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SPORT INTEGRITY  
AUSTRALIA

# Australian Sports Wagering Scheme

## Consultation Regulatory Impact Statement

November 2021

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## Glossary of Terms

TERM	DESCRIPTION
ACMA	Australian Communications and Media Authority
ASWS	Australian Sports Wagering Scheme
Event controller	Event Controlling Body
IGA	Interactive Gambling Act
Macolin Convention	Council of Europe Convention of the Manipulation of Sports Competition
NISU	National Integrity of Sport Unit
Product agreements	Product Fee and Integrity Agreements
SBOM	Sport Betting Operational Model
Sports controller	Sports Controlling Body
Wagering provider	Sports Wagering Service Provider

# 1 Introduction

## 1.1 Background

Australia has a strong international reputation for sport integrity. This is underpinned by sophisticated approach to monitoring sport integrity by a number of sports and wagering providers. However, sport integrity matters are beyond the control of any single stakeholder. They are international and connected, forming a complex threat matrix exposing vulnerabilities that require a robust and nationally coordinated response across sports, governments, regulators, the wagering industry, law enforcement and other stakeholders.

These challenges were considered through the 2011 National Policy on Match-Fixing in Sport (the National Policy), which represented a commitment by the Commonwealth, State and Territory governments to work together to address the issue of inappropriate and/or fraudulent sports betting and match-fixing activities with the aim of continuing to protect the integrity of sport. However, the National Policy has not been fully implemented by all jurisdictions, leading to a divergence in regulatory approach to sports wagering between the Commonwealth, State and Territories. This results in jurisdictional, regulatory and contractual conflicts and inconsistencies in the development of sports wagering markets.

Increasing accessibility and popularity of global online wagering platforms and the ease of access to, and attractiveness of, offshore wagering providers has greatly increased the challenges involved in designing an effective, efficient and trusted regulatory framework for sports wagering.

### **The Wood Review**

In this context, then Minister for Sport, the Hon. Greg Hunt, announced a review of Australia's sport integrity arrangements led by the Hon. James Wood AO QC (the Wood Review) on 5 August 2017. The Wood Review formed part of the development of Australia's National Sport Plan – Sport 2030 and was publicly released on 1 August 2018.

The Wood Review's focus was to develop an understanding of the nature and level of the threats to sport integrity in Australia, to identify and assess current sport integrity capability and any current weaknesses and to propose a nationally coordinated response. The Wood Review presented 52 recommendations for consideration.

The Commonwealth Government's response to the Wood Review reiterated its commitment to comprehensively protect the integrity of Australian sport for the benefit of the entire Australian community and sought strong partnership with key sport integrity stakeholders to develop a sustainable framework and funding model.

The Government agreed with 22 of the recommendations; agreed in-principle with 12 and agreed in-principle for further consideration with a further 15. Two recommendations were agreed in part and one recommendation was noted. One of the recommendations agreed to in-principle was to subject the regulation of sports wagering to an Australian Sports Wagering Scheme (ASWS). The purpose of the ASWS is to streamline current processes and provide clarity, transparency and consistency of the regulatory regime at a national level.

We elaborate on the ASWS model in the next sub-section. The ASWS will be the key focus in the rest of this Consultation Regulatory Impact Statement.

## 1.2 The Australian Sports Wagering Scheme

Following the Commonwealth Government's response to the Wood Review, the Department of Health (the Department) was charged with developing a regulatory response to safeguard the integrity of Australian sport, in the form of an ASWS. Following the formation of Sport Integrity Australia in 2020, they have taken over carriage of the ASWS.

The objectives of the ASWS are to:

- Streamline sport integrity aspects of sports wagering regulation to provide clarity, transparency and consistency at a national level and ensure sports wagering occurs in a framework that protects the integrity of sport
- Strengthen the link between Commonwealth Government funding and sport integrity outcomes
- Encourage the development of integrity capability within sporting organisations and facilitate sporting organisations' access to revenue streams from wagering on their sport
- Develop a robust integrity framework for National Sporting Organisations, event controllers and wagering providers.

In addition to these objectives, the ASWS also has ambitions (linked to recommendations in the Wood Review) related to the development of a Suspicious activity alert system and a national 'data pool' of sports wagering data.

As part of this process to date, two previous documents have been developed:

- Australian Sports Wagering Scheme: Discussion Paper (May 2020)
- Australian Sports Wagering Scheme: Strategy Paper and Operating Principles (August 2021)

This Consultation Regulatory Impact Statement builds on these previous documents.

In developing the ASWS to date, Sport Integrity Australia has engaged with a broad range of stakeholders including sports controllers, wagering providers and state and territory regulators. This engagement has included workshops to inform the development of the Regulatory Impact Statement, targeted consultation and briefings with key stakeholders and seeking submissions on the Discussion Paper. Consultation will continue to be a key element going forward. This is detailed further in section 7.

### 1.3 Areas outside scope

This Regulatory Impact Statement is focussed on the ASWS. There are number of areas having clear interdependencies with the ASWS; however these are outside scope with respect to the options developed for the ASWS. These comprise:

- Online in-play wagering
- Criminalisation of match-fixing
- Offshore wagering
- Racing.

While outside scope, these topics certainly have relevance to the ASWS Regulatory Impact Statement and any impacts on these areas will be considered as part of the options assessment. It is noted some areas, such as anti-doping, would form part of the broader integrity framework.

### 1.4 About this Regulatory Impact Statement

This Consultation Regulatory Impact Statement looks to respond to all the Regulatory Impact Statement questions outlined below in Box 1: and is especially seeking evidence to assist with further developing the options assessment. As such, this document includes a series of questions we are seeking feedback on. This Consultation Regulatory Impact Statement is seeking submissions through [policy@sportintegrity.gov.au](mailto:policy@sportintegrity.gov.au) by COB Monday, 20 December 2021.

**Box 1:** Overview of the Regulatory Impact Statement process

The purpose of a Regulatory Impact Statement is to undertake a rigorous process to reach an evidence-based policy solution to an issue with a clear rationale for government intervention to address the problem with the current situation.

Guidance for undertaking a Regulatory Impact Statement is provided by the Office of Best Practice and Regulation with the Australian Government Guide to Regulation<sup>1</sup> being a key point of reference. One instructive section of this guidance distils the requirements for a Regulatory Impact Statement down to seven key questions:

1. What is the policy problem you are trying to solve?
2. Why is government action needed?
3. What regulatory options are you considering?
4. What is the likely net benefit of each option?
5. Who will you consult and how will you consult them?
6. What is the best option from those you have considered?
7. How will you implement and evaluate your chosen option?

The focus of this Consultation Regulatory Impact Statement is on the first four questions with some initial thinking also provided on the remaining three questions.

Based on feedback received on the Consultation Regulatory Impact Statement and further consultation as outlined in Section 7, a Final Regulatory Impact Statement will be prepared which responds to all seven questions. The Final Regulatory Impact Statement will provide an evidence base and recommendations for consideration in making their policy decision around the ASWS.

*Source: Based documents from the OBPR*

The remaining sections of this Consultation Regulatory Impact Statement set out the following:

- Section **Error! Reference source not found.** sets out the current regulatory framework for sports wagering in Australia
- Section 3 outlines the problems associated with the current regulatory framework for sports wagering
- Section 4 makes the case for why government action is needed
- Section 5 outlines options for the ASWS
- Section 6 outlines the impacts of the reform options

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<sup>1</sup> The Department of the Prime Minister and Cabinet (2014), The Australian Government Guide to Regulation

- Section 7 identifies next steps
- Appendix A provides a more detailed discussion of current state and territory regulation of sports wagering.

## 2 The current regulatory framework for sports wagering

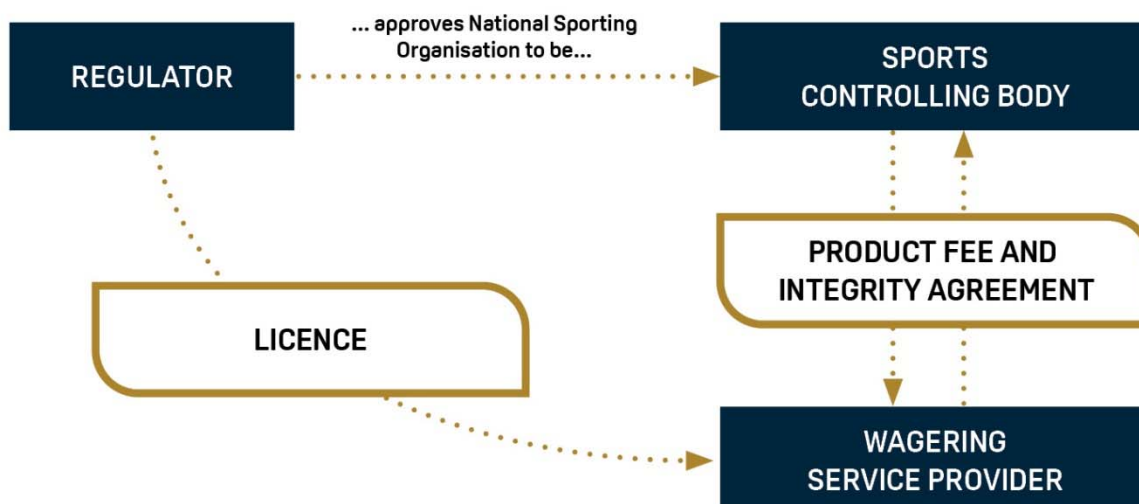
### 2.1 Overview of sports wagering regulation in Australia

Sports wagering, as a subset of gambling, is heavily regulated in Australia. At the Commonwealth level for sports wagering, there are two key elements, the [Interactive Gambling Act 2001](#) and the Sports Betting Operational Model. It should be noted sports wagering providers are exempted from the Interactive Gambling Act unless their services are offered through online platforms or by telephone. With regard to the latter, this was a policy recommendation.

For the purposes of understanding the base case, it suffices to say the Interactive Gambling Act has the effect of prohibiting online in-play betting on sport, but otherwise does not concern itself with the regulation of sport wagering services, which are regulated through relevant jurisdictions.

The Sports Betting Operational Model describes a governance arrangement as depicted in Figure 1. This is a tripartite arrangement between the regulator, sports controlling bodies and wagering providers. The operational model leaves the implementation to the states and territories who have their respective regulatory regimes with respect to gambling and wagering. These state and territory regulatory regimes are summarised in Section 2.2. Further details on the Interactive Gambling Act and Sports Betting Operational Model are provided in **Appendix A**.

FIGURE 1: SPORTS BETTING OPERATIONAL MODEL GOVERNANCE MODEL



Source: Frontier Economics



## 2.2 State and territory regulation of sports wagering

### Implementation of the Sports Betting Operational Model

While all states and territories have regulatory regimes with respect to gambling and wagering, the extent to which each jurisdiction has enacted legislation dealing with sports wagering varies. Victoria and New South Wales have regulatory frameworks which most align to the Sports Betting Operational Model.

The key characteristics of Sports Betting Operational Model implementation to the extent that they apply in Victoria and New South Wales are summarised in

Table 1. This table also presents Northern Territory and South Australia for comparison.

Table 1: Summary of Sports Betting Operational Model implementation

KEY INFORMATION	VIC	NSW	NT	SA
Legislation to implement SBOM	Yes	Yes	No, depends on licensing regime for online betting	No, depends on licensing regime
Relevant document	Gambling Regulation Act 2003 (VIC)	Betting and Racing Act 1998 (NSW); Betting and Racing Regulation 2012 (NSW)	N.A.	N.A.
Relevant regulator	Victorian Commission for Liquor and Gambling Regulation	Liquor and Gaming New South Wales	Northern Territory Racing Commission	Consumer and Business Services
Requirements on National Sporting Organisations to be sports controller	Yes, including data sharing	Yes, including data sharing and measures to prevent, investigate and prosecute	No	No
Requirements on licensed wagering providers	Only allowed to offer sports events declared by VIC regulator For sports events wholly or partially held in VIC and declared by VIC regulator: required to enter into product agreements with sports controllers	Required to seek approval from NSW regulator to offer any contingencies Required to enter into product agreements with sports controllers	Via online gambling licence	Via licence for SA based wagering providers. Through recognition of interstate license for an Interstate Betting Operator

KEY INFORMATION	VIC	NSW	NT	SA
Requirements on inter-state wagering providers	For sports events wholly or partially held in VIC and declared by VIC regulator: required to enter into product agreements with sports controllers	For sports events in NSW: required to enter into product agreements with sports controllers	No	Require authorisation by SA regulator Only allowed to offer sports events determined by SA regulator
Required provisions in product agreements	Data sharing; fee disclosure	Data sharing; measures to prevent, investigate and prosecute; funding of sports controllers	N.A.	N.A.
Extra-territorial application of regulations	Yes	Yes	No	Yes

Note: ACT, Western Australia and Tasmania have been excluded since they have not implemented the SBOM

Source: Report of the Review of Australia's Sport Integrity Arrangements (2018)

In practice, most sport events would at least partially occur in Victoria or New South Wales. The implication of this is that the vast majority of Australian sports events for which wagering is permitted will be required to meet the regulatory frameworks of Victoria and/or New South Wales.

### Recognition of Sports Controlling Bodies

As detailed in Table 1, Victoria and New South Wales have requirements for National Sporting Organisations to be the sport controller. Other states and territories do not have an equivalent requirement.

To be a recognised sport controller the organisation must go through an application process to become a 'sports controlling body'. Through the process applicants must ascertain that they:

- Have control of the sporting events
- Have adequate policies, rules etc. to ensure the integrity of the sporting events
- Are able to administer, monitor and enforce the integrity systems.

Victoria and New South Wales each have separate Sports Controlling Body application processes and conduct separate occasional reviews of their accredited sport controllers. At the time of writing, there are 13 recognised sport controlling bodies in Victoria and 9 in New South Wales.<sup>2</sup>

It is understood that accreditation of sport controlling bodies in Victoria and New South Wales is a relatively administrative process with little ongoing support or guidance provided to sports to help manage their integrity risks.

<sup>2</sup> As per <https://www.vcglr.vic.gov.au/gambling/wagering-and-sports-betting/sports-controlling-bodies> and <https://www.liquorandgaming.nsw.gov.au/operating-a-business/gaming-licences/gaming-licences-permits/sports-wagering-in-nsw> [accessed on 12/10/21]

With respect to broader sports integrity (i.e. elements not specifically related to wagering), Sport Australia have a key role in broader governance through their recognition and compliance processes relating to National Sporting Organisations, and Sport Integrity Australia provides advice and assistance to counter sport integrity threats related to doping, child abuse, member protection, and improper use of drugs and medicine.

### **Licensing of Wagering Providers**

Wagering providers are entities offering wagering services to bettors. There are various types of wagering providers, namely sports bookmakers (e.g. Sportsbet), betting exchanges (e.g. Betfair) and totalisator operators (e.g. the TAB):

- Sports bookmakers offer bets to bettors at odds set by the bookmakers themselves. They generate revenue when customers lose bets and make losses when customers win bets.
- Betting exchanges are an online platform enabling customers to bet against each other on events at known prices set by bettors. Bettors can either back (i.e. bet that the contingency will happen) or lay (i.e. bet that the contingency will not happen) an outcome on an event. Betting exchanges generate revenue via commission charged on a customer's net winnings on a betting market.
- Totalisator operators do not offer fixed odds bets. Instead, they operate a system where winning bettors share the pool of bets collected from all bettors and they continuously update the final dividend for winning bets prior to the event. They generate revenue by taking a set percentage of the amount of pooled bets before making distributions to winning bettors. Totalisator betting markets are not offered on sporting contingencies in Australia.

In the current regulatory system, wagering providers are required to be licensed in at least one state or territory. Having done so, a wagering provider would be able to offer wagering services for inter-state events subject to restrictions imposed by the local regulator. These licenses cover a broad range of requirements which extend beyond the sport integrity focus of this Regulatory Impact Statement.

At present it is understood that the most wagering providers are registered in the Northern Territory. Stakeholders have suggested this is due to factors including lower application and licence fees, and no statutory limitations to the numbers of sports bookmaker licences that can be issued.

This Regulatory Impact Statement does not contemplate changing the regulatory arrangements for wagering provider licensing. However, options presented will impact on wagering providers and thus it is useful to be clear on the broad regulatory framework that they operate under.

### **Recognition of markets and contingencies**

For the purposes of this Regulatory Impact Statement, markets refer to the range of sports wagering services offered by wagering providers on Australian and international sport events. Markets are made up of contingencies taking many forms including win/place options, spread bets or points starts, table and season outcomes and multiple types of 'spot bets', etc.

Licensed wagering providers are able to offer betting contingencies subject to the regulations in the state or territory that the person placing a bet is based. These are summarised in Table 2.

Table 2: Summary of recognition of markets and contingencies by state/territory

STATE/TERRITORY	RECOGNITION OF MARKETS AND CONTINGENCIES
NSW	Wagering providers required to enter product agreements with sports controlling bodies, where a sports controlling body exists, and only offering contingencies approved or declared by the regulator
VIC	Wagering providers required to enter product agreements with sports controlling bodies, where a sports controlling body exists, and only offering contingencies approved or declared by the regulator
NT	List of declared sports. Wagering providers can offer any contingencies on these sports subject to the game or fixture not being restricted to persons under the age of 18 years
SA	List of approved betting contingencies by sport
ACT	List of declared sporting events and classes of events e.g. basketball is an event and the Australian National Basketball League is a class of event
QLD	Do not have a list of approved contingencies. The exclusive wagering licensee is authorised to conduct wagering on sporting events and contingencies in accordance with the Wagering Rule 2010.
TAS	List of declared sports. Wagering providers can offer any contingencies on these sports
WA	List of approved betting contingencies. Licensed bookmakers in Western Australia with a sports endorsement are permitted to offer sports markets and contingencies that have been approved by the Gaming and Wagering Commission under section 4B of the Betting Control Act 1954.

Source: Respective state and territory regulators

**Box 2:** : Macolin Convention

In February 2019, the Commonwealth Government signed the Macolin Convention, the only multi-lateral treaty aiming to prevent, detect, punish and discipline the manipulation of sports competitions, as well as enhance the exchange of information and national and international cooperation between the public authorities concerned and with sports organisations and sports betting operators<sup>3</sup>.

Australia is an active participant in the Macolin Convention and already engages formally with other national platforms.<sup>4</sup> By engaging formally with the Macolin Community, Australia is empowered to create a fully effective national platform to enhance detection of, and nationally coordinate responses to, sports competition manipulation and obtain formal ongoing access to international counterparts.

## 2.3 Information sharing

From a sport integrity perspective, an important avenue for information sharing is through product agreements required for sports controlling bodies in Victoria and New South Wales. These product agreements include minimum requirements for the sharing of information between wagering providers and sports controllers for the purposes of protecting and supporting the integrity of sports and sports wagering. This information sharing can include periodic reporting, data relating to specific concerns and audit requests being provided from wagering providers to sports controllers.

At present the key authority with respect to data sharing is the Sports Betting Integrity Unit at the Australian Criminal Intelligence Commission. They have functions with respect to data collection, use and sharing.

From a wagering providers and sports controller perspective, data providers currently play an important role both with respect to providing the statistics required to create betting markets and in offering services to identifying suspicious betting patterns. Wagering providers also have their own systems for the detection of suspicious betting patterns.

In addition, wagering providers have information sharing requirements related to their license requirements. This data relates to broader regulatory compliance, tax and consumer disputes rather than sport integrity.

## 2.4 Revenue and funding

Revenue and funding are important aspects of regulatory design. However, they are often structured as required after a preferred regulatory design is chosen and are not likely to dictate or influence the selection of a preferred regulatory option.

We briefly discuss the base case revenue and funding in this section bearing in mind they may be revised partially or in full depending on the final regulatory design for the ASWS to meet key principles.

<sup>3</sup> See <https://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/215>

<sup>4</sup> The network of platforms is also referred to as the Group of Copenhagen and comprises: Australia, Belgium, Bulgaria, Cyprus, Denmark, Finland, France, Greece, Italy, Norway, Poland, The Netherlands, Portugal, Sweden, Switzerland, Spain and United Kingdom.

## Sports

From a sports wagering perspective, the key revenue stream for integrity is through product agreements to sports controllers. Sports controllers can enter into more product agreements with more wagering providers, and by doing so may receive more revenue, which is consistent with the understanding more costs are incurred by them to detect and enforce integrity matters in more events against more wagering providers.

It is noted sports may also receive Government funding. At present 61 national sporting organisations are funded by Sport Australia for various purposes largely focussed on high performance sport and sport business outcomes.<sup>5</sup> At present none of this funding is allocated solely with respect to integrity.

## Wagering providers

Wagering providers are on the opposite side of the equation with respect to revenue. Clearly, it is the wagering providers that makes payment to a sports controller with respect to a product agreement. In addition to this, a key expense on wagering providers is the recently introduced point of consumption tax on sports wagering. All states and territories except the Northern Territory have introduced a point of consumption tax on wagering on sports and racing. These are summarised in Table 3.

It is noted that, in addition to point of consumption taxes, Australian wagering providers pay the following:

- Annual licence fees and wagering taxes to regulators. For example, a betting exchange operator licensed by the Northern Territory Racing Commission is required to pay an annual licence fee of \$242,000, as well as wagering tax at 10% of the operator's gross profit, capped to \$1,240,000 per annum.
- Product fees to all major racing bodies in Australia
- Goods and Services Tax (GST).

None of the taxes or fees levied by governments are explicitly for the purpose of managing sport integrity.

Table 3: Point of consumption tax by state and territory

STATE/TERRITORY	DATE INTRODUCED	POINT OF CONSUMPTION TAX RATE
NSW	1 Jan 2019	10% of revenue
VIC	1 Jan 2021	10% of revenue
NT	N/A	N/A
SA	1 Jul 2017	15% of revenue
ACT	1 Jan 2019	15% of revenue
QLD	1 Oct 2018	15% of revenue
TAS	1 Jan 2020	15% of revenue
WA	1 Jan 2019	15% of revenue

<sup>5</sup> [https://www.sportaus.gov.au/data/assets/pdf\\_file/0009/1012041/Investment-allocation-2021-22-Website-as-at-8-October-2021.pdf](https://www.sportaus.gov.au/data/assets/pdf_file/0009/1012041/Investment-allocation-2021-22-Website-as-at-8-October-2021.pdf)

Source: Desktop research

## 2.5 Other issues

Beyond the key issues discussed in the previous sections, we discuss the following areas surrounding the base case, which, while outside the direct scope of the ASWS, do have varying degrees of relevance:

- Criminalisation of match-fixing
- Offshore wagering

Two other issues worthy of brief mention are racing and consumer protection. Racing is outside the scope of the ASWS though it is noted they experience similar integrity risks with respect to wagering. With respect to consumer protection, this is largely managed by states and territories while a National Consumer Protection Framework for Online Wagering is being managed by the Federal Department of Social Services.

### Criminalisation

A key commitment under the National Policy<sup>6</sup> in 2011 was for all states and territories, separately, to enact legislation creating specific offences in their respective jurisdictions to criminalise match-fixing behaviours. Except for Western Australia and Tasmania, states and territories have responded to implement the commitment to legislate, with specific new laws being similar in effect.

Base case criminalisation of corrupt conduct relating to sports wagering is summarised in Table 4.

Apart from corrupting sports events, the new laws (except for Victoria) also criminalises the disclosure and use of inside information for betting purposes. Inside information<sup>7</sup> refers to information that is not generally available in the public domain, but if it were generally available, would be likely to influence a person who would bet on the event in their betting decisions. Unlike corrupt conduct, the possession and use of inside information does not alter or influence the result of the sports event. The penalties for criminal conduct relating to inside information are shorter than that of corrupt information and in some instances regarded as summary offences and thus subjected to the application of a six-month limitation period. Base case criminalisation of the disclosure and use of inside information in sports wagering is summarised in Table 5.

More recently in 2019, the Commonwealth Government commenced work to establish a set of Commonwealth match-fixing offences as a commitment to continue working with state and territories to foster greater consistency and complementarity between Commonwealth subnational frameworks. The development of these offences is guided, to an extent, by the set of match-fixing behaviours agreed by all state and territory Attorneys-General at the November 2011 meeting of the Standing Council on Law and Justice, as well as relevant state and territory offence frameworks where they have been enacted. Proposed behaviours subject to the offences include:

- Corrupting a sporting event
- Altering, destroying or concealing corrupt conduct information
- Use or communication of corrupt conduct information
- Use or communication of inside information.

<sup>6</sup> Sport and Recreation Ministers' Council, 'National Policy on Match-Fixing in Sport' (as agreed on 10 June 2011).

<sup>7</sup> See NSW Crimes ACT for insider information definition <https://www.legislation.nsw.gov.au/~/pdf/view/act/1900/40/whole>

Measures have also been proposed for subnational governments to identify responsible regulatory authorities and place obligations on wagering providers to prevent conflict of interest and misuse of inside information as well as to report irregularities.

Table 4: Base case criminalisation of corrupt conduct in sport

	VIC	NSW	NT	SA	ACT	QLD
Specific match-fixing or corrupt conduct	Yes	Yes	Yes	Yes	Yes	Yes, specific to match-fixing
Facilitating match-fixing or corrupt conduct	Yes	Yes	Yes	Yes	No	Yes
Encouraging to conceal conduct	Yes	Yes	Yes	Yes	No	Yes, but slightly different
Betting with corrupt information	Yes	Yes	Yes	Yes	Yes	Yes
Maximum penalty	10 years	10 years	10 years	10 years	10 years	10 years

Source: Report of the Review of Australia’s Sport integrity Arrangements (2018)

Table 5: Base case criminalisation for disclosing or using inside information in sports wagering

	VIC	NSW	NT	SA	ACT	QLD
Inside information offence	No	Yes	Yes	Yes	Yes	Yes
Maximum penalty	N.A.	2 years	2 years	2 years	2 years	2 years
Limitation period	N.A.	6-month	6-month	6-month	None	None

Source: Report of the Review of Australia’s Sport integrity Arrangements (2018)

**Offshore wagering**

There has been significant growth in sports wagering beyond Australia, particularly in Asia, which allows wagering on Australian sports and hence raises the risks of match-fixing to Australia. Unregulated offshore wagering represents a particular concern in relation to the manipulation of sports competitions.



Firstly, the lack of transparency in many unregulated offshore markets means those seeking to profit from the manipulation and/or inside information on Australian sports competitions can potentially avoid detection by wagering through those offshore platforms. This is exacerbated by offshore wagering providers creating or tolerating anonymous betting customers and funding channels. Second, when Australians engage in wagering on unregulated offshore online platforms, sports controllers, law-enforcement agencies and regulators lose visibility of this wagering activity. This makes it harder to effectively monitor wagering markets for possible match-fixing or other unlawful activity. As a result, the ability to review and determine whether matches or betting contingencies have been tainted by manipulation is reduced. Third, offshore wagering providers are unlikely to co-operate with Australian sports controllers on investigations into potentially corrupt matches or betting contingencies. Fourth, it results in a loss of product fees payable to sports controllers, which could have been directed to sports controllers' integrity function, and also tax leakage for government.

In addition, while Australian wagering providers are heavily regulated and are legally required to offer comprehensive responsible gambling tools to customers, it is unclear whether offshore wagering operators face the same requirements. For example, some Australian wagering providers offer a range of responsible gambling tools to bettors, such as deposit and loss limit options, time-out functionality, self-exclusion functionality, account closure options, self-assessment tools and a detailed responsible gambling webpage. In addition, they also run daily reports, seeking to identify 'red flag' behaviours by customers (e.g. a sudden increase in deposit sizes by a customer).

Unless a system for ongoing monitoring of the conduct of players and others associated with each particular sport and of wagering markets is in place including a capacity to gather, collate and assess data and intelligence, the manipulation of sports competitions can be difficult to detect. As noted above, in recent times, the Australian Communications and Media Authority has taken steps (such as website blocking) to disrupt offshore wagering operators providing wagering services to Australian residents in contravention of the IGA. However, it is unclear whether these initiatives are sufficient to address problems posed by offshore wagering providers, particularly as the Interactive Gambling Act does not regulate the provision of these services to non-Australian based customers.

There are several strong attractions for Australian consumers to bet with offshore wagering operators, including:

- the availability of better odds, given offshore wagering operators do not pay Australian levies, including licence fees and taxes, or product fees to sports controllers.
- the ability to bet online in-play on sport, which cannot be offered by Australian wagering providers<sup>8</sup>.
- the ability to bet with complete anonymity. Many offshore wagering operators (e.g. Cloudbet) don't complete 'know your customer checks' and allow Australian consumers to deposit via bitcoin and other cryptocurrencies.
- the ability to access 'credit arrangements' (which have been banned in Australia for a number of years).

Australia has taken steps towards a stronger effort to combat manipulation of sport competitions via unregulated or illegal offshore wagering channels affecting sport integrity in Australia, most recently as a signatory to the Macolin Convention in 2019. Moreover, Sport Integrity Australia are involved in a research project on the topic of online in-play. They are also involved in a research piece on the topic of data providers.

This has the effect of fostering stronger international collaboration to develop better capability to combat integrity risks.

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<sup>8</sup> It should be remembered that in-play wagering is offered through telephone or on premises facilities; the ban is on on-line provision of these services.

**Questions on Consultation Regulatory Impact Statement**

Are there any inaccuracies in the base case? If so, please provide details.

Are there any forthcoming changes to the base case which would impact on the ASWS?

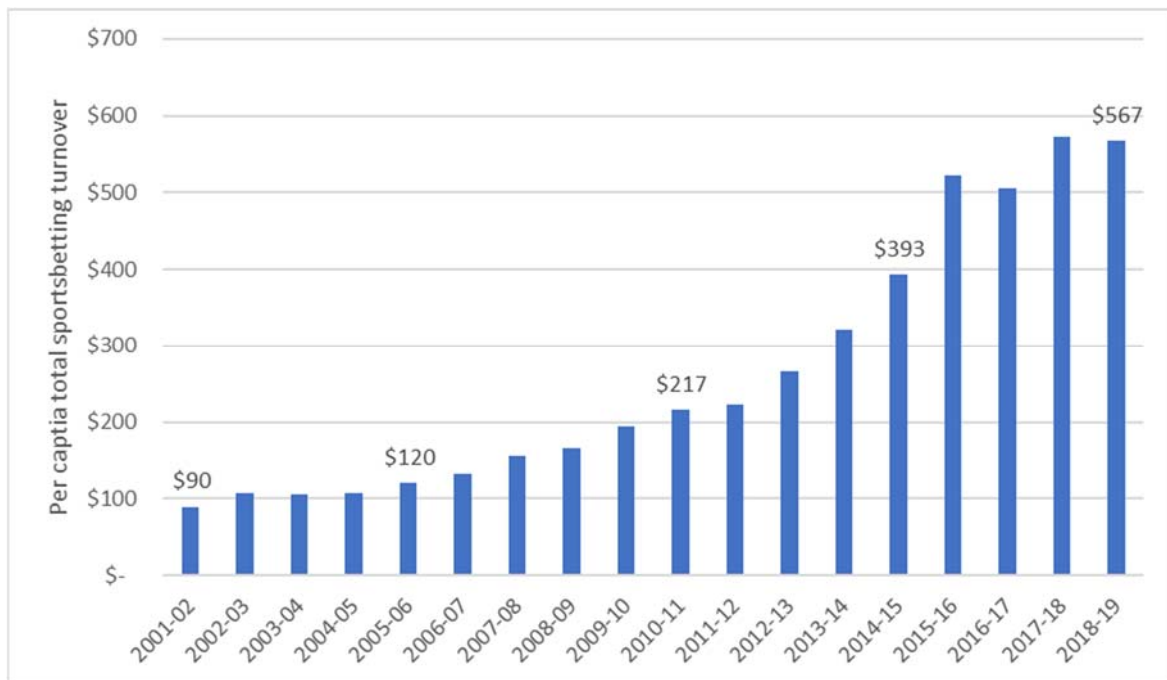
## 3 What is the problem?

### 3.1 The issues with the current regulatory approach

As noted in Section 1, before recommending regulation or changes to existing regulations, we must identify a clear policy problem we think regulation can solve. The issues with the current regulatory framework can be linked back to a single point: the volume of sports wagering has greatly increased over time while the regulatory framework has stayed largely the same.

Sports wagering has seen an increase in the number of contingencies offered by wagering providers and increase in total value wagered on sporting events. By means of illustration, in 2001-02 Australian sports betting turnover was \$90 per capita, this increased to \$567 per capita in 2018-19 – this ramp up over time is shown in Figure 2.<sup>9</sup> There has also been a blurring of the boundaries of sports wagering with wagering on e-sports and the ‘gamification’ of sports through products such as DraftKings.

Figure 2: Per capita total sportsbetting turnover 2001-02 to 2018-19



Source: Graph by Frontier Economics based on Queensland Government Statistician's Office (2021), Australian Gambling Statistics, product table 2018-19

<sup>9</sup> Queensland Government Statistician's Office (2021), Australian Gambling Statistics, product table 2018-19

**Box 3:** Case study - Former Australian table tennis player charged for betting on fixed matches

While the majority of sporting competitions around the world were suspended early in the COVID-19 pandemic, there was a small number that continued. In particular, there was a large number of table tennis tournaments held in the Ukraine. These tournaments attracted significant betting interest across the world due to the lack of other events to bet on.

Australian wagering providers detected unusual patterns of gambling on these matches along Australia's east coast through their analysis of bets that were being placed. It revealed that certain bettors were consistently winning in a way that defied statistical averages. The NSW State Crime Command's Organised Crime Squad, with assistance from Sport Integrity Australia, established Strike Force Brombal to investigate a transnational gambling syndicate allegedly placing corrupt bets on international table tennis tournaments.

NSW Police Force Detectives executed search warrants on a number of properties linked to former Australian table tennis player, Adam Green. Mr Green was subsequently charged with using corrupt information to bet on table tennis matches, profiting from the proceeds of crime, and providing corrupt information to two other people.

A media article reported that at a preliminary hearing at a Newcastle court, it was alleged that Mr Green placed 1,170 bets on table tennis matches he knew to be fixed, generating profits of \$438,000.

The outcome of the criminal case is yet to be finalised.

**This case illustrates how quickly sport integrity risks can change and the need for a coordinated regulatory approach for identifying and investigating sport integrity threats.**

*Source: Sport Integrity Australia case study*

As outlined in Section **Error! Reference source not found.**, sports wagering is currently largely regulated by the states and territories. This current framework leads to the following issues and risks:

- Inconsistencies, duplications and gaps in regulatory requirements
- Limitations to integrity risk identification
- Lack of formal framework for funding of integrity
- Risk ultimately borne by the sports.

These are discussed in more detail in sub-sections 3.2-3.5.

It is important to note that there isn't evidence to suggest Australian sporting events have an integrity problem. Moreover, it is recognised that a number of sports and wagering providers have considerable sophistication to their integrity functions. Rather, given that regulatory frameworks have not changed in line with the sports wagering sector, a regulatory refresh seems logical. The nature of the problem has been taken into account in the development of the ASWS operating principles (see Box 8: ).

### 3.2 Inconsistencies, duplications and gaps in regulatory requirements

The regulatory requirements for sports wagering differ between the state and territory regulators. These inconsistencies can be difficult for wagering providers and sports controllers to navigate. Moreover, it is possible that inconsistencies result in some instances where sport integrity risks differ depending on which state or territory a sporting event takes place and also the state or territory where a bet is placed.

For example, states and territories have differing approaches to contingencies that can be offered by wagering providers. In South Australia there is a list of approved betting contingencies by sport. In contrast in the Northern Territory wagering providers can offer any contingencies on approved sports subject to the game or fixture not being restricted to persons under the age of 18 years. Given that the regulation of contingencies is based on where a bet is placed, hypothetically there could be a sport integrity incident on a sporting event held in South Australia for a contingency which is not permitted in for those placing bets in South Australia. While it is acknowledged that differences in contingencies tend to be at the margins, the increased complexity and blurring of boundaries of sports wagering increase the risk of integrity issues arising from these inconsistencies.

Duplications also exist. For example, a wagering provider reports data/suspicious activity to their licensor, AUSTRAC, and upon request to the sport controlling body and the relevant law enforcement agency. A wagering provider also provides data to jurisdictions for tax purposes. The sport controlling body reports suspicious activity to the regulator, and at times law enforcement. Sport controlling bodies also provide audit/compliance information to their regulator also. Clearly this information flow is not optimal.

There are also gaps in the regulatory framework. For example, it is unclear how one-off sporting events — anything from an MMA event to an Olympic Games — fit within the Sports Controlling Body requirements in Victoria and NSW.

**Box 4:** : Case study – Integrity issues at a sporting event

On 1st May 2020 the Darts Regulation Authority in the United Kingdom were informed by the International Betting Integrity Association of suspicious betting on a Darts match that had been played on 30th April 2020 between Kyle McKinstry and David Evans in the MODUS A Night at the Darts series. McKinstry lost the match 5-0. On 2nd May 2020 the International Betting Integrity Association reported further suspicious betting activity on McKinstry's match with Wessel Nijman that was played on 2nd May 2020.

The MODUS A Night at the Darts event was regulated by the Darts Regulation Authority, the governing body for professional darts in the UK. The Darts Regulation Authority launched an investigation working closely with Sportradar Integrity Services, the Gambling Commission Sports Betting Intelligence Unit, Malta Gaming Authority, Gibraltar Gambling Regulator and betting operators.

On 17th October 2020 at a hearing of the Darts Regulation Authority Disciplinary Committee McKinstry admitted fixing his match with David Evans and that he passed information of his intention to do so to others who placed bets on this outcome, and he had requested one person to place a bet on his behalf on the outcome. He was found guilty of manipulating a match against Wessel Nijman on 2 May by deliberately failing to score any 180 scores in the match and that he alerted others to his intention prior to the match, thus allowing them to place winning bets on this specific outcome. He was also found guilty of failing to cooperate with the Darts Regulation Authority by not producing his itemised phone billing as required. The Committee found all three of the charges against McKinstry proven. For fixing two matches in the Modus Events McKinstry is suspended from the sport for six and a half years. McKinstry is suspended for a further eighteen months for failing to provide his itemised phone billing to the Darts Regulation Authority. This means that McKinstry is suspended for a total of eight years from 18th August 2020 until midnight on 17th August 2028. He was ordered to pay costs of £4,730.64.

**This case illustrates the value of sporting events having a clear link to a controlling body with a remit for good governance and integrity.**

*Source: Sport Integrity Australia*

### 3.3 Limitations to integrity risk identification

The modern wagering market is characterised by significant liquidity, accelerated market growth, market complexity, increasing accessibility of online platforms and offshore unregulated markets. The growth, complexity and sophistication of modern sports wagering increases the need for a coordinated, national approach to identifying and managing sport integrity risks. There is no doubt that wagering providers are incentivised to identify and raise any sports wagering integrity incidents that they identify on their markets whether it be manipulation of sporting event outcomes or the misuse of price-sensitive information. However, the current approach is siloed. The ideal way to monitor and identify sport integrity risks would be a multi-faceted national approach which systematically brings together insights and data from sports controllers, wagering providers, Australian law enforcement and partner organisations overseas. This is a gap in the current regulatory framework.

**Box 5:** Case study – misuse of price-sensitive information

In 2020, Joshua Wilson, owner of StatEdge, a technology company that provided and managed data for the NRL, and Ben Trevisiol, general manager of StatEdge, were convicted of ‘communicating inside information’ in relation to betting on the NRL’s Dally M awards. StatEdge was a system where Dally M points were collated and tallied, and through that system Trevisiol had access to the identities of the award winners. Upon discovering that Craig Bellamy would be awarded the ‘Dally M Coach of the Year’ award, and who at that time was still an ‘outsider’ in the betting market with attractive odds, Trevisiol informed Wilson and associates who started betting on the outcome of Craig Bellamy winning Coach of the Year. Starting two weeks before the Dally M Awards night, Wilson placed \$500 to win \$1975, and Trevisiol placed \$486 to collect \$950. Associates of Wilson and Trevisiol placed bets also, with \$20,000 reported to have been paid to winning customers.

The scheme was first identified by wagering providers after noticing disproportionate amounts of bets being placed on the Craig Bellamy outcome. That information was passed onto the NRL who investigated the matter, and then handing over their findings to the NSW Police who charged the pair with using and communicating inside information. In 2020 Wilson was convicted and placed on a good behaviour bond.

**This is a relatively unsophisticated example of misuse of price-sensitive information. More sophisticated schemes in more liquid markets are likely to require a more coordinated approach to suspicious activity identification.**

*Source: Sport Integrity Australia*

### 3.4 Lack of formal framework for funding of integrity

A key funding mechanism for managing sport integrity risks is through Product Fee and Integrity Agreements (PFIAs). These agreements are requirements of New South Wales and Victoria’s regulatory frameworks. A PFIAs enables the sports controller to charge a product fee based on wagering on their sport. However, while New South Wales legislation states that products fees raised by sports controllers must be used for sport integrity measures, they do not specify what these measures may be. Victorian legislation does not state how the product fee should be used. While there is no evidence that PFIAs funds are being misused, given the growth in sports wagering in Australia it appears desirable to have clear standards which sport controllers are required to meet to ensure they have implemented appropriate integrity frameworks.

In addition, the New South Wales and Victoria’s regulatory frameworks only cover sporting events hosted in the corresponding jurisdiction. In practice PFIAs cover sporting events across Australia; this is due to it being in the interest of sports controllers and wagering providers rather than being a regulatory requirement.

### 3.5 Risk ultimately borne by the sports

While sport integrity is an issue which concerns wagering providers and governments, the risk is ultimately borne by sports controllers. It is sports controllers who experience the reputational damage associated with a sport integrity incident. This may have further effects of reducing sports attendances, the economic viability of the sporting organisation and sports participation. Examples of this include Taiwanese baseball where, as a result of a number of match-fixing scandals, the number of professional teams had fallen from a high of seven to just four,

which saw their combined attendance drop 45% between 2004 and 2008.<sup>10</sup> Other examples is the soccer league of China which had problem with match-fixing issues around a decade ago. This led to the national broadcaster ceasing to televise their games and the league's main sponsor withdrawing.<sup>11</sup> There could also be flow on impacts at a national level, for example sport integrity issues may make a country less attractive for hosting international tournaments and competitions.

Further to the previous sub-section on funding integrity, a significant mechanism for sports integrity is the PFIA. This fee is remitted to sports controllers based on the amount wagered on that sport. While the level of sport integrity risk is likely to be correlated to the amount wagered on that sport, there is a base level of preventative education and monitoring that a sport controller can and do undertake to varying degrees. While it is noted that Sport Australia do provide some funding to sports for integrity, the current funding regime may mean that sports controllers with either low or no revenues from PFIA's struggle, or are unable, to fund this minimum level of integrity prevention.

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<sup>10</sup> See: <https://www.latimes.com/world/asia/la-fg-taiwan-baseball-snap-story.html>.

<sup>11</sup> See: <https://www.bbc.com/news/world-asia-pacific-12936084>



**Box 6:** Case Study - Manipulating a competition not linked to sports wagering

A report by Professor Richard McLaren into boxing at the Rio 2016 Olympics found widespread evidence of 'corruption, bribery and the manipulation of sporting results' with judges giving each other signals at ringside to fix bouts. The report's investigation identified seven to 10 suspicious bouts where manipulation is likely to have taken place.

The corruption went right to the top of the governing body with two senior Aiba officials at the time, Wu Ching-kuo (then Aiba President) and Karim Bouzidi (then Executive Director) being identified as 'key actors' in 'allowing the manipulation to flourish'. Bouzidi was the main perpetrator, selecting all the officials for the Rio 2016 Olympics and becoming so powerful that the referee and judging governance processes were rendered obsolete.

To orchestrate the fixed bouts, a handpicked team of senior five-star referees and judges used signals at ringside or instructed colleagues on the morning of fights as to who should win. Meanwhile incorruptible officials were driven out of the sport, with a weeding out process during the qualifying competition for Rio.

Two of the most high-profile bouts under investigation include the controversial defeats at the Rio Games for Great Britain's Joe Joyce in the super-heavyweight final against France's Tony Yoka and Ireland's Michael Conlan in his bantamweight quarter-final against the Russian Vladimir Nikitin. Conlan, who reacted angrily after the controversial bout, welcomed the report's findings. In a recent interview Conlan said 'the black mark of Rio will always be there, and I think if I hadn't said what I said and done what I did this probably wouldn't be happening now. I think it's a huge day for amateur boxing and especially for the guys who suffered in Rio, including myself. It is vindication.'

The new Aiba President, Umar Kremlev, who commissioned the report, released a statement saying Aiba will incorporate any helpful recommendations in the preceding two reports on the investigation.

**This example underlines the need to take a multi-faceted approach to monitoring and investigating sport integrity risks rather than relying on wagering providers identifying suspicious activity in betting patterns.**

*Source: Sport Integrity Australia*

**Questions on Consultation Regulatory Impact Statement**

Do you agree with the overarching problem that regulatory framework around sport integrity has not changed in line with the sports wagering sector?

Are there any other problems relevant to the scope of this Consultation Regulatory Impact Statement? If so, please provide evidence of these problems.

## 4 Why is government action needed?

### 4.1 While sports wagering has changed, there is an ongoing rationale for government regulation

Australian governments (both Commonwealth and state and territory) already regulate sports wagering (see Section 2 for detail of the current regulatory framework).

As detailed in Section 3, the volume and nature of sports wagering has expanded over time while the regulatory framework has stayed largely the same. In line with the case for change, it is noted that a number of Australian sports controllers and wagering providers have a range of sophisticated processes and controls in place to manage sport integrity. Nevertheless, there is a clear and ongoing role for government regulation to ensure that Australia maintains and enhances its reputation for having a high level of sport integrity. Moreover, in an increasingly international sports wagering environment, government coordination with international sport integrity bodies is also important. Sport Integrity Australia can play a key role in coordinating with international sport integrity bodies.

#### **Box 7:** The establishment of Sport Integrity Australia

The Wood Review found the vulnerability of Australian sport to future corruption is exacerbated by the lack of a clear and national regulatory, law enforcement, policy and program delivery response across the sports integrity threat continuum. To address this vulnerability, a key recommendation of the Wood Review was the establishment of Sport Integrity Australia.

Sport Integrity Australia commenced operations on 1 July 2020, drawing together existing sports integrity capabilities, knowledge and expertise and to coordinate all elements of a sports integrity threat response nationally including prevention, monitoring and detection, investigation and enforcement.

To inform a collaborative and coordinated approach, Sport Integrity Australia continues to strengthen partnerships with its stakeholder groups – sports, participants, governments, wagering service providers and international sport integrity networks. A key aspect of this approach is the establishment of a central information gathering, analysis and dissemination capability with all partners. Strong partnerships enable Sport Integrity Australia to better understand and respond to integrity threats as the sport and organised crime contexts converge, as well as fostering proactive engagement to develop a culture safe and fair sport. In turn, stakeholders benefit from the ability to deal with a single nationally coordinated organisation to address all sport integrity issues.

*Source: Sport Integrity Australia*

Box 8: outlines the principles for the ASWS. Given the nature of the problem and the case for government action, the ASWS Principles have been developed to help guide the development of policy options.

**Box 8:** ASWS Principles

1. Risk-based regulation

The design of the ASWS will be undertaken through a risk-based approach in dealing with the regulatory harms and issues the ASWS is intended to address. This will involve consulting widely with affected stakeholders to understand the potential risks, burdens and costs different regulatory approaches may impose on the sector; targeting the highest priority risks to sport integrity; and pursuing regulatory design options commensurate with the harms and issues the ASWS is intended to address.

2. Proportionality and consistency of regulation

The design of the ASWS will also consider how regulation (and associated regulatory actions such as compliance and enforcement) can be undertaken in a proportionate and consistent manner. This will involve designing regulatory actions tailored to the severity of the risk, harm or non-compliance; ensuring these actions are conducted in a fair, proportionate and consistent manner; and ensuring impacted stakeholders are provided with advice, support and assistance in navigating the ASWS.

3. Responsiveness to changing risk and harms

The design of the ASWS will also be responsive to the changing nature of risks and harms in sports betting. This will involve designing a flexible regulatory approach able to reduce the regulatory burden for mature organisations; provide technical assistance for less mature organisations and adjust regulatory settings to meet emerging risks and issues.

Related to this principle is the issue of flexibility in regulation. A lack of flexibility can cause issues if there are gaps or uncertainties with respect to application of the regulatory framework to new and emerging sports wagering. For example, there is a lack of clarity as to the extent to which e-sports could, or should, be captured by current sports wagering regulation.

*Source: Sport Integrity Australia*

**Questions on Consultation Regulatory Impact Statement**

Do you agree that there is a case for government action?

## 5 What options are being considered?

### 5.1 Structure of options

The structure of the options follows the key areas covered in the problem identification and the base case. Options are structured around:

- Accreditation and licensing of bodies – including Sport Controlling Body status, Event Controlling Body status, product agreements and licensing of wagering providers
- Recognition of markets and contingencies
- Information sharing

These options have been developed to align with the objectives for the ASWS and the principles of the ASWS (see Section 1.2 and Box 8: 8 respectively). It should also be noted a Regulatory Impact Statement is required to consider a range of options. Sport Integrity Australia has engaged with a range of stakeholders to define options which are practical, viable and avoid duplication of existing regulation. In particular, while a Regulatory Impact Statement will often consider deregulatory and non-regulatory options these are not viable here. Sport Integrity Australia is not currently a regulator of sports wagering and non-regulatory options, such as education programs, do not address problems which focus on issues with the current regulatory framework. Moreover, through consultation it has been found that there is little appetite for Sport Integrity Australia to license wagering providers. Given this, options for Sport Integrity Australia to license wagering providers are not proposed.

As part of the assessment of options in the Regulatory Impact Statement, these options will all be compared to the base case. Each area will be considered in its own right to determine the preferred composition of the ASWS. That is to say, it could be that the preferred composition of the ASWS is, for example, the base case for accreditation and licensing of bodies, Option 1 for recognition of markets and contingencies and Option 2 for information sharing.

A high level overview of the options is provided in Table 6 with further detail in the remainder of the section.

Table 6: Overview of proposed options

	Base case	Option 1	Option 2
<b>Accreditation and licensing of bodies</b>	<ul style="list-style-type: none"> <li>NSW and VIC accredit Sport Controlling Body status</li> <li>NSW and VIC require product agreements between those with Sport Controlling Body status and wagering providers</li> <li>Wagering providers licensed by states and territories</li> </ul>	<ul style="list-style-type: none"> <li>Streamlining - NSW and VIC assign responsibility for accrediting Sport Controlling Body status and requiring product agreements to Sport Integrity Australia</li> <li>Sport Integrity Australia accredits sport controlling body status and event controlling body status</li> <li>Sport Integrity Australia require product agreements between those with Sport Controlling Body status and wagering providers</li> <li>Wagering providers licensed by states and territories</li> </ul>	-
<b>Markets and contingencies</b>	<ul style="list-style-type: none"> <li>Markets and contingencies determined by state and territory regulators</li> </ul>	<ul style="list-style-type: none"> <li>Markets and contingencies determined by state and territory regulators. In addition, Sport Integrity Australia will facilitate a national contingencies forum</li> </ul>	-
<b>Information sharing</b>	<ul style="list-style-type: none"> <li>No transactional data requirement</li> <li>Information provided to relevant authority on request</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing, non-real time data platform established by Sport Integrity Australia</li> <li>Suspicious activity alert system</li> <li>Standardise information and reporting requirements and templates</li> <li>Sport Integrity Australia provide intelligence function</li> </ul>	<ul style="list-style-type: none"> <li>Real-time transactional data platform established by Sport Integrity Australia</li> <li>Suspicious activity alert system</li> </ul>

## 5.2 Options

### Accreditation and licensing of bodies

Base case

#### *Description of option*

- A continuation of existing arrangements where there are separate Sport Controlling Body accreditation schemes in NSW and Victoria.
- A continuation of existing arrangements where in NSW and Victoria there is a requirement for wagering providers to enter into product agreements with Sports Controlling Bodies before they offer contingencies on that sport.
- Wagering providers licensed by states and territories. For further details on these arrangements see sub-section on licensing of wagering providers in section 2.2.

#### *Mechanics of option*

- Sport controllers who wish to seek Sport Controlling Body status have two processes to navigate: one in NSW and one in Victoria. While both processes are ultimately similar – focussed on the policies in place, resourcing, information sharing, enforceable disciplinary action etc – they require separate applications.
- Accredited Sport Controlling Bodies are subject to occasional reviews by the NSW and Victorian regulators. For example, the Victorian Commission for Gambling and Liquor Regulation require reporting on:
  - arrangements with betting providers
  - changes to integrity policies, rules, and codes of conduct
  - changes to integrity expertise or resources
  - suspected or actual breach of policies, rules or codes of conduct
  - action taken to investigate a suspected or actual breach
  - the results of an investigation, and any action taken.<sup>12</sup>
- More broadly, sports controllers required to meet Sport Australia’s requirements for approved National Sporting Organisations. These requirements relate to member protection policies and anti-doping policies.
- Wagering providers seeking to offer contingencies approach Sports Controlling Bodies directly to seek a product agreement with Sports Controlling Bodies.
- Existing product agreements tend to be for a defined period and require a renegotiation prior to expiring in order to meet the requirements in NSW and Victoria.
- In Victoria there is a dispute resolution mechanism for situations where a Sports Controlling Body and wagering provider can’t reach an agreement on a product agreement. The Victorian Commission for Gambling and Liquor Regulation has powers to determine an agreement. A determination can occur where the Commission is satisfied that the parties have entered “genuine negotiations” and there is “no reasonable prospects of an agreement” or a Sports Controlling Body “refused to enter into negotiations for an agreement.”<sup>13</sup>
- Wagering providers required to follow relevant state and territory licensing requirements.

<sup>12</sup> As per the Victorian Commission for Gambling and Liquor Regulation Sports controlling body

<sup>13</sup> According to Victorian Gambling Regulation Act 2003 - Section 4.5.24. Available at: [http://www5.austlii.edu.au/au/legis/vic/consol\\_act/grs2003190/s4.5.24.html](http://www5.austlii.edu.au/au/legis/vic/consol_act/grs2003190/s4.5.24.html)

## Option 1 – Streamlining

### *Description of option*

- Sport Integrity Australia will be responsible for a single process for accrediting sports as Sport Controlling Bodies. NSW and Victoria delegate their responsibility to Sport Integrity Australia. Sport Integrity Australia will also establish Event Controlling Body accreditation.
- Sport Integrity Australia will be responsible for the requirements for product agreements between Sport Controlling Bodies and wagering providers. NSW and Victoria delegate their responsibility to Sport Integrity Australia.
- Wagering providers licensed by states and territories (i.e. no change from base case).

### *Mechanics of option*

- Necessary legislative change undertaken to allow transition of Sport Controlling body accreditation and product agreement requirements by NSW and Victoria regulators to Sport Integrity Australia.
- Grandfathering arrangements for existing Sport Controlling Bodies accredited in NSW and/or Victoria. That is to say, existing Sport Controlling Bodies will not need to reapply for their accreditation.
- Other sport controllers wishing to become an accredited Sport Controlling Body will be required to apply to Sport Integrity Australia. The requirements for the application process will be largely similar to the current state-based requirements - focussed on the policies in place, resourcing, enforceable disciplinary action etc.
- Sport Integrity Australia establish Event Controlling Body accreditation. See Box 9: for further details.
- Sport Integrity Australia will coordinate with other Federal agencies to streamline information requirements and limit the duplication of information sports/event controllers need to supply. An example of this option would be to leverage off the information provided to Sport Australia for the recognition of National Sport Organisations and as part of the annual Governance and Organisational Enhancement Plan process which forms part of the National Sport Organisations Sport Investment Agreement.
- Sport Integrity Australia will undertake ongoing monitoring of sport integrity risks and the capability of Sport Controlling Bodies to manage these risks. Focus of this ongoing role will be for Sport Integrity Australia to provide intelligence to sports controllers with a mature sport integrity capability. For sports controllers with less mature sport integrity capability, Sport Integrity Australia would look to work collaboratively to build sport integrity processes and capacity.
- Sport Integrity Australia will require accredited Sport Controlling Bodies to maintain or enhance their integrity capability over time, proportionate to risk. In practice this would focus on Sport Integrity Australia undertaking regular risk assessments of Sport Controlling Bodies. Where a Sport Controlling Body is not deemed to at least maintain their integrity capability then Sport Integrity Australia would provide a reasonable period of time to rectify and offer assistance with improving the sport's integrity function.
- Review elements for Sport Controlling Bodies would be coordinated with Sport Integrity Australia's other compliance activities. It would also leverage off relevant information provided to Sport Australia. The review process would likely comprise an annual review together with ongoing risk assessment process.
- There will be a transition period with no changes required to existing product agreements for the length of the current agreement.
- Negotiation process between wagering providers and sports controllers will be required to cover all sporting events held in Australia.<sup>14</sup>
- Where there is no accredited sport controlling body, wagering providers will have to deal with Sport Integrity Australia in lieu of a sport controlling body. The focus of this interaction will be on appropriate contingencies and

<sup>14</sup> As stated in section 3.4 it is recognised that in practice PFIsAs currently cover all sporting events in Australia. It is nevertheless a gap in the regulatory framework.

information sharing. Where possible Sport Integrity Australia will look to consult with the most relevant sport controller as part of this process.

- The existing product agreement dispute mechanism in Victoria will be elevated to Sport Integrity Australia where agreement on sport integrity matters, such as bet types and information sharing requirements, are not reached. Sport Integrity Australia will not hear disputes for matters involving product fees.
- Sport Integrity Australia provide a support service to SCBs to assist with the regulatory burden of dealing with new wagering providers and/or wagering providers wanting to offer markets on the sport and enter a PFIA for the first time. The key support will be in the form of an induction for new wagering providers from a sport's wagering integrity perspective.
- Sport Integrity Australia would approve a product agreement (excluding the commercial agreement) to ensure its alignment with minimum requirements.
- Sport Integrity Australia will seek to provide an advisory role to assist Sport Controlling Bodies and Event Controlling Bodies with product agreements. This would include developing a proforma for the integrity elements of a product agreement and offering sports wagering intelligence and analysis which can be used to inform the terms and conditions of a product agreement. These services would be opt-in rather than a requirement of sport controllers.

#### **Box 9:** Event Controlling Body accreditation

For accreditation purposes it is recognised that special, one-off events, require a specifically tailored regulatory response. Events such as an Olympic Games or World Cup are of significant national (and international) interest and will require tailored assistance from Sport Integrity Australia through their various phases, including during the events themselves.

Similarly, with regards to esports, it is likely that an event-based approach will be used to support this sector, however separate research, coordinated by Sport Integrity Australia, is currently being undertaken to support policy development in this area.

It is envisaged that Sport Integrity Australia would play a coordination role in terms of integrity management to support those events, particularly where sports do not have controlling bodies to oversight them, or in the absence of an agreement with an existing Sport Controlling Body. This would, essentially, involve Sport Integrity Australia undertaking data sharing, education, and monitoring functions similar to those undertaken by Sport Controlling Bodies. Where these functions are performed by a Sport Controlling Body, Sport Integrity Australia would seek to enhance those functions.

It is envisaged that Sport Integrity Australia will provide support for bidding, planning, and delivery of integrity elements related to major sporting events. This would be undertaken in accordance with whole of government mechanisms. Further, Sport Integrity Australia would seek to support WSPs, law enforcement agencies, and wagering regulators to ensure the integrity of the event in a globally competitive environment.



## Recognition of markets and contingencies

### Base Case

#### *Description of option*

- A continuation of existing arrangements where each state and territory have their own process and legislative power to determine contingencies available to people wagering on sports in their jurisdiction.

#### *Mechanics of option*

- Varies by state and territory (see Table 2 in Section 2.2).
- Subject to state and territory contingency constraints, Sport Controlling Bodies retain responsibility approving contingencies on their sport through product agreements.

### Option 1 – National contingencies forum

#### *Description of option*

- A continuation of existing arrangements where each state and territory have their own process and legislative power to determine contingencies available to people wagering on sports in their jurisdiction. In addition, Sport Integrity Australia will facilitate a national contingencies forum.

#### *Mechanics of option*

- Mechanics of how permitted contingencies are set are unchanged from the base case.
- Sport Integrity Australia will facilitate a national contingencies forum with jurisdictions and SCBs. The forum would meet approximately two to four times per year to discuss and understand contingencies and their risks from a sport integrity and consumer protection perspective. The purpose of the forum would be to seek greater consistency in contingencies permitted and to seek to move towards a nationally consistent schedule of sports wagering contingencies. Sport Integrity Australia would not have any legislative lever to trigger change. Rather, Sport Integrity Australia will be able to use its research products, international relationships, and intelligence capability to assess the risk of new sport contingencies while continuing to scrutinise those that already exist.

## Information sharing

### Base Case

#### *Description of option*

- A continuation of existing arrangements where sport controlling bodies and wagering providers have information sharing arrangements agreed through their product agreements. Sport controlling bodies are obligated to notify NSW and VIC regulators when suspicious activity is detected. Wagering providers are obligated to report suspicious activity to regulators and sports controlling bodies.

#### *Mechanics of option*

- Typically agreements between sport controlling bodies and wagering providers include the following:
  - Some form of periodic reporting from wagering providers to sports controlling bodies. This typically includes details of any bets placed over a specific threshold.
  - Allowance for a sport controlling body to audit any bets placed on their sport by their records of registered participants.
  - An obligation of wagering providers to respond to ad hoc requests from sport controlling bodies where they have a specific concern around an event or individual.
  - An obligation for wagering providers to notify sport controlling bodies and regulators of suspicious activity
- Wagering provider may also have an information sharing obligation with the state or territory regulator with which they are regulated. This information sharing does not specifically relate to sport integrity

## Option 1 – non-real time National Platform

### *Description of option*

- Ongoing, non-real time data provided to Sport Integrity Australia. The purpose of this platform will be to take a more coordinated approach to identifying sport integrity threats and fulfil the obligation of the Macolin Convention for Australia to have a National Platform.
- Data sharing in this option will focus on:
  - A suspicious activity alert system (SAAS)
  - Sport Integrity Australia providing an intelligence function to appropriate parties.
  - Standardising information and reporting requirements and templates.
- The platform will provide stakeholders streamlined access to data and information in relation to their sport or customers to better enable monitoring, intelligence, and investigation activity

### *Mechanics of option*

- Sport Integrity Australia will develop a non-real time platform for sport wagering data. Sport Integrity Australia will look to align data requirements with data already provided from wagering providers to sports controlling bodies and/or other regulators for compliance purposes.
- Depending on the preferred option for the accreditation and licensing of bodies, a lever used to require provision of data may be through the minimum integrity requirements of product agreements. This may entail a transition period as existing product agreements are refreshed to include this requirement. Sport Integrity Australia are also exploring legislative options to embed these requirements.
- Should it be that the accreditation of sports controlling bodies is not elevated to Sport Integrity Australia then they would seek an alternative lever to require data be provided for the platform.
- The suspicious activity alert system will look to complement existing processes. There will be a requirement on wagering providers to report suspicious activity alerts to sports controlling bodies and Sport Integrity Australia. Sports controlling bodies in turn will have an obligation to inform their accrediting body of suspicious activity (who this is will depend on the preferred option for the accreditation and licensing of bodies). In addition, where either Sport Integrity Australia's platform, or intelligence received by Sport Integrity Australia, identifies suspicious activity then an alert would be passed from Sport Integrity Australia to the relevant sport controlling body and other wagering providers to factor into their risk mitigation strategies.
- With respect to standardising information and reporting requirements and templates, this primarily relates to the periodic reporting provided from wagering providers to sports controlling bodies.<sup>15</sup> Moreover, Sport Integrity Australia will look to develop standard reporting for intelligence that they provide from the platform.
- Sport Integrity Australia's access to sports wagering data will look to provide a broader intelligence role with a holistic, whole of market approach to monitoring, overlaid with intelligence and insights from wagering providers, sports and racing controlling bodies, sports data companies, law enforcement and intelligence bodies<sup>16</sup>, government regulators and from their international network.

<sup>15</sup> It may be that this monthly reporting is now provided to sport controlling bodies by Sport Integrity Australia rather than by wagering providers. This would be clarified during implementation design should this option be progressed.

<sup>16</sup> Sport Integrity Australia has been designated an enforcement body in the *Privacy Act 1988 (Cth)*, enabling it to receive information and intelligence from law enforcement bodies. However, this does not afford Sport Integrity Australia any enforcement powers in addition to those stated in the Sport Integrity Australia Act 2020.

- The role of Sport Integrity Australia will be to manage the platform and provide appropriate intelligence to the relevant parties. With respect to the platform, Sport Integrity Australia will use the data to identify trends and patterns at a whole of market level, overlaying international intelligence. Sport Integrity Australia will not interfere in monitoring, intelligence, and investigations activity by sports and is not an enforcement agency. Sport Integrity Australia would offer intelligence and support for investigations when requested by a sport controlling body.
- The role of sports controlling bodies will be unchanged. They will still be required to monitor for suspicious activity and will still have control of their own investigations. They will still receive monthly reports and have the ability to audit their members and make ad hoc requested for data where they have a specific concern about an event or individual. The aim would be for the national platform to be able to provide these functions in a streamlined and efficient manner rather than making direct requests to wagering providers.
- The role of wagering providers will be unchanged. It is not expected that they will be required to provide any data which they do not already provide to sports or regulators. Rather, Sport Integrity Australia will be an additional recipient of the data. The precise frequency that this data will be provided to Sport Integrity Australia would be agreed as part of the implementation planning should this option be progressed. At this stage it is expected that data would be provided weekly or monthly.
- The roles of existing enforcement agencies, such as the Sports Betting Integrity Unit at the Australian Criminal Intelligence Commission, will be unchanged.
- The precise details of the non-real time platform would be developed in consultation with key stakeholders should this option be progressed. The focus will be on ensuring appropriate flows of information with a focus on maintaining privacy of data. The platform will also seek to automate input data from wagering providers.

#### Option 2 – real-time National Platform

##### *Description of option*

- Real time data provided to Sport Integrity Australia. The purpose of this platform will be to take a more coordinated approach to identifying sport integrity threats and fulfil the obligation of the Macolin Convention for Australia to have a National Platform.
- Data sharing in this option will focus on:
  - A suspicious activity alert system (SAAS)
  - Sport Integrity Australia providing an intelligence function to appropriate parties.
  - Standardising information and reporting requirements and templates.
- The platform will provide stakeholders streamlined access to data and information in relation to their sport or customers to better enable monitoring, intelligence, and investigation activity

##### *Mechanics of option*

- The mechanics of the option are as per Option 1 with the only difference being that the National Platform has access to real time data.

#### **Questions on Consultation Regulatory Impact Statement**

Are there any elements of the options presented which you consider to be unviable or unworkable? If so, please identify these elements and the reasoning for them being unviable or unworkable.

Are the roles of sports controllers, wagering providers, Sport Integrity Australia and state and territory regulators clear in each option? If not, which options are not clear on roles?

Are there any other factors within the scope of the ASWS you feel have not been considered?

## 6 Initial Regulatory Impact Assessment

### 6.1 Approach to assessment

As part of this Consultation Regulatory Impact Statement an initial qualitative assessment of the benefits and costs of the proposed options has been developed together with an initial assessment of the regulatory burden. As part of developing the final Regulatory Impact Statement, this regulatory impact assessment will be expanded to include a cost-benefit analysis and a regulatory burden analysis.

### 6.2 Initial assessment of benefits and costs

Accreditation and licensing of bodies

#### Base case

##### *What are the benefits of this option?*

- Understood by sports and wagering providers.

##### *What are the costs of this option?*

- New sport controlling bodies have to navigate two application processes and existing sport controlling bodies (those which are licensed in NSW and VIC) have two ongoing processes to comply with. This duplication results in regulatory burden.
- Accredited sport controlling bodies and wagering providers have administrative costs associated with entering into product agreements.
- There are gaps in the regulatory framework, e.g. around sport integrity at one-off sporting events and requirements for product agreements for events outside NSW and VIC.
- Does not deliver the objectives of the ASWS. Specifically, the objective to streamline sport integrity aspects of sports wagering regulation.

#### Option 1 - Streamlining

##### *What are the benefits of this option?*

- Streamlining of the elements of accreditation and licensing which involve duplication. This will result in a reduction in regulatory burden for both new applicants for sport controlling body accreditation. It will also reduce costs for VIC and NSW regulators. The impact for existing sport controlling bodies is ambiguous as it depends whether the occasional reviews of two regulators in the base case outweighs the ongoing role of Sport Integrity Australia in this option.

This also achieves the objective of the ASWS to streamline sport integrity aspects of sports wagering regulation.

- Increased support for sports controllers and event controllers with maintaining and enhancing sport integrity capability. This should result in sports controllers and event controllers having greater capability to identify, manage and mitigate sport integrity threats.
- Template product agreements may reduce administrative burden of entering into product agreements.

- Increased support on integrity elements of product agreements where needed.
- Addresses gaps in regulatory framework, e.g. around sport integrity at one-off sporting events and requirements for product agreements for events outside NSW and VIC.

***What are the costs of this option?***

- Additional regulatory costs for Sport Integrity Australia to oversee the regulatory processes and support in the option.
- Effort required for the legislative change, potentially by VIC, NSW and Commonwealth governments.
- Additional regulatory burden for event controllers (noting that Sport Integrity Australia would play a coordination role in terms of integrity management to support those events)
- Accredited sport controlling bodies and wagering providers have administrative costs associated with entering into product agreements.

Recognition of markets and contingencies

**Base case**

***What are the benefits of this option?***

- Understood by sports and wagering providers.

***What are the costs of this option?***

- Regulatory burden of sports and wagering providers complying and navigating the state and territory regulators' respective markets and contingencies frameworks/requirements.
- Some inconsistencies in permitted contingencies between states and territories may create integrity risk.
- Does not deliver the objectives of the ASWS. Specifically, the objective to streamline sport integrity aspects of sports wagering regulation with consistency at a national level.

**Option 1 – National contingencies forum**

***What are the benefits of this option?***

- Understood by sports and wagering providers.
- Potential benefit of increased consistency of contingencies reducing regulatory burden compared to the base case. This would reduce the regulatory burden of sports and wagering providers complying and navigating the state and territory regulators' respective markets and contingencies frameworks/requirements.

Depending on the extent to which the forum delivers increased consistency, this option may achieve the objective of the ASWS to streamline sport integrity aspects of sports wagering regulation with consistency at a national level.

***What are the costs of this option?***

- Regulatory cost relating to organisation and participation in the national contingencies forum.

## Information sharing

Base case
<p><b>What are the benefits of this option?</b></p> <ul style="list-style-type: none"> <li>• Understood by sports and wagering providers.</li> <li>• Sports controlling bodies able to investigate potential integrity issues relating sports wagering.</li> </ul>
<p><b>What are the costs of this option?</b></p> <ul style="list-style-type: none"> <li>• Information sharing is siloed.<sup>17</sup></li> <li>• Sports controlling bodies may have costs associated with interpreting periodic reporting, conducting investigations and audits. Sports controlling bodies also have costs associated with notifying NSW and VIC regulators when suspicious activity is detected.</li> <li>• Wagering providers have costs associated with providing periodic reporting and responding to ad hoc and audit information requests from sports controlling bodies. Wagering providers also have costs associated with notifying sports controlling bodies of suspicious activity.</li> <li>• NSW and VIC regulators have costs associated with processing suspicious activity notifications from sports controlling bodies.</li> </ul>

Option 1 – non-real time National Platform
<p><b>What are the benefits of this option?</b></p> <ul style="list-style-type: none"> <li>• Sports controlling bodies have greater intelligence for integrity risk identification and support available for any sport integrity investigations.</li> <li>• Wagering providers should have more standardised data and reporting requirements across sports. May have fewer ad hoc requests for data from sports controlling bodies.</li> <li>• Wagering providers would be provided with broader sport integrity intelligence from Sport Integrity Australia which may assist with their management of integrity risks.</li> <li>• Coordinated approach to monitoring sports wagering data, overlaid with broader intelligence from international platforms, provides greater visibility of integrity risks or patterns.</li> <li>• Helps deliver on the ASWS objective to Develop a robust integrity framework for National Sporting Organisations, event controllers and wagering providers.</li> </ul>
<p><b>What are the costs of this option?</b></p> <ul style="list-style-type: none"> <li>• Sports controlling bodies may have costs associated with interpreting periodic reporting, conducting investigations and audits.</li> <li>• Wagering providers may have an upfront cost associated with providing data to Sport Integrity Australia and any changes to existing periodic reports provided to sport controlling bodies.</li> <li>• Sport Integrity Australia would have costs associated with developing and establishing the non-real time platform for sports wagering data, establishing the suspicious activity alert system and</li> </ul>

<sup>17</sup> It is recognised that data privacy is an important consideration in the base case. This is also of the utmost importance in Option 1 and Option 2.

intelligence function. They would also have additional costs associated with monitoring this platform and providing support in sport controlling bodies investigations when reflected.

## Option 2 – real time National Platform

### *What are the benefits of this option?*

- Sports controlling bodies have greater intelligence for integrity risk identification and support available for any sport integrity investigations.
- Wagering providers should have more standardised data and reporting requirements across sports. May have fewer ad hoc requests for data from sports controlling bodies.
- **Wagering providers would be provided with broader sport integrity intelligence from Sport Integrity Australia which may assist with their management of integrity risks.**
- Coordinated approach to monitoring sports wagering data, overlaid with broader intelligence from international platforms, provides greater visibility of integrity risks or patterns.
- Helps deliver on the ASWS objective to Develop a robust integrity framework for National Sporting Organisations, event controllers and wagering providers.

### *What are the costs of this option?*

- Sports controlling bodies may have costs associated with interpreting periodic reporting, conducting investigations and audits.
- Wagering providers may have an upfront cost associated with providing data to Sport Integrity Australia and any changes to existing periodic reports provided to sport controlling bodies.
- Sport Integrity Australia would have costs associated with developing and establishing the real time platform for sports wagering data, establishing the suspicious activity alert system and intelligence function. They would also have additional costs associated with monitoring this platform and providing support in sport controlling bodies investigations when reflected.

## 6.3 Initial assessment of regulatory burden

A key focus of preparing a Regulatory Impact Statement is to seek to ensure “that the regulatory burden for individuals, businesses and community organisations is as light and efficient as possible.”<sup>18</sup> While the change in regulatory burden is identified qualitatively in the initial assessment of benefits and costs, a specific estimation following the Regulatory Burden Measurement framework is required. The framework includes consideration of compliance costs (administrative and substantive compliance costs incurred) and delay cost (expenses and loss of income incurred through an application and/or approval delay).<sup>19</sup>

<sup>18</sup> Australian Government (2020), Australian Government Guide to Regulatory Impact Analysis

<sup>19</sup> Australian Government (2020), Regulatory Burden Measurement Framework

## Accreditation and licensing of bodies

Table 7: Estimated change in annual regulatory burden from changes to accreditation and licensing of bodies, by option

Options	Businesses	Community organisations	Individuals	Total
Base Case	\$104,529	-	-	\$104,529
Option 1 - Streamlining	\$68,346	-	-	\$68,346
Change in regulatory costs in Option 1	-\$36,183	-	-	-\$36,163

The following data and assumptions fed into the calculation in Table 7:

- There are 12 recognised sport controlling bodies in Victoria and 9 in New South Wales.
- One additional sport controller seeks sport controlling body status in a typical year.
- Five event organisers apply for event controlling body status in a typical year.
- A total of 80 hours per annum taken for current sport controlling bodies to comply with Vic and NSW requirements in base case (40 hours to comply with Vic requirements and 40 hours to comply with NSW requirements)
- A total of 40 hours taken for current sport controlling bodies to comply Sport Integrity Australia requirements in Option 1
- 160 hours taken for prospective sport controlling bodies to apply to Vic and NSW for sport controlling body accreditation in base case (80 hours to apply in Vic and 80 hours to apply in NSW)
- 60 hours taken for prospective sport controlling bodies to apply to SIA in Option 1.
- 20 hours taken for prospective event controlling bodies to apply to SIA in Option 1.
- Based on an average hourly wage of \$57.43 and 75% overheads and on costs.<sup>20</sup>

## Recognition of markets and contingencies

The direct costs of a National contingencies forum fall on state and territory regulators and Sport Integrity Australia. This falls outside the scope of the Regulatory Burden Measure. While there may be some reduction in regulatory burden for wagering providers where the National contingencies forum increased consistency across states and territories, this initial assessment takes a conservative approach and does not value this reduction in regulatory burden.

<sup>20</sup> Average wage based on the average hourly wage for a professional employee from the Australian Bureau of Statistics, Employee Earnings and Hours dataset for 2018. This has been inflated from 2018 to 2021 using the Wage Price Index.



## Information sharing

Table 8: Estimated change in annual regulatory burden from changes to information sharing, by option for the year that the data platform is introduced in Option 1 and Option 2

Options	Businesses	Community organisations	Individuals	Total
Base Case	\$1,350,831	-	-	\$1,350,831
Option 1 – non-real time National Platform	\$1,994,084	-	-	\$1,994,084
Change in regulatory costs in Option 1	\$643,253	-	-	\$643,253
Option 2 – real time National Platform	\$1,994,084	-	-	\$1,994,084
Change in regulatory costs in Option 2	\$643,253	-	-	\$643,253

Table 9: Estimated change in annual regulatory burden from changes to information sharing, by option after the data platform has been introduced in Option 1 and Option 2

Options	Businesses	Community organisations	Individuals	Total
Base Case	\$1,350,831	-	-	\$1,350,831
Option 1 – non-real time National Platform	\$1,350,831	-	-	\$1,350,831
Change in regulatory costs in Option 1	-	-	-	-
Option 2 – real time National Platform	\$1,350,831	-	-	\$1,350,831
Change in regulatory costs in Option 2	-	-	-	-

The following data and assumptions fed into the calculation in Table 7:

- There are around 40 wagering providers entering into PFIsAs with sport controlling bodies
- A total of 16 hours taken per month for each wagering provider to provide regular reporting to sport controlling bodies. This effort would be required in the base case, Option 1 and Option 2.
- A total of 24 hours taken for each wagering provider to respond to an ad hoc or audit request from a sport controlling body and each wagering provider gets ten of these requests each year. This effort would be required in the base case, Option 1 and Option 2.
- A total of 160 hours taken for each wagering provider to automate data provision to Sport Integrity Australia in the year that the data platform is established. This effort would be required in Option 1 and Option 2.
- Based on an average hourly wage of \$57.43 and 75% overheads and on costs.<sup>21</sup>

## Discussion

The initial assessment of regulatory burden finds that Option 1 for accreditation and licensing of bodies, reduces regulatory burden on businesses when compared to the base case. There is a logic to this as Option 1 is fundamentally focusses on streamlining two regulatory processes into a single process.

The initial assessment of regulatory burden also finds that Option 1 and Option 2 for information sharing would increase the regulatory burden on business in the year that the platform is introduced. There would then be no change once the platform has been introduced. Sport Integrity Australia would look to work with wagering providers to limit the regulatory burden in the year the data platform is introduced and seek opportunities to reduce regulatory burden following the introduction of a data platform.

While this regulatory burden analysis reports very specific values, the focus of the initial assessment is on the order of magnitude of the impact. From this perspective, the key finding is that the impacts of the information sharing options are higher than the impacts of accreditation and licensing of bodies. However, it is important to note that the impacts on information sharing are a one off additional regulatory burden in the year a data platform is introduced, whereas the reduction in regulatory burden in the accreditation and licensing of options is a recurring saving.

Sport Integrity Australia is keen to work with sports controllers and wagering providers to refine this regulatory burden estimate.

## 6.4 Current preferred option

Based on this initial assessment of options, with particular focus on delivering the ASWS objectives and addressing the problems outlined in this Regulatory Impact Statement, the current preferred option is:

- Accreditation and licensing of bodies: Option 1 – Streamlining
- Recognition of markets and contingencies: Option 1 – National contingencies forum
- Information sharing: Option 1 – non-real time National Platform.

## 6.5 Methodology for assessment in final Regulatory Impact Statement

To meet the requirements of the Office of Best Practice Regulation, a more completed regulatory impact assessment will be conducted as part of the final Regulatory Impact Statement. This will involve:

- a cost-benefit analysis (CBA) – an analysis which looks to place a value on the costs and benefits of the options over time, this analysis will include a qualitative assessment for any impacts which cannot be valued. The CBA seeks to establish whether an option is net beneficial compared to the base case from the point of view of society.

<sup>21</sup> Average wage based on the average hourly wage for a professional employee from the Australian Bureau of Statistics, Employee Earnings and Hours dataset for 2018. This has been inflated from 2018 to 2021 using the Wage Price Index.

- a regulatory burden analysis – a specific analysis of the change in regulatory burden to businesses, community organisations and individuals. The regulatory burden analysis will look at the distribution of any change in regulatory burden by user group. We expect this analysis to focus on impacts on sports controllers and wagering providers.

These two analyses will not be mutually exclusive – the regulatory burden impacts will feature in both the regulatory burden analysis and the CBA.

### **Questions on Consultation Regulatory Impact Statement**

Do you have any comments on the initial assessment of options? Are there any impacts you feel have been missed? If so, can you provide evidence of these impacts? Are there any elements of the regulatory impact assessment which you have better data for?

For each option (including the base case), what would be the financial benefits and/or impacts on you, your organisation and the community?

For each option (including the base case), are there any non-financial benefits and/or impacts on you, your organisation and the community?

Do you agree with the current preferred option?

## 7 Consultation and Next Steps

### 7.1 Consultation process

#### Consultation to date

Sport Integrity Australia have undertaken a range of consultation which has informed this Consultation Regulatory Impact Statement. This has included workshops to inform the development of this Regulatory Impact Statement, targeted consultation and briefings on the ASWS with key stakeholders and seeking submissions on the previously released Discussion Paper.

In general key themes of consultation to date include:

- An acknowledgement that there is duplication in elements of the current regulatory framework, such as the separate process for Sport Controlling Body accreditation in NSW and Victoria.
- An acknowledgement that Sport Integrity Australia should regulate the sport integrity elements of the wagering regulatory environment
- Licensing of wagering providers should remain with state and territory regulators.
- Mixed responses to establishing a National Platform for information sharing.

This Consultation Regulatory Impact Statement has taken into account these key themes with a focus on the options removing duplication, not proposing Sport Integrity Australia to license wagering providers and focussing the National Platform for information sharing on providing value add for monitoring sport integrity.

#### Consultation plan

Feedback from stakeholders is encouraged on this Consultation Regulatory Impact Statement. This feedback will help ensure that the Commonwealth Government is aware of impacts of the ASWS on key stakeholders such as sports controllers and wagering providers.

**Box 10:** Submissions on this Consultation Regulatory Impact Statement**Making a submission**

This Consultation Regulatory Impact Statement is seeking submissions through [policy@sportintegrity.gov.au](mailto:policy@sportintegrity.gov.au) by XXX.

**Contact**

Any questions about the submission process can be answered by email through [policy@sportintegrity.gov.au](mailto:policy@sportintegrity.gov.au).

**Publication of submissions**

Unless respondents request otherwise, all submissions will be published on Sport Integrity Australia's website.

If respondents request that all or part of their submission be treated as confidential, it must be clearly indicated on the front of the submission. Sport Integrity Australia has a preference for confidential information to be included in an appendix that can be redacted, with the main body of the submission being available for publication.

The Commonwealth Government reserves the right to refuse to publish submissions, or parts of submissions, that contain offensive language, potentially defamatory material or any material that may infringe copyright.

A request may be made under the Freedom of Information Act 1982 for a submission marked confidential to be made available. Such requests will be determined in accordance with the provisions of that Act.

Personal information provided in any submission may be used by Sport Integrity Australia for the purpose of developing the RIS. Contact information, other than the respondent's name and organisation (if applicable), will not be published. However, a respondent's name and organisation will be included on the department's website to identify the source of the submission.

Sport Integrity Australia will continue to consult extensively with key stakeholders including:

- Sports controllers
- Wagering providers
- State and territory regulators of sport wagering
- Sport Australia
- Commonwealth Government Department of Social Services
- Commonwealth Government Department of Infrastructure, Transport, Regional Development and Communication
- Commonwealth Government Central Agencies

This consultation will be both to develop a Final Regulatory Impact Statement and, should be policy authority be received to proceed with the ASWS, during the transition and implementation of the ASWS. This consultation will continue to be in the form of workshops with a cross-section of stakeholders to cover specific issues and targeted consultation and briefings on the ASWS with key stakeholders.

## 7.2 Next steps for the Regulatory Impact Statement

This Consultation Regulatory Impact Statement will be open for public submissions until COB Monday, 20 December 2021.

Findings from written submissions and additional targeted consultation will be collated into a Final Regulatory Impact Statement, which will be used to identify a recommended form for the ASWS. The final Regulatory Impact Statement will build on this Consultation Regulatory Impact Statement by answering three additional questions:

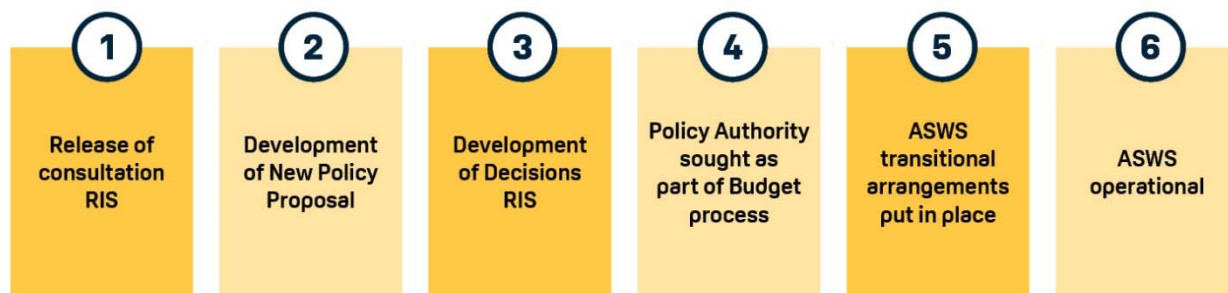
- 1) Who did you consult and how did you incorporate their feedback?
- 2) What is the best option from those you have considered?
- 3) How will you implement and evaluate your chosen option?

A key focus of the final Regulatory Impact Statement will be on more detailed assessment of the costs and benefits of the policy options. This assessment will follow the methodology set out in Section 0, drawing on evidence and data provided in submissions to this Consultation Regulatory Impact Statement.

### 7.3 Next steps for the Australian Sports Wagering Scheme

The broader process for the ASWS is set out in Figure 3. It is important to be clear that the ASWS transition and implementation period will include engagement with stakeholders to ensure that the precise details of the ASWS fit within the broader regulatory framework and achieve the objectives of the ASWS.

Figure 3: Broader process for the Australian Sports Wagering Scheme



# Appendix A: Additional information on the current regulatory framework for sports wagering

## Further detail on overarching regulatory framework

### BOX 1: SPORTS BETTING OPERATIONAL MODEL

Following the endorsement of the National Policy on match-fixing in 2011, the SBOM is a system of cooperative partnerships between sporting organisations and wagering providers.

A key aspect of the SBOM is the tripartite governance arrangement distributing responsibility for maintaining the integrity of sports wagering across:

- National Sporting Organisations that, on demonstrating their ability and resourcing to monitor, report and manage integrity threats, are granted sports controlling body (hereafter referred to as sports controller) status and become responsible for authorising betting contingencies on their sports and are eligible to enter into product fee and integrity agreements (hereafter referred to as product agreements) with wagering providers. This product agreement enables the sports controller to charge a product fee based on wagering on their sport.
- wagering providers that, seeking to offer wagering markets on sports, are obligated to establish and maintain partnerships with sports controllers, reporting and sharing information/data and paying of a product fee, if required, to sports controllers.
- the relevant regulator, which retains regulatory powers over wagering providers for wagering licences, and is empowered to assess the effectiveness of National Sporting Organisations integrity frameworks and essentially deem them ineligible to charge a product fee if integrity obligations have not been met. Co-recognition of sports controller status among regulators across Australia is also intended.

Recognising the manner in which states and territories may implement the National Policy may differ, additional provisions anticipated (but not required) by the National Policy include:

- those relating to information sharing between the sports controller and wagering providers (particularly in aid of identifying participants who may be placing bets in contravention of a sport's code of conduct, or breach of contract with the sport).
- international information sharing for multinational sporting events.
- provisions allowing for relevant regulators to have the right of approval in relation to sport betting (on contingencies and events more generally) and to impose conditions and seek information from sports controllers and wagering providers.

Section 2.1.1 outlines the implementation of the SBOM in practice.

*Source: Report of the Review of Australia's Sport integrity Arrangements (2018)*

**BOX 2: INTERACTIVE GAMBLING ACT (IGA)**

The IGA establishes a general offence of offering an interactive gambling service to a consumer physically located in Australia and identifies particular services as excluded from that general prohibition, including wagering on a sporting event operator is licensed in an Australian state or territory. The IGA does not permit online wagering on a sporting event after the event has begun (online in-play betting).

The IGA operates concurrently with state and territory law relevant to the availability or offering of online wagering services and is not intended to exclude state and territory legislation capable of concurrent operation. The IGA does not limit or restrict in any way the capacity of state and territory governments to renew existing interactive gambling licences or approvals with respect to wagering, or to issue further licences or approvals as appropriate.

The Australian Communications and Media Authority (ACMA) is empowered to act as a regulator, enforcing the provisions of the IGA. More recently, ACMA has taken steps such as website blocking to disrupt offshore wagering operators providing wagering services to Australian citizens contravening the IGA.

In addition to the Commonwealth overlay of the IGA, the Commonwealth has legislation relevant to wagering providers as regular commercial entities, such as Goods and Services Tax requirements, reporting obligations for currency and transactions, income and business taxes and general responsibilities as employers.

*Source: Report of the Review of Australia's Sport integrity Arrangements (2018)*