



23 August 2021

Strengthening Australia's Cyber Security Regulations and Incentives
Department of Home Affairs
PO Box 25
BELCONNEN ACT 2616

– LODGED BY WEBSITE –

Dear Sir/Madam

Re: Strengthening Australia's Cyber Security Regulations and Incentives Review

Responsible Wagering Australia (RWA) is the peak body representing the Australian-licensed online wagering industry. Our members include Australia's major wagering service providers (WSPs): bet365, Betfair, Entain (Ladbrokes and Neds), Sportsbet and Unibet.

RWA members are dedicated e-commerce businesses whose platforms and operations are delivered in an end-to-end digital environment. The quantum of consumer activity across RWA members is significant on a global scale, with peak activity on individual platforms totalling over 17,000 e-commerce transactions per second.

Australia's online wagering industry is heavily regulated, governed by over 17,000 pages of state and federal regulation and accountable to 26 different regulatory bodies.

The National Consumer Protection Framework (NCPF) – agreed to by Commonwealth, and state and territory governments – provides strong, nationally consistent protections for consumers of Australian interactive wagering services.

A key advantage of account-based wagering over in-venue gambling is that consumer protection tools in the online environment are binding and cannot be circumvented. With account verification measures and all consumer transactions being traceable, online wagering avoids the many pitfalls and risks of anonymous cash-based betting.

While Australian-licensed WSPs deliver rigorous online consumer safety protocols and strong protections to meet anti-money laundering and counter-terrorism financing obligations, there remains a vulnerability arising from the ongoing operation of illegal offshore gambling websites that actively target Australians.

These illegal websites create consumer confusion and cloud the ability for consumers to differentiate between legitimate, Australian-licensed WSPs and illegal operations. While these unlicensed offshore websites are illegal, it is legal for Australians to access them and use them.

These illegal online platforms entice Australian consumers by offering products prohibited in the Australian market, such as online in-play sports betting, online pokies and online casino games. While in-play sports betting is legal and available inside a betting venue, it is prohibited for online betting, providing a competitive advantage to these illegal offshore websites and a cyber security threat for Australian consumers.

Modelling by KPMG for the federal government¹ forecast online in-play betting expenditure by Australian consumers using illegal offshore websites at \$170.9 million in FY2019/20.

RWA supports the regulation of online in-play sports wagering and the removal of current federal prohibitions under the *Interactive Gambling Act 2001*. RWA's position is that regulating online in-play betting would extend the protections of the NCPF and reduce the risk of betting-related corruption occurring on sporting events in Australia. Unlike bets placed in physical venues, all bets placed online are tracked and monitored, and information can be easily provided to enforcement agencies.

While consumer protection elements have been solidly advanced by regulatory measures over recent years, the cyber-security element has not been a central consideration of government reviews of illegal offshore gambling websites. Australian online wagering customers being forced to access products (freely available in Australia by telephone betting and in retail venues) using illegal offshore websites remains a cyber security risk.

While reliable data on the quantum of black-market activity is difficult to compile, RWA utilises independent research undertaken by internationally recognised UK analysts *H2 Gambling Capital* showing that AU\$1.016 billion is spent by Australians each year on illegal overseas gambling websites representing +\$360 million of lost tax revenue each year.

RWA supports strong regulatory action to prevent illegal offshore gambling websites from offering products and services to Australian consumers.

Should you require any additional comment on matters outlined in this letter, please do not hesitate to contact me directly on [REDACTED].

Yours faithfully

[REDACTED]

Brent Jackson
Chief Executive Officer

¹ <https://www.dss.gov.au/communities-and-vulnerable-people/programmes-services/gambling/review-of-illegal-offshore-wagering>