

The logo for bet365, featuring the text "bet365" in white and yellow on a dark green background.

**bet365**

# **Submission to the Victorian Government's Review into Static Betting Advertising**

**19 September 2016**

## **About bet365**

bet365 is a privately held group of companies which was founded in Stoke-on-Trent in the UK in 2000 and, through its subsidiaries, is now one of the largest online betting and gaming companies in the world. bet365 has over 3000 employees and 21 million customers worldwide. The bet365 websites are available in 18 different languages and 22 different deposit currencies.

bet365 is licensed and regulated for online wagering in Australia by the Northern Territory Government. In 2015/16 bet365 Australia generated \$96.6 million in revenue and from that paid \$26.6 million in product fees (a form of wagering tax) to racing and sports bodies and other Government taxes or fees. The company is a relative newcomer to Australia – bet365 commenced operations in Australia in 2012 – and has a small online and telephone market share compared to companies like Tabcorp, Sportsbet and William Hill. The company employs 220 staff in its two main Australian offices which are located in Sydney and Darwin.

bet365 is also licensed and regulated by, among others, the British Gambling Commission, the Danish Gaming Authority, the Spanish General Directorate, the Amministrazione Autonoma dei Monopoli di Stato in Italy, the Gibraltar Regulatory Authority and the Malta Gaming Authority. The company has substantial experience of working with online gambling legislators and regulators around the world.

## **Key Policy Positions**

bet365 is strongly committed to the promotion of responsible gambling and strongly supports licensed and regulated online wagering.

The exponential growth in illegal offshore wagering and our global experience has demonstrated that it is far more effective for consumers to have a regulatory regime for online gambling which allows, controls and protects than one which bans or filters the internet. Banning or filtering of the internet rarely works as consumers can easily circumvent such measures.

The current level of illegal offshore wagering in Australia is one of the highest of any country in the developed world.

Regulatory reform of the wagering industry in Australia should meet the following objectives:

- Protect vulnerable Australians by minimising the incidence of problem gambling. This is not possible if the wagering is conducted offshore (i.e. on overseas-based websites).
- Keep crime (such as corruption in sport) out of wagering. This is not possible if the wagering is offshore and unregulated.
- Keep the economic activity within Australia and to Australia's economic benefit. This is not possible if the wagering is offshore.

The following recommended minimum online responsible gambling control requirements are derived from the UK market where bet365 has been licensed and regulated since 2007. The core recommended requirements have been in place since 2007 and have been supplemented by stricter requirements in October 2015 and April 2016. In the UK, they are known as “licensing conditions” and are the consumer protection measures an operator must provide online in order to obtain and keep their licence. In Australia, bet365 has implemented the same responsible gaming controls as the UK even though states such as Victoria do not require similar minimum standards, these include:

#### Financial Self-Control / Voluntary Pre-Commitment

- The question “do you wish to set a deposit limit to control your gambling expenditure?” or similar must be asked while registering an account, i.e. the question cannot be avoided
- If the customer ticks yes (20% of our Australian customers set limits) they are given the choice of a daily, weekly or monthly deposit limit and can enter their own deposit limits.
- Customer must wait for a 24 hour cooling off-period to increase the limit.

#### Personal Self-Exclusion

- This option must be set as a prominently flagged online self-service option such that all the customer has to do is “tick the box” and they are excluded from gambling for a minimum of six months, with choices for much longer periods. The self-exclusion takes effect immediately.
- During the self-exclusion period, no marketing material is sent.
- After the self-exclusion period, the customer must take and pass a problem gambling questionnaire before they can return to gambling.

#### Personal Time-Outs

- This is a shorter-term alternative to self-exclusion and allows the customer to choose shorter periods of one day, one/two weeks or one month where they are prevented from gambling. The customer must confirm they want to return from the time-out, rather than this happen automatically.

#### Reality Checks

- This involves the customer being able to set a parameter such that they want to be reminded by a pop-up message whenever a specific period of time for being logged in and/or gambling has elapsed, i.e. one hour. The message has to be acknowledged before play can continue.

#### Self-Help Tools and References

- The responsible gambling area of the site should include links to all the tools above, plus include links to problem gambling questionnaires, self-help sites, specialist support and other gambling information. As an example see <https://help.bet365.com.au/en/responsible-gambling>

## **Should the government consider the development and implementation of the policy proposals to restrict static betting advertising?**

bet365 believes that the government should consider the development and implementation of the policy proposals to restrict static betting advertising in close proximity to schools.

bet365 does not believe that there should be any further restriction on static advertising in other public areas, particularly given that the content of this advertising is already subject to restrictions under Victorian law which are aimed at preventing gambling operators from appealing to susceptible and vulnerable people.

For example, an advertisement must not:

- suggest that winning will be a definite outcome of participating in wagering or sports betting activities; or
- suggest that participation in wagering or sports betting activities is likely to improve a person's financial prospects.

Nonetheless, bet365 acknowledges that the government is concerned about the susceptibility of vulnerable people to problem gambling and the potential for minors to be unnecessarily exposed to gambling advertising. However, bet365 believes that the government should take into consideration the comparatively low level of spending on wagering (betting on sport and racing) and the very low level of problem gambling in Victoria when finalising policies to restrict static advertising of sports betting.

As the consultation paper for this review notes, only 5.1% of Victorian adults participate in betting on sport.

According to the Queensland Government's annual statistics (*Australian Gambling Statistics, 1988-89 to 2013-14, 31<sup>st</sup> edition*), in 2013/14, real expenditure on poker machines was \$17,741,501,000, while total gambling expenditure was \$21,155,919,000. By contrast, spending on betting on racing was \$2,788,468,000 and betting on sport accounted for \$625,951,000 in spending. This clearly demonstrates the overwhelming majority of money spent by Australians on gambling is on poker machine gambling.

If the government wishes to limit the mediums which betting operators use to advertise, it must consider the link between problem gambling and quantum of spend on different forms of gambling.

Another important consideration is the impact restrictions on advertising of sports betting will have on illegal offshore wagering. This is because of the affect advertising has channelling Victorian consumers to bet with licensed and regulated Australian-based websites in preference to illegal offshore sites. Although illegal offshore sites are readily accessible by Australian consumers, such sites are not permitted to advertise in Australia.

Minimising the level of illegal offshore wagering is vital to maintaining the integrity of sport and racing, maximising consumer protection and minimising the level of problem gambling in Australia.

Unlike illegal offshore websites, licensed and regulated Australian-based sites, such as bet365, are compelled to report suspicious betting activity to sporting and racing bodies, as well as Australian law enforcement authorities, guarantee funds and maintain stringent harm minimisation and consumer protection measures.

Public transport infrastructure and roads are typically used by people in a very transient manner. To illustrate, commuters typically do not spend long periods in a train station and are not exposed to the advertising at a train station for a long period of time. Given the transient way in which people use public transport infrastructure and roads, static advertising at these locations is not, in bet365's view, unnecessarily exposing minors to gambling.

Excessive promotion of sports betting brands and services on television during sports broadcasts is much more likely to negatively impact on the community, which is why bet365 supports national reform of this form of advertising.

**What factors should the government consider in identifying locations where static advertising should be prohibited?**

The government should consider proximity to schools. Static advertising within a 500 metre radius of a school should not be permitted.

bet365 is strongly of the view that all other static advertising should be permitted, subject to the restrictions on the content of the advertising which already exist under Victorian law (see above).

**Should the government consider prohibiting betting advertising on other mediums in or on public transports or near schools (e.g. digital advertising, audio-visual advertising)?**

We do not believe that other mediums of outdoor advertising are used widely enough at this stage for this question to be considered in a meaningful way. The government should, however, keep a "watching brief" on the use of these types of advertising and consider this question again in future, if necessary.

**What impact (economic, commercial and social) will the policy proposals have on:**

- a) **wagering service providers** – Aside from the proposal to prohibit static advertising near schools, which we accept, if the other proposals are adopted, bet365 will have less opportunity to advertise our brand to the Australian public. As stated above, this is a key differentiator with illegal offshore websites, i.e. there is a direct link between restrictions on advertising and a higher level of illegal offshore wagering among Victorian consumers. The more illegal offshore wagering there is, the greater the risk to the integrity of sport and racing, to consumers and to causing a higher level of problem gambling.
- b) **advertising agencies** – Not applicable.
- c) **public transport operators** – Not applicable.

- d) **sporting bodies** – the integrity of Australian sport will suffer if licensed and regulated Australian-based operators have less brand awareness. This is because Australian punters are more likely, in this instance, to bet with offshore operators who do not, unlike bet365 and our Australian-licensed competitors, have any integrity-related obligations to Australian sporting bodies, for example, to monitor betting transactions for irregularities. For example, bet365 has a formal agreement with Cricket Australia to immediately report any suspicious wagering activity as our team monitors all bets in real time.
- e) **members of the community** – it is unclear whether or not the community will notice that these policy proposals have been implemented. As stated above, the community already has negative views about excessive television advertising of sports betting services but there is not the same level of discontent in relation to advertising on public transport infrastructure. This is based on our experience advertising our brand at Flemington and Southern Cross stations in Melbourne each Spring Carnival and AFL Finals season (respectively) each year since 2014. We are yet to receive a single complaint regarding this advertising.

In respect of the impact on members of the community who are punters, if Australian licensed operators have less brand awareness, Australian punters are more likely to use offshore operators who are not licensed in Australia and are generally not compliant with Australian law. For example, if an offshore operator refuses to allow an Australian punter to withdraw funds from their account, that punter will have a limited number of ways (if any) of accessing their funds.

**What arrangements should the government put in place to enable wagering services providers to transition to any new arrangements?**

We agree with the proposal in the consultation paper that, should there be change, all arrangements on foot at the time any prohibition comes into effect are unaffected by the prohibition.

Additionally, the government should provide at least 6 months' notice before any change in the law in this area comes into effect. This is to allow operators to make the necessary arrangements and reconsider their media buying plans.

**What other proposals could the government consider to minimise harm caused by exposure to static betting advertising?**

Please see our response to question one, above.