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**Submission by Greyhounds Australasia to the
Inquiry into interactive and online gambling and
gambling advertising**

SYNOPSIS

The *Interactive Gambling Act 2001* (IGA) was enacted in response to community concerns regarding social impacts with the growth of poker machines and the potential social costs of increasing gambling opportunities via online gambling.

A 2004 review of the IGA concluded that the IGA had, to a degree, controlled the development of the Australian interactive gambling industry and was associated with the minimal use of internet gaming services by Australians. The review suggested that the IGA was successful in meeting its policy objectives of minimising the potential expansion of interactive gambling which in turn could have led to a rise in problem gambling.

Greyhounds Australasia (GA) is of the opinion that the IGA does attempt to address key social issues. Its value should however be harnessed via legislation which justly encourages stronger enforcement measures. Additionally there are some weaknesses in the IGA which should be addressed and include the following:

- (i) Need for the wagering exemption to be conditional.
- (ii) Need for financial transactions controls.
- (iii) Need for Internet Service Providers (ISP) blocking.

In addition to addressing the specific terms of reference of this Inquiry we set out our views on these matters.

In preparing our submission, GA denotes that it is in broad agreement with the submission provided by the Australian Racing Board.

INTRODUCTION

Greyhounds Australasia (GA) is the peak national body for greyhound racing in Australia and New Zealand. It welcomes the opportunity to provide a submission to the Australian Governments Inquiry into interactive and online gambling and gambling advertising.

GA comprises representatives from jurisdictional controlling bodies in all Australian States and Territories, and New Zealand, specifically;

- Canberra Greyhound Racing Club
- Greyhound Racing New South Wales
- Greyhound Racing South Australia Limited
- Greyhound Racing Victoria
- New Zealand Greyhound Racing Association
- Northern Territory Department of Justice, Racing Commission
- Racing and Wagering Western Australia
- Racing Queensland Limited
- Tasmanian Racing Board

Predominantly legislated under various *Racing Acts*, these bodies have the responsibility to control and regulate the functions and commercial activities of the greyhound code including the governance of racing clubs. The charter of GA is to support these jurisdictions via

encouragement of a holistic approach to the Australasian greyhound racing industry and to create uniformity with the GA brand.

Structure of Australian Greyhound Racing

The greyhound racing code in Australia is broadly structured as follows:

- Activities in each state and territory are governed by statutory bodies under a Racing Act of Parliament. The bodies are generally known as Control Bodies, who manage industry regulation, governance of racing clubs, functions and commercial activities of the code.
- In turn, a national administrative body exercises responsibilities in relation to supporting these statutory bodies. Greyhounds Australasia (GA) is that national body.
- The statutory bodies are not-for-profit organisations. Their income is used to provide for the racing product, the provision of race facilities, their infrastructure and services, and the payment of stakemoney.
- Wagering on the outcome of live greyhound racing events, involves pari-mutuel operators (totalisators), bookmakers and betting exchanges.
- The relationship between racing and totalisators, bookmakers and betting exchanges is inter-dependent. The racing industry supplies the product and the totalisators, bookmakers and betting exchanges conduct wagering on the product.
- Generically, totalisators, bookmakers and betting exchanges pay a percentage of wagering revenue and or turnover which supplies the vast majority of funding to jurisdictional racing bodies.

Contribution of Australian Greyhound Racing

The Australian greyhound racing industry plays an essential role in supporting the Australian community, both economically and socially. This role is defined within various interrelationships depicted by the following statistics:

There are 72 greyhound racing clubs in Australia, and during FY 2010:

- 290,000 greyhounds started in over 38,000 races
- Over 700,000 people attended a greyhound race meeting
- Stakemoney of around \$71 million was distributed to licensees (i.e. owners, trainers and breeders)
- Over \$2.4 billion was wagered on the greyhound product
- There were around 30,000 registered greyhound participants (i.e. owners, trainers, breeders, attendants, racing staff, etc)
- About 3,000 greyhound litters were registered
- The sport is strongly linked to the social aspect of society, with about 95% of trainers being classified as hobbyists
- We support local communities with a large number of our participants regionally based who may also act as volunteers within a club environment

From the statistics provided, it is safe to conclude that Australian Greyhound Racing is a major part of Australian society.

Australian Greyhound Industry Stakeholders

Industry Contributors	The Industry	Customers – Deliverables
Breeders, Studs, Rearing facilities	Clubs, Tracks	Government
Veterinarians Chiropractors	Administrators	Sponsors
Utility Providers	Regulators	Vision Providers Broadcasters
Feed Providers	Owners	Hospitality Services
Product Providers	Hobby Trainers (95%)	Wagering Providers
Investors - Syndicates	Professional Trainers	Race meetings, Consumer Attendances
	Attendants, kennel hands	

From an industry perspective, the total size of the greyhound industry and the contribution it makes to the Australian economy is highlighted by the number and variety of industry stakeholders.

International Greyhound Racing

In many countries, greyhound racing is purely amateur and conducted for participant enjoyment. In other countries like Britain, United States of America, Ireland, New Zealand and Australia, greyhound racing is a leisure sport with gambling a popular form of activity linked to the sport.

Within the major countries that operate professional greyhound racing, Australia is recognized as a world leader. Refer to the below Table for a comparison of Australia's status compared to other major greyhound racing countries.

	AUS	NZ	Britain	USA	IRELAND
Number of Starters	292,520	30,964	442,389	n/a	134,964
Number of Races Held	43,098	3,954	73,731	n/a	22,956
Stakemoney Paid	60.5m	7.7m	18.7m	n/a	11.4m
Number of Tracks	76	12	28	32	17
Litters Registered	3,102	126	493	3,242	3,641

Table - International Statistics for Financial Year Ending 2008¹

¹ International Alliance of Greyhound Registries

Conclusion

GA has prepared this submission on behalf of its members and the Australian Greyhound Racing Industry for the “Joint Select Committee on Gambling Reform” to assist with their inquiry into the prevalence of interactive and online gambling in Australia and the adequacy of the Interactive Gambling Act 2001 to effectively deal with its social and economic impacts. In considering the ‘Terms of Reference’ of the Inquiry the submission comments on:

- the recent growth in interactive sports betting and the changes in online wagering due to new technologies;
 - the development of new technologies, including mobile phones, smart phones and interactive television, that increase the risk and incidence of problem gambling;
 - the relative regulatory frameworks of online and non-online gambling;
 - inducements to bet on sporting events online;
 - the risk of match-fixing in sports as a result of the types of bets available online, and whether certain types of bets should be prohibited, such as spot-betting in sports which may expose sports to corruption;
 - the impact of betting exchanges, including the ability to bet on losing outcomes;
 - the implications of betting on political events, particularly election outcomes;
 - appropriate regulation, including codes of disclosure, for persons betting on events over which they have some participation or special knowledge, including match-fixing of sporting events; and
 - any other related matters.
- Under terms of reference a, b, d and i the committee has decided to include gambling advertising as a specific area of inquiry. The committee is interested in views on: the level of gambling advertising; the display of betting odds at venues and during match broadcasts; commentators referring to the odds; and the general impact of gambling advertising on sport.

DISCUSSION ON THE TERMS OF REFERENCE

(a) the recent growth in interactive sports betting and the changes in online wagering due to new technologies;

Sports betting has grown significantly from the onset of the 90s and has similar features with wagering on greyhound racing, in that it is active, participatory, and benefits from prior knowledge.

Sports betting remains the fastest growing area of gambling in most western countries, including Australia. Between 2003-2010 sports betting has experienced a compound annual growth rate of 14.1%.²

The Boston Consulting Group’s findings contained within the Cameron Inquiry into wagering in New South Wales recognized various components that led to the growth in sports betting and are:

1. Strong links to the increased pay TV coverage.
2. Generation Y are devoted sports betting customers and are the fastest-growing segment of the population.
3. The range of sports events to bet on is extremely broad.

² Victorian Racing Industry Report

The increased accessibility of alternative betting as a result of technological improvements means that consumers are increasingly choosing to bet on the basis of price, service and product.

Where it is permitted by law, sports betting also offers a large variety of wagers, such as betting on the final score, margin betting, first goal scorer and the like.

As much as the recent growth in interactive sports betting has been enabled by new technologies, it is important to also consider the influence of regulation.

Regulation, or absence of it, has been an influence on the recent growth of sports betting, including:

- the issuing of sports betting licences by State and Territory governments
- the removal of State and Territory statutory advertising restrictions

Consequently, the magnitude and character of sports betting will be a product not just of technology advancements, but also of policies and the regulatory framework to enforce those policies.

(b) the development of new technologies, including mobile phones, smart phones and interactive television, that increase the risk and incidence of problem gambling;

Technology developments have driven growth in telephone and internet betting, both locally and internationally. Wagering is literally now offered 24 hours a day, 7 days a week, and offers gamblers greater choice and far more product.

Technology has played a major role in transforming the gambling environment from a local state operation to that of a national and international operation.

(i) Mobile phones

Mobile phones involve gambling via the internet through a wireless device. This generally refers to 3G and newer phones that are capable of high bit rates and advanced features.

Australia has over 100 percent mobile penetration and all four mobile operators run 3G networks and are driving growth in mobile gambling. The 3.5G networks are also available in and the market is now testing and gearing towards 4G networks, which will no doubt increase speed and coverage.

Mobile gambling expects to link with three parties.

- 1) Young adults over 18 years of age, many of whom already interact via their mobile phones, and seek features and speed of phones that make mobile gambling possible.
- 2) Casual gamblers who want to 'fill in spare time'.
- 3) Regular race and sports wagerers for whom accessing the latest odds and being able to watch an event live are vital.

For the two latter groups, mobile wagering is highly likely to be an alternative to existing wagering systems rather than encouraging new customers, as in the first group.

(ii) Interactive television (iTV)

Similar to advancements with smart phones, iTV wagering in part depends on gambling uptake, with in-play sports betting seen as especially suited to the platform.

The United Kingdom, the United States, France, Italy and New Zealand have all offered iTV wagering on racing for some years.

Wagering via interactive television originally entered the Victorian market in early 2008, but has since been approved in New South Wales in 2008, Queensland in April 2011 and South Australia in June 2011. It will not be long before coverage is extended to all Australian States and Territories.

(iii) Internet

The uptake of the World Wide Web has enticed wagering providers to offer e-betting services. The internet has made wagering extremely competitive and accessible, and has assisted with the expansion of remote gambling.

The internet coverage has been extended with the growth in wireless devices as mentioned earlier (principally 3G and newer mobile phones) and the customisation of wagering and gambling websites to them.

The internet and its rapid up-take has changed the dynamics of wagering in various ways:

- Comparing odds of TABs and bookmakers is much easier, with dedicated websites identifying the best odds on each race.
- The availability of new wagering operating models like betting exchanges.
- Bookmakers relocating to other jurisdictions, with majority of their customers based outside this jurisdiction (i.e. remote customers).

In general, the view shared is that gambling on the internet will continue to grow, for the reasons summarised in the European Union review of gambling.³

- An increasing proportion of the population have access to the relevant technologies;
- The technologies are becoming increasingly user-friendly;
- The technologies are becoming increasingly integrated;
- These systems have automated and convenient electronic billing systems which make financial transactions increasingly easy;
- Adult populations in the years to come will increasingly consist of people who have grown up familiar with playing electronic games and utilising computers in their everyday lives; and
- Spending on leisure and on home-based entertainment is increasing.

(c) the relative regulatory frameworks of online and non-online gambling;

As the greyhound racing industry involves wagering rather than other forms of gambling such as electronic gaming machines, we will focus our discussion around this.

The Australian wagering regulatory framework other than on-line in our view has been well suited to meeting all of the relevant policy objectives, including:

- integrity
- harm minimisation
- taxation
- avoiding criminal activity
- self funding

³ Swiss Institute of Comparative Law, op. cit

On-line wagering has undeniably challenged the regulatory framework for greyhound racing. At present, excluding the IGA, responsibility for regulating wagering rests with the States and Territories, which exposes the regulatory framework to risk.

To reduce risk, policy makers must consider establishment of consistent regulatory outcomes which can generally only be achieved through a national approach.

In this regard, GA supports the development of a national framework for regulating gambling.

(d) inducements to bet on sporting events online;

GA acknowledges the Productivity Commission's 2010 report on gambling in respect of inducements and is opposed to any practice which may encourage a higher rate of problem gambling.

As highlighted by GRNSW's submission to the Cameron Wagering review, GA agrees that race wagering is one form of gambling that is less likely to involve addiction. Given the many papers produced over the years in respect of problem gambling, "it is fair to say that without exception the evidence from such papers has shown that the predominance of problem gambling occurs not with wagering products but with gaming products which are games of pure chance, are repetitive in nature, and do not involve social interaction".⁴

GA does however fully support responsible gambling initiatives and processes instituted by wagering operators and governments, and believes that education is a critical part of the process.

GA supports the suggestion by the Productivity Commission that further assessment of the risks associated with this for problem gambling should occur and agree that a national approach is preferred. A key to this is a review on wagering operators offering any inducements such as free bets or account opening credits.

(e) the risk of match-fixing in sports as a result of the types of bets available online, and whether certain types of bets should be prohibited, such as spot-betting in sports which may expose sports to corruption;

Integrity is a key pillar for all regulatory bodies and event organisers. The ability to promote fair competition, under set rules, with the result unknown until the event is finished is vital in upholding sports integrity. The premise behind any competing interests is to win. People who attempt to influence the outcome of events through betting undermine the above principles.

Greyhound racing has been dealing with the integrity of their sport for decades, as it has a direct link to wagering. The Australian greyhound racing industry has an internationally recognised reputation for the approach it has developed to managing integrity risks.

All the same, changes in the Australian wagering landscape have presented fresh challenges for the greyhound racing industry.

Wagering on greyhound racing, as with all other sports where there are winners and losers, is subject to potential integrity issues. Any decline in racing's integrity (real or perceived) could have a dramatic impact on wagering levels.

A key for Greyhound Racing Authorities to allow them to discharge their statutory responsibilities is access to betting data and related information.

⁴ GRNSW 2008 Submission – Independent Review of Wagering in NSW p53

Historically, when betting on racing was conducted primarily with locally licensed wagering operators, access to wagering data and associated information was addressed through State-based licensing conditions. However, with the growth of internet betting, the amount of wagering on racing events which is conducted with wagering operators licensed in other States has increased significantly. Thus, support from interstate wagering operators to provide access to wagering data and to assist with integrity investigations has proven to be another challenge.

For other sports, the potential for gambling to influence integrity is a relatively new problem and one that must be closely scrutinised to ensure all checks and balances are in place for the fair outcome of an event where wagering is involved.

Regarding greyhound racing, we will continue to maintain our leadership position when it comes to integrity matters.

(f) the impact of betting exchanges, including the ability to bet on losing outcomes;

The Australian greyhound racing industry addresses the integrity risk linked with betting to lose via two avenues:

- 1) access to betting information; and
- 2) rules dealing with “betting to lose”.

These are described in (h) below.

(g) the implications of betting on political events, particularly election outcomes;

GA is of the view that we are not qualified to comment on implications associated with betting on political events and their outcomes.

The Governments Electoral Commissions are best placed to assess if there are any risks to the electoral system from betting on political events.

Regarding betting on political events by “insiders”, that is persons with knowledge not known to the public, the way the greyhound racing industry addresses these matters is referred to in (h).

(h) appropriate regulation, including codes of disclosure, for persons betting on events over which they have some participation or special knowledge, including match-fixing of sporting events; and

The greyhound racing industry addresses these matters via two avenues:

- 1) access to betting information; and
- 2) rules dealing with “betting to lose”.

The relevant Rules are listed hereunder:

R87 Betting to lose

- (1) For the purpose of this Rule “lay” means the offering or the placing of a bet on a greyhound to lose an Event or the offering or the placing of a bet that the greyhound will not be placed in the first 4 finishing positions in an Event pursuant to Rule 61.
- (2) Any person directly involved, or employed in the nomination, training or care of a greyhound or a person who has provided a service connected to a greyhound, within the preceding 21 days of the greyhound starting in an Event, shall not lay the greyhound in the Event.

- (3) In circumstances where it is an offence for a person to lay a greyhound pursuant to this Rule it shall also be an offence for that person to-
- (a) have a greyhound laid on his behalf; or
 - (b) receive any money or other valuable consideration in any way connected with the laying of a greyhound by another person.
- (4) It shall be an offence for any person to offer an inducement to a participant in greyhound racing with the intention of profiting from a greyhound not participating in an Event to the best of its ability.

A difficulty that confronts racing, which will equally be an issue for integrity in other sports, is our limited ability to carry out investigations which extend beyond those persons licensed to participate in our industry.

(i) any other related matters.

Under terms of reference a, b, d and i the committee has decided to include gambling advertising as a specific area of inquiry. The committee is interested in views on: the level of gambling advertising; the display of betting odds at venues and during match broadcasts; commentators referring to the odds; and the general impact of gambling advertising on sport.

A. level of gambling advertising, the display of betting odds at venues and during match broadcasts; commentator referring to the odds.

GA supports the decision made by the Council of Australian Governments Select Council on Gambling in May 2011, where the Ministers agreed that:

- The promotion of live betting odds should be controlled and reduced.
- The broadcasting industry should be given 12 months to achieve this by self-regulation.
- If the broadcasting industry is unwilling or unable to achieve this then legislation will be introduced.
- The racing industry should not be included in these new controls because of its essential connection with wagering.

B. The IGA to be strengthened

GA is of the opinion that the IGA does attempt to address key social issues. Its value should however be harnessed via legislation which justly encourages stronger enforcement measures. Additionally there are some weaknesses in the IGA which should be addressed and include the following:

- (i) Need for wagering exemption to be conditional
- (ii) Need for financial transaction controls
- (iii) Need for ISP blocking.

(i) *Need for wagering exemption to be conditional*

Following widespread consultation, the Federal Government exempted wagering from the IGA ban on interactive gambling on the basis of the lower relative risk of problem gambling from wagering.

The recent experience of the UK highlights a weakness in the IGA exemption that is likely to be exploited by multinational gambling operators, where they relocate their online businesses to off-shore tax havens.

The IGA should be amended so that compliance with Australian legal requirements (including access to betting records, compliance with harm minimisation and payment of industry fees) are a condition of the IGA wagering exemption.

(ii) Need for financial transaction controls

Section 69A of the IGA provides the Minister with the capacity to develop regulations relating to financial agreements involving illegal interactive gambling services. The regulations may provide:

- that an agreement has no effect to the extent to which it provides for the payment of money for the supply of an illegal interactive gambling service; and
- that civil proceedings do not lie against a person to recover money alleged to have been won from, or paid in connection with, an illegal gambling service.

To date no such regulations have been developed. GA encourages its development.

(iii) Need for ISP blocking

Other countries have legislated regarding online gambling by establishing a provision for ISPs to block access to illegal gambling sites.

The IGA should follow suit by amending legislation to require the regulator to force ISPs to block access to illegal gambling sites.

SUMMARY

Most of the issues discussed within this submission confront all three codes of racing and GA is in broad agreement with the information supplied to the Inquiry by the Australian Racing Board.

All forms of interactive and online gambling have been aided by advancements in technology. Whilst society continues to embrace technology, Government must acknowledge this will have a spiralling effect on these forms of gambling.

GA sees the IGA as a positive instrument in ensuring this practice is regulated, but value should however be harnessed via legislation which justly encourages stronger enforcement measures. Additionally there are some weaknesses in the IGA which should be addressed and have been outlined in this submission.

GA has always been, and remains a strong supporter of a national framework to address several of these issues.

Overall we welcome the opportunity to contribute to the Inquiry and await the findings with interest.