

COMPPS RESPONSE TO INQUIRY INTO THE ADVERTISING AND PROMOTION OF GAMBLING SERVICES IN SPORT

SUBMITTED TO THE JOINT SELECT COMMITTEE ON GAMBLING REFORM

1 MARCH 2013



Background

COMPPS

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; and
- Tennis Australia.

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.

In general, COMPPS members provide a wide range of public benefits through a self-funding business model. A large portion of their revenue is devoted to enhancing, promoting and developing sport for all Australians both at national and 'grassroots' level.

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

On 7th February 2013 the issue of **advertising and promotion of gambling services in sport** was referred by the Senate to the Joint Select Committee on Gambling Reform for inquiry and report by 16 May 2013. Submissions have been sought from interested parties. COMPPS responds as follows:

Introduction:

COMPPS members have long supported and developed a socially responsible approach to gambling. Including sports betting. COMPPS has vocally supported measures to create nationally consistent gambling regulation and tackle the risk of corruption in sport. COMPPS has been a willing and active participant in public discussions regarding gambling, match-fixing and other issues that have the capacity to compromise the integrity of their sports.

The integrity of the contest is the paramount consideration for sports' codes, who have enacted sophisticated programs to safeguard the integrity of their sports. All COMPPS members provide comprehensive education programs and promulgate stringent integrity and anti-corruption codes of conduct that apply to persons under the control of these organisations and who are directly or indirectly involved in their sport. This includes players, coaches, officials and administrators. These codes of conduct and related programs are (where relevant) integrated with the programs of international sports governing bodies with whom the COMPPS members are affiliated.

In response to the nine issues identified in the Terms of Reference, COMPPS responds as follows:

1. In-ground and broadcast advertising;

In recent years, concern has arisen 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 often former players were discussing live odds as part of the match commentary. In some cases, these references to live odds by commentators were paid advertisements by betting operators.

In 2012 the COMPPS members took part in a review conducted by Senator Conroy, the Minister for Broadband, Communications and the Digital Economy. Principles for reform of the promotion of live odds in sports coverage were agreed in September 2012. See Appendix A. These draft principles are being incorporated into amended codes to be registered by the Australian Communications and Media Authority.

The principles have been adopted by each of the COMPPS sports with each sport working with stadia and broadcasters to have them applied.

The future impact, *inter alia*, of the new codes incorporating these agreed principles on professional sport will be as follows:

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

It is respectfully submitted that the agreed principles and imminent code will put in place an acceptable framework that creates a balance between the public interest to watch sport without the distraction of frequent references to live odds and the right of betting operators to advertise their products in a socially responsible manner.

2. The role of sponsorship alongside traditional forms of advertising;

Advertising drives the business model of commercial free-to-air broadcasting. Sports fans, together with viewers of other types of broadcast content, would generally prefer to watch television without the distraction of advertisements. Under the current model, however, this is not possible on commercial free-to-air television.

Sport is a popular choice for companies in most sectors when they assess their advertising strategies.

Advertising contracts are agreed between broadcasters and advertisers, and allow advertisers to promote their products in scheduled advertisement breaks and through other product placement opportunities. In general, sporting bodies are not a party to advertising contracts although in some cases, sponsors of sporting bodies have a first right or preferred status to enter into advertising contracts with broadcasters (such rights arising through media rights contracts between sports and broadcasters). Sporting bodies have no control over the types of advertisements that are put to air by broadcasters.

Sport receives an indirect and significant benefit from advertising on sport as it drives rights fees for television, radio and other media agreements. If advertising revenue is diminished, the value of sports media rights will diminish. Revenue from media rights is the principal source of revenue for the major professional sports in Australia. This is then used to fund grassroots sporting programs and the activities of leagues and clubs down through the sporting pyramid – it is a top down enterprise.

By contrast, sporting bodies such as leagues and clubs enter into *sponsorship* agreements with specific brands and/or companies, which permit those brands/companies to associate their product at and with the applicable sporting event. These sponsorship rights are quite different to broadcast advertising. Sponsorship is a major source of income for sporting organisations at all levels. Many amateur teams are funded primarily by local sponsorship deals.

Again, sponsorship revenues are then used by sporting organisations to fund grassroots sporting programs and the activities of leagues and clubs down through the sporting pyramid.

Most business sectors use sport sponsorship in their marketing activities. Motor vehicles, banking, insurance, alcohol, fast food and telecommunications are traditional sponsors of sport. Sports-betting operators have emerged in recent years as sponsors of sport at all levels.

It is inevitable that sports will attract betting markets. COMPPS believes that the best way to protect the integrity of sports and ensure that sports betting is conducted in a responsible method is through the combination of regulation and development of relationships with licensed betting agencies, including sponsorship relationships.

3. In-game promotion and the integration of gambling into commentary and coverage;

I refer to the response to issue number 1.

4. Exposure to, and influence on children;

The COMPPS members are aware of concerns that the promotion of live odds during sports coverage risks normalising gambling behaviour. This was a factor in the recent decision to remove references to live odds from in-play broadcasts and in stadia, and to restrict commentators from discussing live odds. There was a sense that some commentators were seen as role models and that it was inappropriate for them to be involved in discussing live odds.

5. Contribution to the prevalence of problem gambling, and mechanisms to reduce that prevalence;

Whilst, the principal function of the COMPPS members is to administer and develop their sports, the COMPPS members also recognise they have a responsibility to provide a safe environment for the public to play, watch and interact. COMPPS sports are able to assist with “problem gambling” messaging to some extent, but do not themselves have the expertise or resources to address the underlying causes of this social and economic issue.

They also recognise they have a direct role to play in education as well as counselling and support provisions where required for their own players and each of the COMPPS members has a program that addresses these issues.

6. Effect on the integrity of, and public attitudes to, sport;

Sports betting is a legitimate, and legal pastime, the modern extension of the Australian tradition of betting on sporting events. When practised responsibly, it is an enjoyable pastime that increases interest and engagement in sporting contests.

The COMPPS members are major stakeholders in this enterprise and as sports betting has increased in volume, they have sought to protect the integrity of their sports.

The potential for match fixing and spot-fixing are major areas of concern.

Australian sport has had an excellent record in respect of corrupt practices related to betting, and Australian sports take these issues very seriously.

There have been well-documented instances of serious match fixing and spot fixing in Europe, Asia and South America.

The COMPPS members are alive to the risks that are created by the incursion of organised crime groups into sports betting and the probability that they will seek to influence and corrupt susceptible players and officials.

The COMPPS members are alert to the integrity risks that arise from betting on their codes and have taken many steps to attempt to minimise the chances of their players or officials being corrupted. This includes entering product fee and integrity agreements with betting operators who wish to offer markets on sporting contests, such agreements which, *inter alia*, facilitate the flow of information from betting operators to sporting organisations so that sporting organisations become aware of irregular or suspicious betting activities in relation to their sports. These agreements are discussed further below.

Sporting bodies have very limited powers in relation to law enforcement. They do not have police powers and achieve their influence over players and officials by way of comprehensive contracts, rules, regulations and codes of conduct. The sports will focus on their players and officials and will continue to concentrate their efforts on codes of conduct, education processes, intelligence gathering, surveillance and investigation. In some instances, the COMPPS members have an additional layer of protection and regulation because they are responsible to international governing bodies and the rules they promulgate. The COMPPS sports will seek to establish effective links with police forces and the Federal Government's National Integrity of Sport Unit. Information sharing and intelligence gathering processes are key elements in identifying and effectively sanctioning or penalising those who seek to undertake corrupt activities. Where serious issues emerge, they will work in conjunction with law enforcement agencies to assist them to deal with criminal elements that seek to impact on sport.

Specifically, COMPPS members have been active in the last few years in lobbying for sport-specific legislation to address these integrity related issues, including:

- the introduction of a national, comprehensive, uniform and consistent regulatory and legislative approach to online and non-online gambling;
- the introduction of specific criminal penalties for corruption in sport. We note and welcome the introduction of the NSW Cheating at Gambling Act 2012 and have

been consistently urging State and Territory Governments to honour the commitment that they gave as part of the National Policy on Match-fixing in sport in June 2011 to introduce mirror legislation; and

- via an extension of the *Gambling and Racing Legislation Amendment (Sports Betting) Act 2007 (Vic)* nationally, the granting to major sports of the right to veto types of wagering that compromise the integrity of their sport. We have been urging State and Territory governments to honour the commitment they gave as part of the National Policy on Match-fixing in Sport in June 2011 to introduce mirror legislation.

7. The importance of spot betting and its potential effect on the integrity of sporting codes;

There are several industry terms that are used to deal with this type of bet – spot-betting, exotic-betting and micro-betting are three prominent terms used to describe repetitive betting on parts of a match rather than the overall outcome of a match.

This issue has been a primary area of focus for COMPPS for several years, particularly in relation to approval of the types of spot-bets that may be offered by betting providers on sporting contests.

The COMPPS members maintain that the sports themselves are best placed to determine which bet type cause integrity concerns. As such, these sports seek a right of veto over types of bets that are offered by betting operators on their matches.

Generally speaking the COMPPS members approve specific bet types pursuant to contractual agreements between the sport and sport-betting providers. Such arrangements are commonplace with most sports and generally arise through the operation of the *Gambling and Racing Legislation Amendment (Sports Betting) Act 2007 (Vic)* (**‘the Sports Betting Act’**).

The Sports Betting Act became effective on 1 October 2007. COMPPS played a significant role in causing this legislation to be enacted in 2007.

The Act was designed to strengthen public confidence in the integrity of sporting events and the betting that takes place on those events. In addition, the new legislation enabled sporting bodies to receive a small share of revenue from the betting that takes place on their sport, and to insist on information sharing regimes in order to monitor suspicious activity.

In broad terms, the Sports Betting Act provided for:

- for the opportunity for sporting organisations to apply to the Victorian Commission for Gambling Regulation ('VCGR') to be approved as the "sports controlling body" for betting purposes on their sport;
- for a restriction on "sports betting providers", whereby they must not offer betting services on a sporting event without first reaching agreement with the approved sports controlling body in relation to information sharing and the payment of a product fee for use of the sport's intellectual property;
- that the VCGR may prohibit betting on a contingency if it considers that betting on the contingency may expose the relevant event to unmanageable integrity risks, is offensive, is contrary to the public interest, is unfair to investors or otherwise should be prohibited; and
- that these powers apply only to contingencies relating to events held wholly or partly within Victoria.

The Sports Betting Act has been a success.

Since 2007, COMPPS members have been approved as sports controlling bodies and negotiated agreements (Integrity and Product Fee Agreements) with sports betting providers operating on relevant markets. This has enabled them to negotiate product fees and to involve the betting agencies in information sharing concerning integrity issues.

There is, however, a major weakness in the operation of the Sports Betting Act. At present, there is no requirement on sports betting providers to enter into Integrity and Product Fee Agreements with sports controlling bodies in respect of events occurring outside Victoria. COMPPS members have managed to negotiate agreements covering events outside Victoria with several but not all of the betting providers. However, this cannot be relied upon in the longer term, particularly if sports controlling bodies, acting responsibly in the light of increased integrity risks, wish to enhance the integrity measures contained in such agreements.

The success of the Sports Betting Act indicates the need for similar legislation to be adopted in all states and territories of Australia.

As indicated above, COMPPS has been actively campaigning for the introduction of Australia-wide legislation on this nature, and we welcome recent announcements from Sports Ministers, State and Federal, that this is a priority issue for them. However, while the announcement was made in June 2011 and to date, no State or Territory has enacted legislation that meets this undertaking.

New regulation may also address issues such as minimum standards for all betting agencies in relation to record keeping, retention of data, disclosure of information to sporting bodies and reporting of suspicious bets, among other things. Importantly, and in order to protect the integrity of our sports, COMPPS members believe that we each should be able to prohibit certain types of exotic or unusual bets that present enhanced integrity risks.

8. The effect of inducements to gamble as a form of promotion of gambling services, and their impact on problem gambling;

COMPPS members do not have access to information regarding the effectiveness of these sorts of promotions. We are aware that state governments have prohibited the offer of free bet inducements to new sports account holders. Any other kind of inducements to bet on sporting events should comply with relevant responsible gambling principles.

9. Any related matters.

There are no related matters that we wish to raise.

Conclusion:

Australian sport has responded well to the threat of corruption through sports betting given that we are a nation of sports lovers and sports betting activity is an expanding industry.

Compared with many other countries, the internal processes that the sports have adopted and enforced have served them well.

There is a strong and continuing commitment to protect and enhance the integrity of professional sport in Australia. The COMPPS sports, and their international governing bodies, have sophisticated and dedicated programs designed to safeguard the integrity of their sports.

We respectfully suggest that the current provisions in relation to sports-betting advertising provide an appropriate balance between the interests of viewers and the right of sports-betting operators to advertise their products. COMPPS believe it is important to provide a regulatory framework that strikes this balance and allows licensed betting operators to conduct legitimate business within a regulated environment rather than driving more of the gambling dollar off shore to unregulated irresponsible operators.

We welcome the opportunity to make this submission to the Joint Select Committee on Gambling Reform, and are available to provide further information as required.

Signed for and on behalf of the COMPPS' Members.

1 March 2013.

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APPENDIX A

PROMOTION OF LIVE ODDS IN SPORTS COVERAGE

AGREED PRINCIPLES FROM REFORM

The following principles have been agreed to guide the development of measures to address the concerns about the promotion of live odds in sports coverage outlined in the Communiqué released by the Council of Australian Governments (COAG) Select Council on Gambling Reform on 27 May 2011:

1. There should be no promotion of live odds by commentators in a sports broadcast at any time.
2. There should be no promotion of live odds during play in a sports broadcast or live stream of a sports event. This restriction does not apply to before play, after play, during scheduled breaks in play or during unscheduled breaks in play where play has been suspended.
3. There should be no promotion of live odds during play in a sport broadcast that is a live feed from another country, unless it is not reasonable practicable to remove material inserted by the international supplier.
4. Restrictions on live odds promotions should not apply to spot commercials or 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.
5. Restrictions should not apply to spot commercials or sponsorships by gambling organisations, broadcast during unscheduled breaks in play, where those relate to generic information about businesses or services. However such commercials or sponsorship information broadcast during unscheduled breaks in play should not be used to directly list live odds relating to the event being broadcast.
6. Restrictions should not apply to live odds provided through an active choice to switch to an alternate service related to the broadcast of an event (for example, by using the red button on a Foxtel remote to select date relating to the odds on the event in question).
7. Live odds promotions must be accompanied by a responsible gambling message.
8. Live odds promotions must not be directed at children, portray children as participating in live odds activities or portray live odds betting as a family activity.

9. Live odds promotions must be socially responsible and not mislead the audience.
10. Live odds promotions must avoid exaggerated claims, association with alcohol or association with success or achievement.
11. Measures to achieve restrictions should be enforceable and involve amendments to existing co-regulatory codes of practice.

Proposed definitions:

1. Scheduled breaks in play

Sport	Scheduled Break
Cricket	Tea breaks, lunch and breaks between innings
Rugby League	Half time
Rugby Union	Half time
Soccer	Half time
AFL	Quarter time, half time and three quarter time
Tennis	End of each set
Formula One and Moto GP	Between each practice round, qualifying and races
Basketball	Quarter time and half time
Netball	Quarter time, half time and three quarter time

2. Unscheduled breaks in play, where play has been suspended

Applies when play is suspended or delayed due to rain or other unforeseen event, and participants have left or are yet to enter the area of play.

3. Live Odds

Comparative, generally monetary, odds provided on the chance of any event or outcome within a game in play or the outcome of the game overall.

4. Promotion of Live Odds

Any writing, still or moving picture, sign, symbol or other visual image, or any audible message, or any combination of two or more of those things, that gives publicity to, or otherwise increase public awareness of, live odds.

5. Commentator

Sports broadcast hosts and their guests participating in the broadcast of a sporting event and clearly distinguished from other contributors, particularly representatives of gambling

organisations.

6. *Sports broadcast*

A broadcast which focuses on a live sports event through the broadcaster's commentary team and their guests. A sports broadcast includes before and after play commentary and commentary during any scheduled or unscheduled breaks in play.

7. *Play*

A sport event where the game is underway at the time of broadcast.