

# Sports Gambling in Select Nations

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## United Kingdom

Sports betting in the United Kingdom is provided by the private sector and is conducted within a very competitive market. Theoretically, bets can be sold anywhere in the world, provided the operator pays a tax on the net winnings from consumers based in United Kingdom. Betting operators must adhere to specific licensing conditions set forth to take bets. Profits or gross gambling yield are taxed at 15 percent. None of the profits are shared directly with the sport industry. However, sport does obtain betting industry revenue through the sale of data rights and general sponsorships (Forrest, 2018).

Sports betting is regulated by the Gambling Commission, which focuses on three distinct principles: Keeping gambling crime free, ensuring fairness and transparency within gambling, and protecting the vulnerable. The minimum age for bettors is 18. Around half of the betting takes place online, with the rest conducted in betting shops. The majority of sports bets are placed on horse racing, but football (soccer) accounts for a large amount (Forrest, 2018). During the 2017-2018 season, nine football clubs (45 percent) in the English Premier League featured a betting sponsor on their uniform (Winehouse, 2017). Betting sponsorships on Premier League uniforms totaled £47.3 million (\$60.7 million in US dollars) (Winehouse, 2017).

### **Types of Betting**

In the U.K., there are no restrictions on the type of bets allowed. In-game betting is steadily increasing (Forrest, 2018). As of March 2018, there were 8,532 betting shops in United Kingdom; a 3.2 percent increase from the previous year (Gambling Commission, 2018). Gambling websites and smartphone applications have created easier access for consumers to place bets and allow bookmakers to offer bets on more sports (Panja, 2018). In 2017, 56 percent of the total betting market was online-generated (Sports Business Journal, 2018).

### **Revenue Trends**

Towards the end of 2017, the total Gross Gambling Yield of the U.K. gambling industry totaled £13.9 (\$17.8) billion; a 0.7 percent increase. Non-remote sport related betting made up 24 percent of the gambling market, accounting for roughly £3.3 (\$4.2) billion (Gambling Commission, 2018). Sports gambling was legalized in 1961, and its total revenue generated since that time is unknown.

## **Use of Gambling Revenue**

About 53 percent of the money wagered through the national lottery goes toward prizes, with lottery organizers and ticket sellers taking another 10 percent. The government takes 12 percent. The remaining 25 percent goes toward “good causes,” as administered by the government’s Department of Culture, Media and Sport. Of that amount, 40 percent is awarded to health, education, environment and charitable causes, 20 percent to sports, 20 percent to the arts, and 20 percent to heritage projects.

Through 2014, the national lottery had raised £32 billion for charities and projects in the U.K. In 2017, £1.5 (\$1.9) billion was raised (Gambling Commission, 2018). The Good Causes fund has provided support for 1,300 elite athletes and 12,700 after-school clubs.

## **Problems Associated with Gambling**

With the growth, there has been an increase in problem gambling. In 2015, 430,000 people in the U.K. had a gambling problem, which is up from 280,000 in 2012 (Kingsley, 2017). The increase in problem gambling is attributable to machine gambling, in which consumers can bet up to £100 (\$128.40) every 20 seconds (Kingsley, 2017). This is an area of on-going debate whether to lower the £100 (\$128.40) to £2 (\$2.57).

There has been much public debate over sports betting advertisements, specifically uniform sponsorship and live television sponsorship. Of growing concern is youth normalization to sports betting (Forrest, 2018).

Lower-division soccer and cricket experience sport integrity issues, but no more than other countries. Most of the issues originate with high demand in lightly regulated Asian markets. Cricket or soccer matches played in the U.K. or throughout Europe generate significantly more bets in Asia. Point-shaving in the U.K. does not exist as they bet with odds as opposed to betting with a handicap. Handicap betting in the U.K. only would occur if the bet were placed on sports in the United States (Forrest, 2018).

## **Australia**

Most professional sporting events in Australia are eligible for betting. In game advertising for sports betting is regulated. Television and radio advertisements are limited to anywhere from 30 minutes prior to the start of an event to five minutes prior to the start. These regulations have been put in place to limit gambling advertisement exposure to children (ESPN, 2018). In July 2000, a goods and services tax was implemented in Australia. This goods and services tax applies to betting at a rate of 10 percent (Australian Gambling Statistics, 2017, p. 7).

Further regulation on gambling, consisting of policymaking and support services, is set forth by federal, state and territory governments (AIFS, 2018). The minimum age of bettors is 18.

### **Type of Betting**

Sports betting in Australia is conducted in both betting shops and online (ESPN, 2018). As online gambling has grown, so has sports betting. As of 2014, half of all sports betting was being conducted online (AIFS, 2014). There have been a number of partnerships between bookmakers and sporting entities. The National Rugby League and Australian Football League lead the way in sports betting popularity in Australia. These leagues receive “marketing and product fees based on betting revenues,” which therefore motivate the leagues to provide competitive wagering (AIFS, 2014). With the rise of online and mobile gambling and ease of being able to place bets at sporting events, bettors have access 24 hours a day (AIFS, 2014).

Around 25 percent of the overall money wagered through gambling in 2017 was on sports betting. More than half of sports betting in Australia is on the major rugby league and Aussie rules football. Sports betting expenditures increased during the 2015-2016 year from AUS\$815 (\$596.8) million to AUS\$921 (\$674.5) million (ESPN, 2018).

### **Revenue Trends**

Overall sports betting was legalized in 1980 (ESPN, 2018). In 1994-95, total revenue derived from sports betting in totaled AUS\$3.73 (\$2.73) million. This number has increased over the years to AUS\$11.1 (\$8.1) million in 2005-06, and AUS\$35.7 (\$26.1) million in 2015-16 (Queensland Government, 2017, p. 263). The amount of revenue generated from sports betting from 1994-95 to 2015-16 is roughly AUS\$334.8 (\$245.2) million (Queensland Government, 2017, p. 263).

### **Use of Gambling Revenue**

Legalized gambling has created a taxable revenue stream for the government.

### **Problems Associated with Gambling**

The National Rugby League had two high-profile incidents involving match-fixing and player betting. Aussie rules football had an incident of insider information sharing, and tennis player Nick Lindahl was banned for seven years for match-fixing (ESPN, 2018).

Gambling advertising is of great concern in Australia as well. Many believe that Australian youth are too widely exposed to gambling advertisements, leading to a belief that gambling is simply a part of the sport (ESPN, 2018).

## **Spain**

Gambling became legalized in Spain in 1977. The Spanish Gaming Act, formulated in 2011, regulates gambling in the country. At the same time, regional gambling is regulated by each of the 17 regions in Spain. The Spanish Gaming Act was the result of increased technology and an ever-developing online presence. The act requires online gambling at the federal level to possess a federal license and gambling, as a whole, at the regional level to possess a regional license (Gisbert & Serebrianskaia, 2018).

The General Directorate for Gambling Regulation regulates federal gambling licenses. The regional component body, subject to supervision by the regional finance or interior department, regulates regional gambling. This group is in charge of issuing licenses, supervising activities, and overall enforcement (Gisbert & Serebrianskaia, 2018).

With land-based gambling, taxes are approved by each region. For example, in Madrid, a 10 percent tax is placed on gross gaming revenue (GGR) for sports betting. Online gambling is subject to federal tax rates under the Spanish Gaming Act. For fixed odds sports betting and standard betting exchanges, there is a 25 percent tax on GGR. Pool betting on sports is a tax on the turnover as opposed to GGR. Turnover is the overall gross income generated without payouts. Pool betting is taxed at 22 percent (Gisbert & Serebrianskaia, 2018).

### **Type of Betting**

Bets can be placed on a large variety of sports, including football, soccer, tennis, and basketball. Some of the types of bets placed are win/loss, over/under, and handicap betting (SBO, 2018). The main types of betting in Spain are either land-based or online.

### **Revenue Trends**

Online betting in 2017 generated revenues of €560 (\$650.6) million, most of which was derived from sports betting. Revenues are expected to grow significantly over the next three years, totaling €1-1.5 (\$1.2 – 1.7) billion. Revenues are expected to increase due to the fact Spain's gambling market remains unsaturated, as the first shop for placing bets did not open until 2008 (AFP, 2018). The total amount of revenue raised since inception is unknown.

### **Gambling Revenue Used**

Gambling revenue is not pledged by law to any specific purpose. The central and regional government provide general funding for sport programs in those areas (Puig, Martinez, & Garcia, 2010). Regional areas within Spain are responsible for implementing sport policies in their area.

## Problems Associated with Gambling

An area of concern with gambling in Spain is the impact that gambling advertisements are having on Spain's youth. A 2015 report predicted that two to three percent of the population would be addicted to gambling in the near future (Junquera, 2015). Limited research has been done on the problems associated with gambling in Spain. However, a 2009 study highlighted six different studies conducted on gambling addiction within individual regions in Spain. A 2003 study of individuals between the ages of 17 to 35 found 4.5 percent were pathological gamblers and 6.6 percent were problem gamblers (Griffiths, 2009, p. 57). Further areas of concern are high accessibility to a multitude of gambling options, the correlation between gambling and other addictive behaviors, and the vulnerability of consumers (Griffiths, 2009, p. 57-58).

## Sports Gambling in China

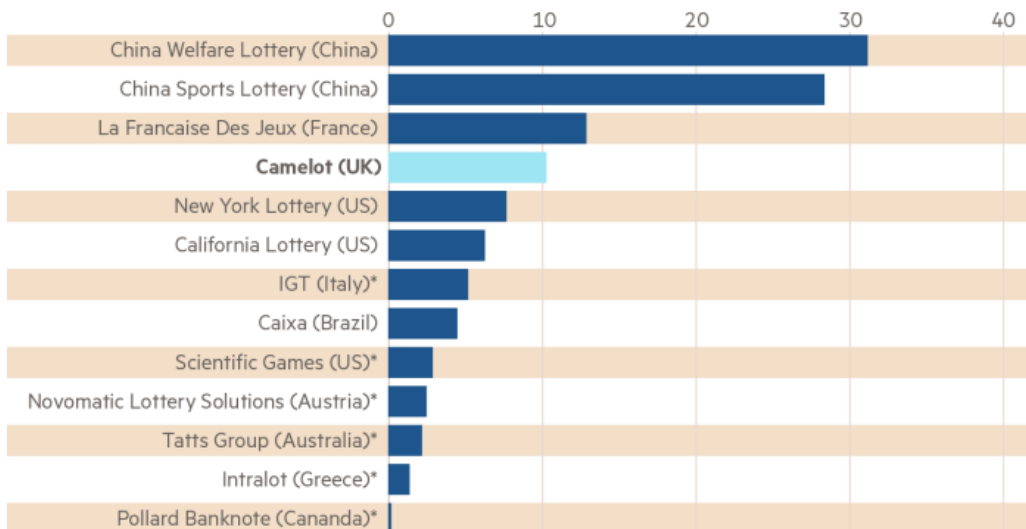
Research provided to the Aspen Institute Sports & Society Program by:  
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China provides two opportunities for citizens to gamble legally: Through the Welfare Lottery which provides the chance to win prizes while supporting "good causes," and the Sports Lottery which helps promote sporting activities. These two lotteries are the world's largest in total sales, according to the Financial Times (Ahmed, 2017).

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### Largest lottery companies worldwide

By lottery sales only (\$bn)



\* Total revenue  
Source: Global Betting and Gaming Consultants  
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Within China's federal government, the General Administration of Sports and its Sports Lottery Management Center are responsible for issuing the national sports lottery and the organization of sales. Sports administrative departments at all levels are responsible for setting up the sales network in their areas. People aged 18 or over can buy tickets for the games at dedicated lottery retailers across China, and players can also buy entries through an official mobile app.

### **Types of Betting**

The China Sports Lottery offers two ways for citizens to participate: Traditional draw games like Super Lotto and Order of 5, and match-betting on the outcomes of popular soccer matches including the English Premier League, Spain's La Liga and other competitions. Bets are not permitted to be placed on Chinese Super League matches due to match-fixing concerns.

Prizes of less than 3,000 Chinese Yuan (\$436 in US dollars) can be claimed at lottery outlets. For prize awards of more than ¥3,000, players must visit a designated lottery center in their local city and jackpot prizes are picked up at the province's official lottery center. Larger prizes are paid by check or bank transfer once validated. Prizes of less than ¥10,000 (\$1,453) are awarded tax-free, while there is a 20 percent tax liability on prizes worth more than this amount.

### **Revenue Trends**

The China Sports Lottery has grown rapidly over the past two decades, [according to ChinaLotSynergy Holdings](#), a technology company. In 2017, sales from the lottery reached ¥209.7 billion (\$30.5 billion), raising ¥52.3 billion (\$7.6 billion) for the public welfare fund. It marked the first time the sale of the China Sports Lottery exceeded ¥200 billion. (Rick, 2018). The Sports Lottery has contributed ¥1.4 trillion (\$203.4 billion) in revenue since it was founded in 1994, raising a total of ¥362 billion (\$52.59 billion) for public welfare funds.

### **Use of Gambling Revenue**

A portion of the funds are used to build sport facilities, provide equipment to communities, support youth development programs, and promote mass participation. Some funds are used to finance the training of elite athletes in advance of major international events such as the Olympics and Asian Games. Proceeds also help fund non-sport areas such as education, health care, and other social causes (China Sport Lottery).

Campus Soccer Projects is one of projects which has benefited from the lottery welfare fund. Since 2009, the State Sports General Administration of China has allocated ¥40 million (\$5.18 million) from the lottery revenue to invest to this project. Since 2013, the fund has been increased to ¥56 million per year (Xinhua Net, 2018). Up to now, it has

allocated nearly ¥500 million (\$72.7 million) to support soccer development on campus (Xinhua Net, 2018).

The following table shows how the sports lottery welfare funds were distributed in 2017 (The State Sports General Administration, 2018):

<b>Promoting Mass Sports Participation / Sports for All (76.88%)</b>	<b>Chinese Yuan (¥)</b>
Construction of fitness facilities and donation of fitness equipment	1.66B
Fund for mass sports participation	77M
Fund for organizing national fitness activities	276M
Promoting scientific fitness guidance to the general public	25M
<b>Elite/Competitive Sports (23.12%)</b>	
Organizing national sporting events	50M
Fund the growth of young talented athletes	203M
Preparing national teams for international competition	356M
Support sports development in western provinces (less-developed)	36M

### **Problems Associated with Gambling**

A history of Chinese match-fixing scandals dates back to 1999 (Chronology, 2010). Shanghai Shenhua was stripped of its league titles in 2003 and 2013 as a result of match-fixing allegations (Chinese football authorities, 2013). Recent concerns about match-fixing and bribery have been blamed on low player salaries and corrupt government officials (Kaiman, 2013). However, it is unclear whether these are connected to the sport lottery as betting on China’s soccer league matches is prohibited. Potentially more problematic is the threat of a Chinese “fixing syndicate” influencing games in other leagues (Harris, 2017).

An additional issue is the lack of transparency regarding distribution of lottery revenue. In 2015, an audit report found that the value of false reporting, arbitrage, seizure and misappropriation reached ¥16.9 billion (\$2.46 billion), accounting for 26 percent of the funds for spot checks. Among them, ¥3.2 billion (\$457billion) was illegally used to purchase office buildings, establish training centers, etc., and ¥455 million was used for car purchases, organizing outbound travel abroad, and granting subsidies (People’s Daily, 2015).

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