

NORTHERN TERRITORY RACING COMMISSION

Reasons for Decision

Complainants:	Various
Licensee:	Sportsbet Pty Limited
Proceedings:	Gambling Disputes for determination by Racing Commission Pursuant to section 85(2) of the <i>Racing and Betting Act</i>
Heard Before: (on papers)	Mr Alastair Shields (Chairperson) Ms Cindy Bravos Mr Allan McGill
Date of Decision:	31 October 2019

Background

1. Between 24 May 2019 and 11 July 2019 pursuant to section 85(2) of the *Racing and Betting Act* (the Act), multiple gambling disputes were lodged with the Northern Territory Racing Commission (the Commission) relating to the actions of Sportsbet Pty Limited (Sportsbet) in voiding bets that had been struck on several of the betting markets that Sportsbet had offered on Round 10 of the 2019 Australian Football League (AFL) season.
2. Nine betting markets that had been offered by Sportsbet on the AFL matches played in that round, allowed Sportsbet customers to place a bet on whether or not a player would make 40 or more disposals of the football during the match. Sportsbet referred to these betting markets as the “*Any player to get 40+ disposals - YES or NO*” markets. For the purposes of this decision, each of the nine betting markets offered by Sportsbet will be referred to collectively as the ‘Sportsbet AFL +40 betting markets’.
3. Prior to the commencement of the first match in round 10 of the 2019 AFL season, Sportsbet voided all bets that had been struck on each of the Sportsbet AFL +40 betting markets, on the basis that the prices offered had been offered in error and that these pricing errors were obvious or manifest errors.
4. Subsequently, numerous gambling disputes were lodged with the Commission with each of the complainants expressing their dissatisfaction with the actions of Sportsbet in voiding their bets as the complainants did not consider that the prices offered on the Sportsbet AFL +40 betting markets were obvious errors or manifest errors as had been claimed by Sportsbet.
5. The Commission notes in this respect, that when determining gambling disputes involving whether a price offered by a sports bookmaker was an obvious or manifest error, the test in doing so is not a subjective one where each of the individual complainant’s personal perspectives, feelings, or opinions enter the decision making process. Rather the test is an objective one, where the Commission will make a determination based on the facts available to it without turning its mind as

to whether each of the individual complainants formed a view about whether the price offered was an obvious or manifest error.

6. Given this, whilst there are multiple complainants who have lodged gambling disputes with the Commission, it is the lawfulness of the bets that the Commission has been asked to adjudicate and as such and 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.
7. The factual matrix of the gambling disputes lodged with the Commission is such that the only qualitative material difference between each of the gambling disputes is the actual dollar amount of each of the bets struck and the bet's resultant payout had the bet been successful. Given the synchronicity of the gambling disputes, the Commission has determined that the course of action in dealing with the gambling disputes as a class of complaints is appropriate in all the circumstances.
8. Information was gathered from all parties involved in each of the gambling disputes by Licensing NT officers appointed as betting inspectors by the Commission and provided to the Commission to consider the gambling disputes on the papers.
9. To assist the Commission in its considerations, the Commission invited Sportsbet to attend the offices of the Commission to present evidence in its entirety that supported the Sportsbet position that Sportsbet offered prices at various times whilst the Sportsbet AFL +40 betting markets were open that were in obvious error and that Sportsbet were justified in enlivening its terms and conditions relating to obvious errors to void the bets that had been struck.
10. Following Sportsbet's advice to the Commission that it could not make itself available to do so for a considerable time, the Commission offered Sportsbet the opportunity to provide further written material in support of its actions. Sportsbet availed itself of this opportunity and the Commission took this further material into consideration in making its determination that is subject of this decision notice.

Consideration of the Issues

11. The objects of the Act are the promotion of probity and integrity in racing and betting in the Northern Territory; maintaining the probity and integrity of persons engaged in betting in the Northern Territory; promoting the fairness, integrity and efficiency in the operations of persons engaged in racing and betting in the Northern Territory; and reducing any adverse social impact of betting.
12. In furtherance of those objects, section 85 of the Act provides the Commission with the jurisdiction to determine all disputes between a sports bookmaker and its customer regarding lawful betting. In this respect, section 85 sets out the decision making regime for the making of a determination by the Commission as to whether the disputed bet is lawful and provides that a person may take legal proceedings to recover monies payable on a winning lawful bet or for the recovery of monies owed by a bettor on account of a lawful bet made and accepted.
13. The clear purpose of section 85 is to authorise the Commission following an investigation, to determine whether or not the impugned bet or bets were lawful. The Commission's jurisdiction does not extend to other issues such as whether a remedy is available to any of the parties that would see them entitled to avoid the

obligation being pursued such as a claim that a sports bookmaker engaged in misleading or deceptive conduct in inducing the bettor to bet.

14. It is important to note that in order to further the objects of the Act, the Act provides for the Commission to make rules for the control and regulation of sports bookmakers and in doing so, the Commission approves the terms and conditions of sports bookmaker licences which include the terms and conditions of agreements entered into between sports bookmakers and their customers.
15. The terms and conditions that both the sports bookmaker and the customer are bound by when a betting account is opened and each time a bet is struck usually contains a rule that allows the sports bookmaker to defend its entitlement to correct any odds which are inadvertently offered in obvious or manifest error, such as when two prices are transposed, a price is incorrectly input as a result of a typing error or when a delay in receiving live match information impacts on the prices being offered as the price offered failed to take into account some event that had already occurred.
16. At the time that each of the complainants' bets that are subject of the gambling disputes currently before the Commission were struck, the following rule formed part of Sportsbet's terms and conditions:

1.12. Errors

1.12.1. Sportsbet makes every effort to ensure that no errors are made in setting markets including but not limited to errors in prices offered, available selections offered, bets accepted on an Account or any errors in exclusions for certain selections. However, we reserve the right to correct any obvious or manifest errors and to void any bets where such has occurred. Should this occur, Sportsbet will endeavour to contact the Member by email or telephone.

17. This rule on errors explains to the customers of Sportsbet that when Sportsbet detects that an obvious erroneous price has been issued, Sportsbet reserve the right to void the bet. As has often been articulated in previous Commission decisions, it is the view of the Commission that the commercial efficacy of the sports bookmaker business model must have error limiting clauses such as this so as to avoid a sports bookmaker from unjustly suffering a loss where a legitimate or innocent error has occurred. It is the view of the Commission however, that obvious or manifest error rules should not be used to protect sports bookmakers from errors of judgement, lack of vigilance or movements in the market that they have failed to detect and respond to.
18. The issue for consideration by the Commission therefore in determining the current gambling disputes before it, is whether this error rule has been implemented reasonably and fairly by Sportsbet. In doing so, the Commission must necessarily look to the reasons provided by Sportsbet for the claimed pricing errors and review the evidence from Sportsbet that supports its claim about the price it intended to offer at the time the disputed bets were struck. In doing so, the Commission must also turn its mind to whether the claimed error would have been discernible to a sports bookmaker customer with a reasonable knowledge of betting; as well as a knowledge of the sport involved in the betting markets in question.

19. Sportsbet has advised the Commission that the Sportsbet AFL +40 betting markets for round 10 of the AFL 2019 season were opened at 2.00pm on 20 May 2019 and related to the nine AFL matches to be played between 24 and 26 May 2019. Sportsbet advised the Commission that the Sportsbet AFL +40 betting markets formed part of 278 betting markets being offered by Sportsbet on AFL matches at that time.
20. When the Sportsbet AFL +40 betting markets were opened, Sportsbet submitted to the Commission that the prices offered were *"...in line with historical figures for earlier rounds in the 2019 AFL season, with some minor variation on account of the specific players playing in each game of the round."* The prices that were on offer by Sportsbet for a 'No' selection in the AFL +40 betting markets when it first opened are detailed in the following table:

	Syd v Coll	Haw v Port	WB v NM	Adel v WC	Rich v Ess	GC v Geel	Melb v GWS	St K v Carl	Free v Bris
Price	\$1.30	\$1.30	\$1.25	\$1.50	\$1.17	\$1.10	\$1.30	\$1.13	\$1.30

21. Sportsbet submitted that on 21 May 2019, it adjusted, *"...its AFL pricing model which it uses to calculate prices for a variety of individual player markets such as 'Player to record 20/25/30/35+ disposals' up to 'Player to record 40+ disposals'"*. Sportsbet advised the Commission that the adjustments to the individual player odds were based on players being 1-2% more likely to get 40+ disposals than had occurred historically and as a result, Sportsbet advised the Commission that the odds per player were marginally decreased.
22. Sportsbet submitted to the Commission that the *"...distribution changes to the AFL pricing model were tested and confirmed for the individual player markets."* However, Sportsbet advised that the changes to the prices on offer for the individual player markets had an *"...unforeseen flow-on effect of erroneously (and significantly) altering the odds for the seperate..."* Sportsbet AFL +40 betting markets. Sportsbet submitted that it was unaware that the adjustments that it had made to the individual player markets resulted in the *"AFL pricing model...automatically generat[ing] erroneous prices for both sides of the "Any player to get 40 disposals - YES or NO" market."*
23. Sportsbet submitted that the *"...effect of the error was significant higher prices (that is, longer odds) for the 'No' selection"* were offered for the nine Sportsbet AFL +40 betting markets. The table below details the new prices that went on offer compared to the original price offered by Sportsbet on its opening of the AFL +40 betting markets:

	Syd v Coll	Haw v Port	WB v NM	Adel v WC	Rich v Ess	GC v Geel	Melb v GWS	St K v Carl	Free v Bris
Original Price	\$1.30	\$1.30	\$1.25	\$1.50	\$1.17	\$1.10	\$1.30	\$1.13	\$1.30

	Syd v Coll	Haw v Port	WB v NM	Adel v WC	Rich v Ess	GC v Geel	Melb v GWS	St K v Carl	Free v Bris
Price 21 May after adjustment	\$1.67	\$1.57	\$1.62	\$1.80	\$1.50	\$1.29	\$1.67	\$1.36	\$1.62
Price difference	\$0.37	\$0.27	\$0.37	\$0.30	\$0.33	\$0.19	\$0.37	\$0.23	\$0.32
Percentage increase	29%	21%	30%	20%	29%	18%	29%	21%	25%

24. Sportsbet submitted that it then detected an unrelated issue with its AFL pricing model on 22 May 2019 and as “...*there were no IT developers immediately able to investigate the issue...*”, the adjustments that had been made to the individual player markets the day before were removed and the prices for the individual player market reverted to the original prices offered when the markets first opened on 20 May 2019. Sportsbet further submit that due to a “...*further technical error...*”, the prices for the nine Sportsbet AFL +40 betting markets did not readjust to their original prices at this time, but remained the same as was on offer on 21 May 2019.
25. Sportsbet advised that after it rectified the issue with the individual player markets and re-released the AFL pricing model updates for individual players at 1.00pm on 22 May 2019, the prices for the Sportsbet AFL +40 betting markets were again automatically updated and new prices were offered as per the table below:

	Syd v Coll	Haw v Port	WB v NM	Adel v WC	Rich v Ess	GC v Geel	Melb v GWS	St K v Carl	Free v Bris
Original Price	\$1.30	\$1.30	\$1.25	\$1.50	\$1.17	\$1.10	\$1.30	\$1.13	\$1.30
Price 21 May after adjustment	\$1.67	\$1.57	\$1.62	\$1.80	\$1.50	\$1.29	\$1.67	\$1.36	\$1.62
Price 22 May after adjustment	\$1.67	\$1.73	\$1.73	\$2.25	\$1.57	\$1.44	\$1.83	\$1.44	\$1.83
Price difference to original price	\$0.37	\$0.43	\$0.48	\$0.75	\$0.40	\$0.34	\$0.53	\$0.31	\$0.53

	Syd v Coll	Haw v Port	WB v NM	Adel v WC	Rich v Ess	GC v Geel	Melb v GWS	St K v Carl	Free v Bris
Percentage increase to original price	29%	33%	39%	50%	35%	31%	41%	28%	41%

26. Sportsbet submitted to the Commission that the prices on offer for each of the nine Sportsbet AFL +40 betting markets were not as a result of Sportsbet making a conscious pricing decision, an underestimation of the betting market or generous odds but was rather, *“...an automatic and erroneous calculation by the AFL pricing model using derivative data from the individual player market.”*
27. Sportsbet advised the Commission that shortly before 11.00am on 23 May 2019, *“...a Sportsbet AFL trader saw some single leg prices for the “Any player to get 40 disposals - NO” market and immediately identified them to be obviously wrong.”* As a result, Sportsbet manually updated the AFL +40 betting markets resulting in prices being offered as per the following table:

	Syd v Coll	Haw v Port	WB v NM	Adel v WC	Rich v Ess	GC v Geel	Melb v GWS	St K v Carl	Free v Bris
Original Price	\$1.30	\$1.30	\$1.25	\$1.50	\$1.17	\$1.10	\$1.30	\$1.13	\$1.30
Price 21 May after adjustment	\$1.67	\$1.57	\$1.62	\$1.80	\$1.50	\$1.29	\$1.67	\$1.36	\$1.62
Price 22 May after adjustment	\$1.67	\$1.73	\$1.73	\$2.25	\$1.57	\$1.44	\$1.83	\$1.44	\$1.83
Price 23 May after adjustment	\$1.33	\$1.29	\$1.30	\$1.53	\$1.25	\$1.13	\$1.33	\$1.22	\$1.33
Price difference to original price	\$0.03	-\$0.01	\$0.05	\$0.03	\$0.08	\$0.03	\$0.03	\$0.09	\$0.03

	Syd v Coll	Haw v Port	WB v NM	Adel v WC	Rich v Ess	GC v Geel	Melb v GWS	St K v Carl	Free v Bris
Percentage increase to original price	3%	-1%	4%	2%	7%	3%	3%	8%	3%

28. Sportsbet submitted to the Commission that whilst the pricing error remained undetected by Sportsbet for some time, it is “...*vigilant in monitoring its pricing on markets.*” Sportsbet further advised that it offers “...*in excess of 275 markets on AFL markets*” and “...*approximately 1,750 other markets on racing, other sports and events, and novelty events...Given the number of markets offered and noting that many attract a modest number of customers and stakes, it is not feasible for Sportsbet to track positions on all markets with the same level of detail...The “Any player to get 40 disposals” market is not specifically monitored...*”
29. Sportsbet further advised the Commission that:
- Sportsbet notes that it has determined that its AFL pricing model can no longer be relied upon to produce accurate pricing for the “*Any player to get 40+ disposals*” market, and as a result, that market has not been offered in the AFL rounds following Round 10, and it will not be offered in the foreseeable future.
30. As there were no players to make 40 or more disposals of the football during any of the nine matches played during round 10, all bets struck on the Sportsbet AFL +40 betting markets that were a ‘No’ bet would have been paid out as winning bets had Sportsbet not earlier voided the bets. Sportsbet advised the Commission that as a sign of goodwill, on 27 May 2019 it decided to pay an amount to each of its customers that had selected the ‘No’ option equivalent to the winning payout amount of a bet had it been placed at the price offered after the adjustment on 23 May 2019. Sportsbet advised the Commission that the total amount of these payments totalled \$675,000.
31. The Commission has no reason to doubt that the chain of events as described above did not occur. However, as detailed earlier in this decision, the issue for consideration by the Commission is to determine whether Sportsbet have implemented the ‘error rule’ reasonably and fairly. In doing so, the Commission must turn its mind to whether the prices offered when the bets that were voided were struck were prices that were not simply an error but an obvious or manifest one, noting that the Commission need only be satisfied that one limb can be sustained; either obvious or manifest.

Historical Data

32. The meaning of manifest or obvious error has been considered many times by the Commission and as detailed in previous Commission decisions, it is the view of the Commission that a manifest error is one that can be determined on its face without the need to look for any evidence or background information, such as letters being

interposed within betting odds. An obvious error on the other hand is one that is easily seen, perceived and recognised. The error needs to be apparent and not difficult to observe.

33. Sportsbet submitted to the Commission that it noted that the Commission has previously used historical data as evidence to establish whether a pricing error was an obvious error and that Sportsbet considered that there was merit in the Commission's approach as it allows probative evidence to be utilised rather than supposition or assumption. On that basis and in support of Sportsbet's assertion that the prices offered on Sportsbet AFL +40 betting markets were an obvious error, Sportsbet submitted that the historical data for the prices offered on the Sportsbet AFL +40 betting markets have ranged between \$1.10 to \$1.30 whereas the prices offered by Sportsbet on 22 May 2019 as a result of the price adjustment ranged between \$1.44 to \$2.25.
34. In this respect the Commission notes that the prices offered by Sportsbet at the various stages the markets were open, ranged as per below:
 - 20 May 2019 : \$1.10 to \$1.50
 - 21 May 2019 : \$1.29 to \$1.80
 - 22 May 2019 : \$1.44 to \$2.25
 - 23 May 2019 : \$1.13 to \$1.53
35. As such and taking into account the historical data range provided by Sportsbet, the Commission notes that:
 - on 20 May 2019, Sportsbet offered a price in one match that was above the historical data range;
 - on 21 May 2019, Sportsbet offered a price in one match that was within the historical data range; and
 - on 23 May 2019, Sportsbet offered prices in four matches that were above the historical data range.
36. Whilst the prices offered following the 22 May 2019 price adjustment fall outside of the historical data range, the Commission also notes that four of the nine matches with the corrected prices of 23 May 2019 also fall outside of the historical data range. Additionally, the price offered in one match during the period of the pricing error on 21 May 2019 falls within the historical data range whilst one price that was on offer when the Sportsbet AFL +40 betting markets were originally opened is higher than that of the historical data range.

Comparative data

37. While the Commission considers that historical data is an important source of information when determining whether a pricing error was an obvious error, two or more indicators independent of each other would naturally assist the Commission in making its determination.

38. Comparative data from other sports bookmakers is often a source of information the Commission turns to when making determinations in relation to whether a price offered was an obvious error, however, the Commission notes that it appears that no other sports bookmaker was offering an AFL +40 betting market during rounds 1 to 9 of the 2019 AFL season.
39. Sportsbet did however, bring to the attention of the Commission, an AFL +40 betting market offered by another sports bookmaker during round 11 of the AFL season. The betting market on offer was that no player would get 40+ disposals of the football across the entire round of nine matches at a price of \$5.50.
40. The Commission notes however, that whilst this betting market also involved AFL 40+ disposal results, it is not a comparative market. The betting market on offer related to all nine matches in the round whilst the betting markets offered by Sportsbet related to the individual matches being played in the round. Whilst Sportsbet offered the ability to select each match as a leg of a multi-bet, Sportsbet did not offer a singularly discrete betting market in which a price was offered in relation to whether no player would make 40+ disposals across all nine matches in the round.

Increase in bets

41. The Commission also turned its mind to the additional submissions made by Sportsbet in relation to indicators of an obvious error that it submitted is demonstrable through customer behaviour and the effect on prices offered resulting from the take-up of multi-bets.
42. Sportsbet has advised the Commission that the Sportsbet AFL +40 betting markets have historically attracted a low number of bets with a total low stake amount, however the betting activity on the Sportsbet AFL +40 betting markets in round 10 changed dramatically. Statistics provided by Sportsbet to the Commission indicate that there was a significant increase in the number of Sportsbet customers who placed a bet on the Sportsbet AFL +40 betting markets as well as a significant increase in the total amount of wagers struck.
43. Unsurprisingly to the Commission, the significant increase in the number of Sportsbet customers striking a bet on the Sportsbet AFL +40 betting markets naturally resulted in a significant increase in the value of the bets struck. The Commission however, notes that the average number of bets placed by the bettor on the Sportsbet AFL +40 betting markets did not rise significantly in that an average of 1.5 bets were placed by a Sportsbet customer during rounds 1 to 9 whilst an average of 1.6 bets per customer were placed on the Sportsbet AFL +40 betting markets in round 10.
44. As such, the Commission is minded only to explore the increase in the number of Sportsbet customers placing a bet on the Sportsbet AFL +40 betting markets rather than the dollar value of those bets to assess whether this provides the Commission with any probative value in determining whether the pricing errors were obvious errors.
45. Sportsbet has advised the Commission that the Sportsbet AFL +40 betting markets offered in round 10 saw:

- 85% of Sportsbet customers that had not bet on the Sportsbet AFL +40 betting markets previously, place a bet;
 - just over 3% of the Sportsbet customers who placed a bet were new customers who had opened their accounts between 21 and 23 May 2019; and
 - most bets were struck prior to the AFL team announcements whereas the majority of bets in previous rounds were struck after the AFL team announcements.
46. Sportsbet has made submissions to the Commission that its customers identified the pricing error and encouraged others to take advantage of the error via social media and 'word of mouth'. Sportsbet has advised the Commission that it did not undertake any specific promotion of the Sportsbet AFL +40 betting markets during round 10 of the 2019 AFL season.
47. It is clear to the Commission from the statistics provided by Sportsbet that there was a significant increase in the number of Sportsbet customers that placed a bet on the round 10 Sportsbet AFL +40 betting markets. Whilst a number of these customers were new customers, the Commission notes that 97% of the customers who placed a bet on the round 10 Sportsbet AFL +40 betting markets were existing Sportsbet customers who Sportsbet stated were considered to be 'active' customers in that these customers on average placed approximately 21 bets each per week.
48. The Commission is of the view that the increase in the number of Sportsbet customers who placed a bet on the Sportsbet AFL +40 betting market did likely result from the prices on offer being discussed on various social media platforms and notes that Sportsbet has provided the Commission with several extracts of social media discussions that took place. However, whether those discussions enabled the Sportsbet customers to form the view that the odds on offer were simply 'good odds' or an obvious error is difficult for the Commission to discern unless it was to view a broader representation of discussions that took place and information as to whether those discussions occurred whilst the betting markets were opened or after they were removed.
49. It does appear to the Commission however, that social media in this instance has likely operated as an effective marketing tool through its users sharing through their social networks, information about the prices Sportsbet had on offer for the Sportsbet AFL + 40 betting markets. This in turn had the likely effect of broadening Sportsbet's customer reach and thus resulted in more customers placing a bet on the Sportsbet AFL + 40 betting market than had previously.

Multi-bets

50. Throughout Sportsbet's submission to the Commission is reference to the effect of the pricing errors had on the multi-bets that had been placed.
51. Sportsbet has advise the Commission that 94% of customers who placed bets on the Sportsbet AFL +40 betting markets before the pricing error was corrected placed multi-bets of four or more legs and that 86% of customers placed nine leg multi-bets.

52. The compounding effect of the multi-bets due to the pricing error for a nine leg multi-bet is shown in the table below:

	Price	Price Difference	Price Difference Percentage
Original Price	\$7.70	-	-
Price 21 May after adjustment	\$53.80	\$46.10	598%
Price 22 May after adjustment	\$123.04	\$115.34	1,497%
Price 23 May after adjustment	\$10.40	\$2.70	35%

53. Sportsbet has advised that due to an odds enhancement feature known as 'Power Play', some customers further boosted the odds available and were able to place a nine leg multi-bet at the price of \$151, whereas the correct price using this feature would have been \$12.10.
54. In addition to Sportsbet's advice to the Commission that it does not specifically monitor the Sportsbet AFL +40 betting markets as detailed at paragraph 25 above, Sportsbet advise that multi-bets are not monitored in the same way due to the complexity of combining multiple markets.
55. Sportsbet submitted that "...the pricing error would have been obvious to a Member who looked at the market via the Sportsbet app or website and who built and placed a multi-bet on the relevant market, given the exponentially excessing pricing of multi-bets..."
56. Sportsbet has also provided the Commission with historical data regarding multi-bet prices earlier in the season with rounds 1 through to 9, seeing an average price for a nine leg multi-bet being \$9.89.
57. Clearly on review, there is a significant difference between the average price that a nine leg multi-bet resulted in earlier in the season than the price a multi-bet resulted in when the match prices were in error at their highest during round 10.
58. The Commission notes that placing a multi-bet on most sports bookmaker's betting platforms appears to the customer to be much like placing a regular bet. However, a multi-bet is not a bet in itself, rather a multi-bet is a combination of a series of single bets with the odds multiplying with each additional leg added. The more legs added to a multi-bet, the greater the risk to the bettor but also, the greater the reward if all legs in the multi-bet combination are successful.
59. The Commission wishes to emphasise that whilst most sports bookmakers encourage multi-betting due to it multiplying the sports bookmaker's profit margin thereby making multi-bets difficult to win, a multi-bet is not struck in itself. Rather a multi-bet is a series of individually struck bets combined together that has the effect of increasing the winning pay-out if successful but conversely also increases the profit margin for the sports bookmaker due to the greater risk to the bettor.

60. As such, the combined price resulting from placing a multi-bet is simply made up of each of the prices offered for each individual betting market. When those individual prices increase, the combined price for a multi-bet rises exponentially. As can be seen in this case, the increases in the individual match prices offered had a significant impact on the combined price resulting from a multi-bet.

Decision

61. 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. It is not authorised to declare that a bet is not lawful on the basis of a breach of some contractual arrangement between the parties where the contractual arrangement falls outside the scope of the Act.
62. It is clear however, that some contractual arrangements between a sports bookmaker and its customer do fall within the scope of the Act. For example, the Act sets out that a licence is subject to such conditions as are prescribed and such other conditions that are endorsed on it. In this respect, all sports bookmaker licences issued in the Northern Territory include a requirement that the sports bookmaker formulate a set of terms and conditions in relation to the manner in which the sports bookmaker accepts and settles bets.
63. Whilst those terms and conditions are a component of the contractual arrangement between the sports bookmaker and the bettor, the requirement to have in place approved terms and conditions is also a condition of the licence. Given that the authority for the Commission to prescribe licence conditions is contained within the Act, it is appropriate for the Commission to consider the licence conditions in determining whether a bet was lawful or not in accordance with the terms of the Act.
64. In deciding whether a bet is lawful, the Commission must look to the substance of the transaction and whether it should be enforced or not. When determining matters involving the use by a sports bookmaker of the 'error rule' to void bets that have been struck the Commission must determine whether the 'error rule' has been implemented reasonably and fairly.
65. In examining the evidence before it, the Commission is satisfied that prices offered by Sportsbet on each of the nine Sportsbet AFL +40 betting markets were offered in error and were not the prices that it intended to offer at the time the disputed bets were struck.
66. Sports bookmakers usually offer a wide variety of betting markets at any given moment and from time to time, obvious errors are made and bets are struck at a price that is materially different from those available in the general market or are clearly incorrect given the chance of the event happening at the time the bet was struck. In considering whether the prices offered by Sportsbet in error for the nine Sportsbet AFL +40 betting markets were obvious errors, the Commission has turned its mind to whether the errors would have been discernible to the average Sportsbet customer with a reasonable knowledge of betting and of the sport of AFL.
67. To that end, the Commission has considered whether the pricing errors were obvious or easily demonstrable without extensive investigation and whether they were clear to the mind or plain to see. In order to do so, the Commission has examined the extrinsic material available including historical and suggested

comparative data; information relating to the increase in betting activity on the nine betting markets; and information pertaining to the effect of the individual pricing errors on multi-bet combinations.

68. As detailed at paragraphs 29 through to 34 above, the historical data pertaining to the Sportsbet AFL +40 betting markets showed that four of the nine betting markets with corrected prices had prices that were in excess of the price range provided in the historical data. Additionally, the price on offer in one betting market during the period of the pricing error on 21 May 2019 falls within the historical data range whilst one price on offer when the betting market was first opened is higher than the historical data range.
69. If the Commission were to rely on the historical data range as the only determinative factor in assessing whether the pricing errors were obvious pricing errors, based on its own historical data, the assertion by Sportsbet that the pricing errors were obvious errors must fail.
70. With respect to comparative data and as detailed at paragraph 37 above, the one betting market offered by another sports bookmaker during round 11 of the 2019 AFL season related to all nine matches in the round whilst the nine betting markets offered by Sportsbet related to each of the individual matches being played in the round. Although Sportsbet offered the ability to select each match as a leg of a multi-bet combination, Sportsbet did not offer a singularly discrete betting market in which a price was offered in relation to whether no player would make 40+ disposals across all nine matches. This being the case, the Commission is unable to consider the prices offered by the sports bookmaker in round 11 as comparative data.
71. It is clear to the Commission on the evidence before it, that there was an obvious increase in the number of Sportsbet customers who placed a bet on one or more of the nine Sportsbet AFL +40 betting markets. It is also apparent to the Commission that the prices on offer appeared to be regarded at a minimum as 'good odds' given the take-up and the increase in the size of bets made by some customers. However, the Commission is not of the view that an increase in the number of customers placing a bet as a stand-alone indicator, allows the Commission to form the view that the price errors were obvious errors in that they were clear to the mind of the Sportsbet customers or plain to see.
72. The Commission also notes the submissions made by Sportsbet in relation to the effect the price error had on the combined price for any multi-bets placed and that it has sought for the Commission to consider these combined prices in determining these gambling disputes. However, a multi-bet is not a bet in itself, rather a multi-bet is a combination of a series of single bets with the odds multiplying with each additional leg added and as such, the Commission must focus on the individual prices offered for each of the nine betting markets offered by Sportsbet to determine if obvious errors existed and not on the multi-bet combined prices that resulted from the pricing errors. The Commission has also determined that it should not take into consideration the increased effect on the combined price when a customer used the Sportsbet power play function in making its determination.
73. As detailed throughout this decision, an obvious error is one that must be able to be easily seen, perceived or recognised as an error and is one that can be demonstrable without extensive investigation. Given that four of the nine betting markets with corrected prices had prices that were in excess of prices previously

offered by Sportsbet on the same betting markets; one price offered when the betting market opened was in excess of prices previously offered and one price offered in error fell within the range of prices previously offered by Sportsbet on the same betting markets, it is arguable that it would not be outrageous to see the prices offered in error on offer. Consequently, the Commission is of the view that each of the pricing errors do not meet its threshold requirement to uphold a finding of obvious error.

74. As a result, the Commission has determined that all bets struck on the nine Sportsbet AFL +40 betting markets for round 10 of the 2019 AFL season are lawful bets pursuant to section 85(1A) of the Act.
75. As the bets are determined to be lawful bets, it is the view of the Commission that all persons who made a winning bet on any or all of the nine Sportsbet AFL +40 betting markets for round 10 of the 2019 AFL season are entitled to be paid the full amount of the winning bet that was struck.

Review of Decision

76. Section 85(6) of the Act provides that a determination by the Commission of a dispute referred to it pursuant to section 85 of the Act shall be final and conclusive as to the matter in dispute.



Alastair Shields
Chairperson
Racing Commission

31 October 2019