

20 November 2015

Impact of Illegal Offshore Wagering

When the Minister announced a review into the Interactive Gambling Act 2001, I considered this a great opportunity to express my dismay with the Australian Wagering operator's and why Aussies are compelled to back with offshore operators.

This response is somewhat late, but I've just been barred by another Australian Bookmaker (Ladbrokes) placing fixed odds or best tote bets (ie I can't place a bet at all – not even \$1). I'm not a big punter, nor am I a long term winning punter, but obviously, I don't lose as much as they would like, so it's easier to just bar me.

The Australian government needs to implement some legislation to make bookmakers accountable and bring the online bookies in-line with the rules for on-course bookmakers. If you can manage that, you might find that Aussies would no longer go looking for offshore operators.

There are four reasons why Australians bet with illegal bookies.

- a. Ignorance
- b. Market availability
- c. Product offerings
- d. Bet acceptance

The four options are not equally weighted and the first three reasons can probably be resolved quite easily. The fourth reason requires legislation to ensure bookmakers in Australia operate on a level playing field and do not discriminate against the casual or skilled punter.

Ignorance

There is a plethora of Bookmakers on the internet and knowing which ones are licenced in Australia is usually straight forward – but there can be exceptions. For instance, in 2011, the bookmaker "Betjack", was not licenced in Australia but its Racing product was predominately Australian – giving the appearance it was an Australian bookmaker. I would guess a number of Australians would have opened accounts with this bookmaker unaware they were an illegal offshore enterprise.

Ignorance is probably the least likely reason Australians open accounts with offshore bookmakers, but this could easily be resolved through awareness initiatives, advertising, etc.

Market Availability

I assume there might be some events that the Australian bookmakers do not offer. I don't really have any evidence of this, but an illegal bookmaker might offer some market for the, let's say, World Curling Championships for which no Australian bookmaker offers. Once again, this is probably a very rare occurrence and the number of Australians wanting to bet on the Curling championships would be quite limited.

Product Offerings

This is one area where offshore bookers might entice Australians into opening an account. For example, it is only in recent years that the Australian bookmakers have offered customers the "best of three totes" when placing a bet on Australian Racing. Prior to 2011, bookmakers generally only offered the "middle" tote price. Along came Betjack, and they were one of the first to offer the "best of three totes" product.

They appeared be an Australian bookmaker and they offered something that the other Australian bookmakers didn't – better odds.

It wasn't too long after that, the Australian bookmakers followed suit and offered the same "best of three" product. This would certainly have prevented further punters from signing up.

When placing bets, punters are always looking for the best possible odds and if an illegal bookmaker offers sufficiently better odds, then this might be a big reason for Australians to open accounts.

The odds do have to be sufficient – a few cents probably won't entice most punters, but if the odds are in the dollar range, then it's much more enticing. Apart from the example with Betjack, I don't actually have any statistics to support this view. Nevertheless, the easiest way around this problem is to ensure the Australian bookmakers are offering a competitive product and not selling the Australian public short.

Bet Acceptance

You've probably heard the rumours about the Australian corporate bookmakers refusing to accept bets, restricting the bet size, or removing access to fixed odds for various racing/sports products. The corporate bookmakers would have you believe that they only restrict "professional" punters, so that "recreational" punters have a fair go and don't get some silly price for a horse that was backed at a bigger price by a professional.

Firstly, let's clear up some of the jargon. Bookmakers use the terms "professional" and "recreational". This actually means "winner" and "loser". Thus, when bookmakers advertise on their sites about being for recreational punters only, they actually mean

they are only for losing punters – they don't want winners as this reduces their profit margin.

As a racing punter – I have accounts with several of the well-known bookmakers within Australia. Some of these so called bookmakers have placed restrictions on my accounts. For example, the most recent case was with Sportsbet – I tried to place a \$50 bet on a horse at odds of about \$17 (best tote price). I was restricted to only placing \$31. I didn't place the bet and the horse didn't win. I rang Sportsbet about the incident and apparently their "traders" declared it as a "risk management" decision – they wouldn't elaborate on what that exactly meant. They also removed my ability to place fixed odds bets on all racing.

I'm far from a professional, in fact I'm a long term losing punter, but I enjoy having a punt and accept that the cost is payment for the entertainment. So how does a multi-national company like Sportsbet/Paddy Power refuse to accept a \$50 bet and remove my access to fixed odds? I can imagine if I tried placing a \$500 bet on a horse at odds of 17 they might be somewhat reluctant – but \$50 – please. This is where the industry needs to be regulated.

I have had similar incidents with other Australian bookmakers and if the trend continues, I too will soon be packing my bags and betting with offshore books, just to get a decent bet on.

Racing NSW has tried to implement minimum bet rules to maintain some sort of level playing field between the punter and the bookmaker. Needless to say, support from Federal and State Governments would probably help with this initiative and implement the rules Australia wide.

Finally, you noted that one of your main concerns with offshore bookmakers was the financial impact it has on legitimate Australian wagering businesses and the funding to governments, racing and sporting bodies. Tabcorp reported that the rise of unlicensed offshore gambling sites posed a risk to the integrity of Sport and Racing and also reduced the amount of revenue generated for the Racing industry and Government. Isn't it also true, that by being refused bets by the Australian wagering operator's, the amount of revenue received by the Racing industry and Government is also reduced?

If the scope of your review is to reduce offshore betting, protect the integrity of Racing and Sport, and increase the revenue generated for Racing bodies and Governments, then I'd suggest fixing the Australian Bookmaker industry – so they have to take bets from all comers (for a reasonable amount). This would definitely see a reduction in offshore wagering and an increase in funding to the relevant parties.

Regards,

[name withheld]