



Clubs Australia

**Parliamentary Joint Select Committee on Gambling Reform
Inquiry into the advertising and promotion of gambling services in
sport**

**Clubs Australia Submission
6 March 2012**

About Clubs Australia

Clubs Australia is the national peak industry body representing the interests of Australia's 6,000 licensed clubs.

Clubs are not-for-profit community based organisations whose central activity is to provide hospitality and infrastructure for members and the community. Clubs contribute to their local communities, through employment and training, direct cash and in-kind social contributions and through the formation of social capital by mobilising volunteers and providing a diverse and affordable range of services, facilities and goods. Club members are people from all walks of life and with many different interests. Clubs, as local community organisations, are highly responsive in addressing the needs of their members, guests and broader community.

Clubs have an established history as a responsible provider of gambling services to the Australian community.

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1. Executive Summary

1. Clubs Australia notes that the Committee has already canvassed the majority of issues outlined in the terms of reference in their previous Inquiry into *Interactive and Online Gambling and Gambling Advertising*.
2. Clubs Australia shares community concerns regarding the pervasiveness of gambling advertising during live and broadcast sporting events and in particular the exposure of children to gambling advertising.
3. Clubs Australia also has concerns regarding the current advertising practices undertaken by online sports-betting agencies such as inducements to gamble and the promotion of credit betting.
4. Clubs Australia supports the development by the COAG Select Council on Gambling Reform of a mandatory national gambling advertising code of conduct for sports-betting that mirror the controls applied to terrestrial forms of gambling.
5. Clubs Australia submits that any advertising standards should strike a balance between the promotion of gambling as a legitimate form of entertainment and the need for harm minimisation.
6. Clubs Australia believes that uniform advertising standards across all forms of gambling are required to ensure competitive neutrality between operators.
7. Clubs Australia's believes all gambling providers should be encouraged to undertake industry funded responsible gambling advertising campaigns. Socially responsible advertising campaigns like Clubs Australia's *Part of the Solution* campaign help to promote a culture of responsible gambling.
8. Clubs Australia's view is that a collaborative self-regulatory approach between sporting codes and sports-betting providers is the best approach to tackling issues associated with the integrity of sport.

2. Introduction

In recent years there has been a proliferation in the promotion and advertising of gambling during major Australian sporting events and subsequent growth in the popularity of sports-betting. In our view, sports-betting, whether conducted online or at land-based venue, is a legitimate recreational activity enjoyed by many Australians. However, Clubs Australia is concerned that overly pervasive gambling advertising coupled with inappropriate advertising practices, such as offering inducements to gamble and promoting credit betting, could potentially lead to an exacerbation of problem gambling in Australia.

The clubs industry has worked cooperatively with state and territory governments for many years to implement proven, cost effective harm minimisation policies which have resulted in falling problem gambling prevalence rates across all Australian jurisdictions. Australia is a global leader in gambling harm minimisation, and has among the lowest problem gambling prevalence rates in the world. Indeed, Clubs Australia is currently undertaking our *'Part of the Solution'* responsible gambling advertising campaign that informs the public of the various support services made available by clubs for patrons who might be experiencing problems controlling their gambling.

Clubs Australia is concerned that without proper regulatory oversight the excessive gambling advertising including during sporting events in Australia could potentially reverse many of the gains in harm minimisation and the responsible conduct of gambling achieved over the past decade.

In our view, the Federal, State and Territory Governments should seek to develop a consistent set of advertising and promotional standards for sports-betting that mirror the current controls placed on terrestrial forms of gambling. The advertising standards should strike a balance between the advertising of gambling as a legitimate form of entertainment and the need to promote a culture of responsible gambling.

3. Online and Mobile Sports-betting

Online and mobile sports-betting are the fastest growing forms of gambling in Australia. Rapid technological change and the ability of online bookmakers to advertise without restriction and offer incentives to gamble has fuelled significant growth in the online sports-betting market. The online gambling environment poses a number of additional risks to consumers in comparison to traditional terrestrial forms of gambling including:

- convenient 24 hour access on any internet enabled computer or mobile device
- ability to play in private and without supervision
- ability to gamble using credit
- difficulties in preventing access by minors
- gambling using credit facilities

Unlike gambling in a licensed venue where gambling occurs in a social context and under the supervision of trained staff, online gambling often takes place in social isolation without any supervision. There is a genuine concern that the 'anywhere / anytime' nature of online and mobile phone gambling increases the risk of consumers developing a gambling problem.

Online sports betting sites (including legal wagering providers) enable credit funded gambling and therefore allowing gamblers to finance their habit through what is effectively a short term loan. Credit card betting is likely to exacerbate problem gambling; if the initial amount gambled is not paid off within a specified time period, interest accrues, worsening the financial situation of the gambler. A number of online sites aggressively promote credit card gambling by offering free bets and other sign-up bonuses in exchange for credit card details.

Research indicates online gamblers are three to four times more likely to develop gambling problems compared to those people who gamble with more traditional land-based gambling services¹. Despite the obvious additional risks posed by online sports-betting few regulations exist governing the responsible conduct of online gambling.

Clubs Australia believes that the Federal government should seek to establish regulatory parity between land-based and online sport-betting providers. Where possible, online harm minimisation measures, including advertising controls, should mirror land-based requirements. A consistent approach to harm minimisation will ensure all gamblers are accorded the protection to all gamblers, irrespective of whether they chose to gamble online or at venue.

¹ Wood, R. & Williams, R (2009). *Internet Gambling: Prevalence, Patterns, Problems, and Policy Options*. Ontario Problem Gambling Research Centre, Guelph, Ontario.

4. National Gambling Advertising Code of Conduct

Clubs Australia does not believe that there is any justification for the discrepancy in advertising regulations between online sports-betting and traditional land-based forms of gambling. We support the Committee's previous recommendation for the COAG Select Council on Gambling Reform to develop a mandatory national advertising code of conduct for online sports-betting and wagering providers². We believe the code of conduct should, to the greatest extent possible, be consistent with advertising restrictions applied land-based forms of gambling.

In our view, any advertising standards should also strike a balance to between the promotion of gambling as a legitimate form of entertainment and the need for harm minimisation. Clubs Australia considers it imperative that the promotion and advertising of gambling services occurs in a socially responsible manner that is unlikely to exacerbate gambling related-harm.

Gambling is an enjoyable recreational pursuit for millions of Australians and provides significant social and economic benefits to the community in terms of entertainment, employment, taxation revenues and funding for social and sporting infrastructure and community organisations. The Productivity Commission estimates that the net social benefits of gambling in Australia range between \$3.7 billion and \$11.1 billion annually³.

While most people can enjoy gambling responsibly, a small minority of people having difficulties in controlling their gambling expenditure; as a result their excessive gambling causes harm, for themselves and for their families that warrants a targeted harm minimisation approach.

In our view, regulators should not seek to prohibit advertising in an attempt to artificially diminish demand for gambling services. Rather certain advertising practices that are likely are likely to lead to problematic behaviour should be restricted (see box 1). We believe that socially responsible advertising of gambling can lead to increases in the net social benefit that gambling provides the community.

Box 1. Problematic Advertising Practices

The following advertising practices have the potential to exacerbate problem gambling:

- inducements to gamble;
- promotion of credit betting; and
- exposure of children to gambling advertising

² Joint Select Committee on Gambling Reform, Second Report, Recommendation 16

³ <http://www.pc.gov.au/projects/inquiry/gambling-2009/report> p.43

4.1. Inducements and Incentives

Clubs Australia views the practice of offering free bets or other inducements to encourage people to commence gambling as inherently problematic. Laws governing the use of inducements currently exist in state legislation. Clubs Australia believes that all Australian governments should seek to establish a national ban on inducements, eradicating inconsistencies between online and land-based gambling platforms.

It is standard practice for online sports-betting and wagering companies to offer gamblers incentives or inducements to place bets or open accounts. Typically, these take the form of free bets or games or sign up bonuses at improved odds and higher payout rates. According to a report by Blaszczynski, Sharpe, & Walker, there is evidence to suggest that the possibility to play without money makes games more attractive, reduces barriers to play, and may undermine attempts to quit.⁴ Research indicates that free gambling inducements “have been identified as fostering future gambling problems.”⁵

Clubs Australia notes that the Federal government announced on 21 January 2012 that it would introduce stricter limits on betting inducements. Clubs Australia is concerned that online sports-betting agencies continue to offer significant inducements to encourage people to open an online betting account.

Figure 1: Example of advertising using inducements



Source: Centrebet.com.au (accessed February 2013)

⁴ Cited in Monaghan, S (2009) *Responsible gambling strategies for Internet gambling: the theoretical and empirical base of using pop-up messages to encourage self-awareness*. Southern Cross University.

⁵ *Ibid.*

4.2. Promotion of Credit Betting

Clubs Australia is of the view that there is a clear difference, in terms of the risk of financial harm, between allowing a person to gamble using savings as opposed to gambling on credit, where losses can be much higher and attract interest payments.

State and territory legislation prevents credit card betting on poker machines in gaming venues. There are also restrictions on credit withdrawals from ATMs in non-casino gambling venues. By contrast, credit betting is particularly prevalent in online sports-betting. Some online sports betting sites aggressively promote the use of credit card gambling by offering the promise of lucrative free bets in exchange for sign-up accounts and credit card details.

Credit card gamblers are funding their betting through what is effectively a short term loan. If the initial amount is not paid off within a specified time period, interest accrues, exacerbating the financial harm experienced by a person with a gambling problem.

Online sports betting operators are also often willing to extend lines of credit to gamblers with little concern for their ability to repay the debt. Allowing credit betting goes against the fundamental principles of responsible gambling, both from the perspective of the individual and the operator.

The Government announced on 21 January 2012 that it would restrict online gambling operators from providing lines of credit to account holders with the exception of professional punters. However, the Government did not address the issue of online sports-betting and wagering companies accepting deposits into betting accounts from credit cards.

Clubs Australia supports a complete ban on credit betting, including the use of credit cards, across all forms of gambling.

4.3. Promotion of Live-Odds

Clubs Australia believes that it is important to consider both the consumer benefits and as well as potential consumer detriments of the provision of live-odds during sporting broadcasts and at sporting venues. Any regulatory interventions should seek to ensure that the promotion of live odds occurs in a socially responsible manner.

The provision of live-odds provides consumers with important price information with respect to their decision of whether or not engage in a wager. In fact, the Productivity Commission found that the provision of pricing information is critical in allowing consumers to make informed choices about their gambling⁶. In addition, they found that online sports-betting and the publishing of odds information promotes price competition between providers which is ultimately in the interest of consumers⁷.

However, there are concerns regarding the pervasiveness of live-odds promotion during sporting broadcasts and in venues where a significant proportion of the viewing audience is likely to be minors. Gambling is ultimately an adult form of entertainment and it is widely accepted that reasonable measures should be taken to limit the exposure of minors to advertising promoting gambling.

Clubs Australia notes that the Federal Government announced in January 2012 that it was working with the sporting and betting industries to control the promotion of live odds during sports coverage through amendments to their existing industry codes. The Government advised that in the absence of satisfactory amendments prior to the end of June 2012, they would seek to introduce legislation to ban the promotion of live odds in sporting broadcasts.

Clubs Australia understands that the following principles have been agreed to with respect to the promotion of live-odds:

- 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;

⁶ <http://www.pc.gov.au/projects/inquiry/gambling-2009/report> p.26

⁷ Ibid p.35

- Live odds promotions will need to be socially responsible and not mislead the audience; and
- Live odds promotions will avoid exaggerated claims, association with alcohol or association with success or achievement.

Clubs Australia is concerned that the agreed guidelines do not sufficiently address community concerns regarding the exposure of minors to gambling-related advertising content.

4.4. Children's exposure to gambling advertising

Children watching sporting events cannot avoid gambling promotions which take place both during the match and in commercial breaks. Clubs Australia is concerned that the continuous exposure to advertising promoting sport-betting may result in children developing faulty cognitions about gambling, such as misunderstanding the risk and potential harms associated with gambling excessively.

Clubs Australia believes a key to success in preventing future instances of unsafe online sports-betting among youth is the adoption of an educative approach. The government needs to empower youth with the necessary knowledge to make their own sensible choices about gambling when they reach adulthood.

In line with this approach, Clubs Australia believes gambling education should be integrated into existing school-based lifestyle curricula, such as Personal Health and Development rather than isolated for special consideration.

Research has found that education programs can be an effective tool in preventing the development of problematic gambling behaviours. Awareness of the serious risks of excessive gambling coupled with knowledge of the odds associated with various gambling products acts as a protective factor against the development of gambling-related problems⁸. An international panel of eminent gambling researchers recommended school-based education as a necessary requirement for any responsible gambling program⁹. The content of the school-based education program could draw from the Productivity Commission recommendation 7.1:

- dispel common myths about gambling and educate people about how to gamble safely
- highlight potential future consequences associated with problem gambling, and

⁸ http://www.austgamingcouncil.org.au/images/pdf/Discussion_Papers/agc_dis_youth_gamb_ed.pdf

⁹ Responsible Gambling: General Principles and Minimal Requirements, Journal of Gambling Studies, (Blażczynski et al 2011)

- make the community aware of behaviours indicative of problem gambling, to encourage earlier help-seeking or interventions by family and friends.

A trial and evaluation of school-based education programs would help to ensure program effectiveness and protect against the potential for unintended consequences. Clubs Australia also supports a complete ban on gambling advertising during children's viewing hours.

4.5. Sponsorship

Clubs Australia views sponsorship of sporting teams by gambling service providers as a relatively benign form of advertising. We are not aware of any evidence that suggests that advertising through the placement of a company logo on a team jersey or on banners throughout the ground contributes in any way towards encouraging individuals to engage in irresponsible gambling behaviours. It is also clear that sponsorships provide significant benefits to sporting codes, clubs and teams; a factor that needs to be taken into consideration when considering further regulation of gambling related sponsorships.

The majority of sporting codes already ensure that the logos of related gambling sponsors are not present on children's apparel and other merchandising aimed at children. In the absence of further evidence of the efficacy

In our view there is insufficient evidence to suggest that removing gambling related sponsorships would have any efficacy in reducing problem gambling. On the other hand, further regulation of sponsorships has the potential to deprive sporting codes, clubs and teams of significant financial benefits. Therefore, in the absence of a proper cost-benefit analysis Clubs Australia does not support further regulation in the area of sponsorship. .

4.6. Responsible Gambling Messages

Research has consistently shown the value of community education and awareness programs as a preventative measure. Experts consider such campaigns as a necessary requirement for a best practice responsible gambling program¹⁰.

¹⁰ Responsible Gambling: General Principles and Minimal Requirements, Journal of Gambling Studies, (Blaszczynski et al 2011)

Most online sports-betting agencies have sought only to meet the minimum regulatory requirements with respect to responsible gambling messaging. The result is messaging that is often barely visible or delivered in a sarcastic manner that calls into question the operator's commitment to principles of responsible gambling.

In contrast, the more socially responsible land-based operators have invested in highly visible responsible gambling advertising campaigns. The Australian Hospitality and Leisure Group have an award winning responsible gambling campaign with former AFL star David Swartz as its ambassador. Clubs Australia has a national responsible gambling campaign entitled '*Part of the Solution*' which informs club patrons of the various support measures provided by clubs to assist them should they start to develop a problem with their gambling such as access to free 24-hour counselling services and self exclusion schemes.

Another example of effective delivery of responsible gambling messages by socially responsible operators is Clubs Queensland's responsible gambling button which can be include on member clubs online advertising. The Responsible Gambling button provides a link to more detailed information about responsible gambling practices and problem gambling help services (see <http://www.clubsqld.com.au/responsiblegambling/>).

Clubs Australia's believes all gambling providers should be encouraged to undertake industry funded responsible gambling advertising campaigns. Socially responsible advertising campaigns can help to promote a culture of responsible gambling among all stakeholders.

4.7. Competitive Neutrality

We believe that a national code of conduct for gambling advertising is also an important step in ensuring competitive neutrality amongst gambling providers. The current regulatory environment favours online forms of gambling over their terrestrial counterparts.

Online sports-betting and wagering providers have sought to exploit discrepancies in gambling advertising regulations between jurisdictions to provide themselves with a competitive advantage over traditional terrestrial forms of gambling.

Most online sports-betting agencies are domiciled in jurisdictions that have relatively lax online gambling advertising regulations. Due to the *Betfair v Western Australia* High Court decision in 2008, state and territory regulators have been unable to apply proper regulatory control over online sports-betting advertising occurring in their jurisdiction.

As a result there are virtually no restrictions in the advertising of online sport-betting services. In 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.

This provides online gambling operators with a significant competitive advantage over land-based providers such as community clubs. Given the increased incidence of problem gambling among online gamblers, these outcomes are contrary to good public policy.

Clubs Australia supports a national advertising code of conduct that applied equally across all forms of gambling to ensure that all gambling advertising occurs in a socially responsible manner.

5. Gambling and Integrity of Sport

Clubs Australia submits that a collaborative approach between local sporting codes and sports-betting providers is the best approach to tackling issues associated with the integrity of sport. They should work together constructively and transparently, to seek efficient and effective means for protecting the integrity of sport in Australia.

The recent Australian Crime Commission report has given rise to a number of proposals drawn out of political expediency rather than best practice policy making processes. In our view, governments must resist the temptation to adopt emotionally-driven, reactive solutions and provide sufficient time for the sporting codes to digest the contents of ACC report and respond through the implementation of their own self-regulatory measures.