettors increases, the number of sports bettors who have a gambling problem would correspondingly increase. But this is not to say that the rate or percentage of problem gamblers in the sports betting sector increases.

...it is recognised and acknowledged by the industry that a small percentage of clients may develop a gambling problem. This is an ongoing concern and the interactive sports betting industry has been proactive in developing strategies to minimize this risk and to help those with a problem. We do far more in this area than any other form of gambling.

But we see no evidence that the advertising of sports betting is exacerbating or increasing the current rate of problem gambling within this sector.

We do not see any justification for restrictions on advertising based on this ground.¹⁰³

Logos on players' uniforms

12.112 Some witnesses told the committee of their concern about the widespread use of betting agencies' logos on professional sports players' team uniforms. A number of NRL and AFL teams are sponsored by betting agencies, whose logos appear on the back of football jerseys. The teams who display logos on players' uniforms include St Kilda (Centrebet); the Manly Sea Eagles (Centrebet); and the Brisbane Broncos (Sportingbet).¹⁰⁴

12.113 In a presentation entitled 'Building the Centrebet brand via sport', Centrebet noted its success in NRL sponsorship (Dragons, Cowboys, Eels and Sea Eagles) and

102 Betchoice, *Submission 43*, p. 19.

103 AIBA, *Submission 54*, p. 35.

104 Sportingbet Betblog, 'Sportingbet announces record Broncos sponsorship deal', 16 February 2011, <http://www.sportingbet.com.au/betblog/index.php/sportingbet-announces-record-broncos-sponsorship-deal/> (accessed 28 September 2011).

referred to a 'free jersey campaign' which had generated 'thousands of bettors from each club'.¹⁰⁵

12.114 Dr Derevensky told the committee that the appearance of betting agencies' logos on athletes clothing was a concerning practice that should be prohibited, as many of the players are seen as heroes and role models for young people:

Senator XENOPHON: You have made reference to players with gambling advertising on the backs of their jumpers and to advertising at sports grounds in addition to the advertisements and broadcasts during the broadcasts. Given that athletes are role models, as you indicated, are you saying that there ought to be a prohibition on that sort of advertising—advertising on the backs of players' jumpers and at sports ground—as a measure to deal with the risks associated with youth gambling?

Prof. Derevensky: I think that is one good beginning. It would be a wise idea to remove those logos on the backs of these sports heroes or individuals. We know that young people look upon these people as important role models. So I think that is one very good approach that we can implement with very little effort.¹⁰⁶

12.115 On SBS TV's *Insight* program, the father of a seven-year-old boy said that he refused to buy his son a St Kilda AFL jersey because the major sponsor of the club was Centrebet.¹⁰⁷

12.116 During a discussion with researchers Dr Thomas and Associate Professor McLeod, the committee expressed concern about additional layers of advertising created through gambling sponsorship of sporting teams. In particular, the committee discussed shirt sponsorship. Using the example of the St Kilda AFL club and its sponsorship by Centrebet, Dr Thomas noted the 'embedding' of gambling advertising in fan merchandise and on players' uniforms. For example, a Centrebet logo was clearly visible on a St Kilda jersey 438 times during the broadcast of a St Kilda game.¹⁰⁸

12.117 The committee acknowledges that concerns over the amount of advertising have been recognised by sports betting agencies. The AIBA highlighted proposals from sports betting agencies themselves on changes to certain advertising practices, including the removal of logos from children's sports shirts and merchandise:

105 'Building the Centrebet brand via sport', presentation to the Gaming, Racing and Wagering Conference 2011, Sydney, 23 August 2011, <http://www.beaconevents.com/2011/grwa2011/en/DLPaper/index.html> (accessed 4 October 2011).

106 Senator Xenophon and Dr Jeffrey Derevensky, *Committee Hansard*, 16 September 2011, p. 2.

107 Russel Dennison, Centrebet, 'Online Gambling', *Insight*, SBS TV, 13 September 2011, <http://www.sbs.com.au/insight/episode/index/id/428/Online-Gambling#transcript> (accessed 11 October 2011).

108 Dr Samantha Thomas, *Committee Hansard*, 11 October 2011, p. 8.

As to the community concern that certain types of gambling advertising are leading to an unhealthy relationship between sports and gambling, this has been recognised by the sports betting sector.

In May [2011], sports betting providers including Sportsbet, Sportingbet, Centrebet and Betfair presented a proposal to the Federal Minister for Sport for changes to advertising practices. Importantly, these included proposals that:

- Odds updates in commentary during play to be phased out
- Gambling companies sponsors logos not be permitted on children's replica sports shirts (a practice already applied by these companies); and that
- Sporting clubs and gambling providers be banned from offering "white label" betting sites, e.g. Bombersbet.com.au

The companies also asked for greater enforcement of advertising restrictions on non-licensed operators in all media, including the internet.

It is noted that the sponsorship of sporting clubs by gambling providers would still be permitted. Sponsorship is a valuable source of funding for sporting organisations (many of whom claim they would be adversely affected by proposals to amend the operation of gaming machines.)¹⁰⁹

12.118 While the committee welcomes these proposals, particularly not permitting gambling company logos on children's replica sports shirts, it believes that such practices should be mandatory, apply to all betting providers and to all merchandise targeted at children. The committee's view and a recommendation on the issue of logos on sporting players' uniforms are at the end of this chapter.

Regulatory approaches to advertising of sports betting

12.119 A number of laws and industry codes of conduct regulate the advertising of gambling products. With the exception of the *Interactive Gambling Act 2001* (IGA), legislation around gambling advertising is largely state-based, reflecting the fact that wagering is an activity regulated by the jurisdictions.¹¹⁰

12.120 For example, the NSW Government's submission outlined its own regulatory approach to gambling advertising:

The NSW regulations (clause 12 of the Racing Administration Regulation and clause 13 of the Totalizator Regulation) prohibit the publishing of gambling advertising:

- (a) that encourages a breach of the law, or

109 AIBA, *Submission 54*, p. 35. See also Sportsbet, *Submission 44*, p. 5.

110 For a list of regulations that cover gambling advertising across states and territories, see Productivity Commission, *Gambling*, vol. 2, Commonwealth of Australia, Canberra, 2010, p. K.5.

- (b) that depicts children gambling, or
- (c) that is false, misleading or deceptive, or
- (d) that suggests that winning will be a definite outcome, or
- (e) that suggests that participation in gambling activities is likely to improve a person's financial prospects, or
- (f) that promotes the consumption of alcohol while engaging in gambling activities, or
- (g) that is not published in accordance with decency, dignity and good taste and (in the case of a television commercial) in accordance with the Commercial Television Industry Code of Practice as in force at the time the gambling advertising is published, or
- (h) that offers any credit, voucher or reward as an inducement to participate, or to participate frequently, in any gambling activity (including as an inducement to open a betting account).¹¹¹

12.121 A range of industries have codes of conduct in place covering gambling advertising. These include the club industry, casinos, hotels, racing, lottery providers and the television industry. These codes prescribe acceptable activities and codes of behaviour around advertising of gambling products, but industry codes have no statutory basis.

12.122 The Productivity Commission's (PC) 2010 report into gambling did not make specific recommendations on wagering advertising regulations across states and territories but noted that 'the appropriate rules for racing and sports betting advertising is an emerging area of contention'.¹¹²

12.123 Regarding gambling advertising that may influence children, the PC did not advocate 'far reaching changes to the current restrictions' (e.g. on times for broadcasting). Noting that 'more sweeping prohibitions' on 'subtle forms of marketing' such as the visibility of logos on sporting figures could be possible, the PC noted it was important to balance social concerns with any effects on legitimate business activities:

...the main thrust of policy should be to address inappropriate content, being mindful of the difficulty of more generally limiting exposure to children of gambling without inadvertently eliminating the capacity for legitimate television marketing of gambling...

111 NSW Government, *Submission 56*, p. 4.

112 Productivity Commission, *Gambling*, vol. 2, Commonwealth of Australia, Canberra, 2010, p. K.16.

The decision about the scope of the restrictions must therefore give significant weight to the applicability of social norms – an issue best left for political judgement.¹¹³

Inconsistency across jurisdictions

12.124 A number of submitters noted that states and territories applied inconsistent approaches to wagering advertising. Tabcorp noted the existence of different state and territory regulatory regimes and their effects on customer demand:

Between jurisdictions, differences also apply to restrictions on bet types, wagering advertising and the capacity of operators to offer account opening inducements to wagering customers.

Customers who wish to take advantage of credit betting, account opening inducements and a broad product offering are taking their business to jurisdictions with regulatory environments that allow wagering operators to provide these services.¹¹⁴

12.125 Unlike in some other states, sports betting and wagering operators licensed in the Northern Territory are not bound by legislative requirements on advertising but instead adhere to a voluntary code of conduct. Sportsbet outlined these arrangements applying to its operations in the Northern Territory:

Sportsbet is bound by guidelines contained in the Northern Territory Code of Practice for Responsible Gambling. The Code has been developed in consultation with a Responsible Gambling Advisory Committee comprising various representatives from the gambling industry, government agencies and community services such as the Salvation Army and Anglicare Top End...

Whilst the Code is a voluntary Code, it contains serious expectations on licensed operators to ensure all measures are applied. The Code and Manual make plain that serious or persistent breaches of their terms could see action being taken against a licensee on the basis that the licensee is no longer “fit and proper” to hold a gambling licence.

The Code outlines the minimum requirements of the gambling providers.

The Code broadly requires that gambling advertising and promotions be delivered in an honest and responsible manner with consideration given to the potential impact on people adversely affected by gambling.

12.126 Sportsbet described in further detail what the code required in relation to gambling advertising:

113 Productivity Commission, *Gambling*, vol. 1, Commonwealth of Australia, Canberra, 2010, pp 8.28–9.

114 Tabcorp, *Submission 22*, p. 9.

- compliance with the Advertising Code of Ethics as adopted by the Australian Association of National Advertisers or the Advertising Federation of Australia
- that any television advertising comply with the Federation of Commercial Television Stations (FACTS) Code of Practice
- accuracy and no false or deceptive advertising about the chances of winning a prize or the size of the potential return for the wager
- that no impression be given “that gambling is a reasonable strategy for financial betterment”
- that advertising displays not be directed at minors or portray minors participating in gambling
- that problem gambling signage (including for Internet/telephone sports bookmakers and online licensees) contain appropriate problem gambling warning signage in a clearly visible manner
- that there be no advertising of individuals’ winnings (outside of the providers’ internet site).¹¹⁵

Current work underway on national consistency

12.127 As noted in the previous section on inducements, the need for a consistent approach to wagering advertising has been discussed at a national level for some time.¹¹⁶

12.128 The committee notes that the Australasian Racing Ministers' Conference recently agreed to adopt in-principle:

...a unified approach to the regulation of gambling advertising based on provisions proposed by NSW with a cooperative approach between jurisdictions to assist in enforcing the provisions on a complementary basis.¹¹⁷

Calls for a national approach to regulation of advertising

12.129 During the inquiry, a number of sports betting operators repeated calls for a national approach to the regulation of online wagering, including advertising.

115 Sportsbet, *Submission 44*, pp 31–2.

116 See Queensland Government, *Submission 55*, p. 15: 'At a meeting of the National Wagering Advertising Working Party in December 2010, participants raised that the definition of 'inducement' could be open to interpretation and suggested a nationally consistent definition be adopted.'

117 Australasian Racing Ministers' Communique, 23 September 2011, <http://www.mediastatements.wa.gov.au/Pages/default.aspx?ItemId=144578&> (accessed 4 October 2011).

12.130 Betting providers themselves called for the adoption of a national code of practice regulating advertising. For example, Tabcorp argued:

...it is important that those offering online wagering services comply with minimum, consistently applied responsible gambling standards. For this to occur, a national approach, founded in agreement by the states and territories, is necessary. Credit betting, inducements to bet and advertising should be subject to consistently applied standards.

Tabcorp's industry-leading approach to the responsible service of its gambling products and customer care could also be used as a template for the development of national standards in the development of responsible gambling codes of practice, employment of responsible gambling managers and customer care programs such as the BetCare wagering self-exclusion program.¹¹⁸

12.131 Tabcorp suggested the adoption of a national code of conduct for wagering operators that covers:

- Requirements for arrangements to be in place with sports controlling bodies
- Marketing
- Credit betting
- Offering of financial inducements to open an account
- Responsible gambling messaging, self-exclusion and compliance with the national sports betting code of practice.

A regulatory approach to these matters should be taken if operators do not comply with the code of conduct.¹¹⁹

12.132 Betfair was also of the view that a national advertising code of practice should be put in place across the wagering industry. However, in relation to advertising by gambling companies during sports broadcasts and the potential effects on children, Betfair did not advocate further regulation, stating:

Betfair does not believe there's a need to prohibit advertising where it can be seen by minors. The legal age for gambling is 18 and there are significant barriers preventing minors from access to gambling, particularly online.¹²⁰

Conclusion

12.133 The committee welcomes the government's recent announcement to reduce and control the promotion and broadcasting of live odds. This is a step in the right

118 Tabcorp, *Submission 22*, pp 9–10.

119 Tabcorp, *Submission 22*, pp 2–3.

120 Betfair, *Submission 12*, pp 11–12.

direction and picks up on the understandable degree of community concern about the infiltration of gambling into sport and sports coverage. However, the committee believes this does not go far enough and notes that the undertaking to reduce the promotion of live odds by mid-2012 does not appear to be a commitment to a total ban, is based on self-regulation by industry and is not underpinned by legislation. The committee therefore believes there should be a total ban which should be enforced by legislation.

12.134 The committee is also of the view that more needs to be done in the area of wagering advertising beyond live odds announcements. The committee notes the range of sponsorship relationships that betting agencies now have in place with major sporting clubs across many popular codes and remains concerned about the effects of aggressive promotional activity arising from such deals. The committee is particularly concerned about the effect on children and young people who are more vulnerable to being influenced by messages associating gambling with sport. The committee also notes the negative effects of gambling advertising in sport already being experienced by adult problem gamblers at the University of Sydney's Gambling Treatment Clinic.

12.135 The committee recognises that rules on sports betting and wagering advertising vary across states and territories. Different rules on the offering of inducements, for example, may be a contributing factor in leading online corporate bookmakers to establish themselves in jurisdictions with more liberal licensing and regulatory regimes, such as the Northern Territory.

12.136 The committee welcomes the calls from wagering providers for a national code of conduct to regulate a number of business practices relating to advertising, including inducements and harm minimisation messages on responsible gambling.

12.137 While the committee notes that a national approach to wagering advertising is being pursued by Australasian Racing Ministers, the committee recommends that the COAG Select Council on Gambling Reform work closely with Racing Ministers and the industry to develop a mandatory national code of conduct. This work should aim to adopt best practice regulation in relation to sports betting and wagering advertising. The development of consistent standards should be pursued with effective harm minimisation strategies in mind, given the influence that advertising of gambling products can have on vulnerable groups, such as children and people experiencing problem gambling. As noted in chapter 11, this code of conduct should also incorporate national standards developed around credit betting and the payment of third party commissions.

12.138 In the event that consensus on a national code of conduct cannot be achieved in a reasonable timeframe over 2012, the committee believes that the Commonwealth should consider legislating in this area in order to achieve consistent regulatory arrangements.

Recommendation 16

12.139 The committee recommends that the COAG Select Council on Gambling Reform, in consultation with Australasian Racing Ministers and the wagering industry, develop a mandatory national code of conduct for advertising by wagering providers covering:

- inducements to bet;
- credit betting and third party commissions;
- harm minimisation messages on responsible gambling; and
- other nationally consistent standards to restrict certain forms of sports betting advertising, which at a minimum, should include a ban on the display of gambling companies' logos on sporting players' uniforms and merchandise (such as children's replica sports shirts), as well as restrictions on the giveaways of free merchandise which depict betting companies' logos.

12.140 Broadcasting restrictions are a significant part of advertising regulation. The committee majority's view on broadcasting restrictions on gambling advertising as proposed in the Interactive Gambling and Broadcasting Amendment (Online Transactions and Other Measures) Bill 2011 is covered in chapter 16.

Other issues

Emerging opportunities to gamble

12.141 The committee notes that a recent Federal Court ruling in favour of Sportsbet has also challenged Tabcorp's retail exclusivity in the state of Victoria. According to media reports, the decision could pave the way for Sportsbet to open up 'internet betting kiosks' or 'betboxes' from pubs, supermarkets and petrol stations. The Court found that the Victorian legislation banning the establishment of such kiosks was 'unconstitutional.' Tabcorp has indicated that it will appeal the decision.¹²¹

Committee view

12.142 While the committee did not receive any evidence on the internet kiosk issue, it remains very concerned at the potential for proliferation of betting activities in a range of venues such as supermarkets and petrol stations which have previously not offered gambling services and are entirely inappropriate venues in which to do so. While the effect that such developments may have on the wagering industry are not yet clear, the committee is concerned at increasing opportunities for gambling (and potentially problem gambling) through outlets such as 'betboxes' in local communities. Therefore, the committee recommends that, following the outcome of the court case,

121 Rod Nicholson and Karen Collier, 'Court opens door to online betting in supermarkets, pubs and petrol stations', *Herald Sun*, 27 August 2011; Fiona Henderson, 'Eureka Hotel in court betting win', *The Courier*, 1 September 2011.

the COAG Select Council on Gambling Reform investigate this issue and consider appropriate nationally consistent regulations in light of this trend.

Recommendation 17

12.143 The committee recommends that, following the outcome of the Federal Court 'betbox' case, the COAG Select Council on Gambling Reform, in conjunction with regulators, investigate the potential for the growth of betting opportunities in a range of venues which have not previously offered gambling services and develop appropriate nationally consistent regulations to address it.