INTERNET

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

The internet address is:
To search the parliamentary database, go to:
http://parlinfo.aph.gov.au
JOINT SELECT COMMITTEE ON GAMBLING REFORM

Tuesday, 5 March 2013

Members in attendance: Senators Di Natale, Xenophon and Ms Brodtmann, Mr Frydenberg, Mr Stephen Jones, Mr Wilkie.

Terms of Reference for the Inquiry:
To inquire into and report on:
The advertising and promotion of gambling services in sport, including:
(a) in-ground and broadcast advertising;
(b) the role of sponsorship alongside traditional forms of advertising;
(c) in-game promotion and the integration of gambling into commentary and coverage;
(d) exposure to, and influence on, children;
(e) contribution to the prevalence of problem gambling, and mechanisms to reduce that prevalence;
(f) effect on the integrity of, and public attitudes to, sport;
(g) the importance of spot betting and its potential effect on the integrity of sporting codes;
(h) the effect of inducements to gamble as a form of promotion of gambling services, and their impact on problem gambling; and
(i) any related matters.
WITNESSES

CLOTHIER, Mr Brett Michael, Integrity Manager, Australian Football League........................................ 1
GRIDLEY, Ms Heather, Manager, Public Interest, Australian Psychological Society.................................. 14
LIVINGSTONE, Dr Charles, Private capacity ................................................................................................. 29
SPEED, Mr Malcolm, Executive Director, Coalition of Major Professional and Participation Sports...........21
CLOTHIER, Mr Brett Michael, Integrity Manager, Australian Football League

Committee met at 12:35

CHAIR (Mr Wilkie): I declare open this public hearing of the Joint Select Committee on Gambling Reform. Today's public hearing will inform the committee's current inquiry into the advertising and promotion of gambling services in sport.

Before the committee starts taking evidence, I advise all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. This gives them special rights and immunities, because people must be able to give evidence to committees without prejudice to themselves. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated as contempt. It is also a contempt to give false or misleading evidence to a committee.

The committee prefers all evidence to be given in public but the committee may agree to a request to hear evidence confidentially. The committee may still publish confidential evidence at a later date but would consult the witnesses concerned before doing this. Before we begin, I ask participants to switch their mobile phones off or to silent.

I welcome Mr Brett Clothier from the Australian Football League. I invite you to make a brief opening statement before the committee proceeds to questions.

Mr Clothier: I would like to thank the committee for inviting the AFL to appear before it. The AFL is a member of the Coalition of Major Professional and Participation Sports. COMPPS has made a submission on behalf of the AFL and other sports, which we support. I will not go into that submission in any detail because Malcolm Speed, the Executive Director of COMPPS, will be appearing before you later today. I would like to add, for the record, a further aspect that is relevant to that submission, which is the AFL's policy on in-ground live odds advertising and promotion of wagering, which relates to the use of the video scoreboard.

The AFL position for 2013 is that the following restrictions apply on the promotion of live odds and wagering advertising at AFL venues. First, live odds will not be permitted to be displayed at any time on the venue scoreboards. A maximum of two wagering providers will have onscreen representation for any form of advertising. Club wagering sponsors will be limited to fence signage only. Wagering providers will not be represented on the screen as goal replay breakers. That position goes a little bit further than the overall COMPPS position. We support the COMPPS position as being appropriate for other sports, but I want to clarify that that is our position in relation to in-ground advertising.

I would like to give the briefest of overviews about the AFL integrity unit. I was appointed to the position of Integrity Manager of the AFL in August 2008. At the time that was the first position of its kind in professional sport in Australia, the racing codes aside. That appointment allowed the AFL to really get ahead of the curve in relation to protecting the integrity of sport before a series of major occurrences occurred in world sport that really brought the issue of integrity in sport to further prominence. So we feel we have been able to get ahead of the curve and put really sound building blocks in place in terms of how we run our program.

We have got a very strong investigations and intelligence-gathering capability and we believe that we are viewed by law enforcement in this country, by government and by international sports as having a very credible and effective integrity program when it comes to professional sport. That is all from me. I am happy to take questions from the committee.

CHAIR: Thank you, Mr Clothier. We will go to questions.

Ms BRODTMANN: On that code that you just read out, why did you introduce that code?

Mr Clothier: I think there were legitimate concerns from the public and fans about the extent of wagering advertising in grounds and in the broadcast of sports. As we all know, the sports wagering advertising restrictions was liberalised in 2008 after the High Court decision. To be frank, everyone was caught unawares and unprepared. There were concerns that were expressed both within the AFL and from our fans, and so the policy that we have come up with via COMPPS and also on our own in relation to in-ground advertising was the response.

Ms BRODTMANN: When are you going to be introducing that policy? Has it been introduced already?

Mr Clothier: Yes, it has. It is in place.

Ms BRODTMANN: Just in terms of the concern that people were expressing, was that formalised in any way or was it just feedback that people had during the games from the Little League type activities?
Mr Clothier: It was really feedback from fans and general members of the public and internal views that proliferation of gambling advertising in and around the game had gone too far and that we needed to pull it back.

Ms BRODTMANN: Was there concern about the integrity of the game as a result of that?

Mr Clothier: From my point of view, that was not a major concern. It was more about responsible gambling and the message to children.

Senator DI NATALE: Can I just tease out those three components you mentioned a little further? The first thing is around live odds on the scoreboard. Just explain how that is going to work. What will the change reflect?

Mr Clothier: The live odds that have appeared on the scoreboard from time to time which have updated odds as the game is being played, giving the odds for the two teams to win, will no longer be permitted on the scoreboard during the game.

Senator DI NATALE: What about before the game?

Mr Clothier: Live odds will not be permitted to be displayed at any time on the scoreboard.

Senator DI NATALE: So when you go to the MCG and it has the Centrebet odds with the Saints at $1.50 and the Tigers—that is my team—at $10 to win, that will not exist on any scoreboards at any venue nationally?

Mr Clothier: That is correct. Live odds will not be displayed at any time.

Senator DI NATALE: My understanding is that the difficulty with the AFL implementing a policy like that is that it was up to the grounds themselves to make that determination.

Mr Clothier: Yes, that was the difficulty, but it has been overcome.

Senator DI NATALE: I think the MCG might have come out first and done something on this and then I think at Etihad there was a bit more resistance. You are saying that all the major grounds are now on board with the policy?

Mr Clothier: That is my understanding. Just to be clear, as the integrity manager I do not get involved in those negotiations. That is the information I was—

Senator DI NATALE: If there is any change to the evidence you have given you will obviously provide us with that. The other issue is signage. Just explain what change there is there.

Mr Clothier: The clubs’ wagering sponsors will be limited to fence signage only as part of this policy.

Senator DI NATALE: Individual clubs' sponsors?

Mr Clothier: Yes. They will be limited to fence signage only as opposed to scoreboards, goalpost wraparounds and those sorts of things.

Senator DI NATALE: What about jumpers?

Mr Clothier: There is no change to that policy.

Senator DI NATALE: So the jumpers will still have all the logos and so on?

Mr Clothier: Yes, that is my understanding.

Senator DI NATALE: So what is the actual change? It will come off the scoreboard?

Mr Clothier: Yes, that is correct. Those changes, just to be clear, relate to the video scoreboard.

Senator DI NATALE: Just explain the goal replay issue.

Mr Clothier: After each goal usually a replay of the goal is shown. That is usually a sponsored spot. Wagering advertising will not be represented in those 'goals replay breakers'—that is the term that is used.

Senator DI NATALE: So essentially any replay will not be followed up with an ad, but on the advertising hoardings, fences and so on there will continue to be?

Mr Clothier: Yes. There will be wagering advertising on screen from time to time, but that is limited to two providers, but not in the context—

Senator DI NATALE: To what, sorry?

Mr Clothier: Limited to two wagering providers. They will have onscreen advertising representation, but that is not to include any of the goal replay breakers.

Senator DI NATALE: Two providers means two companies; is that what you are referring to?

Mr Clothier: Yes.

Senator DI NATALE: That does not really mean anything, because they could still be advertising 100 times an hour. They will be restricted to what sorts of slots?
Mr Clothier: The change is that they cannot do the live odds at any time and that they cannot advertise during the goal replay breakers.

Senator DI NATALE: What are the other advertising opportunities at the ground?

Mr Clothier: I think just general advertising that might appear from time to time—for example, on the side of the scoreboard. And, as you may know, the vision of the match is played as the game is going on, and there is, from time to time, advertising that surrounds that, so that might be, for example, where they are permitted to advertise. What I have outlined is the changes to what has been in place before.

Senator DI NATALE: I suppose I just want to get a sense of how much advertising people are still going to be exposed to at the ground and whether this is just a very small change. What component of advertising would goal replays have been, relative to the total advertising on the scoreboard?

Mr Clothier: We can look at that information, but I am not the expert on advertising.

Senator DI NATALE: Sure. Can you just take that on notice and get back to us?

Mr Clothier: Yes, I will take that on notice.

Senator DI NATALE: That would be great.

CHAIR: Could I just jump in there and ask a follow-up question?

Senator DI NATALE: Sure.

CHAIR: What restrictions do you place on the broadcasters who are given rights to telecast a game?

Mr Clothier: That is outlined in the COMPPS submission. The new policy is that there will be no promotion of live odds by commentators in a sports broadcast at any time—so that is by the commentators. There will be no promotion of live odds during play in a sport broadcast or live stream of a sports event. These restrictions will not apply to paid and clearly identified sponsorship segments delivered by persons other than commentators that have been broadcast before play, after play or during scheduled breaks in play or during unscheduled breaks in which play has been suspended, so that is not in between goals; that is like a rain break in the cricket. In addition, live odds promotions need to be accompanied by responsible-gambling messages, not be directed at children in any way, be socially responsible and not mislead the audience, and avoid exaggerated claims and association with alcohol, success or achievement. That is the COMPPS position.

CHAIR: What is the time line for the implementation of those reforms?

Mr Clothier: That will be in place for the 2013 season. These are agreed principles, and my understanding is that there is going to be a code put in place imminently. These are draft principles that are being incorporated into amended codes to be registered by the Australian Communications and Media Authority, which is currently underway.

CHAIR: These sound a bit like some of the reforms that were to be implemented in 2012, which were not, and in fact I do not think that the federal government is pushing industry to enforce them. You are confident that those reforms will be in place by the start of this year's season?

Mr Clothier: Yes.

CHAIR: Okay.

Senator DI NATALE: I will probably have some further questions on that code, but I think that those are potentially better addressed to Mr Speed, who will be presenting later. I do note that in the COMPPS submission, though, one of the reasons for the concern around live odds—this is a quote from the COMPPS submission—was:

There was a sense that some commentators were seen as role models and that it was inappropriate for them to be involved in discussing live odds.

I think players are seen more as role models than commentators are. Are you concerned at the fact that players now are sort of mobile billboards for sports-betting agencies? Does that worry you at all?

Mr Clothier: We have a policy in place with respect to the wagering providers' association as sponsors of teams. Essentially, our policy is that we do not allow wagering providers to sponsor individuals such as coaches or players. We do this because of risks to the integrity of the game and perceived risks to the integrity of the game. The way we manage these sponsorships is that we have a process in place that ensures that the promotional material has to be approved by us and that it is not seen as doing anything other than showing a sponsorship of a team, rather than potentially having a perception that individuals are sponsored. That is the approach that we take to manage that. We would have a concern if it were individuals associated with particular wagering providers, as opposed to a team sponsorship.
Senator DI NATALE: Just getting back to that other issue around live odds, I want to be clear. There is going to be nowhere at the ground now that people will be able to see live odds?

Mr Clothier: Yes, that—

Senator DI NATALE: It will not be on the scoreboard. I cannot think of any other—there are those digital scoreboards that do not provide you with vision. Are there any areas at a ground where somebody will be exposed to live odds?

Mr Clothier: Only if they are at the TAB at the ground. I will correct my understanding if I am wrong, but it states very clearly here in the information that I have been given that live odds will not be permitted to be displayed at any time. That relates to wagering restrictions and advertising at all AFL venues.

CHAIR: What about the half of the people who have a smartphone? They will have access to live odds?

Mr Clothier: Yes, if they can get reception.

CHAIR: I am not suggesting that you can control that but just making sure that we get a complete picture.

Mr Clothier: Definitely.

Senator DI NATALE: I have a question around, again, the new code that the AFL have signed on to. One of the issues is about advertising that is directed at children. I think one of the concerns there is that we should not promote any gambling advertising that is directed at kids. The alcohol example is a good example of where there is very much a grey area in that space. Often this is heavily contested, shall we say. Industry and advocates often disagree fiercely over what is targeting kids and what is not. What are you going to put in place? What do you think should be put in place in the new code to ensure that gambling advertising is not directed at kids?

Mr Clothier: We have very stringent policies and procedures in place so that we get to review, a lot, the relevant advertising and promotions. There is an approval process that goes through our commercial team and into our legal team. It is really management on a case-by-case basis. We do not have any particular policies that relate to distinguishing those grey areas, if that is the information you are looking for—not to my understanding.

Senator DI NATALE: There are no protocols in place or anything that would clearly be aimed at protecting kids from gambling ads?

Mr Clothier: Not any specific written policies other than the fact that this is a new protocol for 2013 and it will be managed very closely to ensure that it is working and effective. Obviously, from our point of view, we have recognised that the situation that had developed had gone too far and was not appropriate, so we believe we are demonstrating a commitment to make sure that we get it right. This is our position for 2013, and we will, of course, continue to monitor that.

Mr FRYDENBERG: To follow on from my colleague's comments there: does it worry you, for example, when you are watching the Brownlow, that in every ad break there is an advertisement for a gambling company?

Mr Clothier: Does it worry me? I think it is an issue that we need to look at closely because we know it worries a lot of our fans. That is something where we have a very close relationship with the broadcasters and that I know we are in constant dialogue over. That is not me personally, but I know that is what happens in our business.

Mr FRYDENBERG: The AFL are engaging with the broadcasters over the issue of advertising during the Brownlow; is that what you are saying?

Mr Clothier: I am not saying that that is a specific thing that is happening right now, but we have a great relationship with our broadcaster. If there are concerns that we have from fans, we always would discuss those with them.

Mr FRYDENBERG: But you do accept that the amount of gambling advertising that is taking place in football TV broadcasts like the Brownlow is an issue?

Mr Clothier: Yes, in the past—that is why we have introduced this new policy. We do accept that it is an issue, which is why we need to—

Mr FRYDENBERG: This new policy will not deal with the Brownlow?

Mr Clothier: No, it will not.

Mr FRYDENBERG: Could it?

Mr Clothier: That is a good question. I think the Brownlow is a little different in terms of what applies to live odds, so the question is: do we make a specific issue of—
Mr FRYDENBERG: I understand that. I think it is very good that you are taking some steps here in relation to live odds. I think that is important. But I am also worried about the prevalence of gambling advertising generally on broadcasts which are watched by large numbers of children.

Mr Clothier: In terms of the Brownlow itself, I will have to take that question on notice, because we have not addressed a specific policy in relation to the Brownlow, and I have not personally discussed that issue.

Mr FRYDENBERG: At a game, do we know how many of the people who come through the gate to AFL are under the age of 18, as a percentage?

Mr Clothier: I do not have that information.

Mr FRYDENBERG: Could I put that on notice, because I think that would be worth knowing. How much does the AFL receive from the wagering industry in terms of funding?

Mr Clothier: I do not have that information with me. What do you mean? We have product fee agreements with wagering providers.

Mr FRYDENBERG: Yes.

Mr Clothier: We have sponsorship as well.

Mr FRYDENBERG: Yes.

Mr Clothier: I do not have that collated information.

Mr STEPHEN JONES: Would that information be known to the AFL?

Mr Clothier: Yes.

Mr FRYDENBERG: Can I, with my colleague Mr Jones, put that on notice?

Mr Clothier: Yes.

Mr FRYDENBERG: You referred to a few policies that you have in place to protect children. Can you elaborate on that? What other policies do you have as the AFL to protect children from gambling?

Mr Clothier: I am sorry; I referred to other policies?

Mr FRYDENBERG: You referred to some education programs and the like. What steps is the AFL taking to tell children about the downsides of gambling?

Mr Clothier: We have programs that are community based that we run through our Cultural Strategy and Education Unit that are government funded and address, through community football, responsible-gambling issues. Those are not particularly aimed at children, but they are aimed at community football clubs throughout Victoria.

Mr FRYDENBERG: Do you accept that you could do more to educate children about the downsides in gambling? Given that children, obviously, are going to be a large number of the people who turn up to a game and they see the sporting advertising on the back of the football jumpers of the St Kilda players or they see it on the fencing signage, they are going to be exposed to it. They turn on the Brownlow, and every ad break is a lady coming on and telling you, 'Go and take a bet on the Brownlow.'

Mr Clothier: Under the policy that COMPPS has submitted, there are requirements for responsible-gambling messages in all those advertisements.

We are acutely aware of the need for balance. Obviously we regard gambling as a legitimate pastime when done responsibly, but that comes with an obligation to make sure responsible gambling messages are out there in the community and understood.

This is not something we see as being just an AFL job to do. It is something we are working out with our broadcasters, our venues, other sports, gambling providers and government to make sure that the environment is one of legitimate and responsible gambling. We are always happy to work with all of those stakeholders in that regard.
Mr FRYDENBERG: You said that you have had feedback from fans about the negative impact of gambling advertising. Has that been through a formal process or was that just through traditional channels—they have sent an email, written a letter and so forth?

Mr Clothier: Very traditional processes.

Mr FRYDENBERG: Would the AFL consider doing a survey of opinions from its viewers, be they at the game or watching on television or listening on the radio, as to their concerns about the proliferation of gambling advertising?

Mr Clothier: We do a number of those types of surveys for lots of different reasons. So, yes, we would consider that to be one of the topics we would cover as well.

Mr FRYDENBERG: Finally, we are going to hear from the Australian Psychological Society a bit later. They have put in a written submission where they say that:

… the APS believes that this rapid proliferation of gambling and its promotion within sport risks seriously affecting the legitimacy of ‘the game’.

Do you share that opinion?

Mr Clothier: No, I do not. When they say ‘the legitimacy of the game’, if they are referring to integrity concerns, I do not think that gambling advertising places a greater risk on integrity issues.

Mr FRYDENBERG: You do not—even with what we have seen out of Europe in soccer and major issues in relation to the integrity of other codes through gambling?

Mr Clothier: No. As an integrity manager my biggest fear is gambling that occurs offshore in legitimate markets. The particular risk for Australia is through Asian markets and, as you know, Indian markets for cricket and other matters. I feel much more comfortable as integrity manager of the AFL knowing we have a strong, healthy, well-regulated local environment. That is something I feel very strongly about. Before I started with the AFL I worked in integrity in racing for five years. I am well connected with people who work in this area internationally. I think that is the biggest risk for sport. It is not something that I have to even in my own mind weigh up against any commercial consideration or anything like that. That is totally irrelevant to me. I would prefer for us to have a healthy and vibrant wagering industry that can advertise responsibly and ethically, with the right balance.

CHAIR: Is spot betting, exotic betting or in-play betting a threat to the integrity of the AFL?

Mr Clothier: There are a couple of questions they are. Spot betting has to be carefully managed by us. One of the constraints we have on that is that the legislation in Victoria in the Gambling Regulation Act that provides that bookmakers must have an agreement with us to conduct betting on the AFL only applies to events occurring in Victoria and does not apply nationally. We have managed to negotiate with all the bookmakers that our agreements apply nationally however, which is a great result and it is a credit to the bookmaking industry that they are cooperating with us. Through those agreements we manage what types we have on our events. But because we do not have a legislative basis to have those agreements apply to all of our events we cannot push that issue too hard.

Having said that, though, there is a balance in this that is to do with the fundamental issue of prohibition versus regulation. We ban a lot of spot betting types and manage it quite effectively.

CHAIR: Can you give us some examples?

Mr Clothier: What is the crowd going to be at this particular game? Who is going to be the No. 1 draft pick? They are a couple of examples.

CHAIR: But do you allow in-play betting on events that might occur in the game, like the next something or other?

Mr Clothier: I will get to that. I just want to explain the issue we face about sending betting offshore. For example, first goal kicker in the grand final is a very popular, well liked bet type that everyone does. If you go too far in this area in terms of prohibition, you risk making it advantageous to bet overseas with unregulated bookmakers. So it is a balance on where we draw the lines.

In terms of in-play betting, I do not think in-play betting on game outcomes and things like that is a greater integrity risk. To the extent it is, it is certainly manageable. Microbetting—which is betting on what is going to happen next, with opportunities to bet every couple of seconds—is a concern. We have previously expressed that through COMPPS. But we do not see general in-play betting as being a large integrity risk. As I said, with everything we do, the prohibition-versus-regulation issue has to be offset against the risk of making overseas bookmakers more attractive to punters.
CHAIR: Following on from my line of questioning, have you any evidence of match fixing or of people deliberately acting in a game in a way to take advantage of spot betting or in a way that other people might take advantage of spot betting?

Mr Clothier: No.

Mr STEPHEN JONES: I go to the races occasionally in my home town, and I know through that experience that on any race day it would be a very rare adult indeed who passed through the gates at my local racecourse to attend the race meet and who did not make a bet. You are nodding. I think that would probably accord with your experience, would it not?

Mr Clothier: I think so.

Mr STEPHEN JONES: It is a part of the culture, a part of the nature of attending the races. That is just what you do: you go to have a punt. It is not yet a part of the culture of attending the AFL or any of our other major league or football codes around the country. Do you see that as the future of attending an AFL game—part and parcel of going is having a punt?

Mr Clothier: No, I do not see that as the future.

Mr STEPHEN JONES: Presumably lots of people do, because they make in-game and exotic bets throughout the course of the game.

Mr Clothier: There will be some people who love having a bet on it. Sports betting is growing. We all understand that. It is becoming more popular. That is not necessarily a bad thing by any means, but I do not see the future for AFL being like racing, where everyone is watching it just to have a punt. I do not see that at all.

Mr STEPHEN JONES: I am not convinced by the response you have given me that there is anything that is going to stop that future, but I will pursue some other areas. The inquiry is principally into advertising and promotion of gaming, and I will direct my questions at that. I do not think prohibition works, so I agree with the evidence you have given on that. Certainly the promotion is an issue. I have three areas of concern. One is what you could call a broad public health issue—promoting problem gambling and promoting gambling to kids.

The second is the one that drives my constituents nuts—that is, the reduced amenity of them attending a game and having the odds blaring out at them or having promotions or the ads going on in every single break. The third is the integrity of the game.

I will start with the amenity of the game. Mr Frydenberg has asked you about whether you have collected data on your feedback from people. Does the league do any quantitative analysis of fans' perceptions or opinions of in-game advertising of gambling?

Mr Clothier: I am not aware of that having occurred. But, as I said previously, that is not my particular area of knowledge—customer feedback. I can take it on notice to see if it has ever been in one of our surveys. I know we survey fans regularly. I am not aware of any of those results, but what I am aware of is the feedback, probably similar to yours, of people through those kinds of channels informing us of their concerns.

Mr STEPHEN JONES: So people have raised the issue with you?

Mr Clothier: Yes, fans.

Mr STEPHEN JONES: If it became apparent to the AFL that the majority of people who attended games did have a problem with it or were concerned about it—that is to say, did not like in-game advertising—would the AFL take steps to stop it?

Mr Clothier: Indeed, we have. We have limited what is happening in-game on scoreboards.

Mr STEPHEN JONES: I have listened to your evidence very carefully and, with the greatest respect, you could still sit through an entire game and have more than your fill of gambling advertising. So I repeat the question: if the majority of fans who attend a game said they did not want that, would the AFL respond and ban the promotion and the advertising?

Mr Clothier: We will always listen to our fans and their feedback. That would have to be something we take into account in our match day environment.

Mr STEPHEN JONES: You probably, being a Victorian, have not read the front page of the Sydney Morning Herald this morning, but it is quite timely: it goes to issues of match fixing and its relationship with sports betting.
You would have to be naive to think those sorts of problems were germane to just one code, of all of our national codes. I am interested in what you do in your role as integrity manager within the AFL to stop, prevent, stamp out those sorts of problems within the AFL.

Mr Clothier: As I said, I started in August 2008. Since that time we have put in building blocks to really harden our environment to assist us in attacking the issue of match fixing and corruption in sport as well as other integrity issues, like doping. That involved a range of policy issues that we had to address, such as making sure we had appropriate powers of investigation over our athletes and support staff, making sure—

Mr STEPHEN JONES: They are contractual, I presume.

Mr Clothier: They are contractual, yes. It involved making sure that we had appropriate rules that were properly enforceable. We have identified risk areas for how match fixes and organised crime operate in sport.

Mr STEPHEN JONES: What are those risk areas?

Mr Clothier: The classic way to approach players or others is to get their hooks into them based on gifts, free meals, drink cards. They get them on the hook. They ask people to give them some inside information, for example. Every rort that ever occurred in world sport started with inside information. They do not jump straight into match fixing.

Mr STEPHEN JONES: You used the language 'the classic way to do that'; presumably you use that because you have a body of evidence to suggest that that has occurred within the AFL.

Mr Clothier: Yes, I am. It is on the public record that we have taken action against a number of players and officials in relation to gambling and inside information, and that is over a range of circumstances.

Mr FRYDENBERG: How many incidents of that have there been, Mr Clothier?

Mr Clothier: That is correct. The circumstances in the Heath Shaw case were that he shared in a bet himself in relation to that inside information. And the other circumstances are just people having a bet on their accounts. We check out the betting accounts of all our support personnel and players to ensure that no one is betting.

Senator DI NATALE: Can I ask about the circumstances of the Heath Shaw incident and those sorts of things, where some information was provided to somebody else and that information was then used by a third party, as opposed to being used by the individual in question?

Mr Clothier: That is correct. The circumstances in the Heath Shaw case were that he shared in a bet himself in relation to that inside information. And the other circumstances are just people having a bet on their accounts. We check out the betting accounts of all our support personnel and players to ensure that no one is betting.

Senator DI NATALE: How do you do that?

Mr Clothier: By cooperation with the bookmakers around the country. We send out a list. It is done by audit, basically, and the bookmakers respond with any hits and then we investigate and take action if required.
**Mr STEPHEN JONES:** Of the 20 instances that you have referred to, are they 20 separate individuals or are they one individual offending 20 separate times?

**Mr Clothier:** It is separate individuals. I am just trying to think it through—it is somewhere between 10 and 20, I think. I am going back years, even before my time; six or seven years of gambling breaches that have been picked up.

**Mr STEPHEN JONES:** Are these breaches in relation to gambling specifically?

**Mr Clothier:** Specifically gambling and also the provision of inside information.

**Mr STEPHEN JONES:** What steps do you take with new players now to ensure that they do not commit the same sort of breaches that these players did?

**Mr Clothier:** We have a very extensive education process which covers all of our rules and regulations. Every player and every member of the football staff at every club receives education every year about this topic; not just, 'you can't bet, don't bet', but also about the dangers of organised crime and about the dangers of people trying to approach them and get them on the hook—to groom them, effectively. Those education sessions are extensive and are provided every year to players.

**Mr STEPHEN JONES:** How many people are employed within the AFL to perform that function? Are you the only person doing your job or are you somebody who sits at the top of a team of people who are doing it?

**Mr Clothier:** I have got a team at the moment, as I described to you earlier, of an analyst and an investigator. We have a panel of investigators who are available to us as well as some shared admin staff. But the education function is done separately, so it has got a whole group of another department that does education for the industry. We provide them with the education materials and they help us develop them, and they go out and provide education to all the clubs and support staff.

**Mr STEPHEN JONES:** Is the relationship the league has with the bookmakers a voluntary relationship, or is there some sort of contractual obligation between the bookmakers and the league to provide the information on request?

**Mr Clothier:** There is a contractual obligation.

**Ms BRODTMANN:** Can we go back to the comments you made about the insider information. What was the information that they were divulging?

**Mr Clothier:** There have been a couple of different cases but in those cases the inside information was that a player who is usually a defender was playing as a forward and so the betting was placed on first goal scorer betting.

**Ms BRODTMANN:** Was it on the outcome of the game?

**Mr Clothier:** The bet was placed on who would kick the first goal in the game.

**Ms BRODTMANN:** That was one case.

**Mr Clothier:** The second case was the same.

**Ms BRODTMANN:** So the other 18 cases have just been on the outcome of the game?

**Mr Clothier:** The other cases, and I am not sure there are as many as 18, were breaches relating to betting on football. People bet on various things, whether it was the winner of the game, the margin, they might have had a multi-bet which could have included other sports. There is a total prohibition on any club employee betting on the AFL, on any game, and our gambling checks have picked up people who have been doing that.

**Ms BRODTMANN:** Going back to broadcasting live odds and also the in-play issue, on live odds you mentioned that a number of your fans and parents and others expressed the opinion that it was inappropriate—not appropriate I think was your language—and hence you took the action that you did. On the broadcasting too you made mention of the fact that if you do get a groundswell of criticism from parents and fans about that that it was not appropriate you would respond.

**Mr Clothier:** It is an issue we obviously need to consider.

**Ms BRODTMANN:** Finally, on the live play, you used the term that 'we do not see it as compromising the integrity of the game', the in-play approach. Can you explain who is the 'we'? That is what I find the most offensive, apart from the advertising. In New South Wales and the ACT it is endless, endless. On in-play issue, have you had any feedback from parents and fans?

**Mr Clothier:** In relation to advertising of in-play odds?

**Ms BRODTMANN:** That is right.
Mr Clothier: So the live odds—

Ms BRODTMANN: The in-play activities and the fact that you seem to condone those sorts of behaviours in terms of the outcome of the game, the first draft pick and all that sort of thing. You seemed to imply before that you felt that that did not compromise the integrity of the game at all.

Mr Clothier: Just to be clear, in terms of the integrity of the game there are lots of different bet types: first draft pick, first goal scorer at all that sort of thing. We have to manage them and there is a balance with prohibition.

Ms BRODTMANN: So at the moment we, as in the AFL, do not believe that that is compromising the integrity of the game.

Mr Clothier: No.

Ms BRODTMANN: What is the response of parents, fans and others to that? Have you had any criticism from them?

Mr Clothier: Not in relation to the integrity of the game, no.

Ms BRODTMANN: No, the in-play issue.

Mr Clothier: In terms of what happens at the grounds and promotion of odds—

Ms BRODTMANN: I am not talking about that; I am talking about the in-play issue that you mentioned before in terms of the first draft pick.

Mr Clothier: No, we have not had any—

Ms BRODTMANN: So there has been no feedback on that. So people are comfortable with that element but they are not comfortable with the live odds at the games?

Mr Clothier: They were not in previous times.

Ms BRODTMANN: And also you are not sure what the view is on broadcasting, even though you have had some feedback from parents that they do not think that is appropriate.

Mr Clothier: Yes, I am not sure about that.

Mr STEPHEN JONES: Can I interrupt for a moment, Chair; this should have occurred to me earlier. Of all the things that the league would choose to prohibit betting on, why did you choose those two?

Mr Clothier: Which two?

Mr STEPHEN JONES: The top draft and I forget the other one—why did you choose those?

Mr Clothier: They are just two examples out of many.

Mr STEPHEN JONES: I see.

Mr Clothier: The bookmakers are endlessly creative in the number of bet types that they come up with. We reject lots and lots. They were just two examples.

Senator XENOPHON: Mr Clothier, do you make recommendations to the AFL on a regular basis to improve the integrity of the game?

Mr Clothier: Yes, Senator.

Senator XENOPHON: How often do you make those recommendations?

Mr Clothier: From time to time, a bit more often recently.

Senator XENOPHON: Two or three times a year or more often than that?

Mr Clothier: Two or three times a year might be right. It very much depends on the circumstances.

Senator XENOPHON: On notice, can you tell me, say, in the last three years, how many recommendations the integrity unit has made to the AFL to improve the integrity of the game and whether all of those recommendations have been implemented wholly by the AFL as a result of your recommendations?

Mr Clothier: I could not tell you exactly how many, but there have been a number. I cannot think of a recommendation off the top of my head that has not been approved in terms of rule changes, policy changes et cetera. There has always been an issue, like with every department in the AFL in times gone by, concerning budget approvals and all that sort of thing. In terms of policies being implemented et cetera, as far as I can recall I have never had a problem with one of my recommendations being carried forward.

Senator XENOPHON: If there are any recommendations that have not been implemented fully by the AFL, could you take that on notice. Could I move on to what Ministers Clare and Lundy said following the release of
the ACC report. They said that the report notes ‘increasing evidence of personal relationships of concern between professional athletes and organised criminal identities and groups. This may have resulted in match fixing and the fraudulent manipulation of betting markets.’ To what extent has the integrity unit increased its efforts as a result of the ACC report?

Mr Clothier: We have announced a number of policy changes that are going to be implemented over the next 12 months. That will be as soon as possible really but will take months to roll out. The commission has approved the necessary budget to ensure those policy changes are acted upon. Our intelligence analyst commenced at the AFL at the end of February. We have already announced to clubs that we will be taking a much more stringent approach to the approval of persons who work at clubs and that we will be doing background checks on those kinds of persons, with the requirement for them to be fit and proper persons and meet with our approval. We have announced a number of measures that were going to be introduced specifically in relation to doping and our antidoping code and improving that.

Senator XENOPHON: Those measures are obviously being encouraged for the integrity of the game, but doesn't the very nature of the ACC report indicate that there have been failures across the board in a number of sporting codes in relation to issues of integrity and the fact that you are now doing a lot more indicates that that is something that perhaps should have been done earlier but have been forced to do so as a result of the Crime Commission's report?

Mr Clothier: I would not say that. I think the AFL is way ahead of the game in terms of protecting the integrity of sport. We were aware of many of the risks that emerged in the ACC report, so we were not taken as much by surprise as maybe some were. But there are always matters that you can learn from and show that you can harden up your environment. So we are not ashamed to say that we are taking those on board and acting on them.

Senator XENOPHON: But you say there is no evidence of match fixing. There was no evidence of match fixing based on what you were doing previously but you are now doing a lot more, in line with the ACC report.

Mr Clothier: We do not have any evidence of match fixing in the AFL but, like every other sport, we are aware of the risks and the vulnerabilities for sport in Australia and around the world from match fixing and organised crime as well as doping.

Senator XENOPHON: The National Hockey League in Canada in a submission it made to the Canadian Senate last year about a sports betting bill that was about being able to bet on a single game, which you could not then do in Canada, said:

Such wagering poses perhaps the greatest threat to the integrity of our games, since it is far easier to engage in ‘match fixing’ in order to win single-game bets than it is in cases of parlay betting (as currently exists in Canada), where bets are determined on the basis of multiple game outcomes.

Do you have a comment on that? You have Canada's major sporting code saying that being able to bet on single games is a real threat to the integrity of the game; do you share that view?

Mr Clothier: No, I do not. I have a very different view to that in that, as I have addressed before, I think prohibition of that kind of betting poses an even bigger risk to our sport because of the risk in the longer term of sending betting offshore. That is my very firm view.

Senator XENOPHON: My final question relates to what was alluded to in the ACC report about the link between professional athletes and organised criminal identities and groups. There was a discussion about effectively grooming and corrupting players. Are you satisfied that the current AFL policy on drug use amongst athletes provides enough protection for integrity in terms of, if a player is caught using an illicit substance, the potential impact that could have by way of being blackmailed or compromised by an organised criminal group?

Mr Clothier: Yes, I am very satisfied about the effect of our policy because the aim of it is to ensure players receive the counselling and treatment they need to stop being drug users. I think that is the best protection of all in that regard.

Senator XENOPHON: I am not disputing that with you but, if somebody has been taking illicit drugs, is there an extra level of vigilance in terms of their links to those who provided them with those drugs and the issue of match fixing?

Mr Clothier: The policy is based on confidentiality. The only people who know about a positive strike are the AFL medical directors, club doctors and the players involved. That information does not come to me or to anyone else.
Senator XENOPHON: But shouldn't it? If there is a vulnerability or weakness there if a person is taking illicit drugs—and I am not taking issue with what the AFL is doing to assist players—shouldn't you at least know about that from an integrity point of view, because that is the very thing that the Australian Crime Commission was talking about with the potential for match fixing and players being compromised?

Mr Clothier: That is a very good question. There is a balance in this between the rights of players who might have made a silly mistake or who might have mental health problems, for example, and the relevance of that to integrity.

The AFL, you may be aware, has currently formed a working party to review certain aspects of the illicit drugs policy. The club CEOs and the industry affirmed the commitment to the three-strikes policy and the medical model that we have, but questions such as the one you asked will be considered further by the working group that is being assembled.

Senator XENOPHON: You don't see that there is a gap in your job and what you can do to maintain the integrity of the game if you don't know about a player taking illicit substances, and presumably having a link with the organised criminal elements that are referred to in the ACC report? Don't you think you should know in order to do your job properly?

Mr Clothier: That concern needs to be balanced against other considerations, being the stated aims of the code to make it a medical model. I understand that that is a balancing act that we have to take a considered approach to.

Senator DI NATALE: A quick question on exotic bets: I think you gave the example of first goal in the grand final, which is a very popular bet, and then you gave some examples of stuff on the other side, such as first draft pick and so on, that are not appropriate. You have said that the balance here is between prohibition and potentially driving those markets offshore, where it is unregulated. I accept that. There is obviously a huge grey area about what has the potential to go offshore and create a potential black spot for corruption. How do you make those judgments?

Mr Clothier: Essentially it is a balancing exercise. We think very firmly that the sports are in the best place to make those judgments. We understand better than anyone else the risks involved and we have visibility on the amount of betting on those bet types—on those events. There is no magic bullet answer to all of that; it is a case of weighing up the risk on a case-by-case basis.

Senator DI NATALE: But you are also getting an income. The AFL, the code, gets an income from the industry. Are you concerned that there is a potential conflict? On one hand you are trying to protect the integrity of sport via restricting exotic bets which could mean that you are open to corrupt activities but at the same time it is in your interest to do so because it means more money for the AFL.

Mr Clothier: No, I'm not concerned that there is a conflict. I think in the long term there's no conflict at all. The only conflict is between our short-term goals and our long-term goals because if we play fast and loose with this area in the pursuit of a small amount of extra money in the short term we put the long-term commercial viability and health of the sport at risk. I don't see it as being a conflict at all.

Mr FRYDENBERG: Do you agree that Mr Kennett, the former Premier of Victoria and a president of the Hawthorn Football Club, is attuned to the AFL and the particular issue of betting in sport?

Mr Clothier: I really don't have any knowledge of what his views are in that regard.

Mr FRYDENBERG: I will put it to you that his view, which was quite publicly put and that you should be aware of, was that there should be:

... a blanket ban on the advertising and promotion of sports-betting agencies.

in relation to the AFL.

Mr Clothier: If that is his view then I would say he is not in tune and I disagree with it.

Mr FRYDENBERG: He said it was 'shocking' that the current advertising and promotion of sports-betting agencies does not discriminate between young and old and that children as young as five, six and seven years of age are getting exposed to it.

Mr Clothier: He said that?

Mr FRYDENBERG: That's what he said.

Mr Clothier: I disagree with that.

Mr FRYDENBERG: It's actually on the AFL feed; I found it on the AFL feed. You are the AFL's integrity officer. A former president of one of the leading clubs, Hawthorn, has said there should be:
… a blanket ban on the advertising and promotion of sports-betting agencies. I found it on the AFL feed; and you are not aware of it?

**Mr Clothier:** No, I was not aware of it. I do not read everything all of the former presidents say about us.

**Mr FRYDENBERG:** I watched *The Footy Show* one night, and Garry Lyon and others were interviewing him extensively about it. I just put it to you that you should familiarise yourself with what Jeff Kennett said. I agree with Stephen Jones and others that we should not have a complete ban. Betting is a legitimate leisure and recreational activity. But I just think you have not got the balance right. Personally I think there is too much advertising and promotion. I think it is invidious to the sport and I think it is affecting younger people who are exposed to it.

**CHAIR:** On that note, Mr Clothier, you have been very generous with your time and I have been very happy to go way over time because you have been so helpful and your information has been so useful. Thank you.

**Mr Clothier:** Thank you very much.
GRIDLEY, Ms Heather, Manager, Public Interest, Australian Psychological Society

[13:41]

CHAIR: Welcome. I invite you to make a brief opening statement before the committee proceeds to questions.

Ms Gridley: I will be reasonably brief. I am speaking on behalf of a number of other subgroups within the APS. We have a College of Sport and Exercise Psychologists, who obviously have particular interest in this, and I have left some material with Natasha around their contribution. We do not actually have an interest group on gambling and psychology, though we probably could. We do have one on substance use and psychology, and there is a fair amount of overlap in the membership of those groups. I guess they have been the main contributors to the submission, which I hope you have received. I am sorry it only arrived yesterday. I am assuming that you have got that. We have also written previous submissions on gambling reform in general that you would be aware of. I have left copies of those here too, because they overlap a little bit with what we are talking about today. There are some overlaps with the interactive gambling submission that we made before and also with the submission that we made last week to the doping in sport inquiry. It is submission city at the moment!

I want to start by saying, a little lightly, that I won the APS's tipping competition for the grand final last year! I managed to get the margin right and tip the Swans, so I am not totally averse to a flutter. We have a keenly contested tipping competition within the national office. But we do share many of the concerns that have been expressed around promotion and sponsorship of gambling in sport, for a number of the reasons that you would already be familiar with.

We have an interest in the public health aspects, particularly, of gambling in general, both from a clinical and a counselling point of view, the costs of gambling, higher gambling related harm and more broadly. We have looked mainly, of course, at poker machines, in terms of the notion of their being a toxic product. There has not been a lot of research yet around the proliferation of advertising of gambling in sport, simply because it is actually quite new. Certainly the saturation levels that we are seeing at the moment are relatively new, and I think most people would be aware of that. So there is also a bit of a lag in terms of research about its effects. What we do know is that advertising is all about influencing behaviour. People do not do it without a reward, so advertisers would not be doing it if it were not effective. That is a very psychological fact.

Counselling is also a very behavioural activity in itself. It comes with intermittent reinforcement, and people can make huge losses over their lives but still be thrilled with a single win. There is a lot of psychology in the gambling area and there has been a fair amount of research on that over the years.

The other concern we want to bring today is around athlete wellbeing. Sports and exercise psychologists have told us some stories about athletes who have been caught up and been courted, or I guess you would say groomed, by some of the gambling promoters and others. They may or may not have ended up being involved in any actual corrupt activity but, again, they would not have been being groomed if somebody did not see a benefit in it. That is something that we have a concern for. We do support, on the whole, the AFL's approach to doping in sport, the three strikes and such; we have gone on record as saying that before. But we do have a concern about the close links between sponsorship and advertising and gambling. If you think of an organisation as a body, then it is just as susceptible to behaviour and reward and such, and it is very difficult to decouple those things when they are so closely related.

In terms of prohibition, I think there has been reference to the fact that, obviously, prohibition of most things does not work entirely. There has also been a concern that, if it were prohibited, something would go offshore and be unregulated. However, we do know that there would probably be smaller numbers of people doing it in that case, if it was not such a normalised activity. So I think there is a continuum between prohibition and something that is legal and regulated like, say, betting on horse racing. That is probably a good example that is legal; it has been around for a long time and it is pretty accepted, but it is kind of contained within an industry which is not quite so focused on children for a start. When you get, more broadly, to the normalising of gambling—and that is coming at the moment through a lot of the advertising and such—in prime time—it might not be directed at children but there are certainly lots of kids who watch those programs—then we feel that we have shifted from just something that is legal to something that has been normalised and is seen as an everyday part of sport. We have quite a concern about that.

That leads us into the culture of sport aspect which I have mentioned. The other aspect that we are concerned about is child wellbeing. We have got rid of tobacco advertising, and there has been talk about advertising of junk food and sugared drinks and all such things, and there is limited action on that. Gambling is another area where the advertising is probably not targeted directly at children but certainly, children are watching and they are
vulnerable. And when we say children, we are also talking about young people. They may not be children but they are still not fully formed, you might say. We know there is plenty of evidence, particularly around young men, that it takes a long time for young people's brains to develop, and we know that young men are much higher in risk-taking activity generally; whether you are talking about fast cars or drinking or gambling, young men are a particular at-risk group. Athletes, particularly male athletes, would certainly come into that category.

They are the main things that I wanted to say my opening statement: that we are concerned about the saturation levels of advertising, and I guess the main evidence around that is that it would not be done if there was no reward in it, and that we are concerned about what those rewards are. You have our submission. That is probably all I need to say.

CHAIR: Thank you, Ms Gridley. Senator Xenophon, are you there? Would you like to start us off?

Senator XENOPHON: Yes, Chair, I am. I have a couple of questions. Ms Gridley, what research has been done—and you may want to take this on notice—as to the impact of exposing young children to gambling at a fairly young age? In terms of what we are seeing now that the odds are being broadcast, I have parents with young children who regularly tell me that they are sick of their kids running around the house saying, 'It is two to one on', or shouting out the odds, while they are watching an AFL game or a cricket match. What impact does that level of normalisation have on potential future behaviour of children, including problem gambling behaviour?

Ms Gridley: I think the short answer is that the research has not been done yet on that particular question. There is some research, which I think we have referred to in our submission, that there were supporters at a sporting game who were exposed to an average of 341 minutes of gambling advertising when simultaneous promotions were counted separately. So you are talking about an awful lot of messages. Once again, they probably would not be there if they were not meant to be effective, and you cannot imagine that children are immune from that. And I think there is that aspect of the language itself becoming part of it. It is very hard to talk about sport now without talking about what are the odds or who you are betting on, who you are tipping and all those sorts of things. There is nothing wrong with that in itself, but if that becomes the only language in which we speak about sport, it is hard to imagine children being immune to that.

Senator XENOPHON: But is there something intrinsically wrong with that? Gambling is meant to be an adult activity and if children are exposed to gambling advertising and the odds in that in-your-face-way, surely that would have a longer term and more profound impact on those children as they become adults.

Ms Gridley: You would imagine so, but I do not think the research has actually been done, so I cannot really say so in terms of evidence. You can speculate, I guess, yes.

Senator XENOPHON: If you were commissioned by, say, a state government or the federal government to do that sort of research, what timeframe do you think would be needed in order to do that thoroughly and comprehensively?

Ms Gridley: It depends on the age of the children you are talking about and the timeframe in terms of when they are actually able to act on it and such. But you could certainly look at the language they use currently and how much they have absorbed the messages right now, that would not be hard to do, and extrapolate from that. But if you are looking longer term you would have to be looking at something over a period of time.

Ms BRODTMANN: Ms Gridley, I would say you are concerned about betting being normalised. Without wanting to sound like a wowser, because I am certainly not, or a prohibitionist, tipping competitions could also be seen as normalising it as well.

Ms Gridley: I was a bit embarrassed when I won.

Ms BRODTMANN: In your submission on page 48 and on the top of page 49 you talk about research that has been done about the effects of gambling advertising on young people. You make reference to Gainsbury and Hing, that already young people are more at risk of gambling advertising and vulnerable to gambling, with research showing that a substantial proportion of secondary students indicate that they gamble online. You also talk about the emerging technologies and the ease of using them. You make reference here to a number of concerns that you have about young people and their exposure to gambling advertising. There is research, obviously. Can you tell us what that research tells us?

Ms Gridley: I am probably not the best person to do that because I am kind of representing the other groups who have done the research. I can take that on notice and get back to you, if you like.

Ms BRODTMANN: I am particularly interested in that first dot point about the sample size and what are the figures.
Ms Gridley: There has been research by Paul Delfabbro in Adelaide particularly on gambling and young people but I would need to check the details. We did a review of gambling related harm and we also have the submission we have related to the gambling harm inquiry in general but not particularly in relation to sport or sports advertising. But I can check it for you.

Ms BRODTMANN: You do draw a few conclusions here based on that research. Could I get the evidence too on the athletes. It sounds like that is largely anecdotal. I understand that is the case. If we get some sort of idea of the scale of that, it would be useful.

Ms Gridley: I can check that out.

Ms BRODTMANN: And whether it is limited to specific sports.

Ms Gridley: I can definitely check that out. The comments that we received came in particular from people in New South Wales rather than in Victoria. We were just saying today that it would be a really good research project for a sports psychology student to actually interview a number of athletes around what inducements they may or may not have received and their experience of peer group pressure and such around some of these issues.

CHAIR: Thank you, Ms Gridley, for briefing us today. In your submission you say that the public education treatment program should be expanded and made more accessible. Has the APS been asked to undertake any public education programs by any sporting bodies?

Ms Gridley: Not that I am aware of, no.

Mr FRYDENBERG: Would this be an area of expertise?

Ms Gridley: I am sure we would be interested if we got the invitation, yes.

Mr FRYDENBERG: Are you familiar with any public education activities around gambling, conducted by the major sporting codes?

Ms Gridley: I am not myself, no. It would be interesting to know. I think it is very difficult when you are accepting large amounts of sponsorship from groups. A lot of the advertising around gambling is around gambling harm and 'Don't gamble', and it is often in fine print underneath the betting advertisement or something like that. I did see that there was a very good submission from Relationships Australia, who provide a lot of gambling help services, and they have talked a bit about some of these issues as well, I think, in their submission. But I am not aware of any particular programs that have particularly focused on that. I guess I do think that there are conflicts of interest in some cases when you are getting increasingly reliant on an industry. I think state governments know that too, for that matter! The more that you rely on income coming off a particular industry, the harder it is to have an investment in shutting it down or slowing it down.

Mr FRYDENBERG: Am I right to say that you would direct a public education program not just at over-18s but also at those who may be exposed to gambling under 18?

Ms Gridley: Yes. Public education with young people is quite difficult. If you think about drug policy, there have been plenty of antidrug education campaigns, and the jury is out as to how effective they are, because sometimes they just get people excited about the idea that maybe they had not thought of before. Getting people to come in and talk about how their life was ruined by drugs, smoking, gambling or whatever, if it is still Ben Cousins or somebody who was one of your heroes, is not necessarily going to turn you off. One of the things I know with drug education is that sometimes they have to actually admit that taking drugs can be great fun, that there is a real lure in it, that you cannot pretend that there is no good side to it for people. Otherwise, they just will not listen to you because they know, anecdotally, that there are a lot of people out there who do these behaviours and do not get into trouble or die—all those sorts of things—so they take with a grain of salt adults telling them that they should not do something that they themselves are doing. So public education programs have to be very carefully targeted. There is a good evidence base in other areas around antismoking, drink-driving and a lot of those things that we could learn from, but I do not know of any that have been done specifically in relation to gambling.

Mr FRYDENBERG: Given the need and given your expertise, wouldn't it be prudent for the APS to be proactively engaging with the major sporting codes, offering to do work in this area?

Ms Gridley: I think it would be lovely.

Mr FRYDENBERG: Okay, I will put that to you. Secondly, in your submission—and I put this quote to the AFL previously— you said:

… the APS believes that this rapid proliferation of gambling and its promotion within sport risks seriously affecting the legitimacy of ‘the game’.

Are you talking there about Australian sport?
Ms Gridley: I think sport in general. We see it more obviously in Indian cricket or such. That is a good example, really, because, if we are talking about a country like India or Pakistan, for example, where they have a huge population, they are hooked on cricket, and there is a lot of poverty—even many of the players themselves come from quite poor backgrounds—they are much more vulnerable to corruption and they are not as well regulated and all that sort of thing. You would like to think that we are a bit more immune to that here, but not completely, because the same factors operate. The balance is a bit different, but there is no reason why we would be immune to that.

Mr Frydenberg: Which sports do you think are most vulnerable here?

Ms Gridley: I could not say that I know for sure. Obviously the ones where it is easy to target an individual, like tennis, for example, would be easier than something where you have to rely on a whole team, but then, when you get into spot betting and things, you can still look at individual behaviour, and it does not have to be the outcome of a whole match. That is where it has changed, I think, from just win or lose.

Mr Frydenberg: Finally, I mentioned previously Jeff Kennett, who has been actively involved with beyondblue and who was a president of a leading AFL club, who has actually come out and talked about a blanket ban on gambling promotion and advertising in the AFL. What do you say to that? In your submission, you say: Gambling advertising during sporting matches and related broadcasting should be seriously restricted if not banned …

Ms Gridley: I am sure that probably the consensus—and in fact I wrote the report—is that we would love to see a ban, but we are also realistic that that might not happen.

Mr Frydenberg: I am certainly not promoting banning gambling sporting advertising.

Ms Gridley: I think that we have dealt with tobacco. It is a really good example, because people still smoke and smoking is not illegal. But we have really restricted advertising and, lo and behold!, people—the television stations and sporting organisations—have managed to get sponsorship from other places. They haven’t gone under. So I think it ought to be possible to do something different with these kinds of things. Without being a nanny state, it should still be possible to look at restricting these things to the point where they are going to do the least harm, and if they were going to do the least harm then probably they would not be worth investing in as advertising. So there is a balance there.

Mr Frydenberg: Would that include related sporting broadcasts? I raised the issue of the Brownlow, previously. It is not a live sporting broadcast, per se, but it is pitched towards football lovers, of which I am one, and young people who stay up at night to watch that are subjected to gambling advertising in every ad break. It has got to the point where it is saturation, and it is offensive.

Ms Gridley: I am always amused by the Green Guide’s putting in Tom Waterhouse’s picture every week to annoy people. All the letters come in saying: ‘Get him out of there!’, so they just put a photo of him in every week. I think it’s quite funny. I am also disappointed. I listen to the Coodabeen Champions, who they talk about quarter quads and all that sort of thing. I think: ‘Oh, for heaven’s sake, grow up!’, but that is just my reaction to it. If the ABC has got such a program, which doesn't of course advertise any particular gambling but which contributes to that normalising culture, I find that very disappointing. I’ve been meaning to write them a letter but have never got around to it.

Mr Frydenberg: So something like the Brownlow, which younger people a watching—

Ms Gridley: You can’t just talk about advertising during a match, because there is a lot more to football, football culture and football media—I’m saying football; I mean sport in general—than what happens during the game.

Mr Stephen Jones: Some of your evidence goes to the integrity and amenity issues that I put to earlier witnesses. I line up with those who get annoyed by this advertising, but there are plenty of things that annoy me that I wouldn’t want to ban. I am also concerned as we inquire into this area that we don’t presume that which needs to be proved. On the third page of your submission you talk about the risk of harm that would be visited upon young people through their immersion in a gambling culture. However, you don’t spell out what that harm is. I for one am interested in knowing what the harm is of being immersed in a gambling culture.

Ms Gridley: I think we make some reference to what we call the opportunity cost—what it is that you are missing out on. We have talked about this in relation to poker machines on previous occasions, too. We don't want to make judgments about how people spend their time, but the time somebody spends on the internet gambling is time they are not out with their mates doing something else. So the absorption in, particularly online indirect gambling—
Mr STEPHEN JONES: I would be lining up to ban online computer games, if that was the basis—the opportunity cost. I do understand that point—sorry, I don't mean to interrupt.

Ms Gridley: That is one point when we are talking about the harm: what are people not doing if this is how they are spending their time. With poker machines we talk about that often for older people, but we do have this emerging concern about young people and gambling, because they are so good at mobile phones and online stuff, much more than the rest of us, that they are well ahead of the game on that, so to speak.

But there is also this question of how difficult it is—it is a bit like, if I could use an example: I often think that if everyone has had a nose job, people are going to ask the person who hasn't: 'Why haven't you had your nose fixed?' Suddenly that becomes the norm rather than the other. In the same way, if this kind of behaviour is so normal then the person who is not doing it, whether it is a sports person themselves or a member of the general public, the peer pressure is: 'What's the matter with you? Why aren't you smoking, drinking, gambling, whatever?'

Mr STEPHEN JONES: I get that in relation—we can prove that smoking is bad for your lungs and will eventually kill you. You can prove that drinking at a young age damages your brain and your liver. I want to focus on the harm that is done. You don't have to win me on the amenity or the risk concerning—as I said before, there are plenty of things that I don't like that I wouldn't want to ban. If we are going to ban something for a health reason we need to know what that health reason is.

Ms Gridley: The harm that is done is having problem gamblers—the people who end up getting hooked onto gambling. The threshold for problem gambling is quite conservative in some ways, I would say. I have forgotten what the exact amount is. It is in our earlier submission somewhere. You have to spend a fair amount of your income on, say, a poker machine to be classified as a problem gambler, but if you looked at a much looser threshold you would still think it was a bit problematic for somebody to be spending, say, even 10 per cent of their income on gambling if they do not have much, but that does not classify you as a problem gambler if you do. I think it is the same here: if you have a lot of young people, and those not so young, spending money on one thing that they could be spending on something else. I know that is a bit of a value judgment, but there has to be an overall cost to that person, to their family, to their connections and to the community if the money is all being siphoned into that area. Certainly, we do know plenty about the effects on problem gamblers themselves—people who develop a problem—how vulnerable they are to embezzlement; compromising situations; whether they are into sport and therefore open to other kinds of corruption; or whether in their general lives they are working. We know a lot of people who lose their jobs by being caught up in gambling debts. We also know the effects on their family. There is plenty of material on that.

Mr STEPHEN JONES: The force of your evidence is this: you believe, or there is evidence to demonstrate, that if somebody is immersed in the gambling culture, such as the promotion of it and the advertising of it, there is a higher propensity that they are going to engage in problem gambling when it becomes legal or it is more available to them?

Ms Gridley: There is certainly evidence that the more you advertise the more people do it, and the more people who do it the higher the percentage of people who will develop a problem with it.

Mr STEPHEN JONES: Presumably they do not advertise because it does not work.

Ms Gridley: Yes. You are kind of raising the bar, and the number of people who have a flutter is going to be higher, but the number of people who have problems will be higher too. At what point do we want to say that cost is too high?

Mr STEPHEN JONES: I do not want you or anyone listening to this to take this the wrong way: I am just wondering, if we are making public health claims about this, whether we need to be quite precise about what those public health concerns are, particularly when it concerns young people. If there is a public health risk, we need to be quite precise and base that on some evidence.

Ms Gridley: Yes, we do. Again, because I am reporting for other people here and I am not the one who has done the research and that sort of thing, I am not the best person to comment, but I can take the questions and give you fuller answers if that will be helpful.

Mr STEPHEN JONES: That would be very helpful, thank you.

Senator DI NATALE: That is some of the ground I was going to pursue. Teasing that out a little more, the simple argument is that we have a legal activity—no-one is suggesting we ban the activity. We obviously have concerns in the community about the promotion of betting ads and live odds. And, because it is proliferated to such an extent that we almost have blanket exposure through sports broadcasts, we will have more people betting and more people getting into trouble as a result of their betting. There is also another factor: the impact on kids. In
your submission you touch on the idea that kids are already more susceptible to gambling advertising. Again, I know it is not your work. Is that something you can elaborate on?

Ms Gridley: Sure. I can get more details. The Delicatto work is quite well known. It is not new; it was from 2005. That is in relation to gambling in general, but it is around the online factor. Of course, young people cannot go to pubs and use poker machines. I am not quite sure how they manage to gamble online without a credit card, but they must be able to use it somehow or other. It does appear to be happening quite a lot. Sometimes, of course, they are playing poker without it being for reward, but it still gets them into that culture of—

Mr Stephen Jones: There is the question about kids being more susceptible to gambling advertising. We look at a broadcast and we can quite clearly differentiate between the game of footy and the sports ad. Sometimes the ads are a little difficult to discern from the content. You might have somebody at a news desk and, for all intents and purposes, it looks like it is a news broadcast, but we know it is an ad. What I understand is that kids cannot make that distinction.

When the odds are part of the game, particularly through the broadcast, when kids are watching a game of footy and suddenly Tom Waterhouse or a person from another company pops up and advertises sports betting—it might be around odds—they interpret that as being all part of the same experience; they do not make a distinction and say, 'That's an ad and that's the footy'; 'That's gambling—

Ms Gridley: Some research has been done. It depends on the age of the children you are talking about, with very young children having difficulty making any distinction between an ad for McDonald's and Sesame Street. But generally kids can distinguish between what is an ad and what is not when they are separate. They may not, though, be able to unpack the persuasive aspect of the ad. So they might know that this is the TV program and this is that other thing; it takes them longer to realise that they are being persuaded to buy something because of that ad, so it is set up to persuade them or their parents to do something. They have to be a little bit older before that happens. In terms of advertising embedded in a program, of course we get a lot of product placement in children's programs generally, from selling movie tickets and all those kinds of things; it is not just confined to gambling or junk food or whatever. That is another level that is more difficult for children to unpack, just the same as it is hard sometimes for them to tell what is the news and what is fantasy and such. We have developed some materials for parents talking to their children about advertising in general and helping them to deal more critically, I suppose, with the media in general around what to make of what is being presented to them. This would come into the same category.

Senator Di Natale: I notice that one recommendation in your submission was around the restrictions of advertising on the basis that it may impact disproportionately on kids, and the harm from that is that we might end up with kids getting into trouble with gambling later on. I suppose that is the harm that we are talking about. In your view, would an appropriate recommendation—rather than a blanket restriction, as I think has been suggested by others—at the very least be a restriction around gambling ads during kids' viewing times? We have that for alcohol, except there is an obvious loophole—I will not go there—for sporting broadcasts. If we managed to close that, would you—

Ms Gridley: My understanding is that there have already been some restriction on advertising during children's programming hours. Some sports are different from others. But we do know that things like AFL and NRL have a high number of child viewers, which is different from the racing industry, which has a mostly adult audience. So even if you say, 'We are not advertising it during Sesame Street,' if you have got it on during the footy the kids will be watching. So that makes it quite difficult.

Senator Di Natale: So you support a restriction during kids' viewing times—

Ms Gridley: It depends on how you define kids' viewing times. How late do they stay up on Friday or Saturday night to watch a game?

Senator Di Natale: Sure, but a Saturday afternoon game of football or a Sunday afternoon game of football?

Ms Gridley: Probably. But I do not think that is the biggest issue. We are not so much talking about really young children here. We are talking about primary to secondary school age children. They will watch it at any time. I think it is a little bit disingenuous to say, 'We will just keep it out of children's hours,' because if it is a sport they are likely to be watching then it does not matter what the time is. Plus of course they can tape it or there is time shifting; the hours are much more difficult to manage these days.

Senator Di Natale: So you suggest sports broadcasts full stop?

Ms Gridley: I would say so, yes.
Senator DI NATALE: Good. Obviously one of the responses is: 'Sure, we might advertise during sports viewing hours and at the game and so on, but we also put a whole lot of responsible gambling messages out there and people are exposed to those as well.' I have my own views on how effective they might be. Do you have a view on whether one offsets the other?

Ms Gridley: I think there is some evidence that people pay much less attention to the responsible gambling message; in some ways it almost adds to the gambling advertising because it is often in very fine print on the scoreboard or whatever. At least it has changed from the days when it used to be called Breakeven. I think in the early days of the pokies in Victoria they called it the 'gambling Help Services Breakeven' as opposed to 'gambling Help'; that fortunately changed.

Those things, like the language you use, are quite subtle, aren't they? So that is the language that is being used. Often it will be 'get help'. But you will only get help if you recognise you have a problem. We have difficulties, even though we deal a lot with people who have developed problems with gambling. We do not want to see them say, 'If we fix the problem gamblers then we will not have a problem,' because the problems in the community are much wider than that.

CHAIR: Ms Gridley, thank you very much. Apologies again for starting so late.

Ms Gridley: No, that is fine. I will take those questions on notice that you have put to me.

CHAIR: Please do. I know I speak for the committee when I say that was very, very helpful, so thanks again.
SPEED, Mr Malcolm, Executive Director, Coalition of Major Professional and Participation Sports

[14:16]

CHAIR: Welcome. I invite you to make a brief opening statement before the committee proceeds to questions.

Mr Speed: The submission from COMPPS focuses heavily on the integrity aspects of sports betting. By way of introductory comment, I will say as I said the last time I addressed this committee that Australian sports have an excellent record in dealing with betting related corruption. Sometimes we forget that when we see fairly graphic headlines about organised crime and other aspects, but their record is excellent.

Since the last time this committee had public hearings there have been three major events on the sports betting landscape. Firstly, the New South Wales government has adopted its cheating at gambling legislation that imposes heavy penalties for sport betting related crime. Most of the other states and territories, but not all of them, are on their way to replicating this. There has also been progress in relation to the legislation that is going to be modelled on the Victorian legislation that deals with product fees and sporting organisations and betting operators being approved operators.

The second thing that has occurred is that the Ryan Tandy case in New South Wales has largely been completed. We have seen a major sport—the NRL—the betting operator and the police deal with Australia's first match-fixing case, although some parts of that case are back in court in Sydney tomorrow. By way of comment, it is fair to say that that case involved in organised crime, but it was badly organised crime. The fix was thwarted by the opposing team, betting operators were alerted to it and immediately investigators were engaged and the perpetrators easily identified. I think the major problem that the sports face from that case is that the penalties that were imposed did not reflect the seriousness of the crime.

The third thing that has happened is that the sports have been alerted by the Australian Crime Commission to the risk and perhaps the inevitability that properly organised crime will seek to be involved in match fixing or spot fixing. They have been further alerted to the risks imposed in this area by illicit drugs and performance enhancing drugs. The sports take this very seriously. Together with government, law enforcement agencies and betting operators they are addressing these concerns and they will fight to maintain their excellent records in relation to betting related integrity issues.

The focus on sports betting and the links to organised crime has inevitably raised the temperature of the issue that you are dealing with—that is, sports betting advertising. Prior to the ACC report, the CEOs of the sports had implemented the substance of the new ACMA code, and that has been featured several times in the submissions before your committee. That code has not been finalised but the impact of it is in place already.

The impact of that is that there will be a significant diminution of intrusive betting advertising. Live odds will not be mentioned during play and live odds will not be mentioned by commentators. We respectfully submit that this industry and government brokered solution should provide this committee with an indication of the good faith of the industry, the betting operators, the broadcasters and the sports.

Specifically in relation to corruption, we note that this committee's focus is on sports betting advertising. We respectfully suggest that the amount of sports betting advertising has no relevant impact on the level of corruption or the incidence of match fixing or spot fixing. Betting advertising is not out there seeking to attract match fixers or corrupters. As we saw from one of the submissions, the average bet that is placed on sporting events is $13. It is a different market. It is quite a different problem. The sports will continue their efforts to make their sports as bulletproof as possible against the threat of corruption. They are the introductory comments I seek to make. I am happy to answer any questions.

CHAIR: Thank you.

Mr STEPHEN JONES: Mr Speed, thank you for your evidence and thank you for appearing. I do not know if you were in the room earlier when I put a proposition to the AFL.

Mr Speed: I was not, no.

Mr STEPHEN JONES: I leant upon my experience as somebody who attends race meetings in my electorate and elsewhere. I said, and it was agreed by the earlier witness, that it would be an unusual person who turned up to a race meeting and did not make a bet. It forms a part of the culture of how you discuss your day at the races. It is generally not what horse won but: 'Did you win? Did you come home ahead or behind?' What is to stop that culture being the culture of the AFL or any other sport around the country if we are continually promoting and advertising gaming and gambling within the sports and normalising it as a part of attending the game?
Mr Speed: That is a very good question. The essence of racing is that horses race to win, and punters go to watch the horses and bet on the horses. That has always been the essence of racing. The essence of team sports has been that the teams play to win, and people who pay to watch, or watch on television, generally support one team or the other. They have a passionate, sometimes tribal, following of that sport. Betting on team sports is relatively new in Australia. It started in 1996. I say by way of comment that it was introduced without any consultation whatsoever with sporting bodies by parliaments. It was imposed on sports. It was not sports' idea. Since that time, betting on sport has become more popular. For some people, it is part of going to watch the sporting event, but I do not believe that is the case for most people who go to watch a sporting event. Again, that is anecdotal, as is your suggestion that it is the other way round. But I do not believe that any serious research has been done about that. It may be moving in the direction to which you are alluding, but I think it is a long way away from that in relation to the professional sports. Most people go to the professional sports to watch their team and watch the contest. Betting is, at this stage, incidental to that.

Mr STEPHEN JONES: There is a judgement to be made by regulators. If we had any of the betting agencies available to give evidence, they would probably give a bland response that their objective is to increase their market share, increase their shareholder value if they are a publicly listed company and increase their penetration in the sport.

Presumably, that means everyone who walks through the gate has a punt. How do we stop that if we have an objective, if we think that this is not a healthy way for the future of these sports that have a different history, as you have identified yourself—where do we put in place the regulation, if that is necessary, to stop that occurring?

Mr Speed: I would favour regulation rather than prohibition.

Mr STEPHEN JONES: I agree with that observation.

Mr Speed: I think a lot falls back to the sports. That might be the business model of the betting operator; I do not believe it is the business model of the sporting bodies. Sports betting is a relatively small part of the overall enterprise of a sporting body. It is not in the interests of the sporting bodies to have the focus of the public on betting rather than on the competition between the teams on the field. So I think the sports need to push back against that as well.

Mr STEPHEN JONES: It is true, is it not, that the people whom you represent—and I mean no criticism by this—are compromised on this issue because they are reliant on the sporting bodies as sponsors and, directly or indirectly, as advertisers?

Mr Speed: Yes, the major professional sports are, increasingly, driven by media rights revenue. The next major driver is either sponsorship or gate revenue. Yes, they are sources of revenue. Betting sponsorship is one of those sources of revenue and a contribution of betting advertisers to media rights, indirectly, is a source of revenue. I think that they can deal with that compromise.

Mr STEPHEN JONES: I do not mean to make any criticism of the league, leagues or sports when I make that observation; I just make the point, as you do in your own submission where you say that advertising and then, by extension, betting advertising is integral to the free-broadcasting model upon which most of us rely to consume our weekly diet of sports. If it is integral to the model, we must accept the evidence that you give is, in some way, coloured by that fact—it is not a criticism; it is just a statement of fact—that the organisations that you represent are reliant on this industry?

Mr Speed: To an extent, yes.

Mr STEPHEN JONES: Thank you. I will leave it there.

Ms BRODTMANN: Thank you, again, for coming today. In your submission, in appendix A, you have got that COAG agreed statement. I was under the impression from Mr Clothier before that this agreement was being implemented for the 2013 season. Is that the case for every code that signed up?

Mr Speed: Some of them were ahead of that and implemented it last year. Some parts of it were implemented immediately the COAG comments were made. I think the major feature of that—and this may have gone largely unnoticed—is that there was concern that commentators were, including in the commentary narrative about betting odds, perhaps going so far as to encourage betting. When that received negative public comment, the chief executives of several, if not all, of the sports were aware of that and they stopped that immediately. So I do not think we have seen anywhere near as much of that over the last 12 months as there was in the previous 12 months and, as a result of this agreement, that will now disappear. I think everyone agrees that that is an appropriate restriction on what was an unduly intrusive practice into watching sport.
Ms BRODTMANN: Do you know how many codes are covered by this? I am assuming the majors—rugby league, AFL, soccer?

Mr Speed: Yes, all of those will be covered but, because it is a media code, it covers all sports because the media organisers, the media outlets will be subject to that code.

If a broadcaster covered a golf tournament, that broadcaster would still be covered by the same code as a broadcaster covering the AFL. So it will cover all sports, as I understand it.

Ms BRODTMANN: So it is a code that has been agreed by heads of government, and then it is applied down to each code. Was there an agreement amongst those codes beforehand to sign up to this? By its nature it is a voluntary sign-up. I would be interested to know the process by which people got on board and what happens to those who do not get on board.

Mr Speed: The process as I understand it was that Senator Conroy's department initiated a process of consultation particularly with the media operators, Free TV in particular, and betting operators. Sport came into that consultation a little later than those first two parties but we were there quite early in the process. The seven professional sports were there. There were a couple of drafts of the code. There was very little debate about it because I think there was reasonably heated agreement that it needed to happen and there was agreement as to the terms of the code. Those who were not at the table—I am not sure whether there were any broadcasters not at the table or betting operators not at the table or sports not at the table—will be covered because it is a code that impacts on media coverage. It will be an offence under the code for a media operator to refer to live odds during commentary.

Ms BRODTMANN: So that mandate, the governance of it, is through that communications element.

Mr Speed: Yes.

CHAIR: When will the code be in force?

Mr Speed: I do not know that. It is not far away. The final consultation process finished I think 3 January this year. I actually thought it was in place last year, so somewhere along the line I have missed some communication there, but I understand from the other submissions that it is imminent; it is probably this month.

CHAIR: Within months.

Mr Speed: This month, I think—March.

CHAIR: That is good.

Senator DI NATALE: Why did the major sporting organisations feel the need to introduce the code?

Mr Speed: I think the major driver was that the COAG meeting gave a very strong directive to sports that if this issue of live odds advertising was not addressed and an industry solution found then there would be legislation to deal with it. That happened in May 2011. That was the major catalyst but there was an awareness amongst the chief executives of the sports that live odds advertising had gone too far and it needed to be wound back, so they were willing participants right from the start.

Senator DI NATALE: Gone too far according to who? What I am getting at is whether there is an obvious concern from the fans of each of the codes that it has gone too far.

Mr Speed: I think there was some feedback to that extent, yes. It is one of those processes where the broadcaster and the betting operator enter into the agreement to do the advertising and sport is not necessarily consulted about the finer detail. So I think there was a case where some of the sports saw what had been achieved between the broadcaster and the betting operator and they did not like it.

Senator DI NATALE: I am pleased to hear that. I agree with you, I think the reform around not having commentators involved is a positive one. The issue really is whether the code is far too modest. That is certainly a view that I have. For example, are we going to continue to see odds being broadcast scrolled across the screen when they show the scores? Are the odds going to be included along with the scores, as they have been previously?

Mr Speed: In television broadcasts?

Senator DI NATALE: Yes.

Mr Speed: No, I do not believe so. I think that would be a breach of the code because live odds would be shown during play. As I understand, that is not permitted, and I hope that is the case.

Senator DI NATALE: If it is not the case, obviously you will let us know.

Mr Speed: No doubt it will be revisited on me the next time I appear before this committee, if that occurs.
Senator DI NATALE: We will get the odds before the game, we will continue to get the odds at quarter time, at half-time, at three-quarter time—

Mr Speed: We may, yes.

Senator DI NATALE: and then we will probably get a wrap-up of what the outcome was at the end of the game. So we are still going to be getting a fairly significant bombardment of betting odds throughout the broadcast.

Mr Speed: If the betting operator elects to use that window, and put in place a paid advertisement—it will not be the commentators, it will be someone clearly identified as being a representative of the betting operator doing that—yes, that is the case.

Senator DI NATALE: I suppose we get to the question of who is implicated by the code. Is it true that this is just a code that has been signed onto by FreeTV? Are the pay TV operators included in this code?

Mr Speed: I do not know the answer to that. I assumed that they were, but now that you ask the question, I do not know the answer.

Senator DI NATALE: I think they are not, and I think this is a voluntary code that has been signed up to by FreeTV. In fact, the pay TV operators are not subject to the conditions of the code, which is of significant concern. Would that be of concern to you, Mr Speed, if that were the case?

Mr Speed: Yes, the intention from the sports perspective is that commentators will not be talking about live odds during the broadcast. Yes, I will be interested to know the answer to that.

Senator DI NATALE: Thanks for your honesty. If you go to a sports bar, mostly it is Fox footy or one of those pay TV operators that are broadcasting the match. They have huge audiences. A lot of people buy pay TV just so they can watch the footy. So it would be a huge loophole if pay TV operators did not sign on to this code, in my view.

Mr Speed: Yes, I agree.

Senator DI NATALE: It sounds like you share that view; good. The other question around the protection of young kids is paramount here, and we have heard evidence about whether, in fact, kids are more susceptible and so on. The argument is: is there a legitimate place for sports betting ads during what is essentially kids' viewing times—we heard earlier that kids are watching games of footy often till late at night. I know that my kids now enjoy watching the footy. The argument is often put forward by the codes that it is a significant source of revenue, but could the codes survive without the advertising revenue that they get from sports betting?

Mr Speed: You would have to ask that question of each of the codes separately. I think they could survive, but they would receive less revenue. It may be that that advertising—if we are talking about advertising revenue rather than sponsorship—could be sold by the broadcaster to some other sector. They may not achieve the same amount that they achieved from a betting operator if there is a premium on betting advertising space, and that would then diminish the rights fees that were paid to the sports as and when they come up for negotiation. If they could not sell that space to some other sector then there would be a further diminution in the value of the rights fees.

Senator DI NATALE: Do you have any history or experience with the tobacco example? I am just interested. Were you involved in sports administration at the time that the buy-out of tobacco sponsorship occurred?

Mr Speed: Yes.

Senator DI NATALE: What was the experience with the tobacco buy-out?

Mr Speed: The overall experience is that the strong sports were able to replace their tobacco sponsorship, in some cases at the expense of sports further down the pecking order. There are only so many companies around with advertising and sponsorship budgets.

When the tobacco money disappeared, the big sports went after the bulk of that advertising budget and they achieved that. Some sports at the lower end of the sporting spectrum struggled to achieve sponsorship, or achieved lower amounts for sponsorship. But, yes, sport survived the banning of tobacco advertising—with some pain.

Senator DI NATALE: Okay.

CHAIR: Back in the day, at least one rugby league team had 'Winfield' across their jumpers. Do you think that was a problem for children? When a child saw their hero, whether a sporting hero or a hero more generally, do you think they thought, 'My hero thinks Winfield is a good cigarette'—that smoking Winfields is an acceptable or even a desirable thing? Was it a good idea to get Winfield off the footy jumper, because it influenced youth?
Mr Speed: I think banning tobacco advertising, because of the strong case for the health detriments of tobacco, is overall a good thing and taking that sign off the jumper fits into that same argument.

CHAIR: But would you agree that it is a particular issue when you are advertising something by putting the name of that product on a jumper. Particularly when it comes to young people, they are not just watching a game of footy; they are often seeing a picture of their hero standing there with the name of a product across their chest. That is a particularly powerful form of advertising, I would think.

Mr Speed: It is the essence of sports advertising. That is why advertisers seek that spot on a player's uniform, because that is what is seen most by people watching the event, whether live or on television. So that is why they buy it. They pay more for that than they do for other parts of the uniform.

CHAIR: Is that the most expensive form of advertising for someone, to sponsor a team and get their name on the player's chest?

Mr Speed: Generally the player's chest is more expensive than other parts of the playing uniform, I think; although, the back is also valuable. It comes back to visibility. What is going to be seen on the broadcast? If it is front and centre—it depends on the size of it; the one on the back is also valuable.

CHAIR: What I am obviously driving at—it is self-evident—is the advertising of a betting agency on jumpers appropriate? Given the way young people in particular, and not just young people, almost worship some of these players—they are very influential role models in the community—is it appropriate for someone who is near-on worshipped by thousands, tens of thousands, hundreds of thousands of young people to have a betting agency on there?

Mr Speed: I think it is a completely different argument from the tobacco argument. Sports betting is legal. It has not been banned.

CHAIR: Neither has tobacco.

Mr Speed: No, it has not been banned, but advertising of tobacco has been banned. Advertising of sports betting has not been banned. From what I understand of the research that has been done on the impact of betting advertising on the community, and children in particular, we are a long way away from being able to—in fact I think it was the point Mr Jones was making earlier—there is very little research, very little compelling research, about this.

CHAIR: Yes, but we seem to have a sort of contradiction in this issue, because betting agencies are not allowed to advertise their company and their product during times that children watch television, with the exemption of sporting broadcasts. So how can it be unacceptable to advertise gambling for all of the rest of the day but for that hour and a half it is acceptable? Does that make sense? Do we have a contradiction here? Is there an inconsistency in the logic?

Mr Speed: I would like to think about that. I think there is another argument; that sporting organisations are heavily reliant on sponsorship.

If we look at sporting organisations in another light they promote social values, they perform valuable services for the community, they are not-for-profit organisations, they develop their sports through the grassroots—

CHAIR: There is the problem, though. These teams, the codes and the heroic players are setting the standard for social values, and they wear a betting agency's logo on the jumpers. This does not just normalise it; it is an endorsement, an approval of gambling. If you are saying it is not a big deal—not that those were the words you used—if you are saying it is acceptable for the couple of hours of the game then why is it not acceptable the rest of the day? In fact, it could be argued that it is particularly harmful to have that on the jumper worn by a sporting hero in a team that some young person follows almost religiously—it is even worse than advertising gambling during the rest of the day.

Mr Speed: Let me just get back a step. In terms of club sponsorship, advertising on the playing uniform is a significant source of revenue. That is not insignificant. I do not believe I said that, and I want to clarify that. I agree with your premise that it is prominent and that it advertises the betting operator.

Mr STEPHEN JONES: Presumably, the people who are paying lots of money to place their name on the front of somebody's chest or back are doing it because it is effective.

Mr Speed: I made that point earlier. That is why you place it then; that is why it is valuable. In terms of what you see of the team, that is generally the most valuable part of it.

CHAIR: Is that because it is the most effective at selling product? Is that what makes advertising valuable, when it is more effective?
Mr Speed: What sponsors want is for people to see their signage.

Senator DI NATALE: The codes have clearly identified the promotion of live odds, and have moved on that. They obviously acknowledge that there is a harm here, and I think you mentioned that many of the sporting codes were uncomfortable with the direction in which things were going. If this is a premium advertising opportunity then why would they not move in this direction as well? Is it just about the dollars?

Mr Speed: I go back to what you said earlier: I do not think they saw there was a harm in it; they saw that it was intrusive to the broadcast. It was inappropriate and intrusive to have the commentators talking about live odds. They have taken action in relation to that.

Senator DI NATALE: So is there no acknowledgement that it has any potential harm?

Mr Speed: Coming back to the basic premise that sports betting is legal and popular—

Senator DI NATALE: I know; that is a bit of a circular argument. Tobacco was, too, and we ended up banning it. We are not talking about whether it is legal or not; we are talking about what impact it has on people and whether there is an argument for the codes to show some leadership if they, in fact, identify it as an issue.

Mr Speed: It has not been identified as an issue in the discussions that I have been involved in. There is a small number of cases where betting operators are the principal sponsors of sports clubs, but for those clubs this is a significant amount of the overall revenue for those clubs.

CHAIR: It is a very interesting point to now have on the public record that this move by the various codes has been not because they see there is a public health problem but because they think it is intrusive and somehow interrupts the entertainment of the game. It is very interesting.

Mr STEPHEN JONES: The amenity of the viewers and the fans.

CHAIR: Yes. I would like to think that the codes would see that there is a public health problem in problem gambling in Australia, particularly the rapidly growing prevalence of sports betting and online gambling.

I would like to think that the codes that I have a lot of respect for acknowledge that and are trying to work with government and the community to address that. I would like to think it is not just about the fact that it might interrupt the flow of the game or something.

Mr Speed: I do not think the discussion, as I recall it, reached that stage. There was an immediate and clear response that the sports did not like the way the broadcast had gone, having commentators talking about live odds. Whether there was a public health aspect to that; I certainly do not recall that being in the discussion; it was more that it was inappropriate for these codes to have commentators talking about live odds. It was intrusive and there had been negative feedback from people who were watching it.

Whether there is another debate to be had amongst the sports about whether they acknowledge that there is a public health issue and what they can do about it, I think is another matter. But I do not think it came up in this debate, and I think I would be misrepresenting the debate if I said that. I certainly do not recall it happening and I was present during that debate.

Senator DI NATALE: On that specific issue, the concern in your submission was that commentators were seen as role models—and hence the issue of not allowing them to discuss odds. What about the proliferation of footy shows on during the week, where odds are ongoing? Again you get bombarded. We get the team list; we get the odds of each team winning; we get the commentators who are often broadcasting on game day talking about odds during various football shows, without naming any individually. I imagine the code would have something to say about that, given its rationale is that it thinks the commentators are seen as role models and that it is inappropriate for them to be discussing odds. What does the code say on that specific point?

Mr Speed: I think you would have to ask them. Those shows are run by the broadcaster. The code has little or no editorial control over the content of those shows, what advertising appears on those shows. That is a matter between the broadcaster and the people who are engaged by the broadcaster to do that. I have not heard that issue discussed at the meetings I have been present at.

Senator DI NATALE: One would assume, given that the rationale is around commentators having that status as role models, that it is of similar concern, given that it is happening in a sporting context through a broadcast of an evening, particularly where kids are watching. Would it be fair to summarise by saying that—in the interests of consistency—there would also be concerns about that?

Mr Speed: I think your argument is logical.

Senator DI NATALE: That is nice to know. Occasionally that turns out to be the case.

Mr STEPHEN JONES: I never agreed with that.
Mr Speed: I do not think there is anything the codes can do about it.

Senator DI NATALE: I suppose the question is: why do we need it? The analogy is: there are betting markets on who is going to win the next election; we do not get the odds of who is going to be the Prime Minister or who or who is going to win the marginal seat of Melbourne and so on discussed on Insiders or Meet the Press. They are not topics for the broadcasting of odds. Do we need to have that through our sporting shows as well?

Mr Speed: I think that would be a reflection of the business—that is, the dollars that are bet on those markets.

Senator DI NATALE: I suspect you are right.

Mr Speed: The betting operators advertise because they have an advertising budget where they seek to generate business. If they thought they could generate business by advertising on Insiders—although I think that is on the ABC so that would not be permitted—they probably would do so.

Senator DI NATALE: Thank you.

Senator XENOPHON: Thank you for your submission, Mr Speed. Your report was written on 1 March. The ACC report on the integrity of sports and the influence of drugs on sports and match fixing came out on 7 February. Is there any reason why you have not specifically referred to that report in the context of your submission?

Mr Speed: There is no reason. I referred to it in my opening comments today. I was not sure from the terms of reference that I saw for this committee whether the ACC report had provoked this committee to sit again or whether it was completely independent and intended to sit in any event. A coincidence, is it?

Senator XENOPHON: Yes. I am not sure if you heard Mr Clothier's evidence from the AFL.

Mr Speed: No, I did not.

Senator XENOPHON: Perhaps if I can try to fairly summarise this: the ACC in its report notes the increasing evidence of personal relationships of concern between professional athletes and organised criminal identities and groups, and that this may have resulted in match fixing and the fraudulent manipulation of betting markets. That is the summary of what Ministers Clare and Lundy said in their summary of the report. When I asked about the issue of illicit drug taking by AFL players Mr Clothier said that the integrity unit is not aware of that because it is treated as a medical model. I respect that, but in order to protect the integrity of a sporting code do you not think that an integrity unit ought to be aware of issues of drug taking by a player in the sense that those players, based on the ACC report, are more vulnerable to manipulation and blackmail by organised criminal groups?

Mr Speed: Subject to that distinction between it being a medical issue or an integrity issue: yes, I think it would be useful to the integrity personnel to know if they were players who were susceptible because of drug use. But I do not know how you deal with the dilemma of it being a medical issue and the imperative that it not be disclosed. It is a valid point. I do not know how the other sports deal with it. I do not know whether the integrity units of the other sports have access to the results of illicit drug testing.

Senator XENOPHON: But even if it were quarantined or dealt with quite sensitively, if there is evidence of illicit drug use—which is the sort of thing that the Australian Crime Commission referred to in the context of players being vulnerable to manipulation and match fixing—do you agree that there could be a link between the two?

Mr Speed: I agree that there could be a link between the two. The sports are keen to learn as much as possible from this ACC report. That may be one of the learnings that comes out of that—that there needs to be some sort of quarantining of that information so it is available to the people in the integrity unit but goes no further. There are some reasonably complicated issues in that, but in principle I certainly would not oppose it.

Senator XENOPHON: That is very helpful. When you gave evidence back in August 2011 before this committee, that was around the time when the now-defunct News of the World exposed match fixing in the Pakistan cricket team. The question was raised: why did it take the News of the World to find out something that the International Cricket Council and other sporting bodies could not expose? That was widespread match fixing. Do you think that things have improved since then in terms of ensuring integrity of games, or do you think the ACC report highlights real gaps in the integrity of games being protected from match fixing and other corrupt practices?

Mr Speed: In Australia we have made some significant progress. You need to put the Pakistan incident in this context: the betting that was occurring there was most likely—and it is quite a complicated fact situation—that the betting that the player/manager was engaging in would have been betting in India, which is completely unregulated and illegal. There is no problem with gambling advertising in India; it is a massive industry with up to $500 million bet on some cricket matches. Because it is illegal and unregulated it is also illegal to advertise it.
You do not advertise something that is illegal. It does not solve the problem in India; betting proliferates.

What has happened in Australia since then is that we have some legislation in New South Wales and other states are looking, and I think they will introduce the legislation this year. The federal government has set up the National Integrity of Sport Unit. One of its roles is to perform a liaison role with law enforcement agencies, particularly international law enforcement agencies. So, yes, I think the Australian sports have been strengthened to that extent. I think the ACC report will strengthen the resolve of the Australian sports and it will cause them to put further resources to their anticorruption and integrity programs.

**Senator XENOPHON:** In your opening statement, you said that you do not see a link between being able to bet legitimately on games and increased levels of match fixing. Is that a fair summary?

**Mr Speed:** No. I said I did not see a link between betting advertising and increased levels of corruption.

**Senator XENOPHON:** Okay. Insofar as betting advertising makes the betting market much bigger and it would be easier to mask some corrupt bets in the context of many thousands of bets placed on a particular game, do you see that as a potential problem?

**Mr Speed:** Most of the betting that occurs on Australian sport is offshore online betting that is completely unregulated by Australian regulators. We see from the Betfair submission and this series of hearings where they say that one quarter of the betting on Australian sport is onshore. Most of it is coming from offshore. If we stop advertising on Australian sporting events, if we ban that, I do not think there will be any significant decrease in the volume of betting. What will happen is that the betting operators will find another way to advertise, betting will continue in Australia or they will go to the offshore, unregulated betting operators where the Australian sports do not have information sharing agreements and they do not get the sort of information about irregular betting patterns that they do get from the onshore regulated betting operators.

**Senator XENOPHON:** Do you see that the current model we have makes it more likely that you will pick up unusual or corrupt behaviour?

**Mr Speed:** If the unusual or corrupt behaviour is occurring onshore with the regulated betting operators, yes. The betting operators do not like being cheated. They have agreements in place. They are obliged to inform the sports if there are irregular betting patterns. This happens on a fairly regular basis. You will see from the TAB submission that is before the committee this time that there is regular reporting to the sports about irregular betting patterns, about individuals and about large amounts that are bet on the sport. That is very useful. Because most of the money on Australian sport is bet offshore that does not happen. The more we drive it offshore, the greater problem we will have.

**Senator XENOPHON:** On the issue of sponsorship agreements, there were some media reports in January this year that Tom Waterhouse has signed a sponsorship agreement for $50 million over, I think, four or five years with the NRL. That is a significant amount of money. Do you have concerns that the ability of the sporting codes of your members to effectively regulate gambling and sports betting is in some way compromised or in any way modified by virtue of that sort of money being spent on sponsorship agreements?

**Mr Speed:** If it is $50 million a year, that is a very large amount—

**Senator XENOPHON:** No, it is over five years, I think.

**Mr Speed:** $10 million is still a large amount of money but obviously not as large as $50 million a year. It is an issue that the sports have to address, that on the one hand they are receiving money from the betting operator. The corollary of that is there is an agreement with the betting operator to provide information of any suspicious activity. I said earlier that I think there is a compromise but the major concern of the sporting bodies is the integrity of their sport—it has been for some time, and the ACC report has renewed their attention to the issue.

**Senator XENOPHON:** Thank you.

**CHAIR:** If there are no final questions, Mr Speed, thank you again. This is at least your second time in front of this inquiry. Both times you have been very helpful and you have been very generous with your time.

**Mr Speed:** Thank you.
LIVINGSTONE, Dr Charles, Private capacity

[15:05]

CHAIR: I welcome back Dr Charles Livingstone.

Dr Livingstone: I work in the School of Public Health and Preventive Medicine at Monash University, but I am appearing in a private capacity.

CHAIR: I invite you to make a brief opening statement before the committee proceeds to questions.

Dr Livingstone: The focus so far of sporting activity and gambling in Australia has tended to be on the integrity of sport, and whilst that is an important consideration it is less than half the story. To me, the major issue from a public health perspective is that the effects that the promotion of gambling has on the public—and particularly young members of the public—are, although unknown, likely to be prejudicial to their health and wellbeing. It is important that we consider that as being a more significant matter than the integrity of sport—as important as that is to the enjoyment of many and the continuing viability of sport. The recent Crime Commission report suggests that, far from being completely under control, there are major issues there that need to be addressed. Those are important issues.

What I am most interested in is the connection between gambling and sport—the extent to which sport is becoming dependent upon gambling revenues and, therefore, linking its fortunes with the success of gambling enterprises. I have done some research which I would like to report on. In most cases this is research in progress. Before doing so, I offer a couple of other comments in a general sense. The first thing is that, as Mr Speed was just saying—and this is an issue that I know the sporting codes tend to raise a lot—by engaging with the gambling industry the codes are provided with arrangements which let them get access to data so they can discover unusual patterns of betting and, therefore, help them to uncover corruption or whatever. Of course, that data could be provided without the need for any commercial arrangements. In fact, I would have thought that it was in the interest of all parties, including government, to ensure that data treading and disclosure of unusual patterns occurred as a matter of course whether there was a commercial arrangement or not between a gambling operator and a sporting code. It is a little disingenuous to say that you need to get into bed with these people in order to have access to the sort of data that will help you uncover problems with the integrity of sport.

I also note that it is not just in broadcast coverage of sports, or in the weekly talk shows about sports, that we uncover this connection with the odds. A recent Media Watch program—I think not last Monday’s but the one before—devoted a segment to investigating the extent to which the bookies are able to gain a lot of free publicity by putting out press releases in which they quote unusual odds.

The ones that spring to mind are the odds of Melbourne's and Sydney's trains running on time over a period and so on. Of course, gambling organisations are not getting big books on these things or on who is going to be the next Pope. Obviously, they have no more insight into that than anyone else but, by promoting this sort of activity, they get a lot of free column inches and a lot of free talk time on radio.

Gambling organisations are extremely good at generating free publicity and, unfortunately, the media have, like sports, become somewhat dependent on this stuff for some of their stories. So it is not uncommon now to see a story, particularly in the sporting pages, which consists entirely of a report about the odds of such and such an event occurring—for example, such and such a player may play this week and, if he does, such and such will occur and the odds of this are so and so. And that is the whole story.

You get an enormous amount of free publicity from this sort of activity as well. So it has become a way of conceptualising sport and other activities, including elections, but particularly focused on sport because of the interest in it.

Finally, in this context I want to talk about what we call the precautionary principle in public health, which is very significant here. I was present for some of Mr Speed's evidence and I think there was an exchange with you, Chairman, in which you asked him about the analogy with tobacco and how that transition had gone. The reality is that, unfortunately, we knew for 50 years that tobacco was harmful. But it took us an awfully long time to act on that. We have the opportunity with gambling in sport to act in a precautionary way. I agree that there is little evidence at the moment about the relationship between sports promotion and gambling activities amongst young people, but we know enough to know that there is a very strong indication that saturation advertising, which is occurring at the moment, is likely to have an impact on people's subsequent behaviour. I think it would be fair, in summing up the evidence, to say that there are a lot of alarm bells ringing around that.

Gambling Research Australia has recently put out a tender for specific research on this activity and I would welcome that research being completed. But, at the very least, that is probably a couple of years off. I think it is
important that we think carefully about what we can do to at least put a brake on the saturation of advertising in sport, which has actually accelerated rapidly in the last couple of years, particularly since the mid-2000s when the High Court decision freed up the market.

The bulk of what I want to say today is referred to in some tables that I have prepared and abstracted. I hope the committee has copies of those. The first of those is headed 'Table 7: Sponsorship of Sporting Organisations and Clubs Operating in Victoria 2011'. This is an extract from some research we did looking at the situation in Victoria in 2011. We identified the major sports that we could find and for which we could obtain information. These all relate to disclosure by the organisations involved of their links to commercial gambling. What you can see, for example, is that Athletics Australia and Athletics Victoria have no listed or no declared gambling sponsors. Australian Football: there are a host of clubs with a host of sponsorship arrangements. At least one of those clubs, Richmond, has recently announced that it has no gambling sponsors for this current year, which I think is an excellent development. We know that some clubs—North Melbourne Football Club, for example—have also forsworn engagement with gambling organisations because we are told that they see it as being detrimental to their reputation as a family-friendly club. This document is not exactly up to date, but I think it still provides reasonably accurate information about the range of relationships that sporting organisations have.

Australian football still has a plethora of relationships with gambling. Some of the other codes have marginal associations—for example, the National Basketball League had an association with Centrebet but none of the actual clubs operating in Victoria did at that time. The Women's National Basketball League did not have such an arrangement. Cricket Australia had arrangements with 11 gambling organisations at that time.

CHAIR: How do you explain that?

Dr Livingstone: I think that is something you should have put to Mr Speed. But I think they took on a 'We'll take on all comers' approach, as far as I can gather.

Mr STEPHEN JONES: Cricket Australia or the state based—

Dr Livingstone: Cricket Australia. Cricket Victoria had none listed.

The cycling organisations, either Australian or Victorian, had none listed. The A-League at that point had none. The Football Federation Australia had a declared relationship with TAB Sportsbet. Melbourne Victory was sponsored by Intralot. Golf had no sponsorship listed. Motor racing had no sponsorship listed for other car or motorcycle racing. Netball had none. The Australian Olympic Committee had none listed. Melbourne Storm in Rugby League was sponsored principally by Crown Casino and continues to be, as I understand it. The National Rugby League has a couple of gambling sponsors. Rugby Union had none declared at that point. Tennis had none declared at that point.

So, of the 46 clubs or organisations we identified for this survey, 16 had a gambling sponsor. Obviously, the ones which were most attractive to the gambling organisations were the popular ones. They tended to be men's sports; I do not think a single women's sport had any gambling sponsor. Australian football, cricket and Rugby League were the closest relationships, which I think continues to be the case. Obviously that is related to their exposure on television, the amount of popularity they have in the community and so forth.

CHAIR: The cricket figure is remarkable, and I am thinking cricket would probably be one of the sports most at risk to mischievous sport betting.

Dr Livingstone: I would have thought so too. Again, I do not want to verbal Mr Speed or his organisation, but I think that the rationale that Cricket Australia put was that, by having relationships with organisations, they were able to detect irregular betting patterns and so on. But, as I said at the outset, I do not see any reason why you have to have a commercial relationship with one of these people in order to gain access to those data. Even if by regulation, they should be able to mine the data and inform you of any unusual patterns or whatever. That is something that could persuade those clubs or organisations that are contemplating it for that reason that they do not actually have to get into bed with them, so to speak. That is the first table I wanted to share with you.

The other issue is that most of the attention so far has been on sports betting, but, again, what we have to remember is that, although it is growing rapidly and has the potential to become an extremely significant part of the Australian gambling environment, sports betting is still a very small player in the overall scheme of things. The vast majority of Australian gambling, in terms of money, the volume of people doing it and the number of outlets available for it, is still conducted on poker machines. Prominent among those outlets, of course, are football clubs and other sporting organisations.

The best estimate of the value of sports betting in Australia at the moment is between $300 million and $400 million a year, which is a significant amount of money, but it pales into insignificance compared to the more than $10 billion a year which is spent on poker machine gambling and the approximately $20 billion spent on...
gambling in Australia overall. It is a small base—it is growing fast, but it is still a fairly small part of the action. A lot more money, I would argue, goes to sporting clubs from poker machines.

In order to gain some understanding of that, I invite you to go to table 2. This was another survey we undertook at the same time as the first table I referred to. It is the one headed 'Selected characteristics of sporting club venues'. Again, this is for Victoria, but I suspect it is symptomatic of some of the types of activity we see in Australia. With this, we have looked at the clubs or organisations operating in Victoria with a poker machine licence and identified those which had an affiliation with a sporting code of some sort. They either declared sponsorship of a sporting code or were themselves a sporting club which fielded its own team. We divided those into three categories, 1, 2 and 3. Category 1 is low levels of sporting engagement. That is the sort of club which would aid sporting activities through donations but the club itself does not run a sports team. Category 2 is the medium level of engagement. They may have teams that represent the club and they will field teams, but they participate at grounds that are controlled by organisations other than the club—they play at local municipal grounds or whatever. So the club does not maintain sporting facilities, but it does organise its own team. In category 3, the high category, they have teams that represent the club, they control their own grounds and they are operating at a high level of professionalism.

So you can see that clubs at the low level tend to be very modest in terms of the contributions to sporting activity that they claim every year. We know these numbers because in Victoria all the organisations are required to submit a statement every year which categorises their donations to the community in various categories. So we are able to extract from that the amount of sporting contribution they make.

You can see that almost by definition those in category 1, the low level of engagement, are providing only modest support on average per club. It is about $41,000 a year per venue.

**CHAIR:** This is from the venue?

**Dr Livingstone:** This is what the venue is providing as support.

**CHAIR:** But it is not directly linked to the poker machines.

**Dr Livingstone:** This is money which comes from poker machines. It is claimed as a community benefit to offset—

**CHAIR:** From the poker machine revenue specifically?

**Dr Livingstone:** Yes. They are allowed to claim all contributions, but this is then claimed to offset their requirement to provide community benefit. It may well be that some of that $41,000 comes from chook raffles—

**CHAIR:** But it would be fair to guess that virtually all of it comes from poker machines?

**Dr Livingstone:** Indeed, because virtually all of the income comes from poker machines in many cases.

In the medium category it is interesting that the average level of contribution was actually lower than in the low-level category. These are organisations which are fielding their own teams. Their average contribution is only about $31,000 a year.

Then if we look at the high-level teams, which are Hawthorn and Carlton in the AFL and those sort of very large organisations—and this also includes large rural teams which are running in district leagues and so on and so forth—we can see that in metro areas in particular they are contributing four times as much as those in the low level, on average, to sporting organisations.

Across the board, we can see that of the $215 million in revenue which the clubs generated from their poker machine operations in 2009-10, they were contributing about $1 million in unclaimed contributions to sporting activity. It is interesting that support of sport is often used to justify a close engagement with gambling. There is no doubt that it does provide support at some level, but if you actually look at the amounts involved you will see that they are not massive amounts of the money that each venue is making. The average venue revenue is $1 million; the average contribution per venue is $130,000. So it is 10 to 13 per cent. It is a lot of money, but it is not an irreplaceable stream of revenue when you look at the amount of money people are losing. Overall, we calculate that about $25 million is claimed as being a contribution to sport in Victoria from the $215 million that the sporting clubs made out of poker machines in that year. I hope that makes sense. It is a lot of money but, as a share of poker machine revenue, it is not a huge amount.

The final table that I would like to take you to is a more recent piece of work. There are a couple of stories here. From your point of view, the question is, for example: how much money are the football clubs in Victoria making out of their poker machine operations? In New South Wales it may well be that they are making even more based on their close association over a long period of time. Although, having said that, it is important to
look at some of the relationships to see the amount that, say, the Penrith Panthers are contributing to the Penrith rugby league club is much less than it would appear on the surface. But we do know in detail how much they are making in Victoria because this data is published.

What you can see is that in the venues which operate in Victoria and are operated by the AFL clubs—I have focused on them for obvious reasons—there are nearly 1,400 poker machines operated by them. In 2011-12 they generated nearly $103 million in poker machine revenue as losses. Under the old taxation scheme, the club would have retained about $34 million. Under the new taxation regime which came into effect in Victoria in September, the clubs will now retain nearly $77 million of that revenue. The old arrangements in Victoria which involved the duopoly meant that the revenue was split three ways. The new arrangements, which came into effect from September last year, split the money two ways. The government's share has remained about the same, which I think is a lost opportunity, but the venue share has increased dramatically.

As you can see in the case of the football clubs, the increase has been in many cases at least twice what it was previously. So they are now sitting on a very significant increased revenue share from gambling, and the danger of that is that they become very dependent on that revenue. On the second page of that table, there is a club by club breakdown of the amounts of money involved.

**CHAIR:** How do you explain the aptly named Vegas at Waverley Gardens?

**Dr Livingstone:** You would have to ask Mr Kennett that question because that is the principal venue of the Hawthorn Football Club.

**CHAIR:** It does not have as many machines as a number of other venues but, except for a couple, it is way over the odds.

**Dr Livingstone:** I think it is one of the top 10 performing club venues in Victoria. It is well managed and it has a very opportune location, smack bang in the middle of a shopping centre. Venues located in that sort of location tend to perform very much better than your average club in the suburbs.

**CHAIR:** Would it be fair to describe Jeff Kennett as a passionate supporter of the status quo with poker machines?

**Dr Livingstone:** I do not want to verbal Mr Kennett; he is not a person to get on the wrong side of. He has occasionally admitted that he feels that generalising the availability of poker machines to clubs and pubs was a very big mistake. But I guess he is pragmatic as well, because he is very devoted to the Hawthorn Football Club and he has overseen a regime in which their capacity to generate very significant revenue from the pokies has massively increased. So I think what we see here is that under the old regime the clubs were making quite a lot of money. Under the new taxation regime that amount of money has very significantly increased. I was going to make a brief opening statement. It appears to have been somewhat less than brief, so I apologise for that.

**CHAIR:** Dr Livingstone, like the long opening remarks the other day, I think it was well worth it. Senator Xenophon, do you have these tables in front of you?

**Senator XENOPHON:** No, I do not, but I been making notes the best I can. Dr Livingstone, your concern is not so much about match fixing per se but on the reliance sporting codes have on gambling revenue generally. Is that a reasonable summary of where you are at?

**Dr Livingstone:** I think so, and the reason I am concerned about that is that we were at a point where that dependency had not started to expand rapidly and I am afraid we are now at the point where it is starting to expand rapidly, which necessitates in my mind if we are to wean them off this that action needs to be taken in a reasonably rapid way.

**Senator XENOPHON:** That would include, for instance, that there are media reports that Tom Waterhouse paid something like $50 million just for the NRL sponsorship rights over a four- or five-year period. Is that the sort of thing that should be nipped in the bud as well, from your point of view?

**Dr Livingstone:** As with tobacco, the gambling organisations are not sponsoring sport because they are community minded. They are sponsoring sport because they wish to make money out of it. It is a very profitable business for them. If Mr Waterhouse is spending $50 million over five years, you can bet he is going to make a considerable amount greater than that. So the motive of the betting organisations is to make money and the clubs obviously need money to operate; I do not doubt that. The problem is that the greater the dependency that they developed the harder it is to wean them off. I heard the end of Mr Speed's remarks and they suggested to me very strongly that the principal rationale for the clubs engaging in this activity, in accepting this sponsorship, is so that they could generate revenue. The more revenue they generate the more they need, and unfortunately the more they become dependent on gambling organisations the harder it will be to wean them off it.
Senator XENOPHON: We heard from the Australian Psychological Society earlier about the research, and you referred to it as well, in terms of appropriate research about the link between kids being exposed to this sort of in-your-face advertising promotion and problem gambling behaviour down the track. Given the work you have done on this, can you give any preliminary reviews as to what you think the risks are for this heady mix of sporting heroes, sporting codes and young kids being exposed to advertising in terms of normalising the behaviour and potential risks down the track for those kids when they become adults?

Dr Livingstone: I think the data and the evidence available suggest that exposure to gambling opportunities is undoubtedly a risk factor. The best example of that is that the reason most of the gambling problems in Australia are associated with poker machines is because they are the most available, most ubiquitous form of gambling. The more you see of them the more likely you are to participate in them. It is only a small leap from there to suggest that the normalisation of gambling as being the way in which you understand the game is not just because it's emblazoned across the jersey and the trousers or whatever of the players but because it's shouted at you every time there is an ad break. It's in almost every sporting story that covers particular games; it's in the summary of the games; it's in your iPhone; it's in the footy tipping web page that you go to on Friday afternoon to put in your tips; it's everywhere. It is completely ubiquitous. It seems to me that it is very likely that people growing up with that—and this has really only occurred in the last seven or eight years—are going to construe the game and their enjoyment of it in an entirely different way and are very much more likely to develop gambling problems in later life. The evidence is far from conclusive but the indications are that it would be wise to take a precautionary approach and not allow the open slather that has so far prevailed in coverage of Australian sport. That would be the view I would take if you wanted to forestall a new generation of problematic gamblers.

Mr STEPHEN JONES: Given the time, I won't go over things that are absolutely clear on the face of your evidence or questions that have been put to you by others. I just want go to the term of reference which asks us to inquire into the impact of promoting gambling on both the integrity of sport or the public's attitude towards the integrity of sport. I am thinking here of parallels in the corporate arena where there is an absolute prohibition against insider trading. Are you aware of any public or private laws or regulations, contractual or statutory, which have the same broad prohibition against people using insider information to distort the integrity of a sporting fixture?

Dr Livingstone: I am not aware of any, no. Some of the sporting codes have their own codes of conduct in which they absolutely prohibit people from using information, however they glean it, derived from their association with the sport. The AFL is the best example, the one that I am most familiar with. We have seen people with relatively marginal roles with sporting codes—the AFL in this case—being quite heavily penalised for what appear on the face of it to be inadvertent or very minor breaches of that code, but we haven't seen many examples of the people doing it more carefully being caught out in that way.

Mr STEPHEN JONES: We pick up the dummies?

Dr Livingstone: What did the French say about the shooting of Admiral Byng? They did it to encourage the others. They pick up the small fish, because they are pretty easy to find, and the ones who make stupid bets—I think one player last year or the year before because at the pub one day he was seen to give $20 to a friend who then went and put a bet on for him. To an AFL player, $20 is what 10c would be to most of us.

Mr STEPHEN JONES: That's a contractual offence.

Dr Livingstone: Yes. It's not a statutory offence.

Mr STEPHEN JONES: It's a breach of his relationship with the club, unless there's some fraud that's gone on.

Dr Livingstone: Yes. He was penalised. He had a suspension imposed on him and so on. I don't actually believe that we should either prohibit gambling or that we should impose harsh penalties on people who engage in this type of activity, although I can see that there is a case for it if it involves corruption and what amounts to theft or fraud. What concerns me more is that by promoting gambling through the acceptance of sponsorship—and the enthusiastic acceptance of sponsorship—it seems to me that the message being sent to people in the sporting arena is that gambling is a great thing and that we should all get on with it.

There is a sort of schizophrenia about it, because we say: 'Gambling is actually great; everybody should do it'—look at the Luxbet logo on our footy jumper—but you're not allowed to.' It is a bit like saying that the gambling codes are part of the solution, which I think is a slogan adopted by Clubs NSW at the moment; it is a bit like saying that the bartender is part of your solution if you have a drinking problem. That does not really answer your question very directly but—

Mr STEPHEN JONES: I think it does actually. Thank you.
CHAIR: Is Jeff Kennett still the chair of beyondblue?
Mr Livingstone: I believe he is, yes, but he is no longer the chairman of the Hawthorn footy club. I think he passed that mantle on a year or so ago.

CHAIR: Is he still associated heavily with the Hawthorn club?
Mr Livingstone: I think it would be hard to find anyone who is more closely associated with Hawthorn actually.

CHAIR: What strikes me about this aptly named 'Vegas at Waverley Gardens' is that it benefited in gross terms more than any other venue listed in your table.
Mr Livingstone: Yes, absolutely.

CHAIR: I know this is something that has been much remarked upon, but I will make the point again: I find it remarkable that he still thinks it is acceptable to remain as chairman of beyondblue when he is associated with such a significant poker machine venue.
Mr Livingstone: Many people have made that observation and it is a matter for his conscience and for the other members of the board of beyondblue. But I agree that it is a difficult call for him to continue there and to continue to support this level of gambling activity.

CHAIR: I agree.

Senator Di Natale: To summarise your argument, and it certainly fits in with my thinking, the evidence base is not firmly established yet, but we have a situation where there are clear concerns and, to use your words, 'alarm bells are ringing', and we could potentially be on the verge of an epidemic of a new generation of problem gamblers but this time sports betting as opposed to pokies. We have a situation where the clubs and the sporting codes are becoming increasingly dependent on revenue and we have young kids being bombarded by ads and the promotion of odds. What is the right balance? Where do we draw the line?

I think the codes themselves recognise we have to do something, even though in their words it was for reasons of 'public concern' and the fact that it was intrusive as opposed to concerns of public health. They have acknowledged that we have to do something because they have a new code that they had signed up to with the broadcasters. The question in my mind is: is that code strong enough and, if not, what else do we need to do? I am interested in your thoughts.

Mr Livingstone: There is another factor to throw into that perfect storm of factors which you just described—that is, the convergence of technologies now. The easy availability of smartphone apps and so on in which you can bet as much as you want whilst you are sitting around, often during the course of a game or some sort of sporting activity, means that that generation which is growing up with this technology, with the bombardment and all the rest of it, has not only an inclination but also readily available means to act on that inclination. At least with the pokies, you have to get up and go down to the pokie venue. Even if it happens to be on the way home from work, it is still some slight impediment.

These days you can, literally, sit on the couch and bet the house on the outcome of a game without going anywhere. That does worry me a great deal. How should we deal with this? I do not think the current agreement with the sporting codes curtailing live odds during a game is adequate. As far as I can gather, they were dragged kicking and screaming into that by a rare agreement of the COAG ministers' meeting to suggest that if they did not agree to a voluntary code that it would be legislated without them having the option.

I think Mr Wilkie pointed out to Mr Speed that during certain times of the day it is not lawful to promote advertising of gambling on television or radio except during sporting broadcasts. That makes no sense to me at all because sporting broadcasts, as I think you said, Senator Di Natale, are much watched by young people.

The first thing I would do would be to say, 'If you can't advertise during normal viewing, why can you advertise during sport?'. I would prohibit it, simply because the association between sport and gambling is so strong that it is almost certainly creating that relationship in the minds of young people particularly but in many other minds as well.

Senator Di Natale: To be clear, I want to make sure we have some concrete proposals here. You are suggesting a ban not just on the promotion of live odds but on the promotion of all sports betting during sports broadcasts.

Dr Livingstone: Correct. If it is appropriate to ban it during the broadcast of a film on TV, it should also be appropriate to ban it in the same timeslot, which just happens to be occupied by a football game. That would have an impact on the revenues of the TV stations, I guess, but I also would have thought that there are plenty of other products wishing to buy that time to promote themselves, just as we found with tobacco. The world was going to
end for sport and broadcasting if tobacco sponsorship was prohibited, yet it seems to be thriving without that being available as a source of revenue.

CHAIR: More children will be watching TV during the footy game than the Saturday afternoon movie.

Dr Livingstone: Absolutely.

Senator DI NATALE: So that is an end to sports betting ads during sports viewing times.

Dr Livingstone: Correct.

Senator DI NATALE: Do you have any thoughts on sponsorship?

Dr Livingstone: I am aware of a couple of conflicting stubbies of the extent to which sponsorship intrudes upon peoples' perceptions of the game. One study in the Australian and New Zealand Journal of Public Health a couple of years ago suggested that the level of exposure to sports betting during sporting contests was extraordinarily high, largely because of the presence of hoardings around the grounds which are very commonly promoting gambling these days.

Senator DI NATALE: By Ms Thomas?

Dr Livingstone: Yes and others—and the availability of the logo on sports uniforms and so on. My view on that would be that that should also be prohibited after a period of time for existing contracts to expire.

Senator DI NATALE: Phased out?

Dr Livingstone: Yes. One of the interesting things is that despite all the hoopla about this, the amount of money it contributes to football, for example, is fairly modest compared to the amount of money they get from their broadcast rights and all the rest. I understand the broadcast rights are tied to sponsorship opportunities for the broadcasters and they would argue that they cannot afford to pay a billion dollars or whatever it is for the broadcast rights if they cannot flog the time to the bookies. Nonetheless, you get $1 billion for the broadcast rights and maybe half a million per club for a sponsorship deal with the betting organisation—it is not a lot of money in the scheme of things. If we looked at it in that light, the impact on sporting club revenues would be transitional, probably frictional at best and marginal. So I would do that too.

Prohibiting the advertising of gambling during sporting broadcasts in keeping with the current rules about when you can advertise gambling and when you cannot seems to me to be a reasonable step. I would also phase out sponsorship arrangements between sporting organisations and bookies or gambling organisations.

Senator DI NATALE: And footy shows, promotion of odds?

Dr Livingstone: Again I would put the same prohibitions on those which currently operate in relation to broadcasting in general. If you cannot show the ad before 9.30, or whenever it is, then you cannot show the ad before 9.30 on The Footy Show. I mean, why would you? I think those are reasonable steps. I am not a prohibitionist, despite what Clubs Australia might say of me from time to time. If people want to bet on things, I think they should be permitted to do so in a carefully and properly regulated environment. The explosion of gambling sponsorship in recent years has led to a situation developing which I think most people think is out of control. The available evidence suggests it is likely to lead to a plethora of gambling problems—perhaps a mini epidemic soon and a major epidemic in future.

CHAIR: So would it be right to characterise what you are saying in this way: That the crackdown on the advertising of gambling would be a relatively significant way to deal with the growing problem of online problem gambling?

Dr Livingstone: It is a cautionary step, rather than the ultimate solution. There are a host of things we need to do to deal with the possible explosion of online problem gambling. In Europe we know that by and large the biggest growth area in gambling problems has come from online sports betting, generally on football matches—soccer matches, as we call them here.

That is because the sponsorship and advertising arrangements in Europe have exploded and—I think it is reasonable to say—are out of control, really. The gambling organisations are very prominent sponsors of Premier League teams in Britain and all the rest of it, so that is where much of the concern in Europe now is.

I think we are in a position where we can actually forestall a lot of that. The first step in doing that is to impose that sort of restriction. There are a whole host of other things we have to do about online gambling, which I am not armed with today but which I can certainly talk about if you ever want to. When we have conclusive evidence that says that it is okay to expose young people to 300 hours of gambling advertising every month and that that is not going to cause a problem, I will happily agree to let them be sponsored. But, as I think is most likely, if the
evidence suggests that it is likely to be harmful, we should retain that ban. It is a reasonable and precautionary approach, I would argue.

CHAIR: I am mindful of the fact that the parliament can pass laws to change the arrangements for Australian online gambling providers, but, short of censorship of the Net, some Australians at least will always be able to access illegal offshore sites.

Dr Livingstone: Yes.

CHAIR: So, given that it is going to be very difficult if not impossible to stop their access to all offshore sites, we have to look at things we can do onshore to minimise the harm caused by the offshore sites. Cracking down on advertising onshore would seem to be one of the onshore things you can do that will have some effect with this problem.

Dr Livingstone: People advertise in order to increase demand for their product. If you do not advertise, it follows that demand for your product will occur at natural levels. So people who want to bet can bet. They can bet with a lawful, regulated bookie in Australia. I do not think we should stop that happening. I think they should be entitled to do that.

I also think that the sporting code on which they are betting should get a guaranteed share of the revenue, preferably the turnover. That should ameliorate any difficulties they have in not getting any revenue stream from this. If you are a bookie and you are offering a product involving betting on a game, I do not think it is unreasonable for the game to get a share of the action, but not in return for promoting it, not in return for developing a symbiotic relationship between gambling and sport and thereby encouraging young people to think that, if your footy code or your footy club thinks that gambling is a good thing, it must be a good thing.

Mr STEPHEN JONES: I follow all of that. I put the same propositions to earlier witnesses. The symbiotic relationship starts when you are reliant on that revenue.

Dr Livingstone: When you are rely on the revenue.

Mr STEPHEN JONES: It does not matter whether you are promoting it or not; your attitudes to the promotion of it are conflicted by the fact that you are reliant on the revenue.

Dr Livingstone: That is right, but I think that there is more than one way to skin a cat. If the clubs are saying, 'We can't survive without gambling revenue,' then I do not see any reason why they cannot be provided with that revenue, whether it is through some form of tax arrangement through government or it is through a very carefully regulated proportion of whatever the turnover happens to be but without having the associated requirement to stick a logo on your jumper or whatever.

The concern for me is that the sporting clubs have a very close relationship with a number of bookies of a directly commercial nature. They get the money because they allow themselves to be used as a promotional tool. If you take the promotional tool aspect out of the relationship, it seems to me that it is a much healthier relationship than if they are directly dependent on signing on the dotted line and spruiking the wares. There are a number of AFL clubs that, if you go on their website, have a direct link to X club bet, which is a subbranch of one of the Northern Territory bookies, and they get a slice of the action. You cannot get much more symbiotic than that.

Mr STEPHEN JONES: The AFL does not have a monopoly on it, as I know you are aware.

Dr Livingstone: The AFL is the closest example, I guess, from where I am sitting.

Mr STEPHEN JONES: I have to make the point that, given the symbiotic relationship, one has to be very, very sceptical about a self-regulation approach, given the nature of that relationship.

Dr Livingstone: Absolutely. With the best will in the world, it is hard to go against your own interests.

Mr STEPHEN JONES: Correct.

CHAIR: As far as the poker machine alliance goes, clubs in WA are doing fine, I understand.

Dr Livingstone: The level of sporting participation in all age categories in WA is higher than it is in New South Wales, and New South Wales performs only at very average levels by national standards in terms of active sporting participation. So having a lot of pokies is far from a guarantee that you will get lots of people out and about doing recreational activities and so on.

CHAIR: Dr Livingstone, as always, thank you very, very much. You have been very helpful. I thank all witnesses for their evidence and all observers for their interest in the committee's work.

Committee adjourned at 15:50