**What are the factors that lead people to use illegal offshore wagering operators?**

* *Given a physiological demand for gambling from citizens, people tend to use offshore operators when there is not a comparable legal/onshore offer available to them. “Comparable” refers to the range and variety of products, the price to consumers, the distribution channels.*

**What do you consider are the impacts of illegal offshore wagering and associated financial transactions on the Australian economy, legitimate Australian wagering businesses, sporting organisations and the integrity of Australian sport, and consumers?**

* *The ratio online gambling/population may be similar across the world. In Italy, with a population of 60m, onshore and offshore gambling account for more than €1b in terms of gross gaming revenues (€800m of which are onshore). The average income for the Italian government from online gambling is around 25% of GGR (different games have different tax rates).*

**What measures could be implemented to improve the enforcement of the Interactive Gambling Act 2001 and any other relevant legislation (Commonwealth, state and territory) including any enhancements to presently existing prosecution, investigation and complaints handling processes? What legislative, prosecutorial, investigative or complaint handling measures have been implemented in international jurisdictions that may work in the Australian context?**

* *In Italy there has been a regulatory process that has involved the entire range of online gambling products, so to improve the competitiveness of the legal offer and progressively erode the illegal one.*
* *As regards the legislative measures, in 2009 a new Online Gambling Act has been passed by the Italian Parliament, providing for up to 200 licenses to be issued, stipulating the new requirements and establishing a number of responsible gambling/consumer protection measures. The licensed were issued starting from mid-2011.*
* *In this context, only recently most international online games supplier have started to cooperate with the regulator, by not supplying their products to unlicensed companies anymore.*

**Are there non-legislative options, such as technological and financial innovations, that could be implemented to limit the access to illegal offshore wagering sites by Australian based customers? What non-legislative measures have been used in international jurisdictions that may work in the Australian context?**

* *Blocking of financial transaction has not been implemented in Italy, because we could not find any effective implementation around the world [[1]](#footnote-1).*
* *In Italy there has been a blacklisting system (“ISP blocking”) for illegal websites since 2007. It is very easy to circumvent (a Google search about it gives back thousands of results), and thus technically ineffective if an alternative legal offer is not available to citizens. At the same time, ISP blocking is a very powerful awareness tool, because explains to millions of citizens, at no cost for the State, that there are both legal and illegal gambling sites. Without this tool, it would be impossible for consumers to discriminate between them, because, apart from a regulator’s logo, onshore and offshore sites look identical.*

**What approaches could be implemented to encourage offshore wagering providers to comply with Australian laws, and would this require measures to assist in ensuring domestic providers would not be operating at a disadvantage to offshore providers?**

* *According to the Italian experience, the most effective way would be to establish a national regulatory framework and a local licensing system. That framework should be reasonable, affordable and inclusive of all the games for which there is a demand for.*
* *The competitive disadvantages are usually represented by: impossibility to get a local license, high tax rates/administrative fees, restrictions in the products range, excessive compliance costs (often hidden), especially due to the fragmentation of technical and regulatory standards across the regulated jurisdiction around the world.*

**Are there education and awareness initiatives that could be implemented by industry, consumer groups or government to alert Australians to the risks associated with offshore gambling operators?**

* *The current best practice, in our opinion, is represented by the Recommendation on responsible gambling issued by the European Commission on the 14th of July, 2014, that is the result of a thorough benchmarking study among 31 Member States of the Economic European Area [[2]](#footnote-2).*
* *In the past (mid-2000s) we aired quite a few advertising campaigns (including TV) specifically meant to inform Italian citizens about the risks associated with offshore gambling. Those campaigns proved to be very expensive and largely ineffective, because at that time most online games were not regulated. Italians kept on going offshore to get access to the games they were looking for. Eventually, when those products were regulated, the consumers spontaneously moved back onshore (thanks also to the communication tool represented by our blacklisting system).*

**What initiatives could be used to alert offshore gambling providers to Australian interactive gambling provisions?**

* *There is a lot of specialised press that effectively covers international regulation (e.g. Gambling Compliance, eGaming Review, etc.).*
* *Informal initiatives, such as speeches and statements at international gambling conferences, or face-to-face meetings with representatives from offshore operators, could also be quite useful.*
1. See, for instance, the New York Times article about the failure of UIGEA in the US, “Cash Drops and Keystrokes: The Dark Reality of Sports Betting and Daily Fantasy Games”, 15 October 2015, <http://nyti.ms/1LOvOwi>. [↑](#footnote-ref-1)
2. The full text of the Recommendation is available on the European Union law website: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2014_214_R_0012>. [↑](#footnote-ref-2)