

Submission to the *Review of the Impact of Illegal Offshore Wagering* From the Victorian Responsible Gambling Foundation

16 November 2015

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1. About the foundation

The Victorian Responsible Gambling Foundation is an independent statutory authority established in 2012 with the bipartisan support of the Victorian parliament. The foundation was established with three clear objectives:

1. reducing the prevalence of problem gambling
2. reducing the severity of harm related to gambling, and
3. fostering responsible gambling.

Operating within a public health framework, the foundation strives to meet its mandate by acting across four key areas:

- providing effective and accessible problem gambling counselling services
- increasing community awareness about the risks of gambling and the help available to those who need it through public campaigns and community education activities
- providing information and advice to the community on the Victorian gambling environment to promote discussion and participation in decisions about gambling, and

- conducting research to better understand the impact and address the negative consequences of gambling on our communities

The foundation has primary responsibility and is firmly focused on identifying, understanding and ameliorating the impact of problem gambling in Victoria.

Through our professional counsellors, the foundation has access to the first hand accounts of thousands of clients including gamblers and those affected by someone else's gambling. Having access to information about the experiences of men, women and children from across Victoria gives the foundation real insight into the impact of problem gambling in households across the state.

Furthermore, the foundation is fortunate to have what is regarded as rigorous, independent research program with national and global networks involved in the program.

2. Introduction

The foundation welcomes the opportunity to make a submission to the Review on the Impact of Illegal Offshore Wagering. In accord with its mission, the foremost focus of this submission will be to provide information to assist the government in framing policy that will most effectively and efficiently address or prevent harms from gambling. The foundation will also provide information and analysis relating to all the terms of reference in relation to issues of harm, consumer protection and matters pertaining to the impact of illegal offshore wagering on legal wagering provided in Australia and Australian government and sporting bodies.

The foundation does not submit that there are no harms and hazards to Australian gamblers from offshore wagering with illegal operators. It does however submit that risks to Australians arising explicitly from offshore online wagering should be seen in the context of the general issues that arise in relation to *all* online wagering. The foundation notes that in terms of provision of responsible gambling and consumer protection the differences between providers in Australia and overseas are uneven. Moreover, the extent of participation by Australians in offshore wagering is very low compared to participation with legal providers operating out of different jurisdictions within Australia. If the Australian government is concerned with reducing harm from online wagering, acting to provide consistent national regulation within Australia will yield wider and deeper results. Many more of those vulnerable to harm will be reached by such reforms. The extent of harm occurring can be reduced if the products most people are using are delivered in an environment where there is more protection available to users.

Only if legal providers are *consistently* offering gambling products within a better practice environment would reducing Australians' access to offshore sites be of great value. At present, gambling locally will not of itself guarantee a safer experience than gambling offshore. This is because there are wide differences between what both legal and illegal providers offer and how they behave. These variations mean it is not the case that gambling locally is clearly safer.

Fostering responsible gambling and reducing harm is best focused on creating consistent regulation and standards in Australia in the following matters:

- a) Rules around the uses and promotions of inducements
- b) Rules and guidelines with regard to advertising with relation to its normalisation effects, especially on those under-age
- c) Working with major social media providers to regulate promotions through their platforms
- d) Maintaining and extending prohibitions on live in-play betting
- e) Removing or restricting the ability of online bookmakers to provide credit to gamblers or refer them those who do, often payday lenders
- f) Enforceable and enforced codes of conduct that mean *all* legal providers must supply gamblers with ability to pre-commit how much they will spend, track their activity and opt out of push promotions at any time, as well as self-exclude. Moreover, the codes should ensure that these options are highly visible

Action on these matters would address aspects of the online gambling environment identified by researchers¹ where there are concerns that responsible gambling is being undermined and problem gambling facilitated or exacerbated.

The foundation does not state that there are no issues with illegal offshore gambling nor that government should not properly address them. However, it does state that from a harm reduction perspective such policy would have low returns compared to other areas government might consider. If such policy is to be progressed it should not be implemented in isolation.

The foundation also submits that there is actually little or no robust evidence that leakage of revenue is a major or growing issue for Australia as result of Australians betting with illegal wagering operators. It may even be a problem that is reducing in size when looked at in comparative perspective.

For instance, even if one accepts the highest industry sourced figures given, the amount of \$1 billion spent on all offshore gambling (not just wagering) is less than 5% of all gambling expenditure (losses) in Australia. These observations are elaborated in the body of the submission.

Robust studies of participation in offshore gambling by Australians suggest it is very small. There are no independent participation studies that isolate offshore from onshore wagering but the figures for other types of offshore gambling by Victorians were estimated to be 0.1 per cent of the population.²

It is noted that reliable and up to date figures are difficult to come by. The online environment is changing rapidly in terms of technology, forms and channels of promotion and actual products. Change is rapid and research is lagging. This submission makes transparent arguments based on the figures it can produce, relying as much on academic research or official figures as possible.

¹ See for example, Sproston, K, Hanley, C, Brook, K, Hing, N & Gainsbury, S (2015), [Marketing of sports betting and racing](#). Gambling Research Australia p.36ff, Hing N., et.al. (2015) [Review and analysis of sports and race betting inducements](#), VRGF pp.9-12 Secs. 2.7 and 2.8

² See the foundation's GIRO information sheet, [Offshore online wagering – what do we know?](#) The figure is sourced from 2008 data collected in the Victorian Gambling Study. Note that this sheet will be updated by the foundation when any new relevant data comes to hand.

The recommendations and observations it makes are based on the best knowledge the foundation can find.

This submission does discuss the matters specifically raised in the terms of reference. Suggestions are provided that might improve the application of the Interactive Gambling Act (IGA) in relation to offshore operators. However, it is noted that the rates of return on such policy may be marginal in terms of effectiveness.

The main focus of this submission remains a concern with assisting the Australian government to prevent or reduce harm from gambling. The submission offers recommendations for fostering responsible gambling by regular gamblers and protecting those at risk. These offer the government a series of options to improve the online gambling environment. They are offered in the spirit announced for the review, that regardless of specific terms of reference it was to be wide-ranging. Announcements around the review signalled a government concerned with harm from gambling and creating a consumer protection for Australians who gamble online.³ The foundation fully shares those aims and hopes its contribution to this review will result in recommendations that promote this.

3. Premises of the problem with offshore illegal wagering: what do we know about participation and spend with illegal offshore operators?

The review's terms of reference establish offshore wagering as a major problem in Australia estimating 'offshore wagering is a \$1 billion annual illegal business in Australia.'⁴

The foundation is unsure where the estimate of \$1 billion on offshore wagering is sourced from. In 2010, the Department of Broadband, Communications and the Digital Economy (DBCDE) estimated \$1 billion was being spent on offshore sites.⁵ This is an estimate for *all* online gambling (or even possibly for online gaming machines and casino games only).⁶

The foundation has serious reservations about the accuracy of the estimates of expenditure on online gambling that have been provided by industry bodies and others. These are outlined in our [information sheet on offshore wagering](#), which will be updated as new information becomes available.⁷

³ Coalition Government tackles illegal offshore wagering Media release 7 September 2015
<http://scottmorrison.dss.gov.au/media-releases/coalition-government-tackles-illegal-offshore-wagering>

⁴ Terms of Reference, page 1.

⁵ Department of Broadband, Communications and the Digital Economy (DBCDE) (2012) [Review of the Interactive Gambling Act 2001](#). Australian Government. Canberra.

⁶ One of two possible sources for this rounded up \$1 billion estimate is a submission to the DBCDE inquiry from researchers Sally Gainsbury and Alex Blaszczyński with the wording "Australians were estimated to spend over AUD\$968 million in 2010 on illegal online casino, poker and bingo sites. This expenditure is in addition to the AUD\$600 million spent per year on online sports gambling, including on legal and offshore sites (Global Betting & Gaming Consultants, 2010)." The most obvious reading of this is that the \$968 million does not apply to offshore wagering at all.

⁷ GIRO information sheet, [Offshore online wagering – what do we know?](#) 2015

It is the case that the recent and major Sproston study of wagering notes that “(t)he existence of legal and easily accessible online sports betting operators offering competitive prices has allowed them to attract an increasing proportion of the Australian wagering market”⁸.

This report cites two estimates of spending on offshore wagering, as being either 14 and 38 per cent of total Australian wagering expenditure. Both appear to be based on market research. Neither study cited is available for public scrutiny, so their methodology and purposes are not open to analysis. The high degree of variation between these estimates suggests that the true proportion of spending offshore is effectively unknown. Moreover, the 14 per cent figure, if correct, actually supports a downward trend in offshore wagering having occurred. Either estimate, if accepted, would still support the presumption that a large majority of gamblers are gambling with licenced Australian operators.

On balance, the foundation considers that it is likely that expenditure on offshore wagering is far lower than \$1 billion. It also thinks it reasonable to assume that the vast majority of wagering expenditure in Australia is spent at licensed wagering providers.⁹

One reason is because these providers are able to advertise heavily on Australian television, radio and print. Legal corporate bookmakers reportedly spent \$149 million dollars in advertising in Australia this year to August 2014.¹⁰ A recent study has shown that exposure to racing marketing predicts regular participation in race wagering.¹¹

Moreover, local providers’ products, the fields and sports they offer and their channels for betting, in particular their mobile apps, are all built explicitly around Australian sports and other sports Australians are interested in. Their products are specifically tailored to Australian markets.

Note that since these estimates of spend and surveys of participation were conducted (2008 and 2010), the wagering landscape has altered. Local industry spends on advertising have increased markedly.¹² It is also the case that the entry of major overseas companies since 2011, Ladbrokes, bet365, Paddy Power and William Hill, means that these English language specialised multinationals now have legal local sites that cater to Australians.

It therefore seems likely that (a) the trend to wagering offshore as a proportion of total wagering is stable or downward rather than upward; (b) if current advertising prohibitions are maintained or strengthened, the offshore share will continue to be stable at worst. If additional obstacles are put in the way of offshore wagering then the level of offshore wagering is likely to reduce or further reduce.

Even if the uncertainties and questions around the figure of \$1 billion are left aside, it needs to be noted that even this upper end estimate would represent only 5 per cent of total gambling

⁸ Sproston, K. Hanley, C. Brook, K. Hing, N. and Gainsbury, S. (2015) [Marketing of sports betting and racing](#) Gambling Research Australia. P 193

⁹ Sproston, K. Hanley, C. Brook, K. Hing, N. and Gainsbury, S. (2015) [Marketing of sports betting and racing](#) Gambling Research Australia. P 193

¹⁰ O’Brien N. and Williams P. (2015) [‘Sports betting companies spend big on ads but the regulator is watching’](#) Sydney Morning Herald 27 September

¹¹ Sproston, K. Hanley, C. Brook, K. Hing, N. and Gainsbury, S. (2015) [Marketing of sports betting and racing](#). Gambling Research Australia. P 193

¹² O’Brien N. and Williams P. (2015) [‘Sports betting companies spend big on ads but the regulator is watching’](#) Sydney Morning Herald 27 September. Another report citing figures from Ebiquity stated that between January and October, 2013, there were 19,953 gambling ads. During the same period in 2014, the number had jumped to 50,037. Schetzer A. (2014) [‘Gambling ads soar following ACMA 2013 live odds ban’](#) Sunday Age November 15

expenditure in Australia. As such, there is no strong imperative for significant policy changes in this area compared to other parts of the gambling environment.

4. Impact on revenues for industry, government and sporting bodies

As can be seen from the discussion above, evidence of the impact on local industry being major is problematic. It is true that online offshore sites do provide competition to companies registered in Australia but they are hampered by their inability to advertise or operate in Australia.

While there are a large number of gambling sites theoretically available to Australians, foundation research suggests the number that are practically available and attempting to engage in the Australian market is much smaller.¹³ Moreover, the degree to which foreign sites accept bets or target Australian consumers is undocumented in any meaningful or reliable way.¹⁴

Australia is very small market in global terms, and Australians prefer to wager on Australian sports, which are often not offered by overseas providers. Also, much of the Australian appetite for overseas sports relates to Europe, particularly the UK, or the United States,¹⁵ which are well covered in the legal market. This is why, contrary to the claim made in the terms of reference, the major movements of industry in Australia have been to move onshore, into the legal market. Incoming companies such as William Hill and Ladbrokes have consolidated their offerings for international sports popular in Australia such UK and European soccer as well as cricket, and very likely suppressed or diverted demand to bet with overseas companies.¹⁶

It is the case that there must be some leakage of revenue that could be going to industry, along with shares to government in taxes and sporting bodies through licence fees. The question is whether it is significant enough to warrant high levels of attention or is merely leakage that is to be expected in a globalised online world. The foundation submits that it is small and that it seems likely to remain so as local legal industry consolidates and retains a stranglehold on promotional and advertising channels.

Government could act to restrict offshore sites access to promotional channels for Australians further than is already the case. This could be done by seeking co-operation with social media providers such as Facebook, Google and YouTube to not allow promotions or advertising of illegal products.

The foundation strongly supports working with digital media providers and investigating regulation and self-regulation around digital media promotions. In the case of online wagering generally, digital media is growing as a channel for gambling promotion and it is largely unregulated in terms

¹³ GIRO information sheet, [Offshore online wagering – what do we know?](#) 2015 See also appendix 1

¹⁴ The foundation has used the same aggregating website that the DBCDE used in order to tabulate what is available. However, when delving into sites labelled as accepting Australians many were difficult to access or offline indicating many would actually present difficulty to wager with.

¹⁵ Gainsbury, 'Betting Patterns for Sports and Races: A Longitudinal Analysis of Online Wagering in Australia', *Journal of Gambling Studies* 31: 17-32 2015, see also Alex Russell et.al., A look inside the database of an online gambling agency, *National Association for Gambling Studies Conference* 2012

¹⁶ A market research report noting a decline in share of online wagering by offshore sites between 2008 and 2011 is referred to in Sproston, K, Hanley, C, Brook, K, Hing, N & Gainsbury, S (2015), [Marketing of sports betting and racing](#). Gambling Research Australia. p.32

of what is presented.¹⁷ Rules around broadcast media, such as not linking gambling to winning or associating it with alcohol, either do not apply or are not enforced. Improved regulation in digital media in relation to all types of gambling promotion has potential to reduce harm, and reduce normalisation and the spread of misperceptions about gambling risks.

For more exploration of matters related to restricting offshore wagering the foundation notes that the final report of the review into the IGA, published in 2013 after more than 18 months of work, devotes an entire chapter to the question of prohibiting illegal gambling supplied from offshore.¹⁸

5. Protecting the consumer, reducing harm from gambling

Gambling is a potentially hazardous product and so protection of the consumer is of heightened importance in relation to it. An intention of government regulation is to create and foster an environment of responsible gambling where consumers:

- are given tools and assistance to control their gambling
- are able to clearly understand and make decisions about the bets they make or the offers they are made
- are not subject to advertising or promotions that lead them to discount or misunderstand the risks they are taking, or encouraged into behaviour such as chasing losses

In addition to providing protection for those who gamble, government also has a role to reflect community preferences and to protect vulnerable populations. The most obvious example of this relates to underage teenagers and children who are currently exposed to large amounts of digital, broadcast and print advertising for wagering.¹⁹ Some of this comes through the digital space and includes offshore providers but the largest amount of it comes from legal corporations.

It has been reported that \$149 million was spent on gambling advertising in the year to August 2015 up from \$104.5 million in the same period in 2014.²⁰ Expenditure on gambling advertising in Australia has been growing rapidly since 2010, outgrowing overall advertising spend.²¹ As well as paid advertising, companies have also used a number of other promotions, including stadium and team sponsorships, use of celebrity ambassadors and partnerships with broadcasters. Signage promoting gambling has become ubiquitous at sports events and even in public transport facilities and vehicles people use to attend sports.

In the digital space companies have focussed on building recognition and loyalty, as well as promoting betting on products, using social media such as Facebook and YouTube.²² The total effect of all this advertising and promotion has been a rapid saturation of much of the environment where Australians live their daily lives.

¹⁷ See Thomas SL. et.al., [The marketing of wagering on social media: an analysis of promotional context on YouTube, Twitter and Facebook](#) VRGF 2015 esp. p.45ff, Sproston, K, Hanley, C, Brook, K, Hing, N & Gainsbury, S (2015), [Marketing of sports betting and racing](#). Gambling Research Australia p.41ff, Gainsbury S. et.al. [The use of social media in gambling](#) GRA 2015

¹⁸ DBCDE [Review of the IGA final report 2012](#) Chapter 4

¹⁹ For a summary of widespread community concerns see Sproston (2015) p.45ff

²⁰ O'Brien N. and Williams P. (2015) [Sports betting companies spend big on ads but the regulator is watching](#) Sydney Morning Herald 27 September

²¹ See Sproston (2015) p.38ff

²² For a breakdown of uses of social media see Thomas SL. et.al., (2015) [The marketing of wagering on social media: an analysis of promotional context on YouTube, Twitter and Facebook](#) VRGF

Primary targets for most of the advertising appear to be young men.²³ However, the extent and form of the advertising has wider reach than this group, in particular to teenagers. Both the public and experts have expressed strong concerns about the normalisation of gambling that is occurring. This is meant (and felt) in two ways:

- that gambling is being represented to young people, particularly young men, as something that is low in risks, an expected part of being an adult, and a natural or normal part of following a sport. Such views can in turn result in underage gambling and approaches to gambling that can lead to problems and harm²⁴
- that gambling is being associated with sport to such an extent that the way sport is perceived and played is being changed. From sport as a healthy and family friendly activity, that engages loyalty to a team that in turn builds character and models good behaviour, to sport as a gambling product in which picking winners is the primary engagement.

The foundation submits that there are two major areas that any reform of the IGA be concerned with:

- a) the creation of a better and more consistent responsible wagering environment in Australia, since this is where the vast majority of bettors bet and it also generates most of the media presence of gambling that Australians experience
- b) the protection of vulnerable members of the population, be they children and underage youth, those with mental health issues, or those with gambling problems.

6. Improving the gambling environment – issues for action

In order to address the two areas listed above the foundation submits that reforms be considered in relation to how wagering and its promotions are conducted in Australia. These are matters where currently there are either gaps in, or a lack of, rules. Application of reforms in these areas would create clear points of difference between what is offered legally in Australia and a number of the offerings and gambling environments provided overseas. The foundations recommended reforms have as their focus the prevention or reduction of harm from online wagering.

General recommendation

In enacting reform in relation to online wagering the foundation recommends that the Commonwealth government works with the states and territories to create a nationally consistent regulatory structure.

Need for rules around advertising

Community concerns have been raised about gambling advertising, and its effects on children.²⁵ Some parents are concerned about gambling being legitimised and normalised for their adolescent children.²⁶

²³ Hing N., (2014). [Sports betting and advertising](#), Australian Gambling Research Centre Discussion Paper no.4

²⁴ For an overview see Phillips T. (2013). [Gambling and young people: impacts, challenges and responses](#), VRGF

²⁵ For a summary of concerns about children see Sproston, K. Hanley, C. Brook, K. Hing, N. and Gainsbury, S. (2015) [Marketing of sports betting and racing](#). Gambling Research Australia. p145ff. See also Phillips T. (2013). [Gambling and young people: impacts, challenges and responses](#), VRGF p.13ff

Children and adolescents are exposed to gambling advertising when watching sport. In 2011, Thomas et al found that there were an average of 58.5 episodes of gambling in AFL games at stadiums and 50.5 episodes on TV.²⁷ Similarly, Lindsay et al found that there were an average of 110.67 episodes of advertising in TV coverage of NRL games.²⁸ Research has shown that adolescents were just as likely as adults to have watched professional sporting events in the last 12 months (84%).²⁹

The foundation has recently received research which demonstrates the effect that sports betting advertising has on children and adolescents. In a study of 152 children aged between 8 and 16 years, Thomas et.al. found that over two-thirds of children correctly recalled the name of at least one sports betting brand.³⁰ Approximately one in five children were able to identify three or more sports betting brands. In addition, children in this study were able to correctly associate teams with shirt sponsors, indicating an implicit association made in their minds between gambling or other unhealthy products and sport. Almost two-thirds of children correctly identified at least one team sponsorship relationship.

Even though current regulations aim to protect children and adolescents from gambling advertising, adolescents may in fact have higher exposure to gambling advertising than adults. Sproston et al found that adolescents are more likely have experienced high levels of exposure to sports betting or racing marketing than the general population (48 per cent compared to 32 per for adults for sports betting and 36 per cent compared to 26 per cent for racing)³¹. Adolescents (29%) were also more likely than the participants in this study as whole (17%) to have been frequently exposed to TV advertisements for sports betting companies.³²

Marketing via social media is also an emerging issue for young people. Gainsbury et.al. found that 42% of adolescents had seen promotions of gambling on social media and 15% had engaged with operators via social media.³³ These are similar proportions to adults. Around one in ten adolescents reported that social media promotions had increased how much they gambled.³⁴

Recommendations regarding advertising

There is an urgent need to implement strategies to minimise the effect of gambling advertising on children and adolescents. The foundation recommends:

²⁶ Thomas, SL. (2014). [Parents and adolescents discuss gambling advertising: A qualitative study](#). Victorian Responsible Gambling Foundation p 6-7. See also Sproston et.al p.45ff

²⁷ Thomas, S., Lewis, S., Duong, J., & McLeod, C. (2012). Sports betting marketing during sporting events: a stadium and broadcast census of Australian Football League matches. *Australian and New Zealand Journal of Public Health*, 36(2), 145-152.

²⁸ Lindsay, S., Thomas, S., Lewis, S., Westberg, K., Moodie, R., & Jones, S. (2013). Eat, drink and gamble: marketing messages about 'risky' products in an Australian major sporting series. *BMC public health*, 13(1), 719.

²⁹ Sproston, K. Hanley, C. Brook, K. Hing, N. and Gainsbury, S. (2015) [Marketing of sports betting and racing](#). Gambling Research Australia. p143

³⁰ Thomas, S., Pitt, H., Bestman, A., Randle, M., Stoneham, M. and Pettigrew, S. (unpublished) *Children and parent recall of gambling sponsorship in Australian sport*. Victorian Responsible Gambling Foundation.

³¹ Sproston, K. Hanley, C. Brook, K. Hing, N. and Gainsbury, S. (2015) [Marketing of sports betting and racing](#). Gambling Research Australia. p147

³² Sproston, K. Hanley, C. Brook, K. Hing, N. and Gainsbury, S. (2015) [Marketing of sports betting and racing](#). Gambling Research Australia. p146

³³ Gainsbury, S.M., King, D., Delfabbro, P., Hing, N., Russell, A., Blaszczyński, A. and Derevensky, J. (2015). [The use of social media in gambling](#). Gambling Research Australia. p230..

³⁴ Gainsbury, S.M., King, D., Delfabbro, P., Hing, N., Russell, A., Blaszczyński, A. and Derevensky, J. (2015). [The use of social media in gambling](#). Gambling Research Australia. p234.

- **That the Australian Government remove the exemption for sporting programs, which allow gambling advertisements to be broadcast at times when children may be watching unsupervised.**
- **That the Australian Government restrict gambling advertising to after 9pm.**
- **That the industry implement a self regulatory code regarding advertising on social media that follows guidelines already in place around advertising on broadcast media**
- **That sporting codes reduce their association with gambling providers, with particular regard to reducing impressions on children that gambling is a part of sport**
- **That the Australian government engage with social media providers with aim of restricting advertising from illegal offshore providers**

Need for rules around inducements

Earlier this year the foundation commissioned work on inducements from Southern Cross University. The researchers defined inducements as follows

“Sports and race betting inducements are typically presented as sales promotions and have the following essential components:

- They offer one or more incentives to bet that are additional to what is normally received as part of the core wagering product.
- The incentive to bet is offered in conjunction with a specified betting-related activity and/or redeemed in a form that encourages betting.
- This incentive aims to trigger one or more of the following consumer responses:
 - induce an immediate sale or move the sale forward
 - retain existing customers by matching or bettering competitors’ incentives
 - prompt brand switching from competitors to the promoted brand
 - increase or intensify purchasing
 - encourage future purchasing
 - increase the customer base (number of account holders)
 - encourage usage of particular betting channels (e.g. smartphone, tablet)
 - encourage betting on a particular event and/or
 - encourage betting during particular time periods”³⁵

³⁵ Hing N., et.al. (2015) *Review and analysis of sports and race betting inducements*, VRGF

The foundation's concerns regarding inducements is around ones that have capacity to increase or intensify purchasing in ways that undermine the control and reflection of those placing bets. The foundation notes that frequent continuous betting, betting under impulse or in time constraints all have associations with gambling problems.³⁶

An additional issue identified in this study was ways in which many inducements made offers with terms and conditions that were almost incomprehensible and often hard to access. Such offers raise serious concerns from a consumer protection point of view but these concerns are magnified in the case of potentially hazardous product such as gambling.

For people to gamble responsibly they need to have access to clear information about just what the offer is. In wagering, the odds being offered are crucial to that understanding. Inducements such as bonus bets, matching bets and free bets alter the effective odds on offer and this change needs to be reflected in the promotion. Promotions that confuse or mislead those gambling are actively undermining responsible gambling.

Both on and offshore providers use inducements to sign up new customers, encouraging longer periods and intensity of play.³⁷ In their recent review Hing et al. found that the offer of inducements is relatively ubiquitous. Over a three week audit period, the researchers audited 30 wagering brands and found that they offered 223 inducements in total. The most common of these included refund/stake back offers (27%), sign up offers (13%), bonus or better odds (13%) and bonus or better winnings (12%).³⁸

Inducements are typically offered across digital and broadcast mediums and also fall into two audience categories. The first is delivered to the general population, albeit with market strategies that are seeking to sell to sections of that population, and the other being delivered to those already signed up as customers of the provider. The latter receive their messages primarily via digital means, eg. in apps and email, though also sometimes by phone from a "retention officer".³⁹ The latter are more likely to be tailored to individual betting behaviour, encouraging them to continue or resume betting.

There are numerous reasons that a precautionary approach to some types of inducements are warranted. The offer of bonus bets and deposits, especially when received after an incentivised bet, implicitly encourage consumers to bet for longer periods than they may do otherwise. Further, some inducements, such as some types of bonus bets, require a matching bet, while inducements for multi bets also encourage an increased volume of betting. Special bets offered during "happy hours" create urgency and demand decisions under pressure or based on impulse. These are not good conditions for responsible gambling.

In their study for the foundation the Southern Cross researchers noted that while more research was needed there "is no obvious reason to expect that they [problem gamblers] would be exempt from the heightened negative impacts on problem gamblers found for other gambling advertising."

³⁶ See for example, Abbott 2004 p.239, Hing, [Interactive Gambling](#) p.39, 285ff, Williams, R.J., West, B.L., & Simpson, R.I. (2012). [Prevention of Problem Gambling: A Comprehensive Review of the Evidence, and Identified Best Practices](#) Report prepared for the Ontario Problem Gambling Research Centre and the Ontario Ministry of Health and Long Term Care. October 1, 2012 pp.30, 35ff, Tochkov K., 'No regrets? Mood and the anticipation of emotions in problem gambling' *International Gambling Studies* online: 23 Aug 2011 p.12

³⁷ Hing, et al. (2015) [Review and analysis of sports and race betting inducements](#), VRGF

³⁸ Hing, et al. (2015) [Review and analysis of sports and race betting inducements](#), VRGF

³⁹ A recent report in the *New Daily* provides evidence that is anecdotal but disturbing regarding such retention strategies and their deployment of inducements. ['I make people gamble again: confessions of a retention officer'](#), *The New Daily* 9 September 2015

Moreover “heavy promotion of wagering inducements at point-of-sale, in mass media, social media and in direct communications to bettors means that this advertising cannot be avoided, exposing problem gamblers to an ongoing plethora of betting cues as inducements are continually refreshed.”⁴⁰ The researchers note that small studies have already found problem gamblers reporting harmful effects from these promotions.

It is particularly concerning that inducements appear to be more embedded in Australian industry than in offshore competitors. In their analysis of the inducements offered by on and offshore wagering companies, Hing et.al. found that, on average the former offered gamblers 11.6 inducements compared to 4.1 offered by offshore providers.⁴¹ Inasmuch as inducements present a risk to responsible gambling, a switch from offshore to onshore wagering providers may mean an increase in risk to Australians rather than a reduction.

In addition, inducements appear to be a more prominent component of the marketing strategy for newer entrants to the Australian wagering market, suggesting that as more wagering companies are licensed in Australia, inducements will increase. However, Australian regulations concerning the use of inducements are currently lacking in clarity and consistency across jurisdictions. While a variety of regulations exist concerning gambling, advertising and broadcasting, which could inform the provision of wagering inducements, these can be vague with little specificity regarding gambling harm minimisation or providing protection for consumers.

In the fight for market share, offering inducements to open an account is one approach newer entrants have been using. Offering an inducement to open an account is not legal in Victoria, New South Wales, South Australia and Western Australia. However, advertisements to open these accounts do appear in these states, usually with small print stating residents of these states are not eligible.

There are anecdotal accounts that have come to foundation staff and services that these rules can be elided.⁴² It is also the case that prizes of free bets have been given to participants in an AFL tipping competition. Upon signing up, the recipients, being from Victoria, were informed they were not eligible for the free bet. It would only have been awarded if they already had an account, but by then they had already signed up. It would be a better and more consistent state of affairs if the prohibition of offering inducements to open an account was universal across Australia.

In relation to those underage and other vulnerable populations, inducements also pose a risk in the way their advertising is focussed on taglines such as free bets, cash back and so forth. Children and adolescents are more likely than adults to form the view that gambling is relatively risk free and a good way to get money.⁴³ One Canadian study specifically noted that “free play” and perceived absence of costs were a significant encouragement to young people to gamble.⁴⁴

⁴⁰ Hing N., et.al. (2015) [Review and analysis of sports and race betting inducements](#), VRGF p.10

⁴¹ Hing N., et.al. (2015) [Review and analysis of sports and race betting inducements](#), VRGF p.9

⁴² Apart from actions taken by customers, operators have also been found in breach, most recently Labrokes was fined by NSW, Sean Nicholls, [Bookmaker Labrokes fined for offering inducements to bet](#) *Sydney Morning Herald* November 12 2015

⁴³ For a summary of research in this area see Phillips T. (2013). [Gambling and young people: impacts, challenges and responses](#), VRGF p.14

⁴⁴ McMullan, J.L., Miller, D.E. and Perrier, D.C. (2012) “I’ve Seen Them So Much They Are Just There’: Exploring Young People’s Perceptions of Gambling in Advertising”. *International Journal of Mental Health and Addiction*. Online 19 April 2012 p.11

Current mainstream advertising of many inducements, particularly during sports, with no visible messages about what they really mean, can be expected to reinforce erroneous views about gambling among some young people.

Recommendations regarding inducements

The foundation recommends that there be consistent regulations developed across Australia regarding inducements that encourage continuous play, impulse betting or betting under time constraints.

The foundation also recommends that the terms and conditions associated with any inducements must be clear and immediately accessible.

With regard to tailored inducements to customers should be able at any stage to simply and easily opt out of receiving promotions including inducements.

Specific recommendations to be nationally developed

- **That it be prohibited to offer inducements for opening a betting account or for encouraging someone else to open a betting account**
- **That wagering providers be prohibited from offering inducements either to the public generally or to their customers that provide payouts or winnings that must be gambled**
- **That wagering providers be prohibited from advertising inducements in ways that imply bets are on offer that mean no money needs to be lost in making the bet or accessing the bet unless that is actually the case**
- **That terms and conditions of any inducement on offer are immediately available in clear and accessible English and easily accessible in other major Australian spoken languages**
- **That customers be given the enforceable right to opt out of receiving promotions of all kinds**
- **That penalties for breaching these rules increase in multiples for subsequent offences**

Need for rules around credit

Credit offered by wagering providers falls into two aspects. The first concerns the provision of inducements (mentioned above) such as free or bonus bets. These credits, when offered to keep or start customers betting again, need not of themselves exacerbate harm from gambling. However, when offered to customers as part of matching bets, or as an incentive to chase losses or relinquish a commitment to stick to a limit, they can both undermine responsible gambling and increase harm from gambling.

The second form of credit, the so-called deferred payment system, has very real potential to greatly exacerbate harm from gambling. Harms arising from incurring debts from gambling can

persist over time as the debt hangs over the gambler. Where the debts are very high it is reasonable to assume there is a greater chance that harms will overflow to friends and family of the gambler, for example where housing stability is affected.

Associations between interactive gambling and more intense betting are now well-established. Those who use online gambling services are likely to place bigger bets, and do so more frequently than those who gamble exclusively in land-based venues.⁴⁵ This is due in part to the greater accessibility, convenience and the offer of various incentives afforded by online platforms.⁴⁶ However, there are elements of the online environment that appear to be particularly problematic. For instance, the offer of 'credit' to customers has become a staple of the online betting environment and a part of the core business for operators.⁴⁷ Essentially, many wagering providers encourage customers to bet using credit provided by them in both its forms.

Those at risk of gambling harm are particularly concerned about this. Qualitative data collected by Hing et al. have revealed that there are no measures in place to ensure customers can actually afford to repay this credit; and that the offer of credit may be particularly enticing for problem gamblers.⁴⁸ Others also reported spending more of their own money either to gain additional credit or through the requirement of 'turning over' credit before it can be withdrawn.⁴⁹ These concerns are particularly pertinent in light of report given a former employee of a sports betting company that some sports betting companies swap lists of 'cold' customers – those who have stopped gambling, so that other companies can set up new accounts and contact the person by email, letter or phone to offer them free bets or other inducements.⁵⁰ If this is occurring, it is a breach of privacy and runs counter to the provision of 'responsible gambling' offered by online betting providers.

The rules on provision of credit as a deferred payment are not consistent across Australian wagering providers. While bookmakers can offer credit to customers through a deferred payment scheme, each state and territory prohibits credit being provided to TAB and Ubet account holders or at retail outlets.

Financial Counselling Australia's recently released report used case studies to illustrate the harm that could come from extending credit to gamblers who had already exhausted ready supplies of money. The harm to gamblers was intensified when they found themselves pressed to pay in short timeframes (sometimes as little as seven days) and in some cases referred to payday lenders to meet debts.⁵¹

In relation to the potential for credit to cause harm, Hing notes it is significant and also links it to intensifying betting. "The provision of credit for betting has the potential to greatly intensify betting

⁴⁵ Hing, N., Lamont, M., Vitartas, P., & Fink, E. (2015) 'Sports-Embedded Gambling Promotions: A Study of Exposure, Sports Betting Intention and Problem Gambling Amongst Adults', *International Journal of Mental Health Addiction* 13:115-135, also Gainsbury, et al. (2013) The impact of internet gambling on gambling problems: A comparison of moderate-risk and problem internet and non-internet gamblers, *Psychology of Addictive Behaviours*, Vol. 27, no. 4 pp. 1092-1101

⁴⁶ Hing, N., Gainsbury, S., Blaszczynski, A., Wood, R., Lubman D., & Russell A., (2014) [Interactive Gambling](#), Gambling Research Australia, Victoria Australia

⁴⁷ Financial Counselling Australia, (2015) [Duds, Mugs and the A-List: The impact of uncontrolled sports betting](#), August 2015, p.3

⁴⁸ Hing, N., Gainsbury, S., Blaszczynski, A., Wood, R., Lubman D., & Russell A., (2014) [Interactive Gambling](#), Gambling Research Australia, Victoria Australia p. xxix

⁴⁹ Hing, N., Gainsbury, S., Blaszczynski, A., Wood, R., Lubman D., & Russell A., (2014) [Interactive Gambling](#), Gambling Research Australia, Victoria Australia p. xxix

⁵⁰ Financial Counselling Australia, (2015) [Duds, Mugs and the A-List: The impact of uncontrolled sports betting](#), August 2015

⁵¹ Financial Counselling Australia, (2015) [Duds, Mugs and the A-List: The impact of uncontrolled sports betting](#), August 2015

as some individuals become caught in a cycle of wagering losses, followed by betting on credit, leading to likely further losses and an inability to repay the debt.”⁵²

The permission for wagering providers to extend credit appears to be a historical anachronism, tied back to land based bookmakers operating on on-course. Face to face relationships with customers, along with the desirability of reducing the need for punters to carry large amounts of cash, may have made it seem sensible at the time. However, in a world of online transactions there seems to be no rationale for this practice persisting. Responsible gambling encourages the spending of no more than one can afford and doing so by setting limits. The extension of credit (deferred payment) is an invitation to extend the notion of what can be afforded beyond existing accessible money. Moreover, it happens without any check, such as a discussion with a bank might provoke.

It does not make sense to allow bookmakers to extend credit to gamblers without any of the due diligence, rules or consumer protections that surround a loan from a bank. It has been noted that sports betting companies providing credit are not subject to Australia’s credit or financial services laws, so they are not required to hold an Australian Credit Licence or Australian Financial Services Licence.⁵³ As well as harm, the foundation would suggest there are serious issues of governance at stake here.

Note that, while some legal Australian wagering providers and offshore providers will accept credit cards, only Australian providers appear to be offering deferred payment. In this aspect, as with inducements, it might be argued that the Australian environment actually presents more risks of harm to gamblers than does the offshore one. That Australian wagering providers can accept credit cards is also an anomaly in terms of gambling regulation. Land based gambling venues do not allow the use of credit cards in EGMs.⁵⁴

Recommendations regarding a nationally consistent approach to credit

- **That wagering providers be prohibited from offering deferred payment facilities to customers**
- **That wagering providers not be able to accept credit card deposits**
- **That wagering providers be prohibited from referring customers to other lenders in order to meet gambling debts**

Need for rules around pre-commitment and tracking

Pre-commitment and activity tracking are established as tools of responsible gambling often used by gamblers. Most research on this area relates to land based gambling on electronic gaming machines but there every reason to expect that the learnings and benefits would also apply to online wagering. The digital environment offers opportunities to do this more efficiently and

⁵² Hing, N., Sproston, K., Brading, R., & Brook, K., (2015) [Review and analysis of sports and race betting inducements](#), Victorian Responsible Gambling Foundation p.10,12

⁵³ Financial Counselling Australia, (2015) [Duds, Mugs and the A-List: The impact of uncontrolled sports betting](#), August 2015 p.11

⁵⁴ Hing, N., Sproston, K., Brading, R., & Brook, K., (2015) [Review and analysis of sports and race betting inducements](#), Victorian Responsible Gambling Foundation p.30

comprehensively than is the case with land based gambling. This means that potentially the online space could offer an improved responsible gambling by comparison.

On pre-commitment

Non-problem and low risk gamblers report they often set spending limits for their gambling and are usually successful with keeping to them. However, those at moderate risk and those with problems struggle to stick with limits.⁵⁵ This is the group for whom the ability to pre-commit to a spending limit before they commence gambling would be of most benefit. It should also be noted that many gamblers of all sorts report exceeding limits sometimes and that setting and keeping limits over longer time periods was only less of an issue for non-problem gamblers.⁵⁶ It is logical to conclude that pre-commitment and activity tracking tools would be of greatest use to gamblers in risk categories but would be of general benefit as well.

Most Australian online wagering operators do offer pre-commitment, as do a number of offshore ones. Improvements in pre-commitment would relate to how visible and easy it is to use as a tool of responsible gambling and encouraging gamblers to use it.

South Australia requires all its residents to be offered a choice when opening a new betting account. They must either nominate a specific pre-commitment limit (which can be increased or decreased at a later date on request) or elect to select a “no deposit limit”. If they select the latter they will be contacted after two years to confirm they wish to continue. The foundation endorses these rules and would suggest they could be improved if accounts with large amounts of activity that had no limit were asked more frequently to consider setting one.

The foundation also suggests that, as many gamblers may have multiple accounts it would be useful if an independent system be devised that would allow them to set a limit that would apply across all accounts they nominated. This would be similar in aspect to the universal Your Play system being introduced into Victoria for EGMs. The limit follows the player across machines played anywhere in the state.

On activity tracking

Regulations that require provision of activity statements do not exist in all jurisdictions of Australia. South Australia and Tasmania require that gambling providers supply an activity statement to gamblers though the provisions differ. SA requires an annual statement for any account with more than \$10 and monthly statements if more than 40 transactions a month are occurring. Tasmania merely requires an annual statement. No other state or territory requires any statements.

The Australian Wagering Council is positive about activity statements as a responsible gambling tool. They support an activity statement that “enables customers to review betting activity and history, and to track spending 24/7.” They note “activity statements also perform a useful budgetary function in enhancing a customer's awareness of the nature and scale of their wagering activity.”⁵⁷

However, it does not seem to be the case that all Australian bookmakers offer activity tracking, or at least offer it in a manner that is visible and accessible.

⁵⁵ Schottler consulting (2010) [Factors that influence gambler adherence to pre-commitment decisions](#) GRA pp.10-12,26,36-7

⁵⁶ DBCDE [Review of the Interactive Gambling Act Final report 2012](#) COAG 2013

⁵⁶ McDonnell Phillips (2006) [Analysis of Gambler Pre-commitment Behaviour](#) GRA June pp.11-19

⁵⁷ Australian Wagering Council Submissions to the [Gambling in NSW Inquiry](#) 2014 p7 and [South Australian Taxation Review](#) 2015 – AWC Submission p8

A survey in of sites by the foundation in September 2015 found five of the major bookmakers (Sportsbet, Ladbrokes, Tabcorp, Ubet, Bet365) enabled an account holder to view their account history in the "My Account" section of their website. Account history information available was generally comprehensive and included a full overview of all transactions, the amount staked in each transaction, current balance, view of wins and losses.

Four other major online bookmakers (Luxbet, William Hill, CrownBet, Unibet) did not appear to have any information available on how an account holder can access their account history.

There are two improvements that could be made in relation to activity tracking in addition to making provision of it mandatory. The first concerns making activity tracking *visible* and *easy to use* via simple profit/loss statements that could brought up on the web and in apps.⁵⁸ These could be part of a suite of responsible gambling tools including pre-commitment. The second is that accessing activity statements should not rely solely on the initiative of the account holder, they should be supplied at regular intervals, as per, for instance, required by South Australian codes of practice.

Recommendations on pre-commitment and tracking

- **That pre-commitment must be offered by all providers**
- **That pre-commitment schemes be linked by an independent system so that gamblers can set a limit that applies across all their accounts⁵⁹**
- **That pre-commitment must be offered as part of opening an account and the de facto position is opt in ⁶⁰**
- **That accounts with high levels of losses be prompted with offers to set a limit or re-set their limit⁶¹**
- **That tracking of profits and loss on betting accounts be uniformly available in clear terms, with brief summaries available in apps and more elaborate ones over the web**
- **That statements of activity be sent on a regular basis to gamblers, with larger amounts of activity triggering statements more regularly**

Need for rules around self-exclusion

Self-exclusion is widely seen as an important tool for people who have gambling problems. It allows them in a "moment of sobriety" to put in place restrictions that will keep them away from gambling when their resolve wavers or a strong desire is upon them. Australian wagering providers usually provide self-exclusion as an option, as do some offshore sites.

The Productivity Commission saw self-exclusion as a harm prevention tool that could be implemented in tandem with pre-commitment across Australian regulated online gambling sites.⁶²

⁵⁸ Many banking apps already have similar features, eg. check my balance

⁵⁹ Such a scheme will also have to accommodate privacy considerations, hence the need for an independent central system to administer it

⁶⁰ Current rules in South Australia may provide a model for this – Refer to Clause 61 of the South Australian Gambling Codes of Practice Notice 2013 (Version 003)

⁶¹ An evidence base needs to be established to set parameters for this recommendation. The short time frame of this inquiry has not allowed this to be done in time for this submission

⁶² Productivity Commission (2010), *Gambling* Canberra p.36.

In relation to land based gambling they could see its benefits but also noted that many who needed it did not use it and there was a need to reduce barriers to taking it up.⁶³ Visibility and awareness of this tool are important though gamblers will still need to recognise they need to use it. One benefit of digital technology is that people would find it harder to casually circumvent pre-commitment since barriers to disguising identity will be higher than in land based gambling, where staff's visual recognition is required.

Main improvements in self-exclusion would come with consistent rules around how it is made available, perhaps through a self-regulatory code in the first instance, and in relation to the creation of a means to self-exclude across multiple or all betting sites at the one time.

Recommendations on self-exclusion

- **That all providers must provide accessible information on self exclusion as part of their suite of responsible gambling tools**
- **That information on self-exclusion be no more than one click away from the main pages of a betting site and accessible on an app**
- **That self-exclusion information be presented in conjunction with information about signs of gambling problems and links to Gamblers help services**
- **That the system allow self-exclusion from all gambling providers in one process, should that be the choice of the person seeking self-exclusion**

Need for rules around in-play betting

In-play betting, including micro-bets, are currently banned from being placed over the internet. They are allowed in face to face and phone transactions. That the latter forms of betting are legal occurs not because the Interactive Gambling Act permits them but because the act is concerned with the internet and so does not cover them. So, while a primary objective of the act is to reduce harm to problem gamblers and those at risk of becoming problem gamblers⁶⁴ regulation of in-play and micro-betting have arguably fallen through the gaps.

Permission to delivering in-play betting over the internet has been a case argued by industry since at least the time of the last review (2011-12).⁶⁵ Arguments have been made that there is inconsistency in allowing in-play betting via other channels but not the internet. Claims have also been made that in-play betting is a product offered by offshore providers with which legal operators (unfairly) cannot compete. Most recently, William Hill has challenged the law by means of an app that activates the microphone on a smartphone or other devices. The company makes the claim that this action is enough to classify betting using the app as being a phone call. Other companies have apps ready to go should William Hill succeed in its claim.

There are two questions that arise around these claims. The first is whether there actually is enough demand for in-play betting from Australian gamblers to make it a serious point of difference that threatens the business models of Australian licenced companies. A survey of offshore sites

⁶³ Productivity Commission (2010), *Gambling* Canberra 10.7ff

⁶⁴ DBCDE *Review of the Interactive Gambling Act Final report 2012* COAG 2013 p.6

⁶⁵ DBCDE *Review of the Interactive Gambling Act Final report 2012* COAG 2013

that were friendly to Australians did not find the offer of live betting to be prominently advertised, suggesting these sites did not see it as a major point of difference able to attract customers from Australia.

A study of 544 sports bettors in Queensland found only 6.4 per cent had placed live bets on a match.⁶⁶ Thus, while it is understandable that wagering providers want to grow their market by increasing the number of bets on offer and having a more continuous interaction with bettors while they are watching their sport, the evidence that there is an existing demand among Australians for in-play betting is thin.

The second consideration is whether the extension of in-play betting to online wagering is more likely to increase the risk of harm among those betting this way. If in-play betting is a product where harm is more likely, than allowing it to be legally used and promoted in Australia is not reducing the harm it may be already be causing to those using illegal providers. Rather it is merely transferring the cause of the harm to Australia. And, inasmuch as legalising online in-play betting can be expected to lead to widespread advertising of it, the number of Australian users at risk would be increased by such a change.

Internet enabled, live in-play betting is a relatively new phenomenon and no definitive research on how dangerous it is compared to other forms of gambling is yet published. However, the possibilities offered by the speed of the internet and app interfaces mean that it is a qualitatively different product to the other channels used for making in-play bets. It is continuously accessible, it is amenable to push messages/offers that interact with the actual stream of betting someone is doing. Moreover, its speed and flexibility make it more suitable to a much wider range of “events” that can be bet upon.

Research on problem gambling has associated the most dangerous products with the ones that are most continuous, where the gap between placing the bet and learning the outcome are short, and where opportunities to keep betting keep flowing.⁶⁷ The foundation sees frequency of betting, and intensity of betting, where betting decisions are likely to be made on impulse or in heightened emotional states, as associated with harmful gambling.⁶⁸ An environment where this sort of betting was available and being promoted to the sport viewing public at large, as well as to individual customers interacting with a bookmaker, would not be fostering responsible gambling. Such an environment would be undermining responsible gambling.

There has been discussion around distinguishing between micro-betting, exotic betting and live in-play betting. The last review of the IGA identified three types of in-play betting, defining micro-betting as bets that occurred within a session of game, that were repetitive and high frequency and that the time between bet and result was short.⁶⁹ Exotic betting was defined as happening within games but with slightly longer time frames, the example was given of next player to score a goal. The other type of in-play betting was betting on the final result but after the game had started.⁷⁰

⁶⁶ Cited in Sproston 2015 p.33

⁶⁷ See for example, Abbott, M. W., Volberg, R. A., & Rönnerberg, S. (2004) ‘Comparing the New Zealand and Swedish national surveys of gambling and problem gambling’ *Journal of gambling studies*, 20(3), p.239, Hing, [Interactive Gambling](#) p.39, 285ff See also results that had problem gamblers rating micro-bets as their best incentive to be after free bets, Hing N. et.al, [Promotion of gambling and live betting odds during televised sport: Influences on gambling participation and problem gambling](#), Research Gate 2014 pp. xxvii, xxx

⁶⁸ A similar position was taken by [Joint Select Committee on Gambling Reform](#), Second report, pp.212-13

⁶⁹ DBCDE 2013, p.19

⁷⁰ DBCDE 2013 p.121

The review recommended that micro-bets be banned (a position the foundation supports) while making no recommendation in relation to other types of in-play betting. The differences between micro-bets and exotic bets do fray when examined. Hing et.al., in a study of the promotion of live betting, defined micro-bets as having small time frames of less than five minutes. They also noted that after free bets these micro-bets had more appeal to problem gamblers than other regular gamblers.⁷¹ Yet an “exotic bet” based on next goal may well resolve in less than five minutes under live play conditions, especially in a game such as AFL football or basketball.

The foundation would note that distinctions between types of in-play betting are actually cloudy and fraught at present, with some exotic bets already having de facto micro-bet features. It is already evident that the arrival of live in-play betting online can be expected to generate betting offers with short time lines. William Hill was offering live bets on its “click to call” app up to 90 seconds after the start of the last Melbourne Cup.⁷² The Melbourne Cup usually lasts under three and a half minutes. In relation to the Australian Open tennis in 2016, a spokesman for William Hill Australia stated that it would offer,

*“the most in-play markets on the Australian Open with some matches having over 500 ways to bet”.*⁷³

It seems highly probable that, a tennis match that will have 500 ways to bet once it has begun will have bets that might be just as much classified as micro-bets, as exotic in-play bets. It is the online technology that precisely enables bets to be placed live in quick succession, in a way that phone calls or face to face transactions do not.

It might be objected that rules protecting sporting integrity may intervene here to provide some protection. Bets that can be offered on a sport must be approved by the sporting body and many micro-bets and exotic bets do raise integrity fears for sporting bodies. However, it is hardly reasonable to leave negotiation of what live bets will take place simply to the sporting codes, who will be applying a threat to integrity lens, and the industry, who will be looking to collect customers making bets companies expect will lose. The concern that this type of betting produces more risk of loss of control needs to be taken into account. It needs to be asked whether this type of betting is needed at all, given its association with greater risk.

The central points about live in-play betting are:

- a) contrary to industry claims, there is little evidence of existing demand for in-play betting from Australian bettors. The request for it comes from the industry, presumably because industry believes it can grow demand for this product and it increases betting opportunities. Moreover, these are opportunities to bet from within a more emotion charged environment. Another way of saying this would be, that there is the prospect of growing gambling in an environment less conducive to responsible gambling
- b) there is little evidence, though many claims, that in-play betting being offered overseas is a significant threat to the markets of legal wagering providers. The review would do better to

⁷¹ Hing N. et.al. (2014). [Promotion of gambling and live betting odds during televised sport: Influences on gambling participation and problem gambling](#), Research Gate p.226

⁷² ‘[Odd play from Waterhouse at 2015 Melbourne Cup Call of Card](#)’ *Racenet* 2 November 2015

⁷³ Peter Rolfe, ‘Australian Open Tennis: Fears William Hill’s in-play betting could be illegal’ *Herald-Sun* 29 October 2015

look at ways of limiting this form of betting along with other illegal betting offers and transactions with offshore providers

- c) there is good reason to believe that, in particular, online live betting is a more hazardous gambling product than the before the event online wagering currently legal in Australia. This is because betting online allows for faster and more continuous betting during a live event. Additionally, digital technology allows for a flow of in-play betting offers, including offers tailored to the individuals pattern of betting and their prior results, to be delivered via app or browser
- d) current approaches by bookmakers offering live betting do not distinguish between exotic bets, micro-bets or result of contest betting, all are seen as bets than can be offered and undertaken “live”.
- e) making live in-play online betting legal in Australia can be expected to grow Australian participation in this form of betting. This is because advertising will be deployed to build a market for it, something illegal offshore providers have largely not been able to do. In-play betting during an event becomes much easier to do via an online channel. Local providers’ apps can create an interactive stream of such betting. The effect of making it legal will be to increase the percentage of Australians at risk from this product, most probably by a considerable amount

Recommendation regarding live in-play betting

The foundation recommends

- **that Australian governments act to ban all live in-play betting, bringing consistency to the different platforms of the wagering market**

7. Summary of recommendations

1. General recommendation

In enacting reform in relation to online wagering the foundation recommends that the Commonwealth government works with the states and territories to create a nationally consistent regulatory structure.

2. Recommendations regarding advertising

There is an urgent need to implement strategies to minimise the effect of gambling advertising on children and adolescents. The foundation recommends:

- a) That the Australian Government remove the exemption for sporting programs, which allow gambling advertisements to be broadcast at times when children may be watching unsupervised.
- b) That the Australian Government restrict gambling advertising to after 9pm.
- c) That the industry implement a self-regulatory code regarding advertising on social media that follows guidelines already in place around advertising on broadcast media

- d) That sporting codes reduce their association with gambling providers, with particular regard to reducing impressions on children that gambling is a part of sport
- e) That the Australian government engage with social media providers with aim of restricting advertising from illegal offshore providers

3. Recommendations regarding inducements

- a) The foundation recommends that there be consistent regulations developed across Australia regarding inducements that encourage continuous play, impulse betting or betting under time constraints.
- b) The foundation also recommends that the terms and conditions associated with any inducements must be clear and immediately accessible.
- c) With regard to tailored inducements to customers be able at any stage to simply and easily opt out of receiving promotions including inducements

Specific inducement recommendations to be nationally developed

- a) That it be prohibited to offer inducements for opening a betting account or for encouraging someone else to open a betting account
- b) That wagering providers be prohibited from offering inducements either to the public generally or to their customers that provide payouts or winnings that must be gambled
- c) That wagering providers be prohibited from advertising inducements in ways that imply bets are on offer that mean no money needs to be lost in making the bet or accessing the bet unless that is actually the case
- d) That terms and conditions of any inducement on offer are immediately available in clear and accessible English and easily accessible in other major Australian spoken languages
- e) That customers be given the enforceable right to opt out of receiving promotions of all kinds
- f) That penalties for breaching these rules increase in multiples for subsequent offences

4. Recommendations regarding a nationally consistent approach to credit

- a) That wagering providers be prohibited from offering deferred payment facilities to customers
- b) That wagering providers not be able to accept credit card deposits
- c) That wagering providers be prohibited from referring customers to other lenders in order to meet gambling debts

5. Recommendations on pre-commitment and tracking

- a) That pre-commitment must be offered by all providers

- b) That pre-commitment schemes be linked by an independent system so that gamblers can set a limit that applies across all their accounts⁷⁴
- c) That pre-commitment must be offered as part of opening an account and the de facto position is opt in ⁷⁵
- d) That accounts with high levels of losses be prompted with offers to set a limit or re-set their limit⁷⁶
- e) That tracking of profits and loss on betting accounts be uniformly available in clear terms, with brief summaries available by apps and more elaborate ones over the web
- f) That statements of activity be sent on a regular basis to gamblers, with larger amounts of activity triggering statements more regularly

6. Recommendations on self-exclusion

- a) That all providers must provide accessible information on self-exclusion as part of their suite of responsible gambling tools
- b) That information on self-exclusion be no more than one click away from the main pages of a betting site and accessible on an app
- c) That self-exclusion information be presented in conjunction with information about signs of gambling problems and links to Gamblers help services
- d) That the system allow self-exclusion from all gambling providers in one process should that be the choice of the person seeking self-exclusion

7. Recommendation regarding live in-play betting

- a) that Australian governments act to ban all live in-play betting, bringing consistency to the different platforms of the wagering market

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⁷⁴ Such a scheme will also have to accommodate privacy considerations, hence the need for an independent central system to administer it

⁷⁵ Current rules in South Australia may provide a model for this – Refer to Clause 61 of the South Australian Gambling Codes of Practice Notice 2013 (Version 003)

⁷⁶ An evidence base needs to be established to set parameters for this recommendation. The short time frame of this inquiry has not allowed this to be done in time for this submission

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