

THREATS TO THE INTEGRITY OF PROFESSIONAL SPORT IN AUSTRALIA

Organised criminal groups currently have a limited presence in professional sports in Australia. However, there are vulnerabilities within the sector, with the principal threat to the integrity of professional sports being the use of inside information. There are also associations between professional athletes and organised crime groups and individuals in Australia. While the vulnerabilities are yet to be systematically exploited, organised crime groups will increasingly target professional sports as the sports wagering market continues to grow.

THE BUSINESS OF SPORT

In 2004–05, the total income generated by the sport and recreation industry in Australia was estimated to be \$8.82 billion¹. However, the value of sport to Australia goes beyond the direct contribution to the economy, there is an intangible value which comes from the success of Australian athletes on the international stage and through international events held in Australia.

Sport has evolved from a largely amateur pursuit into a multi-billion dollar global business. Advances in technology have assisted to facilitate the global expansion of sport, with an increasing number of international and domestic sporting events being delivered to consumers through a range of mediums including television, mobile technologies and the Internet.



However, the increasing relationship between sport and business has seen the emergence of new problems. A 2007 European Union White Paper on Sport stated ‘sport is confronted with new threats and challenges such as commercial pressure, exploitation of young players, doping, corruption, racism, illegal gambling, violence, money laundering and other activities detrimental to the sport’².

AUSTRALIAN WAGERING INDUSTRY AND SPORT

The relationship between professional sports and wagering industries has a long history. However, it is only in recent years that the relationship between the two sectors has become closer and more complex. Betting agencies are now major sponsors of a number of sporting teams and individual athletes

The Australian Crime Commission conservatively estimates that serious organised crime costs Australia between \$10–15 billion every year. This cost comprises loss of business and taxation revenues, expenditure on law enforcement and regulatory efforts, and social and community impacts of crime. Raising public awareness of crime issues is an important step in minimising the impact serious and organised crime can have on the community.

and the gambling industry is a major financial contributor to grass roots sporting clubs throughout Australia.

It is difficult to estimate how much money is wagered on sports internationally and domestically, however, we know it is a multi-billion dollar market which continues to grow. According to the Productivity Commission, in 2008–09 Australians spent an estimated \$19 billion on gambling, of this \$2.8 billion was wagered on sports with racing accounting for 93 per cent of that amount (\$2.6 billion)³.

The Australian wagering industry has undergone significant changes in recent years, driven by:

- > the entry of domestic and international corporate bookmakers and betting agencies into the market
- > the removal of advertising restrictions which previously limited betting agencies to advertising in the state and territory in which they were licensed
- > technological changes.

Technology has eroded national boundaries and created an international marketplace for gambling products. Through the Internet, it is now possible to gamble on any number of sports played anywhere in the world where a betting market is offered.

EXTENT

To date, there has only been isolated allegations of individuals being involved in illegal activities which undermine the integrity of professional sports in Australia. Internationally, criminal groups which have been identified as infiltrating professional sport have historically had an involvement in illegal gambling and/or bookmaking. Professional sports have become an extension of their existing criminal activity.

Allegations internationally of match-fixing and other activities which undermine the integrity of sport involve not only players, but referees, coaches, officials, support staff and player agents.

Research has suggested there are a range of factors which may increase the potential vulnerability of sports to match-fixing and/or organised criminal infiltration including:

- > the liquidity of the betting market
- > one-on-one competitions or where participants or officials can be effective on their own and few actors have to be involved
- > betting types which make sports similar to one-on-one situations (such as head-to-head bets regardless of where they finish in the race)
- > where match-fixing does not involve losing but ‘only’ ensuring that certain actions take place
- > competitions where scrutiny is less intense, such as lower profile sports and/or leagues
- > where referees are poorly paid or there is a disparity in the earning between players and officials, or where salary levels for particular players are regarded as unjust



- > relegation-based competitions where there is significant financial advantage to remain in higher-level competitions
- > a general level of corruption in a society or community⁴.

In Australia the principal vulnerabilities can be broadly categorised as:

- > insufficient resourcing of integrity management by sports governing bodies
- > overseas-based criminal threats
- > domestic criminal associations
- > match-fixing
- > exploitation of inside information
- > wagering vulnerabilities
- > financial vulnerabilities
- > specific high-risk individuals.



IMPACT

Organised criminal groups are motivated by profit, they will take advantage of vulnerabilities within a market in order to make money.

Australian sport is no longer protected by Australia's geographic isolation. Developments in technology have eroded national boundaries and exposed Australian sports, athletes, officials and the public to the international marketplace. In turn, Australian sport has been exposed to greater threats from organised criminal groups.

Sports wagering has experienced significant growth in recent years and the ability for organised criminal groups to make money through wagering on sports provides an opportunity to manipulate elements of the sporting fixture.

Wagering is an information business. Criminals will look to develop associations with individuals who have the ability to influence a sporting contest or provide inside information which can enable criminals to profit from the sporting contest.

Those with increased knowledge of a team's composition and tactics are more likely to have successful wagers. For example, an individual having the knowledge that a team's star athlete is injured and placing a large wager on the team losing the match before the injury is made public. Compared with match-fixing or contriving an event within a game, the use of this type of inside information is relatively simple.



Internationally, there have been a number of high profile cases of match-fixing. It is possible that the outcomes of some sporting events across a number of sports in Australia are being manipulated. However, due to the secretive nature and the limited number of people involved in the activity it is difficult to assess the nature and extent of match-fixing within Australia.

While the sports wagering market has grown, resources devoted to manage integrity issues within sport in Australia have not grown at the same pace. Variations in codes of conduct, athlete and official education on integrity issues, background checks on athletes, officials and others involved in the sport and general monitoring of integrity issues means that there is no standardised way of identifying individuals that threaten the integrity of the sport and address the vulnerabilities.

Many sports governing bodies lack a comprehensive understanding of the capabilities and impact organised criminal groups can have on their sector, and do not have the expertise to monitor and address vulnerabilities in their sport. As a result, sports are generally reactive in their response to integrity issues, and constrained in their ability to identify individuals within their code who engage in behaviours, or have associations with individuals who threaten the integrity of the sport.

HIGH-RISK INDIVIDUALS

In addition to the vulnerabilities already identified above, there are a number of individuals within the professional sports sector who are considered as high-risk due to their influence, power and association.

The globalisation of sport and the increased movement of athletes, officials and support staff across international borders has created vulnerabilities. There is less scrutiny on Australian overseas-based athletes and staff by Australian governing bodies. As a result there is a vulnerability that these individuals may become

involved in, or targeted by individuals that want to threaten the integrity of their sport.

Player agents are vulnerable to being corrupted by organised criminals as they are in a position to influence athletes.

Player agents perform a fundamental role in negotiations between players and administrators. They can act as a conduit for illegal activity, particularly financial crimes, however governing bodies have limited control over them and oversight of their activities.

Australian law enforcement agencies have identified associations between professional athletes and crime identities, including individuals who import and distribute illicit drugs. However, governing bodies are largely unaware of the relationships between athletes and criminal individuals because they are unable to access material on their criminal associations or intelligence concerning activities for which the athlete has not been prosecuted.

The ongoing growth of sports wagering and the increasing ability of organised criminal-minded persons to wager significant sums of money based on inside information, will make associations with athletes, officials and support staff increasingly valuable.

Many of the conditions necessary for organised crime to infiltrate professional sport, such as associations between criminal individuals and athletes, have been developed or are being cultivated. ***It is likely that*** criminal groups and individuals will increasingly exploit the professional sport sector should the existing vulnerabilities not be addressed.

GOVERNMENT RESPONSE

On 10 June 2011, the Sports and Recreation Ministerial Council endorsed a national policy on match-fixing in sport (www.dpmc.gov.au/sport/funding/match-fixing/index.cfm). The policy includes:

- > agreement to pursue nationally consistent legislative arrangements
- > legal arrangements and integrity agreements between sports and betting companies which will include requirements to share information, provide sports with a right to veto bet types and provide a financial return from sports betting to sports
- > the adoption of codes of conduct by sports
- > the establishment of a National Integrity of Sport Unit to oversee the national arrangements and provide support for small sports
- > forewarning that Government funding to sports on which there is betting will be contingent on those sports implementing appropriate anti-match-fixing and anti-corruption policies and practices⁵.

On 22 July 2011, Attorneys-General of the Commonwealth, State and Territories and the Minister of Justice of New Zealand agreed to establish a Standing Council of Law and Justice Working Group to develop a proposal and timetable for a nationally consistent approach to criminal offences relating to match-fixing⁶. The Working Group is working closely with the Match Fixing Policy Implementation Working Group reporting to Australian sports Ministers.

The Australian Government launched the Organised Crime Strategic Framework in November 2009 to ensure Commonwealth agencies are working together to prevent, disrupt, investigate and prosecute organised crime. As part of the Framework, the ACC has produced two biennial classified Organised Crime Threat Assessments (OCTAs) which identify the highest organised crime threats to the Australian community. The OCTA informed



the development of the Government's inaugural Commonwealth Organised Crime Response Plan (OCRP) in 2010 to help prioritise Commonwealth agencies resources against these threats.

Recognising that organised crime is a national issue that requires a nationally coordinated response, the Commonwealth and the States and Territories agreed to the National OCRP 2010–13 in 2010 to strengthen multijurisdictional approaches, coordination, information sharing and joint activities to combat the national threat of serious and organised crime. Preventative partnerships with industry and the community are part of the strategies to respond to organised crime. These organised crime fact sheets describe the breadth and impact of organised crime activities and provide an insight into how industry and the community can help combat organised crime.

Further information on the Organised Crime Strategic Framework and the OCRP can be found at http://www.ag.gov.au/www/agd/agd.nsf/Page/Publications_OrganisedCrime.

ENDNOTES

- 1 Australian Bureau of Statistics, Media release - \$8.8 billion income for Australia's sports and physical recreation services, 29 August 2006 - <<http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/8686.0Media%20Release12004-05?opendocument&tabname=Summary&prodno=8686.0&issue=2004-05&num=&view=>>>.
- 2 European Commission, 2007, White Paper on Sport, Brussels, viewed 18 February 2011, <http://ec.europa.eu/sport/whitepaper/index_en.htm>.
- 3 Sydney Morning Herald, Let's not kid ourselves that Australian sport is incorruptible, September 1, 2010, <<http://www.smh.com.au/sport/cricket/lets-not-kid-ourselves-that-australian-sport-is-incorruptible-20100831-14fm8.html>>.
- 4 Forrest D, McHale I & McAuley K, 2008, Risks to the Integrity of Sport From Betting Corruption: A report for the central council for physical recreation by the Centre for the Study of Gambling, University of Salford; Oxford Research, 2010, Examination of Threats to the Integrity of Sports, Oxford Research, Oxford, viewed 11 February 2011, <<http://www.eusportsplatform.eu/Files/Filer/examination%20of%20threats%20to%20sports%20integrity.pdf>>.
- 5 Australian Sports Commission, Press release - Ministers take united stand against match-fixing, Australian Government, Canberra, 2011, viewed 13 June 2011, <http://www.ausport.gov.au/news/releases/story_436753_ministers_take_united_stand_against_match-fixing>.
- 6 Standing Committee of Attorneys-General, Summary of Decisions July 2011, viewed 17 August 2011, <[http://www.scag.gov.au/lawlink/SCAG/ll_scag.nsf/vwFiles/SCAG_Communique_21-22_July_2011_FINAL.pdf/\\$file/SCAG_Communique_21-22_July_2011_FINAL.pdf](http://www.scag.gov.au/lawlink/SCAG/ll_scag.nsf/vwFiles/SCAG_Communique_21-22_July_2011_FINAL.pdf/$file/SCAG_Communique_21-22_July_2011_FINAL.pdf)>