

Our ref: NTO – N/HW

Mr Richard O'Sullivan
Chairman, Northern Territory Licensing Commission
GPO Box 1154
DARWIN NT 0801

Dear Mr Sullivan

RE: Sportsbet commissions and free bets

I am writing to you following a hearing of the Federal Parliament's Joint Select Committee on Gambling Reform, which was held in Melbourne on the 11th August.

During the hearing, Mr Cormac Barry, the Chief Executive Officer of Sportsbet, stated that his company pays in excess of \$3 million a year in commissions to third parties who refer gamblers to Sportsbet.

These commissions can consist of either a flat fee, or a percentage of the amount spent by the gambler referred.

Mr Barry also stated that the commissions were not disclosed to the referred gamblers, and that he was not aware of any legislation requiring this disclosure.

As I am sure you are aware, many states and territories in Australia have specific legislation requiring that all commissions received by third parties as a result of referrals are disclosed to the person being referred.

Further, competition and consumer law expert, Associate Professor Frank Zumbo from the University of New South Wales, has expressed concerns about the legality of such arrangements.

I would appreciate it if you could inform me whether such legislation exists in the Northern Territory, and if Sportsbet is in contravention of this legislation.

I am also concerned about Mr Barry's comments on 'free bets', where potential customers to Sportsbet can receive credits to spend on bets, and whether this is consistent with Northern Territory laws.

I would also be grateful if you could inform me of any inquiries or investigations you intend to undertake as a result of Mr Barry's statements to the Committee, given that Sportsbet is licensed in the Northern Territory.

I am sure you can appreciate the serious implications of the commission scheme in the context of leading to or exacerbating problem gambling.

The aspect of commissions paid on the amount lost is also concerning, as it could easily act as an incentive for third parties to encourage problem gambling behaviour.

I would be grateful if you could indicate whether you will investigate these matters under the *Gambling Control Act*, and whether you intend to review the licensing agreement between Sportsbet and the Northern Territory Government.

Please do not hesitate to contact me on (08) 8232 1144 if you require any further information.

I look forward to hearing from you at your earliest convenience.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Xenophon', with a long horizontal flourish extending to the right.

NICK XENOPHON

12/8/2011

CC: The Hon Delia Lawrie MLA, Minister for Racing, Gaming and Licensing