



The Coalition of

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## **COALITION OF MAJOR PROFESSIONAL & PARTICIPATION SPORTS**

### **SUBMISSION TO THE OFFICE OF THE HON KEVIN ANDREWS MP**

### **THE COALITION'S POLICY DISCUSSION PAPER ON GAMBLING REFORM**

## INTRODUCTION

The Coalition of Major Professional and Participation Sports (COMPPS) consists of the following organisations:

- Australian Football League (AFL);
- Australian Rugby Union (ARU);
- Cricket Australia (CA);
- Football Federation Australia (FFA);
- National Rugby League (NRL);
- Netball Australia (NA); and
- Tennis Australia (TA).

Each of these organisations is the governing body and custodian of a major professional sport in Australia. They are not-for-profit bodies and are responsible for the long-term development and sustainability of their sport in Australia.

COMPPS members provide a wide range of public benefits through a self-funding business model. The vast majority of their revenue is devoted to enhancing, promoting and developing sport for all Australians. Sport is entrenched in the Australian way of life and plays a major role in the economic and social health of the Australian community.

One of COMPPS' roles is to provide a collective response on behalf of its member sports where their interests are aligned.

This submission deals with the online gambling environment and the advertising of gambling products in sport. These issues comprise Parts 5 and 7 respectively of the Coalition's Policy Discussion Paper on Gambling Reform.

One or more of the COMPPS' members may make individual submissions concerning this Discussion Paper in addition to the COMPPS' submission.

## OVERVIEW

Each of the COMPPS member sports conducts matches on which betting takes place. The bulk of sports betting in Australia, excluding horse racing, takes place on these sports.

Since sports betting commenced in Australia, the major focus of COMPPS members has been to ensure that their sports remain free from betting-related integrity issues. COMPPS members have long supported, and developed, a socially responsible approach to sports betting. COMPPS has vocally supported measures to create nationally-consistent gambling regulation, tackle corruption in sport and prevent problem gambling.

As a general principle, the strong preference of the sports is that all betting on their sports takes place in a regulated environment where they are able to put in place mechanisms that enable them to react to suspicious, illegal or corrupt practices. In particular, they rely heavily on information-sharing arrangements with Australian betting operators to alert them to suspicious activity. The current restrictions on online betting in Australia pursuant to the *Interactive Gambling Act (2001)* (IGA) encourage betting on Australian sports to take place using overseas-based operators who are not subject to regulation or information-sharing agreements. COMPPS members are opposed to this.

The COMPPS sports do not have the resources nor expertise to make problem gambling a primary focus, but believe that maintaining the integrity of their sports will contribute to a safer betting landscape in Australia. They confirm, however, that they are prepared to work with relevant parties to assist in research and education programs.

## TERMS OF REFERENCE

### 5. The Online Gambling Environment

#### a. The effectiveness of current laws prohibiting online gambling

The major objective of the IGA was *to minimize the scope of problem gambling among Australians by limiting the provision of gambling services to Australians through interactive technologies such as the Internet.*

COMPPS members support initiatives that minimize the incidence of problem gambling. However, in this instance, we respectfully suggest that the IGA has not achieved this objective, and in fact may have exacerbated the problem.

We refer to and agree with the Productivity Commission's Inquiry Report on Gambling dated June 2010 that identified a growing prevalence of Australians using online gambling services. It concluded that the IGA was not well designed to prevent this activity and that while the prohibition has probably limited the growth of online gambling through Australian-based companies, it has forced consumers to use overseas based services that do not possess the harm-minimization and probity measures available to users of legal Australian sports-wagering services.

Insofar as this conclusion seeks to address harm-minimization, we note that there is little research as to the impact of online gambling in Australia. COMPPS members are available and willing to assist researchers in their endeavours on this.

Insofar as the Productivity Commission concludes that the IGA has forced consumers to use overseas-based services, which do not possess the probity measures available to users in Australia, this is of great concern, because it is ***the COMPPS member sports on which these bets are placed.***

COMPPS members place a high value on the reputation of their sports. Betting on their sports in an unregulated and often illegal environment greatly increases the risk of betting-related integrity issues. COMPPS members support measures that will minimize betting on their sports in these circumstances. They seek to be able to monitor suspicious activities involving betting on their sports and this is not able to be

achieved in unregulated, illegal betting markets where information sharing agreements between sports and betting operators are not in place.

It is respectfully suggested that the most significant impact of the IGA from the perspective of sporting bodies is that it limits companies located in Australia from providing certain types of online gambling services to Australians. This has flow-on effects in terms of lost tax revenue, diminished revenue for sporting bodies and the aforementioned risks in relation to harm-minimization and probity concerns. Most importantly, Australian sports do not have information-sharing arrangements with foreign bookmakers, which limits their activity to monitor suspicious activity in their sports.

If the current legislative regime is maintained, these risks will continue to exist and as online gambling becomes more prevalent, they will increase in frequency.

**b. Whether current laws prohibiting online gambling should or can be strengthened**

The current regulatory arrangements under the IGA do not achieve the objectives of the Act. The current prohibitions under the Act are not able to be enforced effectively given the inability of Australian law to curtail the illegal activities of offshore betting operators.

COMPPS supports a system in which Australian-based betting operators are permitted to offer online gambling services, including in-the-run betting, to Australians. This would then enable betting on the sports controlled by COMPPS members to be regulated within the existing Australian system. The system should be supported by active and enhanced harm-minimization mechanisms.

COMPPS members also support the extension of the *Gambling and Racing Legislation Amendment (Sports Betting) Act 2007 (Vic)* to all Australian jurisdictions. This would ensure that sports would have a direct relationship with all betting providers via mandatory information sharing agreements pursuant to the Act.

**c. Whether any changes to laws prohibiting online gambling are likely to assist problem gamblers to overcome their addiction**

As discussed elsewhere, COMPPS notes that there is little research on the impact of online gambling in Australia on the incidence of problem gambling.

As discussed elsewhere, the Productivity Commission's Report on Gambling in 2010 found that the prohibition of online gambling in Australia has merely diverted consumers to overseas-based gambling services, where Australian gamblers are offered minimal protection. The Productivity Commission estimates that Australians gamble online to the value of A\$790m annually.

Our discussions with interactive online gambling agencies indicate that new technologies provide mechanisms that identify problem gambling and can assist in reducing its impact.

COMPPS believes that maintaining the integrity of their sports will contribute toward a safer betting landscape for all Australians. A key threat to this integrity currently is the absence of information sharing of suspicious betting activity between sports and betting operators where online betting takes place in offshore and unregulated markets.

**7. Advertising of Gambling Products (including Wagering)**

**a. The Commonwealth prohibiting the promotion of live odds during the broadcast of a sports event while that event is in play**

COMPPS supports the Coalition's view that gambling is a legitimate industry and an industry for which fair and reasonable limits to advertising of gambling are appropriate.

COMPPS supports the restriction of live odds promotion during play as part of balancing the legitimate interests of the gambling industry with providing a safe and appropriate environment for the public to enjoy sport.

COMPPS submits that live odds promotion be restricted – in television broadcasts and on big screens at sporting venues – to designated breaks in play and that these announcements take a form that clearly indicates that they are paid advertisements

from the betting operator and not part of the match commentary. COMPPS members also support responsible gambling messages as part of these advertisements.

In the past year, with the support of COMPPS members, live odds promotion has been scaled back and it is the desire of COMPPS members that no live odds updates be provided during play in television commentary for any COMPPS member sport match. Instead, live odds updates will be provided in designated advertisement breaks before matches and during designated breaks in play (such as half time). This is being achieved through commercial arrangements between sports, broadcasters and betting operators and internal policy within sports.

COMPPS' members seek to maintain the right to enter into sponsorship agreements with betting operators including the right to have betting operators' logos on playing uniforms.

COMPPS submits that the developments made in the past year regarding live odds promotion have shown that the industry is able to regulate itself and that no further regulation at Commonwealth level is required.

**b. The Commonwealth maintaining the restrictions on online gambling under the *Interactive Gambling Act (2001)***

As discussed in Part 5(a), the restrictions imposed by the IGA on online gambling have re-directed consumers to access overseas-based services that ignore the provisions of the IGA. This has a number of negative flow-on effects for Australians and for Australian sport. The current prohibitions imposed by the IGA are not able to be enforced effectively against offshore betting operators under Australian law.

As discussed in Part 5(b), COMPPS members support a system in which Australian-based betting operators are permitted to offer online gambling services, including in-the-run betting, to Australians. This would enable betting to be regulated within the existing Australian system, and if the Sports Betting Act were extended nationally, COMPPS member sports would be able to enter into direct information-sharing agreements with all betting providers. Information sharing, and the ability of sports and betting operators to detect suspicious betting behavior, would assist in creating a safer betting environment for all Australians.

**c. The Commonwealth investigating means to better enforce Australia's prohibition against online gambling, particularly the capacity of lawmakers to co-operate with financial institutions**

As discussed elsewhere, COMPPS submits that an appropriate approach to regulation is one that minimizes problem gambling and provides sports and regulators with the mechanisms necessary to resolve probity issues. COMPPS submits that this can be best achieved through removing the prohibition of online gambling and encouraging Australian gamblers to use Australian-based operators who are subject to Australian law.

COMPPS is not in a position to comment on the capacity of lawmakers to co-operate with financial institutions.

**CONCLUSION**

COMPPS members have long supported, and developed, a socially responsible approach to sports betting. COMPPS has vocally supported measures to create nationally consistent gambling regulation, tackle corruption in sport, and prevent problem gambling.

As a general principle, the strong preference of COMPPS' members is that all betting on their sports take place in a regulated environment where they are able to put in place mechanisms that enable them to react to suspicious, illegal or corrupt practices. In particular, they rely heavily on information sharing arrangements with Australian betting operators to alert them to suspicious activity. They also value the Australian regulatory regime that sees regulators operating in each state and territory. Sound relationships with police forces at state and federal level have been established. It follows that their preference is that betting on their sports should take place with betting operators in Australia who are subject to the regulatory regimes that are in place in the states and territories. It follows further that they are opposed to any features of the sports betting landscape that causes or encourages betting on Australian sports to take place overseas without the benefit of regulation and information sharing agreements.

COMPPS' members support the restriction of live odds promotion during play.



COMPPS submits that live odds promotion be restricted – in television broadcasts and on big screens at sporting venues – to designated breaks in play and that these announcements take a form that clearly indicates that they are paid advertisements from the betting operator and not part of the match commentary.

COMPPS members also support responsible gambling messages as part of these advertisements.

COMPPS' members seek to maintain the right to enter into sponsorship agreements with betting operators including the right to have betting operators' logos on playing uniforms.

COMPPS members are happy to provide more detail on any of the points made in this submission.

Submitted for and on behalf of the COMPPS Members.

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