



Tuesday, 29 April 2003

BY FACSIMILE: 6271 1717

The Manager
Broadcasting and Online Content
Licensed Broadcasting
Department of Communications,
Information Technology and the Arts
GPO Box 2154
CANBERRA ACT 2601

Dear Sir or Madam

**Review of issues related to Commonwealth Interactive Gambling Regulation
Submission of SportOdds Systems Pty Limited**

1. SportOdds Systems Pty Limited ("SportOdds") is pleased to make this submission in connection with the review by the Department of the Interactive Gambling Act 2001 ("IGA").
2. SportOdds is one of Australia's leading corporate bookmakers. It currently holds the following licences:
3. A.C.T. – Licence granted under the Bookmakers Act 1985
4. W.A. – Licence granted under the Betting Control Act 1954
5. Its principal, Mr Con Kafataris, is one of the leading "rails" bookmakers in NSW, and is licensed in NSW and SA.
6. SportOdds was the first online sports and racing bookmaker licensed by the Australian Capital Territory to operate in 1995. The first 18 months of operation was spent, principally, in developing systems and understanding the transition from racing to sports betting.
7. In 1997, Mr Kafataris obtained the first sports betting licence in NSW. The business expanded rapidly until, in 1998, it employed over 30 telephone operators in its purpose built premises.
8. In 1999, SportOdds launched a website at www.sportodds.com.
9. In August 2000, SportOdds was granted a second sports betting licence in the Australian Capital Territory and set up a duplicate call centre at Canberra Racecourse. Subsequently, the entire off-course betting activities, as well as sports betting operation, was moved to the premises at Canberra Racecourse and SportOdds now accepts wagers on horse race meetings and other sports betting events across the globe daily, by telephone and over the Internet.
10. SportOdds has also been granted a bookmakers licence in Western Australia.
11. More recently, SportOdds UK Limited has been formed and granted a bookmakers permit in the UK. SportOdds is the general partner of the limited partnership which holds all the issued shares of SportOdds UK.
12. SportOdds utilises an innovative betting programme which it has developed internally, called "Odyssey". This system maintains a full audit trail, which is sanctioned by government, and provides comprehensive reporting functions.

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13. The platform provided by the Odyssey system enables the website to be accessible to a variety of media, including mobile phones and other interactive technology.
14. The website and back office systems have been reviewed by the NSW, ACT and WA authorities prior to the grant of licences to SportOdds to conduct business in accordance with the law in each of those jurisdictions.
15. As mentioned above, the SportOdds website was launched as an interactive wagering site on 1 July 1999. Acceptance of transactions on the website have been very strong and, as at November 2002, the site recorded over 12 million hits per month (which amounts to more than 4 million page impressions). 90% percent of the current transactions of SportOdds take place via the Internet.
16. SportOdds is aware that the review being conducted by the Department to consider the operation of the IG Act, will also involve a consideration of the current exemptions.
17. The principal exemption of relevance to SportOdds contained in the IG Act relates to "excluded wagering services".
18. SportOdds strongly endorses the submissions made by TAB Limited (NSW), the Australian Registered Bookmakers' Advisory Council and Centrebet Pty Ltd to the Senate Legislative Committee concerning the Interactive Gambling Bill 2001 during April 2001 in connection with this exception.
19. In particular, SportOdds submits that the exemption contained currently in the IG Act in respect of "excluded wagering services" should remain in effect. In this regard, SportOdds disagrees strongly with the recommendations made by the Senate Select Committee in its majority report dated May 2001.
20. One of the issues emphasised in the submissions referred to in paragraph 18 above is that problem gambling is not exacerbated by the provision of wagering or sports betting services, irrespective of the means with which bets might be made. This is principally due to the relevant event being determined by an outside contingency, on which, generally, the player has an opportunity to consider carefully the event or contingency which is the subject of the bet before making a decision to make the bet. In this regard, SportOdds agrees with the submissions made.
21. Notwithstanding this, as a party licensed in various Australian jurisdictions, SportOdds is required to comply with various regulatory requirements in conducting its operation in a manner which addresses problem gambling concerns. Among the regulatory requirements are the following:
 - Deed of Exclusion for persons with gambling problems
 - Gambling Contact Officer
 - Staff training
 - Provision of advice or information regarding counselling services on request
 - Advertising must include the name and telephone contact of an approved gambling counselling service
 - Compliance with the Gambling Code of Practice in each jurisdiction
22. In addition, to minimise problem gambling, SportOdds has included on its site a "Responsible Wagering" page on with links to counselling services
23. One issue that has arisen recently which may be of interest to the Department relates to the scope of the current prohibition contained in the IG Act relating to the provision of services on "in play betting". SportOdds provides currently such services by way of the telephone.
24. Examples of the types of in play betting services which are provided by SportOdds include:
 - Betting during the course of play in Test and One-Day Cricket matches
 - Betting during the course of play in Soccer games and selected AFL and NRL games
 - Betting during the course of play in Golf tournaments
25. With the introduction of the Interactive Gambling Bill, our business declined significantly in the areas noted in 24 above. Should the prohibition on "in play betting" be removed we would expect that business to return and increase. We would also expect our transactions on the Internet to rise to over 95%, which would provide a considerable saving in the operational costs of our call centre. However, by allowing SportOdds to provide this activity, players would have the opportunity to make bets on an Australian regulated site rather than making

those bets on an offshore, unregulated site. In addition, this would result in players having provided to them the responsible gambling measures associated with Australian regulated sites.

26. It is SportOdds opinion that the existence of a distinction in the legal treatment of these services, between those services which are provided by telephone (being permitted), and those services which are provided over the Internet or some other form of interactive means (being prohibited), is illogical.
27. From SportOdds perspective, the use of the Internet, rather than telephone, is no more than the use of a different medium for the provision of the same services. In other words, in suggesting that the provision of those services over the Internet, rather than over the telephone, is a different type of service and, as such, should be treated differently, is incorrect.
28. From SportOdds perspective, the relevant issue is the manner in which those services are provided, and whether appropriate controls/mechanisms are in place.
29. Appropriate controls/mechanisms are more likely to be imposed in a regulated environment, particularly if they are imposed under a licence granted in an Australian jurisdiction.
30. As technology develops, the concept of a bet being made wholly by telephone is becoming less appropriate. Indeed, in many cases, when a bet is made in a manner which might appear to be made over the telephone, there is no need for any person to speak. In addition, through the use of voice recognition software (such as the "Tabitha" system used by the NSW TAB), calls can now be made through a computer.
31. In any event, comments have been made for a considerable period of time that the concept of micro-wagering could give rise to harmful consequences which are similar to those arising from the provision of interactive gaming services, such as online casino services.
32. SportOdds understands that consideration is being given by members of the industry that a distinction can be drawn when considering in-play betting between bets that are made after an event is commenced on the outcome of the event, and bets that may be made on matters occurring during the event that relate to the event itself. Examples of the distinction between these categories are:
 - a bet made that a nominated player will be the winner of the US Masters; and
 - a bet made on whether or not a particular player will make a birdie on the next hole.
33. If a view is taken that bets on the first category of events should be permitted, while bets made in respect of the second category of events which continue to be prohibited, SportOdds would have no objection in incorporating that distinction in its business activities.
34. SportOdds would like to thank the Department for the opportunity to make this submission and would be pleased to answer any queries or provide any further information which would be of benefit to the Department in considering these issues.

Yours faithfully
SportOdds Systems Pty Limited

Con Kafataris
Chief Executive Officer