
RACING VICTORIA

Submission to Inquiry into the impact of illegal offshore wagering

1. Executive summary

Racing Victoria (“RV”) is the Principal Racing Authority (“PRA”) for the conduct of thoroughbred racing in Victoria. There are 69 metropolitan and country tracks in Victoria that host more than 500 meetings¹ and attract attendances of more than 1.52 million annually².

The Victorian thoroughbred racing industry generates more than \$2.09 billion³ in real gross value added to the Victorian economy employing more than 19,000 Victorians⁴, and as the home of the Melbourne Cup and many other internationally-respected races is considered a leading global racing jurisdiction.

The sustainability and growth of the racing industry relies on the sport obtaining a fair return from wagering on its racing, and continued confidence in the integrity of the sport and wagering that is conducted on Victorian racing.

Illegal offshore wagering operators represent a serious threat to the Victorian thoroughbred racing industry and the current regulatory structures created by the *Interactive Gambling Act 2001* (“the IGA”) have failed to adequately address this issue.

This submission proposes new measures, better enforcement through increased resourcing of the Australian Federal Police (“AFP”) and the establishment of a new Sports Intelligence Commission with which sports and racing authorities can share their intelligence, data and analysis to benefit the overall integrity of Australia’s wagering landscape.

Simply allowing online in-play wagering on sport will not, of itself, solve the problem of illegal offshore operators and this submission advocates a broader response including additional responsible gambling measures.

RV believes that the advertising of wagering on racing is an important aid in keeping wagering companies, and activity, within Australia’s regulatory system and thus considers that wagering advertising should continue to be permitted at all times on racing broadcasts and programmes on free-to-air, subscription and digital channels.

RV is a member of Racing Australia, the national industry body representing thoroughbred racing in Australia, and this submission should be read in conjunction with the submission made by Racing Australia.

¹ Racing Victoria Annual Report 2014-15, p.17

² *Size and Scope of the Victorian Racing Industry*, IER Pty Ltd 2013, p.11. Submitted as an Attachment.

³ *ibid*

⁴ *ibid*

2. The regulated wagering market

The Australian wagering marketplace operates in a mature and well-understood regulatory environment, which is based on transparency and high standards of harm minimisation and integrity.

Broadly, the activity of operators within the Australian online wagering marketplace is governed by the prohibitions contained in the IGA, the operator's licensing conditions, and other relevant state-based legislation.

Each Wagering Service Provider (“WSP”) that is licensed in an Australian state or territory is subject to state-based licensing conditions, including harm minimisation measures which are strongly endorsed by RV and include:

- voluntary pre-commitment;
- self-exclusion facilities;
- responsible gambling messaging;
- identity requirements to prevent underage access; and
- advertising of *Gambling Help* and other responsible gambling organisations.

State governments impose differing restrictions on the operation of wagering companies within their state in areas like advertising and inducements to bet. States and territories have also passed legislation requiring WSPs to enter into, and have in force, agreements with relevant controlling bodies for each racing or sport upon which they seek to bet.

RV is the approved controlling body for thoroughbred racing in Victoria. Two important conditions that RV imposes on Wagering Service Providers in granting their approval to publish and use Victorian thoroughbred race fields are:

- **Integrity-related cooperation:** including the provision of information, betting records and an undertaking for the WSP to take reasonable steps to prevent use of its wagering service in breach of the Rules of Racing; and
- **Payment of an Economic Contribution Fee:** that enables RV to continue to invest in the sustainability and growth of the racing industry whether a customer chooses to wager with a totalisator, a bookmaker, a corporate bookmaker or a betting exchange.

Separately from the direct benefits to the racing and sporting industries through integrity measures and financial contribution, the Australian regulated environment ensures wagering services are provided transparently and fairly for consumers in an environment promoting responsible gambling.

Racing Victoria considers that the operation of its conditions of approval for publication and use of Victorian thoroughbred race fields, as well as the licensing conditions of WSPs located in Australia ensure that wagering on Victorian thoroughbred racing is conducted fairly, responsibly and free of corruption.

In circumstances where responsible wagering operators are located and properly regulated outside of Australia, yet obtain race fields approval from relevant PRAs and sports controlling

bodies within Australia, RV holds no specific concern that their offering of markets on events in Australia generates a risk to the integrity of Victorian racing.

At present, 25 Australian and 11 international wagering service providers are approved by RV to offer betting on Victorian thoroughbred racing and many hundreds of oncourse bookmakers are separately approved to field on races conducted in Victoria.

3. The illegal offshore market

Unlike wagering operators in the regulated market, illegal offshore wagering operators make no contribution to the funding of the racing industry and do not cooperate with requests for information to ensure the integrity of betting markets.

They also present a heightened risk to customers, since they do not have the strong harm minimisation safeguards present in the regulated environment, and there is no legal recourse for customers who experience slow or non-payment or have betting-related disputes with illegal offshore operators.

The most recent evidence from the Hong Kong Jockey Club at the International Conference of Horseracing Authorities suggests that:

- Unregulated Asian wagering operators are expanding to specifically target Australian thoroughbred racing via websites that Australian consumers apparently find accessible and attractive while being unable to distinguish between these operations and those of legitimate regulated operators.
- The estimated scale and size of unregulated Asian wagering operations give rise to a “shadow economy” that is opaque and secretive and which the Hong Kong Jockey Club believes to be substantially larger than legally regulated markets.
- Organised criminality is intrinsic in the activities and structure of unregulated Asian wagering operations as demonstrated by way of loan sharking, money laundering, drug trafficking and the opportunity for race or sports match fixing.
- Unregulated wagering operations (whether organised from Asia or elsewhere) have become a transnational organised criminal threat that may seek to cloak itself in seemingly legitimate activities but which facilitates opportunities for corruption.

It is RV’s belief that certain of the illegal offshore wagering operators are run by and for organised crime figures and that the agent-driven and multilayered structures of these so-called ‘Asian betting exchanges’ and other operators deliberately mask the identity of players and operator owners alike.

RV holds a concern that this anonymity may be attractive to individuals who would seek to influence or profit from inside knowledge about a racing or sporting event. While the wagering of participants and their associates is closely monitored and any potentially-suspicious wagering can be instantly reported to racing and sport regulators, no such arrangements exist with these disreputable operators.

Risks associated with the illegal offshore wagering market are not limited to those among the sport and racing industries. Individual consumers have reported to RV, and to enforcement

agencies, issues with illegal operators including non-payment of bets and the lack of an established dispute resolution mechanism surrounding betting disputes.

Current measures to limit illegal offshore wagering

Recognising the risk that illegal offshore wagering operators present to Victorian racing and to wagering customers, RV has pursued strong measures to ensure that individuals within its reach exclusively interact with approved wagering operators.

On 1 September 2015, RV adopted Local Rule 66AA which makes it an offence for any persons bound by the rules of racing to bet with non-approved wagering operators.

To minimise the risk of inadvertent breaches of this rule, and to ensure that all customers remain aware of their options to interact with responsible and licensed operators, RV maintains a list of approved wagering service providers which is available from the front page of its website.

This two-pronged approach makes it easier for customers to bet only with approved WSPs and introduces penalties for those who seek to interact with illegal operators whose activity is hidden from integrity officials.

It is clear that this response is not adequate to deal with the threat of illegal offshore operators targeting Australian customers. RV, along with all other individual racing and sport bodies, has neither the resources nor the authority to prevent wagering activity from members of the public through illicit channels.

4. Proposals to minimise impact of illegal operators

RV considers that all reasonable measures should be employed to prevent Australians from interacting with unlicensed operators who pose a risk to them, and to the racing and sporting industries upon which they are facilitating wagering.

RV also recognises that this issue has been well covered, in particular recently by the Department of Broadband, Communications and the Digital Economy in its 2013 Final Report of the Review of the *Interactive Gambling Act 2001* (“**DBCDE Report**”).

Whilst broadly supportive of the overall aim to enhance harm minimisation and consumer protection outcomes by deterring Australians from wagering with illegal operators and incentivising such operators to become licensed, RV does not support the expansion of online gambling in Australia to include poker or other new forms of interactive gambling.

RV believes that all reasonable measures should be employed to prevent Australians interacting with illegal offshore operators which it defines as an operator:

1. that does not hold a wagering licence in an Australian jurisdiction; or
2. does not hold a relevant race/sports field approval and has entered into an integrity and economic contribution agreement with relevant PRAs and sport controlling bodies.

Measures adaptive and proportionate to the threat

The legislative measures that are required to maintain the integrity of racing to the highest standards expected by the Australian public must be adaptive and proportionate to the threat. In our submission, the threat relates to the potential corruption of racing (and other sports) arising from online gambling provided by offshore, unregulated wagering operators, who lack any form of regulatory accountability and who may have suspected links to organised crime.

That threat is present and is capable of evolving to more dangerous manifestations because of the intrinsic features posed by that threat which have been summarised above.

The legislative measures that are proposed are consistent with previous proposals, which have largely proceeded from the principles of harm minimisation and consumer protection. They also include additional measures that are designed to address the transnational organised criminal threat posed by unregulated off-shore wagering.

Alignment of on-shore regulatory frameworks

The blanket prohibition on interactive gambling services under the IGA has an exclusion for all wagering services irrespective of whether the wagering operator is regulated on or off shore. This exclusion is provided in section 8A of the IGA which provides that betting on animal racing or a sporting event is excluded from the general prohibition under the IGA in relation to online internet gambling services that are provided to Australian customers (see clause 6(3) of the IGA). Thus, the IGA allows for online wagering services, irrespective of whether or not the provider of such services is regulated in Australia.

However, there is a disconnection between the IGA and the regulatory framework in the States and Territories. This is a twin form framework which provides for: (a) State and Territory licensing of Australian based wagering operators; and (b) racing industry approval of both Australian and off-shore operators which publish or use race fields.

Under this framework of wagering licensing legislation and race fields legislation only on-shore licensed and/or race fields approved operators may conduct wagering. To the extent that this is done on racing, the operator must: (a) pay product fees to the relevant Australian racing authority; and (b) enter into integrity assurance arrangements with that authority to provide for the monitoring and disclosure of suspicious betting transactions.

There is a serious issue of unintended consequences, where wagering activities which are comprehensively regulated under the States and Territories may be conducted online under a regulatory void because of the offshore location of the operator, due to the breadth of the exclusion of all wagering services from the general prohibition with respect to online gambling under the IGA. This is a serious policy flaw, which if left unaddressed, implicitly condones the position that unregulated off shore operators may determine the conduct of their activities when transacting with Australian customers in relation to gambling matters with no regard to Australian values or public policy concerning integrity and harm minimisation.

To align the IGA with the State and Territory regulatory framework, it is proposed to amend the IGA to narrow the definition of the “excluded wagering service” so that it would be permitted for a wagering operator to provide wagering services to an Australian customer where the wagering operator either holds:

- a wagering licence issued under relevant State or Territory legislation; or
- a race fields approval under relevant State or Territory legislation with respect to the relevant race fields.

This proposal is designed to manage and mitigate the threat to integrity posed by unregulated off-shore wagering by providing the opportunity for the off-shore operator to submit themselves to integrity standards including arrangements that allow for the scrutiny of suspicious betting transactions by the relevant on-shore regulator or racing authority.

If however an off-shore wagering operator decides to remain outside Australia’s regulatory framework and continues to provide prohibited online wagering services to Australian customers, then there needs to be a range of responses to meet the challenge of contravention from off-shore, that may be scaled on a case by case basis to address the nature of the threat to integrity and the level of criminality that is involved.

Deterrence and enforcement under the IGA

There is considerable scope to streamline and strengthen the deterrence and enforcement provisions under the IGA. In this regard, recommendations 4 to 7 of the DBCDE Report are generally supported. Specifically, these measures include the following:

- **Strict liability offences for principals and associates of illegal off-shore wagering operators:** the IGA to be amended to include a provision for a “principal” or “associate” to be issued with a notice requiring them to cease to cause the illegal off-shore operator from providing the wagering service to Australian customers with failure to comply being a strict liability offence.

The term “principal” would encompass the meaning referred to in the DBCDE Report, relating to a director, principal or other person acting in an official capacity of the illegal off-shore wagering operator, and ought to be expanded to include the concept of a “shadow director” being a person who has control or influence in the management of the operator.

In addition to the approach taken in the DBCDE Report, a further term “associate” is proposed in this submission to include a person who facilitates off-shore wagering transactions with an illegal off-shore wagering operator and who is either making or attempting to make a substantial part of their livelihood from such transactions or receives a financial benefit for providing services that facilitate such transactions. We believe that this approach is vital to ensure that the secretive pyramidal structure that some illegal off-shore wagering operators use to conduct their operations by means of a series of agents is not immune to the full force of the law.

It is also designed to target on-shore wagering operators who may covertly conduct wagering transactions with illegal off-shore wagering operators as either agents of such operators or on their own behalf in the conduct of their wagering businesses. The intention of this approach is not to target the ordinary Australian customer but to

dismantle systemic and business like approaches that involve a series of transactions that are of a substantial nature.

The case of BetJack is instructive in relation to the need for this approach. While notionally BetJack was an unregulated off-shore wagering provider, the entity's operations were apparently conducted on-shore, with a substantial call centre located in Queensland. During its operations, there were many reports that BetJack's customers were being ripped off notwithstanding statements made at the time by racing authorities that BetJack was not approved under their respective race fields' legislation.

This case study raises important questions in relation to harm minimisation and the need to inform Australian customers of the risks of wagering with unregulated off-shore wagering operators. The demise of BetJack resulted in customers suffering significant financial loss. It remains the subject of investigation and legal proceedings.

- **Civil penalties and take-down notices:** the IGA to be amended for the Australian Communication and Media Authority (“ACMA”) to deal with the provision of prohibited gambling services hosted in Australia by issuing infringement notices (in addition to criminal enforcement that is the responsibility of the Australian Federal Police (“AFP”)) and take down notices, both of which are to be supported with enforcement processes by application to the Federal Court.
- **Register of illegal off-shore wagering operators:** the IGA to be amended to provide for procedures for ACMA to inform illegal off-shore wagering operators of their breach of Australian law, their liability for penalties (both civil and criminal) and other related sanctions (principal's liability and the movement alert list) and publication of the name of the illegal off-shore wagering operator on the register of prohibited service providers. By making off-shore wagering providers aware of their breach of Australian law, it gives them the opportunity to comply with the Australian regulatory regime. If this opportunity is not taken, then the register provides a “watch list” for Australian racing and sporting authorities to refine their integrity programs with this information and to co-ordinate their activities with Australian law enforcement agencies.
- **Movement Alert List:** the IGA be amended to provide for ACMA (in conjunction with other relevant Australian Government authorities, such as AFP and the Australian Border Force) to include the names of principals and associates of illegal off-shore wagering operators on the Movement Alert List. The purpose of this measure is provide a deterrent should such persons take the risk of entering Australia, in which case, they would be subject to the processes that may make them liable to the penalties and sanctions that are proposed in this submission.

Blocking websites and financial transactions relating to illegal off-shore wagering.

In addition to the recommendations made in the DBCDE Report, the following further steps ought to be taken in recognition of the threat posed to the integrity of racing (and indeed other sports) by the transnational organised criminal aspects of illegal off-shore wagering.

We believe that these further measures are required and appropriately adapted to the threat and the real risk that the embedded nature of organised crime in the structures and organisation of certain Asian illegal off-shore operators is unlikely to result in those operators being willing to submit themselves to on-shore regulation. With regard to this probable outcome, which recognises the potential deleterious outcomes for the integrity and funding of racing (where wagering turnover may not flow back on shore) as well as the harm to the Australian public of international organised crime in general, further protective measures are highly desirable, including:

- **Financial transactions:** provide for legislative measures which mandate that financial institutions (including online payment facilitators that operate in Australia) must block financial transactions between Australian customers and illegal off-shore wagering operators who have been placed on ACMA's register of illegal off-shore wagering operators. We understand that the financial institutions have previously raised concerns that this approach would be costly and open to avoidance by both operators and customers. In our submission this approach requires a fresh assessment, given that it has been adopted in France (effective from 1 January 2012) and USA (Unlawful Internet Gambling Enforcement Act 2006) and that in recent years with the threat to national security posed by international terrorism, new protective counter measures have been adopted, which may have application to this threat posed by international organised crime.
- **Illegal wagering websites:** provide for legislative measures which make provision for Internet Service Providers ("ISPs") to block access by Australian customers to illegal wagering sites that are operated by or on behalf of any illegal off-shore wagering operator who has been placed on ACMA's register of illegal off-shore wagering operators. As mentioned above, an illegal off-shore operator is liable to be placed on the register by ACMA where that operator does not hold a wagering licence in Australia or it is publishing and using race fields of a relevant Australian racing authority without its approval under its respective race fields' legislation.

Under the above-proposed measures, it would be a criminal offence for the illegal offshore wagering operator (with accessory liability attaching to any principal, officer or director of an illegal off-shore wagering operator) to make provision for financial transactions in relation to any wagering transactions with the illegal offshore wagering operator.

This approach would also be consistent with the model created under recent amendments to Australian copyright law by the *Copyright Amendment (Online Infringement) Act 2015* which now enables copyright holders to apply to the Federal Court of Australia for an order requesting an ISP to block access to an online location that has the primary purpose of infringing copyright or facilitating the infringement of copyright.

- **Money laundering:** review existing anti-money laundering legislation and programs under the auspices of AUSTRAC to ensure that Australian financial institutions and online payment facilitators have compliant programs that are capable of detecting and reporting suspicious financial transactions involving illegal off-shore wagering operators.

- **Enforcement of existing criminal provisions in the IGA:** we note that section 15 of the IGA provides that a person is guilty of an offence if: (a) the person intentionally provides an interactive gambling service; and (b) the service has an Australian customer link. Section 15 would have application to illegal offshore wagering providers who are not holders of an Australian license or a race fields approval. We believe that this provision would have greater enforcement teeth when coupled with the submission below to establish a dedicated sports and racing integrity unit in the AFP.

Cheating at gambling legislation

In recent years, most but not all, States and Territories have introduced measures in their respective criminal laws which prohibit cheating at gambling. Tasmania and Western Australia have not introduced specific provisions.

An example of this approach is the insertion in 2013 of section 195C of the *Crimes Act 1958* (Vic) which penalises a person who knowingly engages in conduct that corrupts or would corrupt a betting outcome with the intention of obtaining financial advantage, or to cause a financial disadvantage, in connection with the betting outcome.

Last year's successful prosecutions in relation to match fixing concerning the Southern Stars under the Victorian provisions was a result of effective co-operation between the Football Federation of Australia and Victoria Police. This match fixing was linked to unregulated off-shore wagering and demonstrated that Australian sports are not immune from the type of criminality that is allowed to flourish in the unregulated environment. It is highly relevant to the success of this Victoria Police operation, and to the subsequent prosecution of father and son harness trainers/drivers, Greg and Shayne Crump, in relation to race fixing in Mildura, that Victoria Police have established a dedicated capability in a unit that has specific responsibility with regard to sports and racing integrity issues (Victoria Police Sporting Integrity Intelligence Unit).

While the cheating at gambling approach is welcome, there are variations in the legislation that have been implemented amongst the States and Territories. In our submission, there needs to be legislative uniformity and co-operation in relation to this approach across State and Federal jurisdictions to ensure that there is no soft target in Australia for penetration by either international or local organised crime to the detriment of the integrity of Australian racing and sport. Importantly, this approach ought to be considered and replicated in the Federal criminal law (with the co-operation of the States) to ensure that there are no gaps in Federal power when enforcement is sought by the AFP, with respect to this approach, and any other responsibilities that fall to the AFP under the IGA.

Australian Federal Police

The above proposals in relation to the legislative measures that are required to protect Australia from the identified risks to the integrity of racing and sports that are posed by organised crime need to be investigated and enforced by an appropriately resourced AFP.

It is highly concerning that the AFP recently confirmed that it was not proceeding with an investigation into alleged breaches of the IGA by William Hill involving taking bets during the live play of sports. The AFP conceded that this followed evaluating the matter in line with the AFP's case categorisation and prioritisation model.

In our submission, a new Sports Integrity and Anti-Corruption Unit of the AFP ought to be established, resourced and funded with the specific responsibility of investigating breaches of the IGA and the proposed cheating at gambling provisions where there is evidence of international and cross state sports match and/or race fixing activities. The recent initiative of the AFP in creating such a unit to oversee anti-corruption risks during the 2015 Major Sporting Events (MSE) is the ideal basis on which to build such a unit.

Intelligence, data sharing and analysis

The major sports and racing authorities in Australia have invested in and resourced their respective integrity functions and programs as is their responsibility.

As a matter of first principles, the sports and racing authorities will direct their own priorities in relation to the enforcement of their rules and the management of integrity related issues.

However, as they are mostly private bodies, there are limits on the types of powers that they may be able to utilise for investigating threats to integrity, particularly where these threats emanate from persons or organisations beyond their jurisdictional reach and who may be operating within sophisticated and significantly resourced organised crime circles. In these cases, it is important for sports and racing authorities to form partnerships with law enforcement bodies, whether State or Federal, who have the necessary enforcement and coercive powers and capabilities not available to sports and racing bodies. The Southern Stars case is on point, in that the relevant sports body was able to share its intelligence with Victoria Police, who in turn investigated and secured the convictions under the cheating in gambling laws.

What is lacking in this area is a standing arrangement where sports and racing bodies can share the intelligence that they have gathered in relation to suspicious betting transactions with a centralised body that can analyse this information and who in turn can share with them any information that it may receive from law enforcement agencies with respect to concerns or threats relating to integrity. The secondment of an Australian Crime Commission (ACC) intelligence analyst to the National Integrity of Sports Unit (NISU) is a recognition that this need exists.

A national Sports Intelligence Commission ought to be established for purposes of:

- receiving and disseminating information for the purposes of analysing and identifying threats to the integrity of sports and racing;
- engendering programs and activities that disrupt the activities of would be match or race fixers;
- developing greater co-operation between sports and racing bodies with law enforcement agencies; and
- engaging with law enforcement agencies to identify risks and specific enforcement approaches to address the perceived risks and to co-ordinate action.

This proposed body would complement the functions of the AFP, State and Territory police and other relevant enforcement agencies (ACMA, AUSTRAC) that would retain their primary responsibilities for enforcement of the law under their respective duties. Appropriate protocols would need to be established, and indeed legislative reform is likely to be required, to allow for the legal sharing of protected or sensitive information, which may have been obtained by law enforcement agencies under surveillance. The purpose of this approach is to

ensure that information that is received by this body can be made available to sports and racing authorities in managing the integrity of their respective activities.

Recent changes to Commonwealth legislation regarding agencies' access to telecommunication data is an example for the need of such a body. At present sporting bodies have no such access but rely on law enforcement, whose resources are rightly allocated to serious crime matters.

5. Advertising

RV recognises community concern surrounding the proliferation of advertising of wagering and the need to avoid the promotion of wagering to minors, in particular, and supports the initiatives to improve the self-regulatory code in this regard.

It is important to recognise and maintain the exemption from time-of-day restrictions in the case of the coverage of racing events, subject to recognised advertising standards.

It is RV's view that the intrinsic link between racing and wagering is well accepted in the Australian community and has been long standing over many decades. There is an expectation of wagering-related information within the broadcast of racing programs, and this content for many is core to the attraction of the program itself. This justifies the current arrangements that allow the broadcast of odds, wagering information and advertising at all times during the coverage of racing. This position needs to be maintained for all racing programs and racing channels, whether it be through free-to-air, pay TV or any digital channel.

Further, the ability to advertise on racing programs, channels and other media is a key benefit for Australian licensed wagering service providers over those operating illegally offshore. It is appropriate, and important, that this benefit remains so that domestically-licensed operators retain this advantage.

6. In-play betting

Under the existing provisions of the IGA, in-play betting on racing and sports has been permitted via telephone and in locations where betting has been authorised. The difference in treatment occurs online, where in-play betting on racing is permitted but banned with respect to sports.

In our submission, the existing position with respect to in play betting under the IGA ought to be maintained but with drafting changes to close the current loophole being exploited by some bookmakers.

We understand that this review will likely receive submissions to support the legalisation of online in-play betting on sports for reasons that include the proposition that current levels of offshore betting on in-play on sports will be returned on-shore to a regulated environment, thereby creating benefits around integrity, responsible gambling, increased levies and taxes.

We do not support this view as:

- we believe that the amount of online in-play wagering that has moved offshore is greatly exaggerated. There is no doubt a latent demand for in-play wagering among Australian customers, but this is largely currently unsatisfied due to a reluctance of significant numbers of domestic punters to engage with the offshore operators; and
- the volume of wagering that is offshore is unlikely to return following such a liberalisation. The entrenched criminal nature of certain of the illegal offshore operators and potentially their clientele mean that delivering this form of platform neutrality for in-play betting on sports will not bring substantial amounts of this wagering activity on-shore.

While RV firmly believes that broader solutions need to be established to ensure that Australia has the strongest possible regulatory response that effectively prevents Australians from wagering with illegal offshore operators, we are not so complacent as to believe that such responses will completely address all issues. Effectiveness will largely depend on the package of measures that is adopted and the robust nature of enforcement evolving and responding over time.

In our submission, if in-play betting on sports were to be permitted:

- it is doubtful that the majority of current wagering activity with illegal off-shore operators will be repatriated to Australia;
- there will be significantly increased activity and growth of in-play betting as on-shore operators maximise their legal ability to promote same; and
- the increased growth of in-play betting will be sourced from existing punters switching from other legal onshore product and from customers new to gambling (which will raise harm minimisation issues).

In our submission, is it both prudent and realistic to address the existing threat of illegal offshore wagering, rather than open up new fronts which may have the counterproductive impact of fuelling increased gambling activity and detrimental attendant consequences.

7. Responsible Gambling

RV recognises the broad nature of the terms of reference of the inquiry and offers commentary on some issues it considers are material to the wagering and racing industries.

RV recognises that thoroughbred racing is a popular gambling medium and that the industry derives significant funding from wagering. RV is committed to fostering responsible gambling to minimise the harm from problem gambling.

While RV does not offer gambling, its commitment to responsible gambling is evidenced by promotion of responsible wagering messaging throughout its digital assets, in particular, and offers the following comment on other issues in this area.

National self-exclusion register

Self-exclusion is an important step in a wagering customer recognising they may have a problem with gambling, and seeking to be excluded from wagering to help in overcoming it.

At present, a wagering customer who wishes to be excluded from wagering services must undertake a self-exclusion process with every WSP with which that customer holds, or could open, a betting account.

RV understands that the wagering industry is working towards a national self-exclusion register that will enable a customer to be excluded from wagering altogether, and strongly supports this initiative.

Credit betting

RV supports a nationally-consistent approach to the regulation of credit betting and 'delayed settlement facilities' by online and other bookmakers and does not support the provision of unsolicited credit for the purpose of gambling.

There are circumstances, for example, in cases of operators betting with one another and professional punters running business-like operations, where 'terms of trade' are appropriate.

It is important also to recognise the distinction between this issue and that of customers making deposits into wagering accounts via credit card, with the latter already a regulated relationship between the customer and their financial institution which is safely and widely used in the online environment.

Product availability

RV recognises that different Australian licensing jurisdictions impose differing conditions and approvals processes for new bet types and that this often leads to operators based in the major states facing far longer delays when compared to more liberal jurisdictions like the Northern Territory.

This uneven playing field has the potential to undermine revenues that flow from these operators to the racing industry, since they are unable to quickly respond to movements within the wagering landscape and thus RV supports calls to a nationally-consistent approach on product availability.

8. Conclusion

RV welcomes the opportunity to contribute to the review of this important issue and is prepared to provide further information as required.

The issue of illegal offshore wagering is a threat to individual consumers, to Australia's legitimate wagering industry, and particularly to the integrity and sustainability of our racing and sporting industries.

Whilst the Act is currently ineffective at deterring illegal offshore operators from servicing Australian customers, adoption of the proposed, practical measures aimed at disrupting wagering that is hidden from racing and sporting bodies will lead to an enhancement in consumer protection and the integrity of Australian racing and sport.

Attachment

Size and Scope of the Victorian Racing Industry, IER Pty Ltd 2014