Department of Treasury and Finance

The Treasury Building
21 Murray Street, HOBART, Tas 7000
GPO Box 147, HOBART, Tas 7001 Australia
Telephone: (03) 6233 3100 Facsimile: (03) 6223 2755
Email: secretary@treasury.tas.gov.au Web: www.treasury.tas.gov.au

Tasmania

Ms L Beverley
Committee Secretary
Joint Select Committee On Gambling Reform
PO Box 6100
CANBERRA ACT 2600

Dear Ms Beverley

Thank you for the opportunity to make a submission to the Committee on the *Interactive Gambling and Broadcasting Amendment (Online Transaction and Other Measures) Bill 2011* (the Bill).

The Department of Treasury and Finance has responsibility for the regulatory framework in which gambling is conducted in Tasmania which includes the regulation of gambling conducted by a telecommunications device. The independent regulator, the Tasmanian Gaming Commission, regulates gambling in accordance with the *Gaming Control Act 1993*.

The following comments are made on the Bill:

- The measures contained in the Bill pre-empt the work of a number of state and national initiatives to consider the issues of online gambling, match-fixing and corruption in sport. Indeed the Bill pre-empts the work of the Joint Select Committee on Gambling Reform Inquiry into Interactive and Online Gambling and Advertising (an inquiry which Senator Xenophon initially referred to the committee) with submissions for the inquiry having only closed on 30 June 2011.

- At the Sport and Recreation Ministers Council on 10 June 2011, a National Policy on Match-Fixing in Sport was announced. Commonwealth, state and territory Governments have agreed to work together to address inappropriate and fraudulent sports betting and match-fixing with the aim of protecting the integrity of sport. The National Policy is underpinned by the following principles:

    - a nationally consistent approach to deterring and dealing with match-fixing in Australia;

    - information sharing and highly efficient networks between governments, major sports, betting operators and law enforcers;

    - consistent national code of principles for sport; and

    - active participation in international efforts to combat corruption in sport including an international code of conduct and an international body.

A cross jurisdictional working group has been established to provide an implementation work plan to Sports Ministers by 30 September 2011.

- At the Council of Australian Governments (COAG) Select Council on Gambling Reform meeting on 27 May 2011, Ministers agreed to reduce and control the promotion of live odds during sports coverage. Industry will be provided with the opportunity to address this issue through amendments to their existing industry codes. If satisfactory amendments are not in place by the end of June 2012, the Australian Government will consider the need for legislation, noting that the measures would not apply to pre-existing contracts for the promotion of live odds during sports coverage that were already in place.

- The Australian Government has recently announced that the Department of Broadband, Communications and the Digital Economy will be conducting a review of the operation of the *Interactive Gambling Act 2001* and the effectiveness of its provisions. The review will also consider international regulatory approaches to online gambling and the ability to improve harm minimisation measures for online gambling services. I understand the Terms of Reference for the review will be released shortly. Key stakeholders, states and territories, and the broader community will be able to make submissions.

- The Bill introduces restrictions on the type of betting that can be offered by a betting operator. Of particular concern is the restriction on betting on losing outcomes. As the meaning of key definitions in this clause are to be set out in regulations, it is not yet clear which types of bets and which gambling services will be captured by the provision. Nevertheless, it would appear that the legislation is likely to prevent a betting exchange from operating its business in Australia.

- To bet on a losing outcome is a fundamental feature of a betting exchange. A betting exchange enables registered players to bet against each other on events hosted on the betting exchange operator's website. The operator acts as a broker, matching bets between backers that a participant in an event will win and those that take the opposing position. The opposing position is a 'lay bet' – betting to lose.

  Australia's only betting exchange, Betfair Pty Ltd, was licensed in Tasmania in February 2006 under the Gaming Control Act.

  Betfair has a highly transparent wagering system where all players must register with Betfair and have their identification verified. It has robust audit trails that enable every bet placed to be traced back to the customer. Betfair has information-sharing agreements with racing and sports industry bodies in Australian and worldwide to provide sporting bodies with access to relevant wagering data to ensure the integrity of their sports.

- There are also strong measures in the Gaming Control Act to address probity including:

  - a betting exchange operator can only accept wagers from persons who are registered players. The players' identity, age and place of residence must be verified. Strong penalties apply for any offences;

  - the operator must keep an accurate and up-to-date register of the players who wager;

- the operator must keep an accurate and up-to-date register of the players who wager;
- the Tasmanian Gaming Commission can freeze funds held in a gaming or wagering account of a registered player if the funds were obtained in contravention of the Act or on other reasonable grounds; and
- the Act prohibits wagering by direct participants (e.g. jockey, horse trainers, race car drivers, members of a football team) and indirect participants (any person capable of influencing or deciding the outcome of an event or a contingency relating to that event e.g. team doctor or physiotherapist, an official or tribunal member). Again, strong penalties of up to $1.3 million and up to four years' jail apply for any offences.

- There have been no incidences in Tasmania requiring proceedings to be taken against Betfair. The Tasmanian Gaming Commission has had no instances of prosecutions arising from serious corruption or match-fixing since Betfair began their Tasmanian operations in 2006.

In conclusion, if a betting operator has in place a highly transparent wagering platform with traceable audit trails, and information-sharing agreements with racing and sports industry bodies, then along with strong probity requirements in legislation the risks to the integrity of sport from being able to lay bet are minimised and there is no case to prohibit this type of betting activity.

Yours sincerely

for M J Wallace
SECRETARY

18 July 2011