

# NORTHERN TERRITORY RACING COMMISSION

## Reasons for Decision

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<b>Complainants:</b>	Mr A Mr B Mr F Mr H Mr L Mr O Mr P Mr R Mr R Mr D
<b>Licensee:</b>	Betfair Pty Ltd
<b>Proceedings:</b>	Gambling Dispute for determination by Racing Commission (pursuant to section 109Y(2) of the <i>Racing and Betting Act 1983</i> )
<b>Heard Before: (on papers)</b>	Ms Cindy Bravos (Presiding Member) Ms Amy Corcoran Mr Allan McGill
<b>Date of Decision:</b>	18 June 2021

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### Background

1. Between 24 March 2020 and 25 April 2020, ten complainants lodged individual gambling disputes with the Northern Territory Racing Commission (the Commission) against betting exchange operator Betfair Pty Ltd (Betfair) pursuant to section 109Y(2) of the *Racing and Betting Act 1983* (the Act).
2. Each of the gambling disputes lodged, while expressing a variety of concerns has ultimately expressed dissatisfaction as to the manner in which Betfair settled each of the complainants' bets in relation to a betting market that involved the outcome of the setting of Australia's official Cash Rate target by the Reserve Bank of Australia (RBA) in April 2020.
3. In settling the bets that had been struck within this particular betting market, Betfair has advised the Commission that it did so in accordance with its published rules for the market and that there had been no amendment or alteration to those market rules at any time during the life of the bets that had been struck on the market.

4. Given that it is the money payable on a lawful bet that the Commission has been asked to adjudicate and that the only qualitative material difference between each of the gambling disputes is the actual dollar amount of each of the bets struck, in order to avoid obvious repetition that would result in preparing individual decision notices, the Commission has determined to treat the matters raised as a class of complaints.
5. Information was gathered from each of the parties involved by Licensing NT officers appointed as betting inspectors by the Commission and provided to the Commission, which determined that there was sufficient information before it to consider the gambling disputes on the papers.

## **Consideration of the Issues**

6. As a betting exchange operator, Betfair differs from a traditional sports bookmaker in that it generates its revenue from a commission that is calculated on the amount of its customers' winnings on each betting market that has been offered by it. This contrasts significantly from a traditional sports bookmaker as Betfair's customers bet against each other on the outcome of an event that has a price set by Betfair, rather than betting against the sports bookmaker itself. In a traditional sports bookmaker environment, revenue for the sports bookmaker is generated when its customers place losing bets against the sports bookmaker. Betfair on the other hand does not generate its income from its customers' losing bets, it generates its income from a commission charged on its customers' winning bets.
7. Given this, and in response to the gambling disputes lodged against it that are subject of this decision notice, Betfair has submitted to the Commission that there is no financial advantage for it to offer and/or promote betting markets that mislead its customers to place bets that could ultimately lose, given that it makes no revenue from any of its customers' losing bets.
8. The Commission also notes however, that given that a bet in the betting exchange environment requires there to be two opposing bettors for each bet struck (in that there must be one active bettor betting on the outcome of an event matched against another active bettor who bets on an opposing outcome of the event), unlike the traditional sports betting environment in which the sports bookmaker can either win or lose on each bet struck, a betting exchange operator is assured of a commission on each matched bet (through each of the winning bettors) on its betting platform.
9. For the purposes of the gambling disputes subject of this decision, it is relevant to note that on 3 March 2020, Betfair opened a betting market that allowed its customers to bet on the outcome of the RBA's setting of Australia's official Cash Rate target in April 2020. The four selections available in that betting market were that there would be:
  - a 0.25% increase to the official cash rate; or
  - no change to the official cash rate; or
  - a 0.25% decrease to the official cash rate; or

- a different change than the three options detailed above.

10. Betfair provided the following market rules to any person that was contemplating entering into the April 2020 RBA betting market:

What will be the change in Australia's Official Cash Rate at this month's scheduled Reserve Bank of Australia (RBA) meeting? The time and date of the scheduled meeting is detailed below. Should the time or date of this meeting change, or a Cash Rate change be announced prior to this meeting, Betfair reserves the right to change the suspension time of this market.

If a Cash Rate change is announced before the scheduled meeting and the scheduled meeting goes ahead, Betfair will settle this market on what the Cash Rate is immediately after the scheduled meeting. If a Cash Rate change is announced before the scheduled meeting and the scheduled meeting is cancelled (or does not take place at the scheduled time and date) Betfair will void all bets that are matched after the time of the Cash Rate change announcement and will settle this market on the newly announced Cash rate.

It is the customer's responsibility to manage their own position, and Betfair will not be responsible for suspending this market when an official announcement is made.

This is a cross-matching market.

11. At the time that this betting market was opened by Betfair, the Australian official Cash Rate target that had been just announced by the RBA Board was 0.50%.
12. On 19 March 2020, the RBA Board announced that it had convened a special meeting on 18 March 2020 to consider options for monetary policy responses to the economic effects of the novel coronavirus disease (COVID-19). The official minutes of that meeting record that RBA Board members determined, amongst other things, to a reduction in the Cash Rate target to 0.25%.
13. Betfair has advised the Commission that as a result of the RBA announcement and in an attempt to reduce the number of customer contacts Betfair was receiving, the following information was added to the April 2020 RBA betting market information:

UPDATE: Please note, the RBA made an emergency 0.25% decrease to the Cash Rate effective 20/03/2020. For the avoidance of doubt, this decrease is included when calculating the final position of the Cash Rate change at the scheduled April meeting. For example, if there is no further Cash Rate change at the scheduled April meeting, -0.25 will be the winning selection in this market.

14. On 7 April 2020, the RBA Board issued a statement following its scheduled meeting in which it reaffirmed the target for the Cash Rate announced on 19 March 2020. The RBA Cash Rate target which can be found on the RBA website at <https://www.rba.gov.au/statistics/cash-rate/>, records that decision as being a zero percent change to the Cash Rate target with the Cash Rate target remaining at 0.25%.

15. Betfair has submitted to the Commission that as a result of the 7 April 2020 RBA Board statement, Betfair settled the market with the winning selection being, 'a 0.25% decrease to the official cash rate'.
16. Having reviewed the Betfair market information for the April 2020 RBA betting market, it is clear to the Commission that the market information clearly explained to any of Betfair's customers that were contemplating placing a bet on the market that they would be betting on the change (if any) to the Cash Rate target that would be announced at the RBA's April 2020 meeting. However, as also detailed in the market information, *"If a Cash Rate change is announced before the scheduled meeting and the scheduled meeting goes ahead, Betfair will settle this market on what the Cash Rate is immediately after the scheduled meeting."*
17. In the Commission's view, it is clear from the market information that while a potential change to the Cash Rate target will normally occur at the RBA's scheduled monthly meeting, the market information also explains that there could be a change to the Cash Rate target announced prior to that scheduled meeting. The market information then clearly explains that even if such an announcement was made prior to the scheduled meeting, the betting market will be settled on what the Cash Rate is immediately after the scheduled meeting.
18. At the time the betting market was opened and as recorded on the RBA website, the Cash Rate target was 0.50%. As also recorded on the RBA website, the Cash Rate target following the scheduled April 2020 meeting was 0.25%. This clearly equates to a 0.25% decrease to the official Cash Rate target from the time Betfair opened the betting market until the time it was settled following the scheduled April 2020 meeting.
19. In the Commission's view, in determining how to settle the market it is not relevant as to when the decision was made to decrease the Cash Rate target but rather, for the betting market to be settled correctly and in accordance with the Betfair market rules. Given that the scheduled meeting did go ahead, Betfair was required to determine what the change in the Cash Rate target was (if any) between when the betting market was opened and what the Cash Rate target was following the scheduled meeting. In this case, that change was a decrease of 0.25% from 0.50% to 0.25%.
20. A number of complainants have submitted that the additional information posted in the market information by Betfair on 19 March 2020 was an alteration to the original market information however, the Commission cannot substantiate these claims. It is clear to the Commission that the market has been settled in accordance with the original market information and that the additional information posted on 19 March 2020 simply provided an update on what determinations the RBA had made in relation to the Cash Rate target to that time. The additional information in no way altered the original market information that had been posted at the time the betting market was opened.

21. A number of complainants have also submitted that several other sports bookmakers had settled similar betting markets with a result of 'no change.' The Commission has made no inquiries as to whether this was the case or not, as what is relevant to these gambling disputes is whether Betfair applied its market rules for this betting market correctly. The Commission has not examined the market rules that other sports bookmakers may have had in place nor is it minded to do so.

## **Decision**

22. The Commission is authorised following an investigation, to declare that a disputed bet is lawful or not lawful so far as the requirements of the Act are concerned.
23. The Commission is satisfied that each of the bets placed by each of the complainants were lawful bets pursuant to section 109Y(9) of the Act.
24. The Commission is also satisfied that each of the bets subject of the gambling disputes lodged in this matter were not winning bets and that Betfair settled these bets correctly as non-winning bets. As a result, the Commission is of the view that there is no outstanding monies payable by Betfair to any of the complainants in this matter.

## **Review of Decision**

25. Section 109(7) of the Act provides that a determination by the Commission of a dispute referred to it pursuant to section 109Y(2) of the Act shall be final and conclusive as to the matter in dispute.



Cindy Bravos  
Presiding Member  
Northern Territory Racing Commission

18 June 2021