



Submission of Sportsbet Pty Ltd

Parliamentary Joint Select Committee on  
Gambling Reform

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*Inquiry into the advertising and promotion of  
gambling services in sport*

19 March 2013

## 1. Executive Summary

Online sports-betting is a global industry and Australia should not act in isolation to the global market. Policy decisions must take into account how Australians interact with the global market. It is critical that all gambling policy-making is evidence-based, not detrimental to the competitiveness of the industry in Australia and achievable from an operational and technical perspective.

Despite a public perception that there has been an ‘explosion’ in wagering turnover which, in part, has been driven by the lifting of the prohibition (in 2008) on corporate bookmakers advertising, overall annual growth in wagering turnover has not significantly increased. Annual growth in wagering turnover is typically 4-5 per cent per annum. Within overall wagering, there has been a shift in the channels through which consumers place bets – from offline (on racetracks, in retail TABs and via telephone operators) to online (internet, smart-phones, tablets). This trend is no different from the migration to online platforms which is being seen in many other industries, such as media, books and recorded music.

Leading academic Dr Sally Gainsbury states that *‘despite widely cited concerns over the potential for internet gambling to dramatically increase the number of people experiencing gambling problems, there is little evidence to indicate that the prevalence of problem gambling has increased worldwide, or in countries that have liberalised access to online gambling.’*<sup>1</sup>

Sportsbet is unaware of any evidence-based research which indicates that the increased level of advertising of sports-betting in recent years has had a negative impact on the prevalence of problem gambling in Australia. The Productivity Commission found that 75-80 per cent of problem gamblers are directly related to the use of poker machines. Overall, less than 1 per cent of Australians are problem gamblers.

Heavy-handed restrictions on the advertising and the promotion of gambling services in sport which are not supported by evidence-based research will have the following adverse consequences:

1. They will have a negative impact on licensed and reputable Australian-based companies and their ability to compete with unregulated, illegal overseas-based betting operators.
2. If Australian-based companies are unable to compete with unregulated overseas websites, inevitably, Australian consumers will be driven to placing bets with the overseas operators which have few harm minimisation measures and weak consumer protection frameworks.
3. This in turn will compromise the integrity of Australian sport because unregulated offshore websites do not fall under the auspices of Australian regulators and do not have integrity agreements with major sporting bodies which require wagering companies to monitor and report on betting activity which is directly linked to the integrity of sport.
4. Australian sporting codes will receive significantly less revenue from Australian wagering companies if more Australians bet with unlicensed overseas operators that contribute nothing to Australian sporting bodies in terms of product fees, sponsorships or advertising; to consumer protection; or to the Australian government (e.g. they do not pay tax in Australia).

With regard to the Inquiry’s Terms of Reference, the main points in this submission can be summarised as follows:

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<sup>1</sup> See Dr Sally Gainsbury, Gambling Research and Education Centre, Southern Cross University, *Internet Gambling: Current Research Findings and Implications*, [2012]

*In-ground and in-game promotion and broadcast advertising* – Sportsbet supports changes which are in the process of being made to industry codes of conduct for broadcasters to restrict the promotion of live odds. These codes provide a fair balance between the public interest in watching sport without the distraction of frequent references to live odds and the right of wagering operators to advertise their products in a socially responsible manner.

*The role of sponsorship alongside traditional forms of advertising* – Wagering operators make a significant investment in the Australian economy and sports through sponsorship of various sporting teams and codes. There is no evidence to suggest that these sponsorship arrangements have any adverse impact on the prevalence of problem gambling.

*Exposure to, and influence on, children* – Concerns about children being overly exposed to promotion of live odds have been addressed by the decision to remove references to live odds from in-play broadcasts and in stadiums, and to restrict commentators from discussing live odds, along with existing broadcast regulations governing advertising to minors.

*Contribution to the prevalence of problem gambling, and mechanisms to reduce that prevalence* – Growth in sports-betting advertising has not changed the growth rates in wagering overall in Australia, nor has it been shown to have caused an increase in the prevalence of problem gambling. Sportsbet supports a national program of relevant research to better understand the issues and to provide evidence to inform discussions about harm minimisation.

*Effect on the integrity of, and public attitudes to, sport* – There is no direct correlation between advertising of wagering products and services and risks to the integrity of sport. Rather, the more bets which are placed by Australians with Australian-based companies, the more that the integrity of sport is enhanced. This is because only licensed Australian-based operators have integrity agreements in place with major sporting bodies.

*The importance of spot-betting and its potential effect on the integrity of sporting codes* – Spot-betting (or ‘micro-betting’) online is presently prohibited under the *Interactive Gambling Act 2001 (IGA)*. Sportsbet does not offer such markets and calls for the introduction of this prohibition across other wagering platforms such as on the phone (with an operator) and in retail TAB outlets.

*The effect of inducements to gamble as a form of promotion of gambling services, and their impact on problem gambling* – Sportsbet is not aware of any evidence that indicates the availability of inducements to customers encourages or has increased the prevalence of problem gambling. The Productivity Commission found that offering inducements to new customers is not necessarily harmful and that it merely promotes a competitive market.

*Related issue – Lifting the prohibition on online in-play betting under the IGA* – The integrity of Australian sport would be greatly enhanced by amending the IGA to permit licensed Australian-based sports-betting companies to offer online, in-play betting.<sup>2</sup> At present, this service is only available to Australians through unregulated foreign websites. This recommendation is strongly supported by Dr Gainsbury.<sup>3</sup>

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<sup>2</sup> See the Department’s *Final Report* on the review of the IGA, page 29, especially Diagram 2.

<sup>3</sup> See submission by Dr Gainsbury from the Centre for Gambling Education and Research, Southern Cross University to the Department in response to the Department’s *Interim Report* on the review of the IGA dated 25 June 2012, pp 25-26.

## 2. Introduction

Sportsbet supports the rationale behind the Joint Select Committee on Gambling Reform's **(Committee)** *Inquiry into the advertising and promotion of gambling services in sport (Inquiry)* and welcomes the opportunity to make a submission to the Committee.

Sportsbet is keen to further the development of a culture of responsible gambling, minimise the prevalence of problem gambling in Australia and protect and enhance the integrity of sport. Sportsbet is also keen to address concerns which have been raised about the proliferation of sports-betting advertising.

Sportsbet was one of a number of stakeholders who actively participated in the Committee's Inquiry into Interactive and online gambling and gambling advertising in 2011 **(Committee's 2011 Inquiry)**, and the final report as part of this inquiry was handed down in December 2011. Many of the issues that are being examined as part of this current inquiry were scrutinised as part of the Committee's 2011 Inquiry. For more comprehensive information about Sportsbet's key policy positions, please refer to our submission to the 2011 inquiry<sup>4</sup>.

## 3. About Sportsbet

Sportsbet is one of Australia's largest online corporate bookmakers with over 1 million Australian customers and an estimated 20 per cent of the Australian online wagering market. Sportsbet is licensed in the Northern Territory and is wholly owned by Paddy Power plc, which is publicly listed on both the Ireland and London stock exchanges.

Sportsbet is an exciting and dynamic e-commerce business. Sportsbet employs approximately 400 staff across its Melbourne, Darwin and Sydney offices.

Consumers can place bets with Sportsbet on racing and sporting events, over the internet on Sportsbet's home page ([www.sportsbet.com.au](http://www.sportsbet.com.au)) or with an operator by telephone.

IASbet.com is the trading name of IASbet Pty Ltd, which is a wholly-owned subsidiary of Sportsbet. IASbet provides substantially similar wagering services to Sportsbet and operates the website [www.IASbet.com](http://www.IASbet.com).

Sportsbet is a member of the Australian Wagering Council **(AWC)**, which represents the interests of seven prominent independently operating wagering companies licensed in Australia.

### *Sportsbet's position on responsible gambling*

Sportsbet is strongly committed to providing wagering services in a responsible manner so as to minimise the incidence of problem gambling in the community and consistent with this, Sportsbet has in place a wide range of responsible gambling measures. For example, Sportsbet provides prominent information about the risks associated with gambling on our website and contact details of counselling services. This information is intended to ensure that customers can easily access this information in order to assess their own circumstances and minimise the risk of them gambling beyond their means.

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<sup>4</sup> Sportsbet's submission to the Committee titled 'Submission to the Joint Select Committee on Gambling Reform: Inquiry into the Prevalence of Interactive and Online Gambling in Australia and Gambling Advertising'.

Sportsbet is also committed to complying with the Australian Association of National Advertisers Code of Ethics (**AANA Code**) and other applicable State and Territory responsible gambling advertising practices and guidelines. Sportsbet has a long history of advertising and promoting its services in a socially responsible manner which, among other things:

- does not give the impression that gambling is a reasonable strategy for financial betterment;
- is not directed at minors, vulnerable or disadvantaged groups; and
- does not depict or promote the consumption of alcohol while gambling.

#### 4. Addressing the Terms of Reference

In response to each of issues specifically identified in the *Inquiry's* Terms of Reference, Sportsbet is pleased to provide the following comments.

##### (a) In-ground and broadcast advertising

In 2008, the High Court of Australia ruled that it was unconstitutional to prohibit bookmakers from advertising in one state while operating in another. This was the catalyst for significant advertising by wagering companies, such as Sportsbet as well as the TABs (or their related companies).

Sportsbet recognises that, in recent years, concern has been expressed within the community about live betting odds being introduced to sporting television broadcasts and being included on big-screen advertising during matches. In particular, concern was expressed that commentators who were, on occasions, former players, were discussing live odds as part of match commentary.

Sportsbet considers that the community concerns which have arisen have been adequately addressed by the following measures.

##### *Development of codes regarding advertising of gambling services in sport*

Since the COAG Select Council on Gambling Reform announced a consultation process in May 2011 to deal with concerns regarding the promotion of live odds during sports coverage, the Commonwealth has worked with broadcasters and the wagering industry to develop codes that will, among other things, prohibit the promotion of live betting odds during play in a sports broadcast and prohibit discussion of live odds by commentators in a sports broadcast.

On 30 June 2012, the Minister for Broadband, Communications and the Digital Economy, Senator Stephen Conroy, announced that commercial television (Free TV Australia), commercial radio (Commercial Radio Australia) and subscription broadcasters had reached agreement on measures to reduce and control the promotion of live odds during the broadcast of sporting events.

Sportsbet understands that the broadcaster codes are currently being finalised and that, following their adoption, there will be a significant reduction in betting promotion during sports coverage.

A summary of the future impact of the new codes incorporating the agreed principles on professional sport is summarised in section 1 of the submission to this Inquiry from the Coalition of Major Professional & Participation Sports (**COMPPS**), including:

- *There will be no promotion of live odds by commentators in a sports broadcast at any time;*
- *There will be no promotion of live odds during play in a sport broadcast or live stream of a sports event;*
- *These restrictions will not apply to paid and clearly identified sponsorship segments delivered by persons other than commentators that are broadcast before play, after play, during scheduled breaks in play or during unscheduled breaks in play where play has been suspended;*
- *Live odds promotions will need to be accompanied by a responsible gambling message;*
- *Live odds promotions will not be directed at children, portray children as participating in live odds activities or portray live odds betting as a family activity;*

The agreement with the Government and moves by these broadcasters to finalise their respective codes and submit them to the Australian Communications and Media Authority (ACMA) means that live odds promotions will be appropriately regulated at a national level. These proactive measures should address the community concerns that have arisen in relation to the promotion of live odds and gambling on sport generally.

Sportsbet considers that the agreed principles and imminent codes will give effect to an appropriate framework that creates a fair balance between the public interest to watch sport without the distraction of frequent references to live odds and the right of wagering operators to advertise products in a socially responsible manner.

In addition, on 18 February 2013, the AWC released a Statement of Intent in respect about the advertising of live odds during broadcasts.<sup>5</sup> The Statement of Intent confirms that members of the AWC will not advertise live odds during a sporting match and will only do so in designated breaks in a match in a form that is obvious it is an advertisement.

The above steps will complement the existing stringent restrictions on the advertising of gambling services (outlined below).

Sportsbet has a policy of ensuring that at all times, its advertising and promotion is not directed at the small percentage of the population which has a problem with gambling, as well as minors.

#### *Existing regulatory framework around gambling advertising*

All Australian licensed wagering companies are required to comply with various additional responsible gambling regulations when advertising their respective services. For instance, all sports gambling advertising must comply with the AANA Code. The AANA sets out numerous requirements to achieve its objective *'to ensure that advertisements and other forms of marketing communications are legal, decent, honest and truthful and that they have been prepared with a sense of obligation to the consumer and society'*.

Also, Sportsbet is obliged to comply with the Northern Territory Code of Practice for Responsible Gambling (**NT Code**). The NT Code has been developed by the Responsible Gambling Advisory Committee which comprises representatives from, among others, Amity Community Services, Anglicare Top End, Salvation Army and industry. The Code represents a commitment by NT licensees to best practice in the provision of responsible gambling.

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

If there are to be any additional changes made to advertising standards, any such change must be:

- shown through evidence-based research to be effective in improving harm minimisation and consumer protection, as observed by the Productivity Commission; and

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<sup>5</sup> See the AWC's Media Statement dated 18 February 2013 titled *'Industry-led regulation of the promotion of live-betting odds during sports coverage'*.

- not create an overly burdensome regulatory regime that would serve to drive even more Australians to gamble with illegal or unregulated offshore online operators who do not comply with Australian standards and have little or no protections for Australian consumers.

**(b) The role of sponsorship alongside traditional forms of advertising**

Sponsorship arrangements are an accepted part of the fabric of sport in Australia. Sponsorship plays a role for the wagering industry in advertising a wagering provider's 'brand' and services to the public.

Wagering operators make a significant contribution to the Australian economy and Australian sports through sponsorship of various sporting teams and professional sporting codes. For example, Sportsbet sponsors an AFL club and two NRL clubs. These sponsorship arrangements provide a valuable means for wagering operators give back to Australian sports which, in many instances, result in sponsorship dollars being filtered down to the sport's 'grass roots', at a community level.

There is no evidence to suggest that sponsorship arrangements between sporting clubs and wagering providers have any adverse impact on the prevalence of problem gambling in Australia.

**(c) In-game promotion and the integration of gambling into commentary and coverage**

We refer to the response to this issue above at paragraph (a).

**(d) Exposure to, and influence on, children**

Sportsbet is aware of concerns that the advertising of gambling services during sports coverage risks 'normalising' gambling behaviour for children, and Sportsbet is cognisant that the advertising of gambling services must be presented in such a way so as to minimise the prevalence of problem gambling.

The Committee found in its *Second Report* in December 2011 that the effects, if any, on children viewing gambling messages during sports broadcasts are unknown.<sup>6</sup> There remains a dearth of research on this issue and further research in this area is needed to underpin effective policy making. Sportsbet welcomes the call for research by Gambling Research Australia (**GRA**) on the marketing of sports-betting and racing, as well as the use of social media in gambling.

Relevantly, the AWC has recently committed to working on a research project by GRA to investigate the use of social media by wagering operators together with the use of responsible gambling messaging.

It is anticipated that each of these areas of research will provide comprehensive data upon which to base policies which cover young people who are increasingly using emerging technologies in the new media environment.

None of Sportsbet's advertising targets children (either expressly or implicitly). We take very seriously the matter of responsible marketing of our products and services.

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<sup>6</sup> See Committee's *Second Report*, December 2011, p255.



We consider that the concern about the risks of promotion of live odds during sports coverage ‘normalising’ gambling behaviour for children has been addressed by, among other things, the decision to remove references to live odds from in-play broadcasts and in stadiums and to restrict commentators from discussing live odds (referred to at paragraph (a) above).

Further, an extensive legislative and regulatory framework across Australia’s States and Territories already governs the advertising of gambling services to ensure they are socially responsible, and importantly, do not target children. For example:

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

Under clause 6.14 of the CTV Code, advertisements for gambling services are not permitted during “G” classification periods<sup>7</sup>. Practically, this means that gambling advertisements must not be broadcast between 6.00am and 8.30am on any day, between 4pm and 7pm on weekdays and between 4pm and 7.30pm on weekends.

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

- commercial radio broadcasters are required to comply with a plethora of state and territory gambling code requirements in the relevant jurisdictions, including a requirement for advertising to not be (implicitly) directed at minors.
- section 2.6 of the AANA Code specifically prohibits advertising which ‘*depict material contrary to Prevailing Community Standards on health and safety*’ (which necessarily covers the advertising of gambling services in sport which has a substantial audience of minors); and
- section 8.5 of the NT Code strictly prohibits targeting minors in advertising.

This demonstrates that there are already a number of significant restrictions on advertising of gambling to ensure that exposure to minors is minimised and further measures are not necessary.

In addition, at least two submissions to this inquiry highlight the general misconception regarding the numbers of children actually watching live sports broadcasts.

The Australian Subscription Television and Radio Association (**ASTRA**) reports that persons under 18 comprise a very small proportion of the audience for live sports events on subscription TV<sup>8</sup>. Free TV Australia in its submission to the inquiry<sup>9</sup> also reports that of the very small percentage of the sports viewing audience comprised by children, more than 85 per cent co-view under adult supervision.

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<sup>7</sup> Excluding news, current affairs or sporting programs.

<sup>8</sup> OzTam ratings for Top 50 Live Sport Programs on STV, 1/1/12 – 31/12/12.

<sup>9</sup> Free TV Submission to the current JSC Inquiry, p5

### (e) Contribution to the prevalence of problem gambling and mechanisms to reduce that prevalence

Despite an increase in advertising since the lifting of the prohibition on corporate bookmakers advertising in 2008 and the prominence of corporate bookmakers in the Australian wagering landscape, and despite a public perception that there has been an ‘explosion’ in wagering spend, there has not been a significant increase in the level of wagering spend in recent times. The graph below shows that Australian wagering industry turnover has increased from \$19.5 billion in 2007 to \$23.7 billion in 2012, representing a CAGR of 4.0 per cent<sup>10</sup>.

While there has been only moderate growth in wagering turnover over this period, there has been a material shift in the channels through which that spend is occurring. Improved technology and better innovation has seen a shift from the more traditional “offline” TAB wagering products (i.e. retail outlets, on-course and phone operator) to “online” channels such as the internet and more recently, smart-phones and tablet devices. This trend is in line with consumer spending patterns in other retail sectors such as books, clothing and electronic goods which have also seen very high levels of online growth.

*Australian Wagering by Channel<sup>11</sup>*



It should be acknowledged that people have a legitimate right to gamble responsibly, as a recreational activity. Research into the incidence of problem gambling consistently demonstrates that the vast majority of gamblers do so responsibly.

Sportsbet is not aware of any evidence-based research which indicates that the increased level of advertising of sports-betting in recent years has had any negative impact on the prevalence of problem gambling in Australia. Of the less than 1 per cent of Australians who are problem gamblers, the Productivity Commission found that 75-80 per cent of them suffer problems which are directly related to the use of poker machines.

<sup>10</sup> Australian Racing Factbook

<sup>11</sup> Australian Racing Factbook

It is critical in the development of policies to regulate sports-betting advertising strike a balance between the interests of viewers and the right of licensed Australian betting companies to advertise their products.

Any harm minimisation measure or other mechanism to be implemented which is designed to reduce the prevalence of problem gambling must only be introduced if there is robust research and evidence that it is effective in improving harm minimisation. Gambling is a highly complex public policy area and any purported responsible gambling measures introduced which are not proven to be effective in protecting consumers will only increase the regulatory burden on licensed Australian-based companies (and not unregulated foreign operators) while providing no additional benefit and protection to Australian consumers. Indeed, for gambling on the Internet, imposing draconian restrictions on licensed Australian-based operators has a negative net benefit for Australians.

Any overly burdensome regulatory regime will simply mean that licensed providers will not be able to compete with such unregulated overseas sites (either from a price, service or customer experience perspective). Such constraints will drive more Australians to gamble with unregulated and/or illegal wagering/gaming websites and expose consumers to the risks the reforms seek to address. This is highly likely in the current online environment, where Australians can readily access foreign gambling services which are not licensed in Australia, nor subject to Australia's regulatory and harm minimisation framework.

**(f) Effect on the integrity of, and public attitudes to, sport**

Sports-betting is a legitimate and long-standing pastime of many Australians. When practised responsibly, it is an enjoyable pastime that increases interest and engagement in sporting contests, among those Australians who enjoy a flutter.

Sportsbet is a strong advocate of the need to protect and enhance the integrity of sport. We consider that the existence of a strongly regulated sports-betting industry is crucial in the promotion of responsible gambling and maintaining the integrity of sport.

Sportsbet has a strong grasp of the concept that our company's long-term sustainability, the sustainability of the Australian sports-betting industry generally, together with a robust and fair sporting culture which has a high level of integrity relies on the general public having confidence in the integrity of sport and the honesty of the markets on which they may choose to place bets. Accordingly, Sportsbet is committed to working collaboratively with sports controlling bodies and governments to ensure that sport is conducted fairly and is free of corruption.

In this regard, Sportsbet has been an industry leader in addressing integrity concerns by entering into cooperative working arrangements with sports controlling bodies, regulators and the police. Sportsbet currently has integrity arrangements in place with the following sports controlling bodies:

- Australian Football League
- National Rugby League
- Australian Rugby Union
- Cricket Australia
- Football Federation Australia

- Tennis Australia

As part of these arrangements, Sportsbet undertakes, among others, the following tasks:

- Sportsbet routinely monitors and reports suspicious betting activities to sports controlling bodies, both of its own accord and in response to requests for information by sports controlling bodies.
- To support its reporting activities, Sportsbet provides comprehensive education and training to our frontline staff to assist them with identifying suspicious betting.
- Assessments of the sports controlling bodies' list of prohibited persons which includes detection of betting accounts held by their staff, players and other interested persons to determine whether betting activity has occurred on their own sport.
- The decision to approve (or otherwise) what bet types wagering companies can offer is made by the relevant sports controlling bodies.

Sportsbet supports the efforts of Australian governments to:

- manage sports integrity and welcomes the National Policy on Match-Fixing in Sport which was signed by Australia's Sports Ministers on 10 June 2011;
- introduce nationally consistent criminal penalties for corruption in sport; and
- establish the National Integrity of Sport Unit and develop a model Betting Industry Standard for Information Exchange on Sports Betting with sporting bodies.

Sportsbet rejects the notion that the advertising and promotion of gambling services in sport has any negative impact on the integrity of Australian sport. There is no research to suggest this is the case. Australian sport has an outstanding record of stamping out and minimising corrupt practices linked with betting. We consider that by encouraging Australian consumers to transact only with Australian licensed and regulated wagering operators, it ensures that sports governing bodies have a high level of access to bets placed on their sport for the purposes of maintaining the integrity of sport.

**(g) The importance of spot-betting and its potential effect on the integrity of sporting codes**

Spot-betting (also referred to 'micro-betting') on sport has increased in popularity in recent years overseas. Spot-betting poses some unique challenges to the integrity of sport and it is presently prohibited online under the IGA.

Sportsbet does not offer such markets and calls for the introduction of this prohibition across other wagering platforms such as through telephone operators and in retail TAB outlets.

As an approved sports-betting operator of all of Australia's major professional sports, Sportsbet seeks approval from the relevant sports controlling body for all markets it intends to offer on a sporting event. Sportsbet does not offer markets or bet types without specific approval from the controlling body.

**(h) The effect of inducements to gamble as a form of promotion of gambling services, and their impact on problem gambling**

While Sportsbet recognises the potential risk that inducements may have on persons in the community susceptible to problem gambling, we consider that broad restrictions on wagering inducements are not an appropriate solution given the low risk that wagering presents. Indeed, the Productivity Commission found that offering inducements to new customers is not necessarily harmful.

On 5 November 2012, the AWC lodged a submission with the South Australian Independent Gambling Authority in response to the Authority's review of its existing Codes of Practice, including an Issues Paper published by the Authority titled '*Issues Paper 3 – Inducements*'.

We have **attached** the AWC's submission, and summarised the central issues relating to the effect of inducements identified as part of this inquiry:

1. There is no evidence that indicates the availability of inducements to customers encourages or has increased the prevalence of problem gambling.
2. Wagering companies, like any other legal business, have the right to advertise their services responsibly. The offering of inducements is common practice for all types of businesses and as a result, operators in a highly competitive market should be permitted to offer inducements to open a betting account provided such offerings are responsible.
3. The existing prohibition to offer inducements to open a betting account (e.g. Vic, NSW) and/or to bet more frequently on an existing account (e.g. NSW, WA) favours retail-based operators (TABs) and distorts a competitive wagering market.
4. There is a need for a nationally consistent approach to the issue of inducements. As noted in the Productivity Commission report, a nationally consistent approach to inducements is warranted as the current interstate discrepancy disadvantages some wagering operators when competing for market share in jurisdictions that permit these practices.<sup>12</sup>
5. Inducements provide enhanced competition between wagering operators.

According to the Productivity Commission – Finding 16.5: *Offering inducements to wager through discounted prices to new customers is not necessarily harmful, it may primarily serve to reduce switching costs between incumbent wagering operators and new entrants, enhancing competition.*<sup>13</sup>

While inducements have facilitated the growth in the market share of internet wagering operators, they have not driven a material increase in wagering spend by Australians with real dollar-per-capita spend on wagering in Australia showing only minimal growth over the past decade.

6. Any changes in relation to inducements and promotion of gambling services should be based on evidence and be equally applied to cash-based and account-based betting operators alike. Currently, there is no regulation of inducements linked with forms of wagering which do not require the establishment of an account (i.e. inducements to place bets with cash-

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<sup>12</sup> Productivity Commission (2010), *Inquiry Report Gambling*, para.16.58

<sup>13</sup> Productivity Commission (2010), *Inquiry Report Gambling*, para.16.59

based operators). There are no compelling reasons for continuing to exclude these operators from the inducements regime.

7. Limiting inducements is not necessarily the solution. Any limitation on the ability of licensed Australian wagering operators to use inducements will significantly impact the ability of domestic operators to compete with illegal or unregulated foreign wagering websites. This would mean more Australians gambling through unregulated offshore sites, not less, with the attendant risks to Australians in terms of inadequate harm minimisation and consumer protection measures.

**(i) Any related matters – Lifting the prohibition on online in-play betting under the IGA**

In-play betting (also known as betting in-the-run or live betting) is a form of wagering whereby the bettor is able to place bets after that event has commenced (for example, betting on the outcome of an AFL game at half time).

In-play betting using the internet is prohibited under the IGA<sup>14</sup>. However, similar services are not prohibited using the telephone (through an operator) or at land-based venues such as TABs.

The integrity of Australian sport would be greatly enhanced by amending the IGA in accordance with the Department of Broadband, Communications and Digital Economy's (**Department**) proposal in the *Final Report* as part of its Review of the IGA to permit licensed Australian-based sports-betting companies to offer online, in-play betting.<sup>15</sup> At present, this service is only available to Australians through unregulated foreign websites. This recommendation is strongly supported by leading Australian academic Dr Sally Gainsbury who states:<sup>16</sup>

*'The DBCDE recommendation to adopt a 'platform neutral' approach that makes no distinction in the way that bets are placed is an important step for consistent gambling policy. Regulation of in-play wagering should be consistent across online operators, via telephone and land-based outlets. This is consistent with the recommendations of the Joint Select Senate Committee on Gambling Reform. The recommendation to permit in-play betting on the final outcome of sports events and on exotic bets (that is pre-defined events within an event) is appropriate given that these types of bets are currently permitted over the telephone and at physical venues. Given the substantial in-play betting market held by offshore operators, legalising this form of betting in Australia is essential in encouraging operators to become regulated within Australia. This regulatory change is also important to enable legal wagering sites to compete with offshore operators and operators that have land-based venues.'*

The Department expressly recognised that Australians are betting in-play with unlicensed offshore operators in its *Final Report*:

*'It is already the case that major online gambling providers based overseas and unlicensed in Australia, are specifically targeting the Australian market. In doing so, they are also taking*

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<sup>14</sup> Other than in respect of horse and greyhound racing, although the reality is given the nature of events very little in-play betting takes place in the industry across those exceptions.

<sup>15</sup> See the Department's *Final Report* on the review of the IGA, page 29, especially Diagram 2.

<sup>16</sup> See submission by Dr Gainsbury from the Centre for Gambling Education and Research, Southern Cross University to the Department in response to the Department's *Interim Report* on the review of the IGA dated 25 June 2012, pp 25-26.

*advantage of the opportunities to provide 'in-the-run' wagering services. This places these services at a distinct advantage over Australian based services, as well as potentially undermining the scope of Australian sports bodies from receiving payment for their products and putting the integrity of Australian sports at risk.<sup>17</sup>*

Sportsbet refers the Committee to its previous submission to the Committee as part of the *Inquiry into the prevalence of interactive and online gambling in Australia and gambling advertising*, for a list of numerous websites used by Australians which offer online in-play betting.<sup>18</sup>

Rather than prevent Australians from placing bets in-play on the internet, the prohibition has simply driven Australian consumers to the numerous offshore illegal websites offering in-play wagering markets to Australians across a wide variety of sports, including Australian domestic sporting codes. It is estimated that around 14 per cent<sup>19</sup> of wagering spend by Australians online is through unregulated offshore websites and the vast majority of this 14 per cent of spend is on in-play wagering products.

Ensuring Australian consumers have the option of wagering on in-play markets with licensed Australian based wagering companies would address two significant risks which exist under the current anomaly.

First, it provides significant enhancements to the protection of the integrity of the sports on which the wagering occurs. Licensed Australian-based wagering companies have integrity agreements in place with all major sporting codes. These agreements allow for the sharing of information regarding bets placed and betting patterns such that any suspicious betting behaviour is reported to the sporting code for investigation. Further, where those bets are placed with account-based wagering companies, such as Sportsbet, there is complete and instant visibility over the identity of the person placing the bet, the amount of the bet and the location from which they are betting. This is a benefit which is not available where in-play wagering is done anonymously with cash at retail TAB outlets.

Secondly, it ensures that the thousands of Australians who are spending hundreds of millions of dollars wagering on in-play markets with illegal offshore wagering operators receive protection in the form of appropriate harm minimisation and consumer protection.

The Department's proposal for platform neutrality to bring online in-play betting in line with telephone and land-based venues also has support from COMPPS. In relation to in-play betting with illegal or offshore gambling providers, the CEO of Cricket Australia, James Sutherland said:

*"It's very significant. The first thing for us is all about integrity. It's all about making sure that the public's faith in the game, the confidence in the game about it being a fair contest is the absolute priority and that's what we are focused on. When you talk about in-play betting, one of things that perhaps isn't so well understood is that people can bet in-play in Australia, but they do it offshore. So it follows that if it is something that people are able to do here in Australia, then we should create some sort of framework around it to make it protected and protect it from those who want to get to the game in a way that be inappropriate or reduce*

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<sup>17</sup> See Department's *Final Report* on the review of the IGA, pages 112-113.

<sup>18</sup> See pages 27-28.

<sup>19</sup> H2 Global Capital

*that faith in the fair contest. That's where COMPPS has come to a position of supporting in-play betting and working down that path with government and others to get the end result.*"<sup>20</sup>

Sportsbet is also supportive of the recommendation in the *Final Report* that the governing bodies of Australian sports should approve all bet types. Individual sports' controlling bodies are clearly best placed to understand where risks to integrity from wagering exist within their particular sport and are highly motivated to ensure that integrity is maintained.

## **Conclusion**

Sportsbet would welcome the opportunity to discuss any of the matters raised in this submission with the Committee.

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<sup>20</sup> James Sutherland, CEO Cricket Australia, 12 June 2012