Australian Sports Wagering Scheme

Strategy Paper and Operating Principles

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# Executive Summary

The development and implementation of the Australian Sports Wagering Scheme (ASWS) is a key pillar of the Government Response to the Review of Australia’s Sport Integrity Arrangements (the Wood Review). The intent of the ASWS is to streamline current sports wagering regulation to provide clarity, transparency and consistency across Commonwealth, State and Territory jurisdictions and to ensure sports wagering occurs within a regulatory framework protecting the integrity of sport and ensuring Australian sporting competitions are more resistant to evolving manipulation threats.

Sport Integrity Australia has conducted a series of direct engagements with over thirty key stakeholders to inform the strategy paper and the ASWS operating principles.

The ASWS Operating Principles outlined in this Strategy Paper cover four key areas:

* Approval of Entities
* Product Fee and Integrity Agreements (PFIAs)
* Contingencies
* Information and Data Sharing Ecosystem

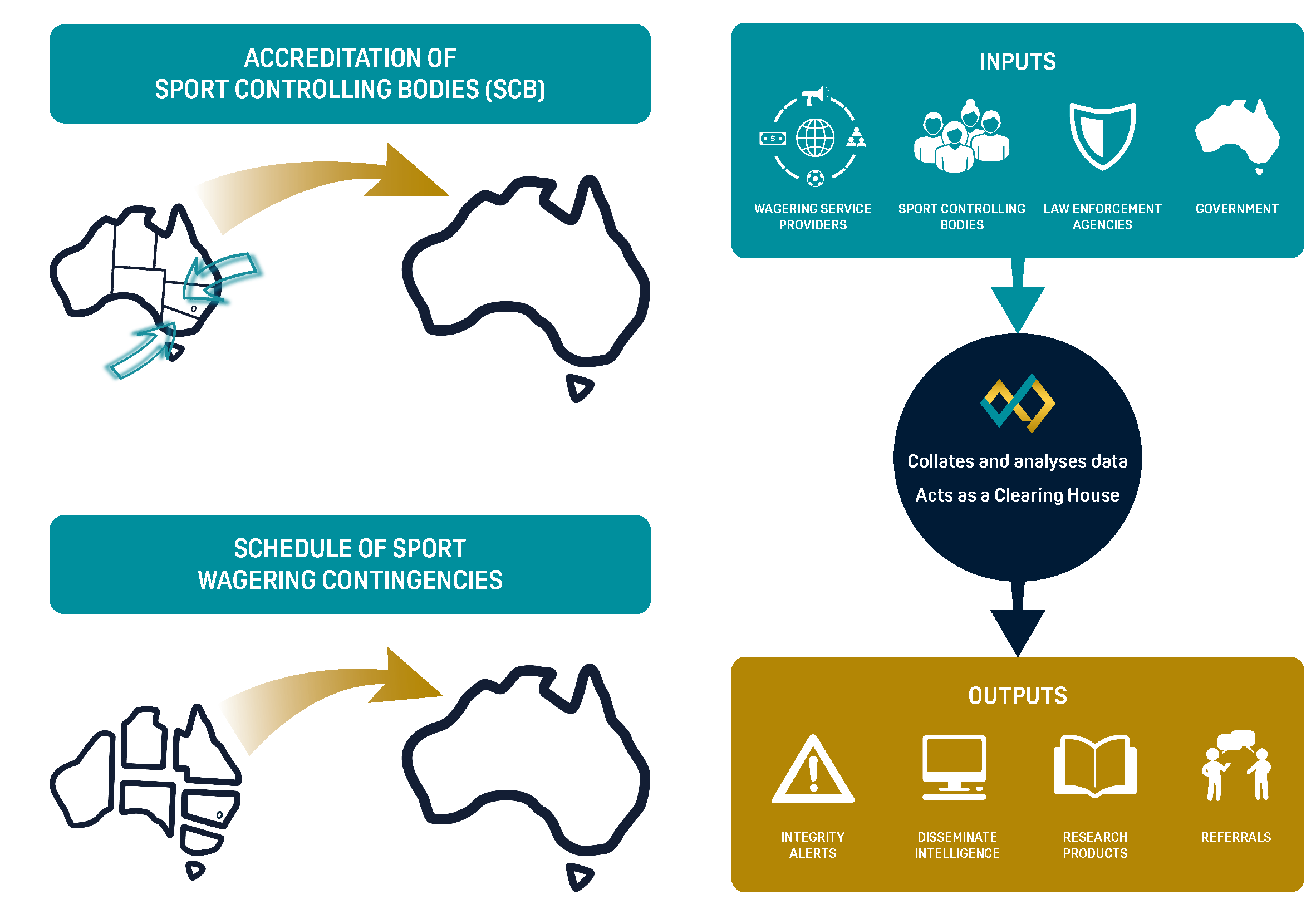
In addition, this Strategy Paper addresses:

* The case for change
* Sport Integrity Australia’s value proposition
* Allied issues
* Next steps

## ASWS Operating Principles

The following graphics reflect the ASWS Operating Principles, primarily that:

* Accreditation of Sports Controlling Body (SCB) status and oversight of the PFIA’s are elevated to Sport Integrity Australia to regulate.
* Sport Integrity Australia facilitate a national forum with all relevant stakeholders to provide sport integrity input into an agreed national schedule of sports contingencies.
* Sport Integrity Australia establish a sports wagering data and information sharing ecosystem.



# Background

Sport integrity is important to the Australian community. It contributes to the collective identity of the Australian nation which places significant cultural value on fairness in conjunction with its sporting abilities, particularly on the international stage. The Australian Government takes this responsibility in maintaining sport integrity seriously and intends to ensure that sport enjoys public confidence and stable economic growth in terms of both participation and employment.

It was on this premise that the Australian Government commissioned the Review of Australia’s Sport integrity Arrangements[[1]](#footnote-2) (Wood Review). At that time, as it still is today, the sport/wagering relationship was regulated at the State and Territory jurisdictional level. One of the areas that the Wood Review was asked to examine was whether the Commonwealth Government, through its institutions, could ‘add value’ to this relationship, given that sports and wagering had professionalised to include entities with both national and international reach.

The Wood Review published in 2018 made 52 recommendations as to how to improve the integrity of sport and sports wagering in Australia. The Wood Review and the subsequent Government Response acknowledged the need to further examine the proposed Australian Sports Wagering Scheme (ASWS) reforms and work with stakeholders to develop the ASWS operating principles and subsequent implementation strategy. With regard to the sports/wagering nexus, the Wood Review determined that the Commonwealth Government could add value through contributing a range of capabilities including regulatory capacities, that sought to enhance clarity, consistency, and transparency. The Wood Review found that a focus on achieving these elements would benefit all aspects of the relationship, and accordingly recommended that Sport Integrity Australia establish the ASWS.

As part of its initial stakeholder consultation process, the Commonwealth Department of Health, through its National Integrity of Sport Unit, developed and released the Australian Sports Wagering Scheme Discussion Paper[[2]](#footnote-3) for stakeholder comment in May 2020. This Strategy Paper is an evolution of the Discussion Paper and is intended to narrow the proposed regulatory reform options into the ASWS Operating Principles.

Sport Integrity Australia received valuable written feedback from stakeholders regarding the issues raised and the range of regulatory reform options. The principal themes captured in the feedback was that the Commonwealth could add value to the integrity elements of the sports wagering industry, but that any involvement should not automatically impose a financial cost or be at the expense of these elements of the environment that were considered to be operating adequately. To this end the feedback suggested any reform should be as light-touch as possible to avoid undue regulatory burden.

# The Case for Change

The case for change centres on a single point: sports wagering has changed significantly in recent years while the regulatory framework has stayed largely the same. Sports wagering has seen an explosion in number of contingencies offered by wagering providers and increase in total value wagered on sporting events. By means of illustration, in 2000-01 Australian sports betting turnover was $46.92 per capita, this increased to $567.32 per capita in 2018-19.[[3]](#footnote-4) There has also been a blurring of the boundaries of sports wagering with wagering on esports and the gamification of sports wagering through products such as Fantasy Sports. The result of these changes is that the complexity of the sports wagering environment has increased in recent years and with it there is a greater need to proactively manage sport integrity risks.

## The issues with the current regulatory approach

At present sports wagering is regulated by the states and territories. This current framework leads to the following issues and risks:

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

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

* **Limitations to integrity risk identification** – as previously stated, the complexity of sports wagering has increased in recent years. This increased complexity increases the need for a coordinated, national approach to identifying and managing sport integrity risks. While there is no doubt that wagering providers are incentivised to identify and raise any sports wagering integrity incidents on their markets, this a reactive approach which can identify the point at which someone has attempted to manipulate a market. The ideal way to monitor and identify sport integrity risks would be a proactive, multi-faceted national approach which brings together insights and data from sports controllers, wagering providers, Australian law enforcement and partner organisations overseas. This is a gap in the current regulatory framework.
* **Funding of integrity** – a key funding mechanism for managing sport integrity risks is through PFIAs. These agreements are requirements of New South Wales and Victoria’s regulatory frameworks. A PFIA enables the sports controller to charge a product fee based on wagering on their sport. However, while New South Wales legislation states that products fees raised by sports controllers must be used for sport integrity measures, they do not specify what these measures may be[[4]](#footnote-5). Victorian legislation does not state how the product fee should be used. While there is no evidence that PFIA funds are being misused, given the growth in sports wagering in Australia it would appear desirable to have a clear framework around how PFIA funds should be prioritised noting the differences in threats and capability of sports.[[5]](#footnote-6)
* **Risk of sport integrity incidents are ultimately borne by the sports** – while sport integrity is an issue which concerns wagering providers and government, the reputational risk is ultimately borne by sports controllers. A key funding mechanism for sport integrity is the PFIA. This fee is remitted to sports controller based on the amount wagered on that sport. While the level of sport integrity risk is likely to be correlated to the amount wagered on that sport, there is a base level of preventative education and monitoring that a sport controller should undertake. The current funding regime may mean that sports with either low or no revenues from PFIAs struggle, or are unable, to adequately fund this minimum level of integrity prevention.

It is important to note that there is no evidence to suggest a significant number of Australian sporting events are subject to widespread manipulation but rather the risks of this occurring have changed in recent years. Given that regulatory frameworks have not changed in line with the sports wagering sector, a regulatory refresh seems logical. The nature of the problem has been considered in the development of the ASWS operating principles.

## The opportunity

When the current regulatory frameworks were established by the states and territories there was no single national body with a remit for sport integrity. This is no longer the case. Sport Integrity Australia was established in 2020 combining the functions of the Australian Sports Anti-Doping Authority, the National Integrity of Sport Unit and the nationally focused integrity functions of Sport Australia. Sport Integrity Australia is ideally positioned to coordinate and proactively manage sport integrity efforts across sports controllers, wagering providers and state and territory regulators.

# Sport Integrity Australia’s Value Proposition

Sport Integrity Australia will use its unique capabilities to provide significant support to all industry areas, creating a stronger integrity environment nationally and internationally. This support will be tailored to meet the needs of sports ensure that smaller participants and sport at the sub-elite level are better protected as they develop and deal with integrity risks.

Sport Integrity Australia, through the introduction of the ASWS can provide specific value in the following areas:

## National consistency

Providing a single national system for SCB accreditation provides clarity, consistency and transparency for sports in Australia. A single set of accreditation standards will enable consistent levels of integrity protection in a landscape that at present, provides accreditation in only two states with the consequent potential for inconsistency of approach.

Sport Integrity Australia is also well placed to provide bespoke support to smaller sports organisations seeking to improve their standards to achieve SCB accreditation. In the provision of support under this scheme, Sport Integrity Australia will be able to guide sports with high level advice on sports wagering matters they might otherwise be unable to access whether they are an SCB or not.

## Criminal intelligence

The threats to sport integrity from organised crime and other criminal entities are significant. The continued presence of illegal, grey market, alongside offshore wagering and the growth of money laundering through wagering create a high-risk environment for corruption.

The Australian Criminal Intelligence Commission’s (ACIC) Sports Betting Integrity Unit (SBIU) has established powers and expertise in coordinating relevant intelligence relating to criminal threats in partnership with Sport Integrity Australia. Under the ASWS model, Sport Integrity Australia will leverage national and international relationships to ensure it receives up to date intelligence on individuals and organisations that present a threat to sport integrity. Through the ASWS, Sport Integrity Australia will also have the ability to assess that risk and provide intelligence products to regulators, SCBs and WSPs on a regular basis.

Australia will have through Sport Integrity Australia and the ASWS, an enhanced cohesive national approach to sports wagering intelligence. This capability is important in supporting Australia’s international standing and cooperation in initiatives that form part of the national commitments to treaty obligations. These include obligations and commitments under the United Nations Convention Against Corruption, the G20 Anti-Corruption Working Group, United Nations Office on Drugs and Crime (UNODC) and the ongoing work to enable ratification of the Council of Europe’s Convention Against the Manipulation of Sports Competitions[[6]](#footnote-7) (Macolin Convention).

## Research Products

Achieving best practice in sport integrity is not possible without robust research being regularly conducted into various integrity risks. Consideration of their impacts on sports and wagering is also critical. This is of value to smaller and emerging participants who do not have resources to direct to these issues. Sport Integrity Australia has already commenced work on several research projects as part of the ASWS. The research products are intended to support policy development. This will assist in ensuring that Australia is at the international forefront of sport integrity management whilst responding to national priorities.

## Consumer Protection

Sport Integrity Australia recognises that jurisdictions are best placed to provide input and approve contingencies from a consumer protection perspective. However, the threat to the ‘at risk’ consumer is not restricted to one jurisdiction, and is best understood when considered comprehensively, at a national level. This is particularly true when considering contingencies which differ considerably between jurisdictions.

Sport Integrity Australia can provide a significant value add, by applying a sport integrity focus for consideration when approving sports wagering contingencies. Sport Integrity Australia is also well placed to contribute to the range of gambling harm and consumer protection risks research with partner agencies and stakeholder groups.

## Support to smaller industry participants

The recent international match-fixing trend towards sub-elite and emerging sports has illuminated the domestic risk faced by these sports in Australia.  The principles describe the current unevenness of support available to emerging sports, and smaller wagering providers, to identify and deal with competition manipulation threats when compared to their better resourced colleagues and competitors.  A nationally consistent approach to standard setting and purposefully developed expertise dedicated to supporting this component of the industry is essential to levelling this playing field.

Sport Integrity Australia is well placed to support sports with a less mature sports wagering capacity and capability by addressing gaps in their knowledge on the impacts of wagering on their sports and the attendant risks as they improve their integrity systems, which may include national accreditation.

## Education

Sport Integrity Australia as the administrator of the ASWS will have an obligation to provide ongoing education to all stakeholders on emergent themes in sports wagering related integrity threats. A nationally consistent approach to education that provides more clarity in education materials and a focus on constant improvement is a key strategic focus for overall Sport Integrity Australia education strategy development.

# The ASWS Operating Principles

In developing the ASWS, Sport Integrity Australia has sought to ensure the principles of clarity, consistency and transparency are embedded within the operating principles. The aim is to achieve these principles by adopting the underpinning elements of:

* light touch regulation
* avoiding duplication and creating efficiencies
* demonstrating the Commonwealth value add.

Sport Integrity Australia recognises that general regulation of the wagering sector continues to rest with the states and territories through their regulatory authorities. The ASWS is not intended to adversely impact this arrangement. Rather, the intent is to focus on enhancing and complementing the ability of current regulators to discharge their legislative responsibilities, through the provision of “value added” services and functions as described in this strategy.

Sport Integrity Australia has designed operating principles that sets the framework to develop roles and responsibilities of all stakeholders and industry partners under the ASWS. They allow for Sport Integrity Australia to receive the information to fulfil its functions and provides for Sport Integrity Australia to make the necessary and timely inputs to all sectors to assist them in discharging their responsibilities. The result is intended to be greater industry resilience to sport and sports wagering integrity risks and added consumer protections which will work to benefit of all stakeholders.

The ASWS operating model is built upon four key pillars established with the Sports Betting Operating Model[[7]](#footnote-8) and which are fundamental in ensuring an effective and viable sports wagering environment, these being:

* Accreditation of Entities
* Product Fee and Integrity Agreements
* Contingencies
* Information and Data Sharing Ecosystem

## Accreditation of Entities

* *Two states currently accredit Sport Controlling Bodies.*
* *This is contrary to the intent of the National Policy on Match-fixing in Sport and has the potential to lead to further inconsistencies.*
* *A single accreditation for a sport’s integrity response in relation to wagering is desirable.*
* *Assist relevant regulators in upcoming applications and reviews in line with current legislation.*
* *Plan for the relevant legislative changes required to Sport Integrity Australia legislation to enable effective accreditation and regulatory roles for stakeholders.*
* *Work with current stakeholders on effective transition.*
* *Licensing of WSPs remains with jurisdictions.*

The increasing commercialisation of sport, including as a result of the rapid growth of sports wagering, means the potential for serious integrity breaches (including through the involvement of serious and organised crime) in Australian sport is real and growing.

The capability and capacity of sporting organisations to identify and manage sport integrity risks is limited by the information and intelligence they can access. The organisational capacity to analyse this information and identify and respond to threats varies considerably between sports.

To protect Australian sporting organisations effectively against a range of integrity threats, a cohesive national response is needed, to ensure that all Australian sporting organisations:

* have integrity policies and procedures in place *(including* match-fixing and wagering related policies) and that these policies and procedures have been effectively implemented;
* understand the nature and extent of wagering on their sport and the associated integrity impact;
* understand and comply with reporting requirements regarding integrity incidents and suspicious activity.

The Wood Review recommended that sports wagering in Australia be subject to an Australian Sports Wagering Scheme, which would include the establishment of a national SCB accreditation process. National accreditation of SCB status is mooted as a key mechanism for ensuring effective and appropriate support for national sporting organisations to develop their sport integrity capability.

## Sports Controlling Body Status

Under the ASWS operating model, Sport Integrity Australia will be responsible for accrediting sports as SCBs.

Feedback received from stakeholders, primarily SCBs has been supportive of the introduction of a single accreditation process administered by Sport Integrity Australia at the national level to provide greater clarity and reduce duplication in securing SCB accreditation and assist sports new to the wagering environment.

Sport Integrity Australia intends to develop a robust accreditation process that leverages off existing Commonwealth processes including Sport Australia’s recognition and Annual Sports Performance Review. Underpinning the accreditation process will be a set of robust requirements similar to the state based legislative requirements which sports will need to meet to be approved as an SCB. To retain or secure SCB status, sporting organisations must ensure that they can demonstrate they have established and implemented the full range of relevant integrity policies and systems against legislated requirements and maintain ongoing compliance with these policies. Further SCB accreditation will be contingent on the SCB or sporting organisation’s compliance and participation in the ASWS data and information sharing ecosystem. Failure to comply with these requirements may result in Sport Integrity Australia withdrawing SCB status and ability to enter into PFIAs with WSPs.

The ASWS Discussion Paper floated to concept of tiering sports reflecting the maturity of SCBs in regard to their sport integrity capability and Sport Integrity Australia’s intervention and/or support of these SCBs. Under the ASWS, Sport Integrity Australia’s support of SCBs and other national sporting organisations will be guided by a bespoke approach including consideration of their relative maturity in dealing with sport integrity issues.

This will mean that Sport Integrity Australia will have appropriate visibility of the integrity arrangements of accredited bodies and be in the best position to support sports that do not yet have a fully matured wagering focus.

It is important to ensure continuity of SCB status through the transition from jurisdictional to Commonwealth accreditation. It is intended to ‘grandfather’ existing SCBs as being accredited with Sport Integrity Australia upon commencement of the ASWS, noting that review requirements will be similar. Sports wishing to become accredited SCBs, will be required to apply to Sport Integrity Australia for accreditation upon commencement of the ASWS. Regarding existing SCBs, any gaps between their current practices and the Sport Integrity Australia legislative requirements will be expected to be met over time.

Sport Integrity Australia acknowledges that establishing a national accreditation of SCBs under the ASWS will require legislative amendment at the Commonwealth and jurisdictional level. Sport Integrity Australia will work with relevant state and territory jurisdictions to determine the legislative amendments required, a timeframe for the development of new legislation and its introduction to Parliament and any transitional provisions needed to ensure a smooth transition from state and territory to Commonwealth responsibility. Sport Integrity Australia anticipates this work to commence shortly and will continue into the ASWS transition period of 2022-23. State based legislative requirements will remain in place until transitional provisions or legislative changes are passed.

## One-off or major event controlling body status

Sport Integrity Australia is considering the introduction of event controlling body (ECB) status accreditation as part of the ASWS. It is recognised that major competitions, one-off events, or event-based competitions (Including the Olympic Games, World Cups and esports tournaments) bring unique wagering-related integrity risks and event organisers may not have the wagering-maturity required to manage these risks.

The introduction of ECB body status would allow Sport Integrity Australia to work with event organisers to establish robust sports wagering policies and procedures within their events or competitions and support ECBs to have greater awareness of the wagering that occurs on their event or competition.

Sport Integrity Australia is mindful or various governance and commercial arrangements between SCBs and event organisers (ie Basketball Australia and the National Basketball League) and will ensure that these arrangements are carefully considered while establishing this accreditation process.

## Licensing of WSPs

The Wood Review recommended that a national platform, Sport Integrity Australia, be responsible for conferring Sport Wagering Service Provider (SWSP) status on WSP and thereby enable them to offer markets on sporting competitions. This concept was considered in the ASWS Discussion Paper. Feedback provided by stakeholders was quite clear that rather than reducing administrative burden, introducing another layer of approval would add additional burden to WSPs.

To this end, Sport Integrity Australia will work with state and territory regulators to ensure that Australian WSPs offering wagering on sports have effective sport integrity policies and procedures in place (including through PFIAs) to effectively address sport wagering integrity risks.

## Product Fee and Integrity Agreements

* *PFIAs are contracts required by a regulator to codify the exchange of integrity information and fees between WSPs and SCBs.*
* *As part of the accreditation of SCBs the existence and broad oversight of this agreement is important to the integrity of the model.*
* *SCBs and WSPs are able to negotiate any suitable commercial terms.*
* *Appropriate dispute resolution for the establishment of the PFIA between parties will be part of the legislative environment.*

As PFIAs are enabled through SCB accreditation, it is intended that PFIA oversight will be elevated to Sport Integrity Australia as part of the ASWS.

PFIAs are the mechanism through which the commercial and integrity arrangements between SCBs and WSPs are established. They deal with settings covering bet types, information exchange and commercial fees. Under the ASWS, SCBs will continue to exercise contractual control over the approval of bet types for their sport. Sport Integrity Australia recognise that SCBs will, in many cases, possess the most granular knowledge on the integrity risks of bet types specific to their sport and it is their reputation impacted most when match-fixing and sports wagering incidents arise. Therefore, Sport Integrity Australia’s interest in PFIAs arrangements will be to ensure relevant sports wagering intelligence and analysis is used to inform the terms and conditions of the PFIA.

Regarding the product fee spend, current legislation is inconsistent outlining what the product fee can and should be spent on. In New South Wales legislation requires that the product fees that are paid by WSPs to SCBs are allocated toward integrity measures but does not outline what these measures may be. The Victorian legislation is silent on what the product fee should be used toward. Sport Integrity Australia will not prescribe to SCBs the amount or percentage of product fee that is to be ‘spent’ on integrity measures. Rather, there will be an expectation that SCBs will use their product fee to ensure they maintain or enhance their integrity capability and response commensurate with the integrity risk of the sport. As part of SCB accreditation and review, Sport Integrity Australia will require SCBs to demonstrate that this occurs.

Currently, some regulators have the legislative powers to offer dispute resolutions services between SCB’s and WSPs where agreement of the PFIA cannot be reached. Sport Integrity Australia is currently considering which dispute resolution services should be elevated to Sport Integrity Australia for resolution in conjunction with the accreditation of SCB status and oversight of the PFIA’s. This element of sport wagering regulation requires careful consideration and Sport Integrity Australia will work with regulators, SCBs and WSPs to determine the appropriate regulatory response, noting there may be entities better placed to resolve the commercial elements of PFIAs and other sports-wagering related disputes.

## Contingencies

* *Contingencies are the types of events able to be wagered on in the jurisdiction of the relevant gambling regulator.*
* *Each regulator has a process and legislative power to determine the available contingencies.*
* *Existing fora will be part of the negotiation of sport integrity inputs into the decision-making process.*
* *Sport Integrity Australia will facilitate a national contingencies forum with SCBs and jurisdictions and provide expertise and advice on sport integrity risks and threats associated with sports wagering.*
* *SCBs will retain responsibility for approving contingencies on their sport with input from Sport Integrity Australia and jurisdictions*
* *Continue working towards harmonised contingencies and an adaptable framework for approvals.*

The current sports wagering regulatory landscape features diversity across the jurisdictions particularly in relation to wagering markets and contingencies which, while notionally adjusted to and adequate for individual jurisdictional requirements, creates inconsistency at a national level, exposes differing risk tolerances, complicates administration of national competitions for SCBs, and lacks ongoing strategic review, intelligence and assessment to inform ongoing regulation.

The sport integrity objectives enhanced through national collaboration and coordination for the setting of authorised sports wagering contingencies would include:

* Ensuring that robust and informed sport integrity risk assessments of proposed sports betting events and contingencies are conducted in collaboration with all state and territory regulators, WSPs and sporting organisations
* Providing that assessments/authorisation decisions incorporate intelligence and information from law-enforcement and criminal intelligence agencies (particularly national/international level intelligence)
* Establishing a greater level of national transparency, simplification, consistency, reliability and certainty of outcomes and standards – including with respect to regulatory compliance and enforcement
* Enabling more effective international collaboration with foreign/international regulators, sporting organisations and wagering providers – facilitating the incorporation of additional intelligence in the determination of authorised wagering products in Australia and engagement regarding the foreign availability of markets on Australian sport.

It is envisaged that, in addition to the above, development of a nationally consistent schedule of authorised sports wagering contingencies would incorporate stringent consumer protection considerations currently applied at the state and territory level, including through an effective governance arrangement.

Feedback from stakeholders has been consistent that a national approach to scheduling contingencies would provide greater levels of consistency and if applied effectively, consumer protection across the country. This is particularly true when considering sub-elite sports, which may be significantly impacted by contingencies over which they have no control.

To this end, Sport Integrity Australia proposes to convene a national forum, whereby regulators and policy makers, SCBs and WSPs can discuss and understand contingencies and their risks from a sport integrity and consumer protection perspective. Sport Integrity Australia will seek to work collaboratively with regulators and industry to develop and assess contingencies to ensure they align with community expectations in terms of integrity risks posed and that are as resilient as possible to risks of organised crime or other corrupting influences.

It is anticipated that an outcome of this forum would establish a framework for the approval of contingencies, specifying the general type and nature of what contingencies are preferred or not, from a consumer protection, sport integrity, and public interest standpoint. From this, SCBs would be able to determine the bet types appropriate for their sport and embed these within their PFIAs.

Sport Integrity Australia views its role as ensuring that the approval or non-approval of sport wagering contingencies does not impact on sport integrity and concurrently, that it is conducive to consumer protection outcomes. Sport Integrity Australia is able to use its research products, international relationships, and intelligence capability to assess the risk of new sport contingencies while continuing to scrutinise those that already exist.

A process for assessing requests for new contingencies is proposed that may consist of an assessment of conformity with the framework before referred to SCBs for approval. It is envisaged that most requests for new contingencies will conform with the framework for SCBs to then approve or not based on their risk assessments. It is also noted that contingency requests do not simply occur on an annual basis. Rather, this is a living process that will need to be agile and responsive in real time.

This approach will also benefit smaller sports which are impacted by wagering in the absence of PFIAs. The intention would be for Sport Integrity Australia to advocate, after consultation with the sport, on their behalf in the approval process. It is suggested that Sport Integrity Australia involvement in approving contingencies in the future will be of particular importance to lower wagering volume sports or competitions at the sub-elite level that do not have the resources to properly assess the risk of contingencies.

## Information and Data Sharing Ecosystem

* *PFIAs establish the information sharing thresholds and format for integrity related information between WSPs and SCB.*
* *Law enforcement intervention occurs on a case-by-case basis.*
* *Centralised suspicious activity alerts and a strategic collation, analysis and dissemination of intelligence is a reason for enhanced activity across the sector.*
* *Establish a mechanism for sharing of suspicious activity alerts in relation to sporting events*
* *Scoping the requirements across legislation, capability, international examples, and technology to enable enhanced intelligence sharing.*
* *Jurisdictions to insert compliance with ASWS information and data sharing ecosystem within licensing conditions.*

The sport integrity threat environment, particularly with respect to the links between organised crime and sports wagering, is evolving quickly and risks will grow as the sports wagering market continues to develop in size and sophistication.

Match-fixing and other corruption is often motivated by the opportunity for significant financial or other personal gain – and WSPs provide opportunity for large sums to be gambled on sporting events with the prospect of high returns. Accordingly, appropriate and effective regulation of sports wagering plays an integral role in protecting the integrity of sport.

A major vulnerability is the fragmented oversight and regulatory systems in place, in which responsibility for particular activities and the collection of information takes place across a variety of bodies including international, and domestic sporting organisations, international and domestic bookmakers, state/territory/federal governments, but not harnessed in any coordinated or collective manner.

To protect the integrity of Australian sport against wagering-related integrity threats, Sport Integrity Australia proposes to establish a cohesive national response to ensure that:

* All available sports wagering data and intelligence is systematically collected by relevant stakeholders and shared with a central authority for effective collation, analysis and dissemination of integrity alerts;
* Sharing of this data and intelligence becomes routine, systematic and legislation based;
* Current sports wagering regulatory processes are streamlined to provide clarity, transparency and consistency of the sports wagering regulatory regime for all authorities with regulatory responsibilities to facilitate effective compliance and enforcement mechanisms;
* Suspicious activity reporting requirements are streamlined to provide clarity to all stakeholders and ensure that the right information and intelligence is received by the right authority at the right time on every occasion.

Within Australia there have been examples of competition manipulation within numerous sports, and whilst not to the extent as has occurred d overseas, there is little doubt this presents a current and emerging threat. The current response that includes sports, law enforcement agencies and the ACIC’s SBIU, can be enhanced by improving collection, analysis and dissemination point for sports wagering intelligence at the national level.

The provision of information and data to Sport Integrity Australia is critical to it fulfilling its functions and providing value to regulators, SCBs and WSPs. It is recognised that Sport Integrity Australia’s ability to identify risks and alert industry as required is best achieved if it receives as much relevant data as possible. It is acknowledged it will also be necessary for Sport Integrity Australia to build this capability over time. In establishing this capability, Sport Integrity Australia will seek to minimise negative impact on stakeholders. Sport Integrity Australia also intends to provide clarity through a comprehensive data privacy and use policy.

The ASWS will enable Sport Integrity Australia to collect and use data and intelligence inputs at the national and international level to create intelligence products to assist the industry. This will include contributions to the coordination of investigation activity across jurisdictions, and sports where necessary. To enable this, the Government Response to the Wood Review proposed the establishment of the Joint Intelligence and Investigations Unit (JIIU), with dedicated representatives of state and territory law-enforcement agencies, as well as relevant Commonwealth agencies including the ACIC, Australian Federal Police (AFP) and the Department of Home Affairs (DHA). The JIIU is to be responsible for: intelligence collection and analysis for a broad range of sport integrity issues; liaison with domestic and international law-enforcement agencies and criminal intelligence commissions; and referral services – to law enforcement in criminal matters, and to sporting organisations for code of conduct issues

Effective information and data sharing is essential to the successful integrity management of sports wagering in Australia. Sport Integrity Australia has an important value adding role in ensuring sports are corruption free. It has the international reach to understand emerging risks and will further strengthen its existing intelligence relationship with other government agencies including the ACIC and the Australian Transactions and Reporting Agency (AUSTRAC). This will assist in ensuring that it provides high quality intelligence products to the industry and law enforcement to assist the conduct investigations and enforcement activity. This will be in addition to the existing integrity capabilities of SCBs with a focus of Sport Integrity Australia on the timely sharing of intelligence and /or evidence where legislatively permitted.

Sport Integrity Australia will facilitate the following primary information and data sharing functions:

## The Suspicious Activity Alert System (SAAS)

Similar to models observed internationally, Sport Integrity Australia through the establishment of the SAAS, will act as a clearinghouse for suspicious activity reports. Reports from individual WSPs, SCBs, foreign National Platforms or other sources of suspicious wagering activity would be submitted to Sport Integrity Australia who then assess, and if necessary, disseminate to all WSPs and the relevant SCB (if involving a domestic competition). The aim is to provide an early alert to WSPs to ensure they can implement appropriate strategies to remove or mitigate associated risk. To achieve this, it will be necessary to scope the requirements across legislation, capability, international examples and technology to enable enhance intelligence sharing.

## Transactional data analysis

To achieve the aim of best practice in data risk assessment, it is the aim of Sport Integrity Australia to achieve as close to real time data analysis as practical and efficient. This will mean that licensed WSPs will be required to provide data to Sport Integrity Australia or other systems as required by the relevant legislation and licensing regimes.

Of course, the reality is that Sport Integrity Australia, as a relatively new agency, will not be in a position under the ASWS to conduct comprehensive ‘real time’ analysis in the short term, rather, it will progressively achieve this position over time. This will be a key capability project for Sport Integrity Australia. Before this capability is developed, however, Sport Integrity Australia will be mindful of regulatory burden on WSPs and will risk assess what type of data it requires, who should provide it and how frequently it is required.

Eventual access to this data ensures Sport Integrity Australia can analyse information received via alerts, intelligence, or information holistically across WSPs, sport and other relevant jurisdictions – a function that is not currently undertaken. Providing that analysis back to sport and/or law enforcement will better support enforcement activity by those bodies.

Transactional data will also assist Sport Integrity Australia in the production of strategic intelligence products to inform relevant parties of emerging risks. For example, analysis of the volume of a domestic market of a certain emerging market over time may inform the relevant sport of the associated risks. Likewise, analysis of offshore markets transposed with domestic transactional data may indicate a move offshore which may initiate a regulatory or legislative response to mitigate the potential risks of that change.

It is also anticipated that the provision of data to Sport Integrity Australia will also work to strengthen consumer protection as it will assess risk from a consumer perspective against the data received.

## Strategic and operational intelligence analysis

Collating and analysing information received by Sport Integrity Australia from all relevant organisations, such as SCBs, WSPs, law enforcement and government will enable Sport Integrity Australia to produce and distribute strategic and operational intelligence content.

In order to assess risk, Sport Integrity Australia will require more than simple transaction data. To provide clarity to industry participants, Sport Integrity Australia will consult with stakeholders to determine its intelligence collection priorities and engage extensively on improving its requirements with a view to reducing burden.

Sport Integrity Australia recognises the data security laws and regulations imposed by various jurisdictions. It is intended that Sport Integrity Australia will develop consistent data use and privacy policies to provide clarity and assurance to all organisations and jurisdictions providing data. It also intends to work collaboratively with individual jurisdictions to overcome local data sharing impediments.

# Allied Issues

## Inclusion of racing wagering data within the ASWS

* *Analysis of wagering activity across SCBs, racing codes and WSPs can provide useful insights, alerts and protections for all stakeholders.*
* *This aspect will require significant policy and systems discussion to ensure robust and efficient outcomes.*

Sport Integrity Australia acknowledges the commonalities between sport and racing organisations and the integrity threats posed to both sectors and recognises that individuals or groups intent of corrupting sport and/or racing competition outcomes are unlikely to distinguish between wagering on sport and racing.

Access to wagering data in the racing industry is well rehearsed and may provide some synergies for the ASWS and benefits to racing integrity outcomes. Analysis of wagering activity across SCBs, racing codes and WSPs can provide useful insights, alerts and protections for all stakeholders.

Once the ASWS is established, Sport Integrity Australia will work with racing organisations to determine what operational engagement provides value-add benefits.

## Online In-play wagering

* *Online In-play wagering is prohibited except for racing events.*
* *In-play wagering is permitted on sport only via in-premises or via direct telephone contact.*
* *Any change to this position would require an amendment to the Interactive Gambling Act 2001.*
* *Sport Integrity Australia is not responsible for the administration or policy development relating to the Interactive Gambling Act 2001.*

Globally there is high and increasing demand for online in-play wagering which is currently prohibited in Australia except for racing events and via telephone or in venue. Any change to this position would require an amendment to the Interactive Gambling Act 2001[[8]](#footnote-9).

Sport Integrity Australia, in collaboration with relevant Government stakeholders, has commissioned research which will endeavour build an evidence base to understand the nature and size of the offshore online in-play wagering markets and how these offshore markets influence the domestic wagering ecosystem within Australia. The evidence base will seek to determine the economic and consumer behaviour impacts that the current restriction on online in-play wagering in Australia is having on the domestic wagering markets and will look to model the economic and consumer behaviour trends, as well as sport integrity outcomes of legalising online in-play wagering in Australia.

It is important to note that Sport Integrity Australia does not hold policy authority over online in-play wagering and any shift in the current legislative restrictions will be a matter for whole of Government consideration.

## The Offshore Wagering Threat

* *Wagering activity that occurs with a provider outside of Australian regulation poses threats to WSPs, SCBs and Governments in relation to lost revenue and the integrity of sport.*
* *Some of this activity is regulated by the Australian Communication and Media Authority through its role in enforcing the Interactive Gambling Act 2001.*

One of the most significant integrity threats currently facing the sports wagering industry comes from offshore, unregulated wagering operators. This represents hundreds of millions of dollars in lost stakeholder revenue and is a significant risk in terms of potential match fixing and money laundering opportunities.

Sport Integrity Australia recognises this threat and works with a range of Government agencies to address this at the national level. Sport Integrity Australia is committed to developing strategies to make Australia as hostile as possible to unregulated offshore operators. It also undertakes to communicate with all stakeholders in progressing this commitment.

Ratification of the Macolin Convention[[9]](#footnote-10) is an additional mechanism through which the ASWS formalises international partnerships and information sharing arrangements to address the offshore wagering threat. Through the establishment of the JIIU within Sport Integrity Australia, the JIIU will draw upon dedicated representatives from state and territory law enforcement agencies, as well as relevant Commonwealth Agencies. The Wood Review suggested that the JIIU be responsible for:

* Intelligence collection and analysis for a broad range of sport integrity issues
* Liaison with domestic and international law enforcements agencies and criminal intelligence commissions
* Referral services – to law enforcement in criminal matters and to sporting organisations for code of conduct issues.

The establishment of the JIIU will be subject to further consideration and consultation over the next phase of ASWS development.

# Next Steps

## Cost Recovery Options

* *The Government Response sets out the expectation of all stakeholders and beneficiaries of an enhanced national response, to work toward sustainable funding models.*
* *The Minister for Sport has approved a deferral of consideration of the ASWS until Budget 2022.*

There has, understandably, been considerable interest in the regulatory cost of a national scheme seeking changes to the regulation of sports wagering. Feedback at all stages of this development work has consistently identified this as a key issue. Sport Integrity Australia has been mindful of these concerns in designing this model, with a focus on making it as burden free as possible.

The true cost of the scheme can only be ascertained by government in the form of a Regulatory Impact Statement (RIS) once it is fully aware of the intended model. Sport Integrity Australia will coordinate this work with the relevant agencies to explore funding options based on the ASWS operating model.

## Key Milestones and Dates

Diagram



1. <https://consultations.health.gov.au/population-health-and-sport-division/review-of-australias-sports-integrity-arrangements/supporting_documents/HEALTH%20RASIA%20Report_Acc.pdf> [↑](#footnote-ref-2)
2. <https://consultations.health.gov.au/national-integrity-of-sport-unit/australian-sports-wagering-scheme-discussion-paper/> [↑](#footnote-ref-3)
3. Queensland Government Statistician's Office (2021), Australian Gambling Statistics, product table 2018-19 [↑](#footnote-ref-4)
4. [Betting and Racing Act 1998 No 114 - NSW Legislation](https://legislation.nsw.gov.au/view/whole/html/inforce/current/act-1998-114) [↑](#footnote-ref-5)
5. [Gambling Regulation Act 2003 (legislation.vic.gov.au)](https://www.legislation.vic.gov.au/in-force/acts/gambling-regulation-act-2003/089) [↑](#footnote-ref-6)
6. <https://www.coe.int/en/web/sport/t-mc> [↑](#footnote-ref-7)
7. <https://www1.health.gov.au/internet/main/publishing.nsf/Content/match-fixing> [↑](#footnote-ref-8)
8. https://www.legislation.gov.au/Details/C2017A00085 [↑](#footnote-ref-9)
9. [The Convention on the Manipulation of Sports Competitions (the Macolin Convention) (coe.int)](https://www.coe.int/en/web/sport/t-mc) [↑](#footnote-ref-10)