RWA RESPONSIBLE WAGERING AUSTRALIA



ILLEGAL OFFSHORE GAMBLING: A GROWING THREAT

Australia Offshore Market Analysis 2025
November 2025

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EXECUTIVE SUMMARY

This report, commissioned by Responsible Wagering Australia (RWA) and prepared by H2 Gambling Capital (H2), examines the size, growth and drivers of Australia's illegal offshore online gambling market. It assesses the key implications of the expanding illegal offshore market and identifies measures that could improve the effectiveness of Australia's policy and enforcement framework to maintain a sustainable industry and ensure consumers are protected.

The report builds on previous H2 research for RWA from 2015, 2019 and 2023 and includes a first-ever survey of over 4,000 consumers to provide up-to-date data on the number of Australian citizens using the illegal offshore market, and more pertinently, the reasons why they play with illegal sites.

The findings reveal a rapidly growing and increasingly sophisticated illegal offshore market.

THE TOTAL SIZE OF THE ILLEGAL OFFSHORE GAMBLING MARKET HAS DOUBLED SINCE 2019 REACHING $3.9b IN 2024 AND IS PROJECTED TO RISE TO $5b BY 2029[1]

ILLEGAL OFFSHORE OPERATORS NOW ACCOUNT FOR 36% OF AUSTRALIA'S TOTAL ONLINE GAMBLING MARKET, A RAPID INCREASE OVER THREE YEARS AND IT IS EXPECTED TO INCREASE FURTHER

This shift represents a major and escalating risk to consumers, to government, racing and sport revenue and to integrity:

- Almost **$2.7b** in taxes and product fees are expected to be lost to illegal offshore operators in the next five years - with annual leakage **projected to rise each year reaching $585m by 2029**.
- **Racing faces annual losses of $110–135m,** jeopardising the sport's sustainability and local jobs.
- The sports industry is **losing out on revenues of $30–40m per year** because of wagering spend with illegal offshore operators.
- **1 in every 5 dollars spent on Australian sport wagering is spent with illegal operators.** It's a similar story for racing with 1 in every 7 dollars spent offshore.

1. Includes online casino and gaming and online wagering (sports and racing). All dollar figures are AUD.
More information in terminology section in Appendix.

ALMOST HALF (44%)

of active online players surveyed were unable to distinguish between Australian licensed operators and illegal offshore sites

This is diverting revenue that would otherwise fund public services, grassroots sports, and racing infrastructure.

The analysis identifies a range of factors behind this trend.

- Illegal offshore operators do not pay tax, product fees or invest in safer gambling and compliance.
- This allows them to out-compete licensed operators on price and product choice, offering better odds, larger bonuses, live in-play betting, and online casino products that are unavailable onshore.
- Heavy investment in influencer marketing and misleading advertising also makes them appear legitimate - research shows **almost half (44%) of active online players surveyed were unable to distinguish** between Australian licensed operators and illegal offshore sites.

Domestic regulatory settings risk unintentionally accelerating the offshore shift and undermining the consumer protections government and industry have introduced to safeguard Australian customers. Key examples such as **high fiscal burdens on licensed operators and bans on products** like live in-play betting are creating barriers that push players towards unregulated sites with better offerings.

The Australian Communications and Media Authority (the ACMA) - the responsible regulator - has ordered hundreds of domains to be blocked by internet service providers. However, **current enforcement tools are easily circumvented by illegal offshore operators** evading ISP blocks, a lack of real-time co-ordination with payment processors and insufficient statutory powers.

Of significant concern, H2's consumer survey found that **50% of players who had used offshore sites did so while registered with BetStop.** This means individuals who have actively chosen to self-exclude are being drawn to illegal operators, exposing them to greater risk and undermining the intent of key consumer protection tools. **Illegal offshore operators provide few, if any, safer gambling tools, no recourse for disputes, and no guarantee that winnings will be paid out.** The anonymity of offshore gambling creates opportunities for money laundering and match/race fixing, undermining the integrity of Australian sport and racing.

Australia's licensed betting industry operates under strict consumer protection, integrity, and tax frameworks. If current trends continue, the rapidly growing illegal offshore market will further undermine consumer protection laws, reduce domestic investment, and undermine the sustainability of Australian sport and racing.

50% OF PLAYERS WHO HAD USED ILLEGAL OFFSHORE SITES

did so while registered with BetStop

To address these challenges, this report outlines **a coordinated reform agenda that H2 believes is necessary if Australia wants to strengthen its enforcement and consumer protection framework.** A summary of recommendations can be found below; these are further detailed later in the report.

Importantly, tackling the offshore market will require collaboration, not only from government and regulators, but also from banks, technology platforms, wagering service providers and sporting bodies, to close enforcement gaps and keep Australians betting safely within the licensed system.

THEME	NUMBER	RECOMMENDATION
Sustainable and competitive onshore market	**1**	When considering further reform on taxation, marketing or consumer protection reform, policymakers and regulatory bodies should ensure reforms are evidence-based, in line with international best practice, and effective in reducing the risk of harm while reducing illegal offshore gambling.
Coordinated blacklisting and blocking framework	**2**	Establish a National Illegal Gambling Blacklist Platform (NIGBP) to centralise all illegal gambling domains, mirror sites, and related app identifiers in one database to enable swift enforcement/take-down action from intermediaries.
Platform blocking and content removal	**3**	Empower the eSafety Commissioner to issue binding removal, link-deletion, app-removal and ISP-blocking notices for illegal offshore gambling sites and content.
Payments blocking	**4**	Require banks and major payment service providers to block transactions linked to illegal offshore gambling operators and merchants.
	5	AUSTRAC issue guidance to Australian licensed crypto exchanges on detecting and reporting gambling-linked wallets.
	6	Assess options to integrate the National Self-Exclusion Register with payment monitoring systems to block transactions from individuals registered with BetStop to operators and merchants listed on the NIGBP.
Consumer awareness and education	**7**	The licensed online betting industry work with Federal and state and territory regulators to introduce a national certification scheme and promote consumer awareness.
	8	Deliver a nationwide consumer awareness campaign to coincide with the rollout of the NIGBP to educate consumers on how to check for the legality and safety of online gambling sites.
Marketing restrictions	**9**	Search engines, social media platforms and other digital advertisers develop a Gambling Advertiser Verification API.
Sports/racing content policing	**10**	Establish a national framework ensuring that official Australian sports and racing data is supplied only to betting operators licensed in Australia.
International cooperation	**11**	The Federal Government negotiate bilateral enforcement agreements with key offshore jurisdictions and establish MOUs with major offshore gambling jurisdictions for mutual enforcement.

BACKGROUND AND METHODOLOGY

This analysis has been prepared by H2 following a request from RWA to run an up-to-date, independent examination of the health of the Australian online betting industry, and particularly the ongoing threat of the illegal offshore market – defined as all online betting and gaming activity that takes place with operators not licensed in Australia.

H2 knows the Australian market well, having previously run similar, deep dive assessments in 2015, 2019 and most recently, 2023. A good body of comparative data has therefore built up, providing a basis on which key trends and the impact of various regulatory changes made in the time since, can be evaluated.

This analysis differs from previous assessments as H2 has also since evolved its market sizing methodology to now include customer search activity and the use of sector-specialist affiliate sites, alongside more traditional web visitor traffic analysis. We have also undertaken a first-ever H2 survey of over 4,000 consumers to provide up-to-date data on the number of Australian citizens using the offshore market, and more pertinently, the reasons why they play with illegal sites.

Our headline findings are shown below, together with H2's own analysis and assessment of the various impacts they are having on the market, its stakeholders, and the wider Australian economy. Recommendations on how to address the emerging issues are also included, drawing on the findings and our insights into effective market regulation gained from analysing over 175 jurisdictions in the sector.

A comprehensive explanation of the methodology, including data sources and survey approach, can be found in the Appendix.

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SECTION 01: MARKET ANALYSIS AND ILLEGAL OFFSHORE GROWTH TRENDS

HEADLINE FINDINGS

- **The Illegal offshore market is growing significantly faster than the regulated onshore market (22% five-year Compound Annual Growth Rate (CAGR) compared to a 13% five-year CAGR onshore)**
- **A third of all online betting and gaming by Australians is now taking place with illegal offshore providers.**
- **Channelling rates are declining – from 74% in 2021 to 64% now - undermining key policy goals.[2]**
- **Over the past two years in particular, the onshore betting market has decreased by 5%, while the illegal offshore market has grown by 14% - a worrying new trend.**
- **International benchmarks show affordable taxation levels, strong illegal market enforcement, and product competitiveness are critical to reducing offshore leakage – with the best-performing markets now achieving channelling rates of 90%+ compared to Australia's 64%.**



TOTAL ONLINE BETTING AND GAMING MARKET

36%

of the market is with illegal offshore operators

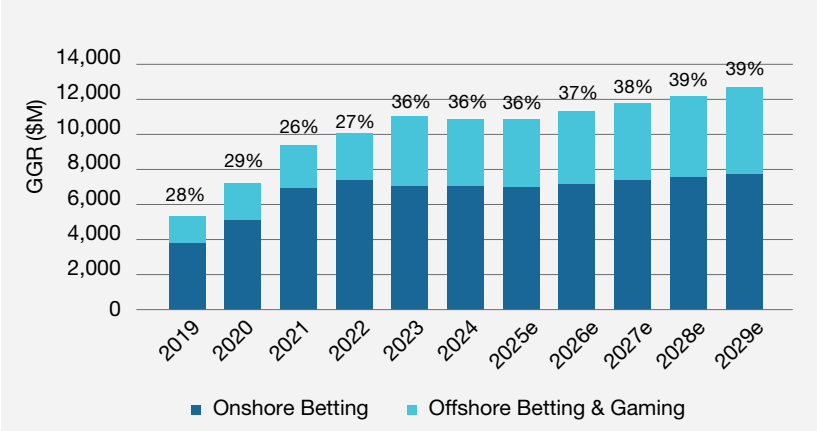
Australia's total online betting and gaming market[3] has grown rapidly since 2019, doubling from $5.3b to $10.9b by 2024.[4] Growth has come from both onshore and illegal offshore operators, but the illegal offshore market expansion has been at a much faster rate.

Offshore betting and gaming **doubled from 2019 to 2024 to $3.9b GGR** (21.6% CAGR increase) whereas onshore betting grew to $7.0b GGR (13% CAGR increase) over the same period.[5]

As a result, the channelling rate (the share of activity with licensed onshore operators) has fallen from 74% in 2021 to 64% in the last three years (2021 – 2024). **This means more than a third of all online betting and gaming by Australians is now taking place with illegal offshore operators.**

Looking ahead, the total market is projected to continue expanding, albeit at a slower rate. **Total illegal offshore market (betting + gaming) is forecast to grow at 5.1% per year, more than 2.5x the rate of the onshore market (1.9%).** By 2029, the illegal offshore market is estimated to reach $5b GGR, with the channelling rate falling further to just 61%.[6]

Illegal Offshore Market as a Percentage of Total Market Gross Gaming Revenue (2019–2029e)



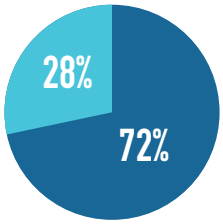
Illegal offshore market estimated to reach

$5b GGR BY 2029

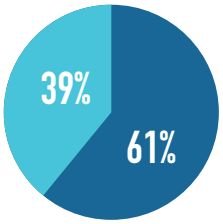
ILLEGAL OFFSHORE MARKET WILL CONTINUE TO TAKE BIGGER SLICE OF THE PIE

Illegal Offshore Market Onshore Market

2019
Total market: $5.2b

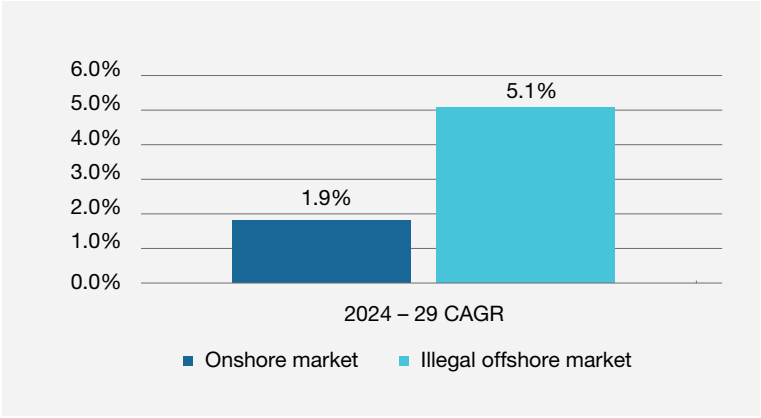


2029
Estimated total market: $12.7b



2. The share of activity with licensed onshore operators.
3. Total online betting and gaming market includes Australian-licensed onshore market and illegal offshore market.
4. Represented as compound annual growth rate (CAGR) of 21.2%.
5. See table 1 in Appendix.
6. See table 2 in Appendix.

Onshore Market and Illegal Offshore Market CAGR 2024-2029



Illegal offshore market is forecast to

GROW AT 2.5X THE RATE OF THE ONSHORE MARKET

5% DECREASE ONSHORE

14% INCREASE OFFSHORE

ONLINE BETTING MARKET

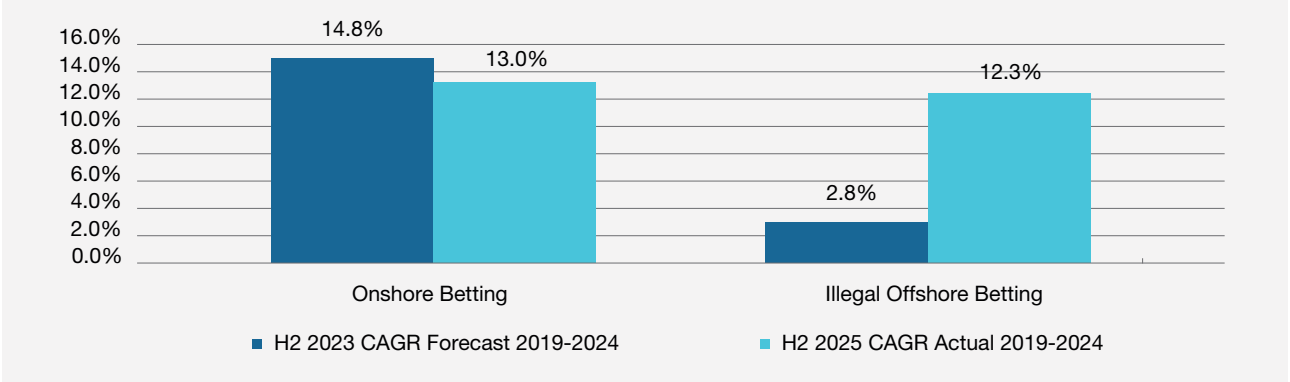
This section focuses on online betting only (excluding illegal online casino and gaming activity).

While our 2023 market analysis projected stronger performance for the onshore market,[7] the latest data shows the opposite trend with **the offshore market now outpacing the growth of the regulated market.**

In 2022, the illegal offshore market accounted for 13% of total online betting, with the onshore betting sector maintaining an 87% share.

Forecasts anticipated the regulated market to increase to 89% by 2027, but in fact the offshore betting market has grown at a similar pace to the onshore market (12.3% vs 13.0% CAGR)[8] and the channelling rate has stagnated at 85%. Over the past two years in particular, the onshore betting market has decreased by 5%, while the offshore market has grown by 14% - a worrying new trend.[9]

Onshore vs. Offshore Betting Market Growth: Forecast vs. Actual (2023–2025)



7. H2 RWA *Australia Offshore Wagering Market Analysis*, April 2023.

6. Notably, 2023 saw an unusual spike in offshore activity, likely due to major sporting events hosted in Australia but also the emergence of crypto-based casinos / sportsbooks that started to aggressively target the market.

9. See tables 3 and 4 in Appendix.

1.9% ONSHORE MARKET INCREASE

3.4% ILLEGAL OFFSHORE SPORT AND RACING BETTING INCREASE

OUTLOOK TO 2029

Our updated analysis over the next five years (2024-2029) projects **only modest growth for the onshore market and increased expansion for offshore sport and racing betting** – 1.9% (CAGR) versus 3.4% respectively.

The channelling rate for Australia's onshore betting market will decline further to 84% by 2029, with the offshore market's share rising to 16% and illegal betting volumes reaching $1.5b.[10]

In real terms, onshore growth is weak. With inflation averaging 2.65% and Australian GDP growth of 4.7% over the forecast period, it is growing at less than half the rate of the overall economy. Nominal growth will be driven by sports betting, which is gaining share, while horse racing betting continues to decline.

OFFSHORE SURVEY PARTICIPATION PATTERNS

Survey results confirm the persistence of offshore betting despite the size of the regulated market. **Around 15-16% of total online betting spend continues to flow to illegal offshore operators,** closely matching market sizing estimates and highlighting the resilience of this segment.

Breaking participation down by product shows offshore activity is most concentrated in sports betting:

14% OF RACE BETTING SPEND GOES OFFSHORE

20% OF SPORTS BETTING SPEND GOES OFFSHORE

This means 1 in every 5 dollars wagered on sports is placed with unregulated, untaxed operators. It's a similar story for racing - 1 in every 7 dollars wagered goes offshore.

These findings reinforce the market trends observed in the headline figures: the illegal offshore market is not only persistent but entrenched, particularly in sports. This leakage highlights the ongoing challenge for the regulated sector and the need for targeted policy and enforcement responses to address both the scale and the specific dynamics of offshore participation.

10. See table 5 in Appendix.

CHANNELISATION AND INTERNATIONAL BENCHMARKING

Channelisation - the proportion of online activity with licensed operators - is a key measure of regulatory effectiveness. A well-regulated market should aim for 90%+,[11] ensuring most players use legal platforms, which supports tax revenue, transparency, and harm minimisation.

Australia's current channelisation rate stands at 64% for online betting and gaming combined, placing it in the mid-range compared to other major gambling jurisdictions but well below the optimal level. This gap signals that a substantial share of activity remains outside the regulated system.

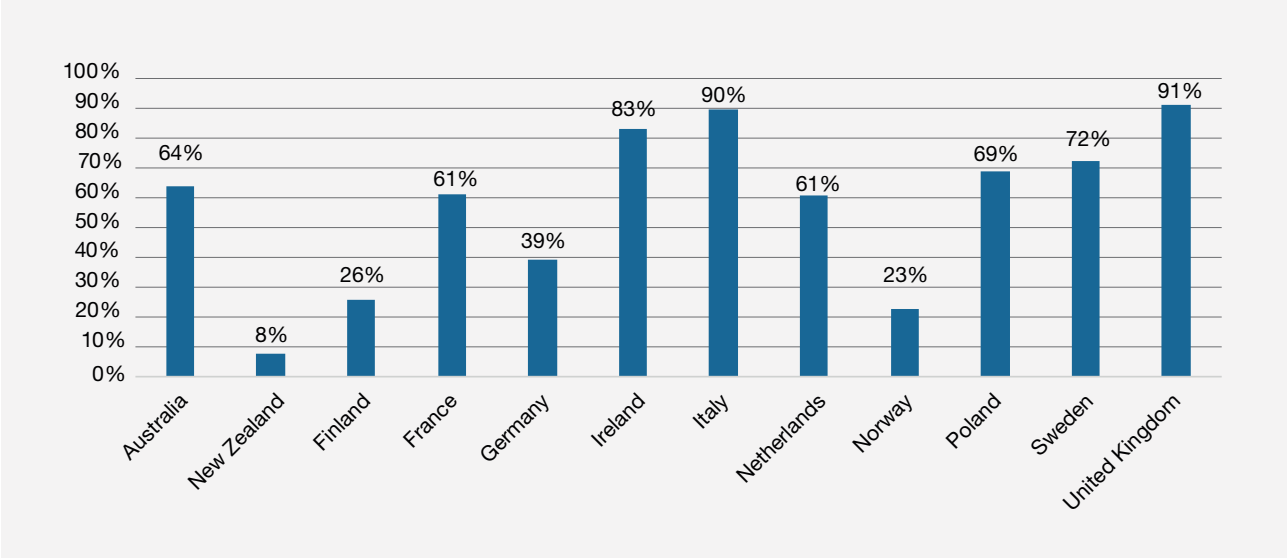
International comparisons highlight the role of regulatory design and enforcement:

- **High-performing markets:** Italy and the UK achieve ~90% channelisation through competitive product offerings and strong enforcement against illegal operators
- **Lower-performing markets:** Monopoly systems (New Zealand, Finland, Norway) and jurisdictions with restrictive rules (Germany) show weaker channelisation
- **Australia's position:** Comparable to markets with product restrictions such as the Netherlands, Poland, and Sweden, where limitations on betting types or events constrain onshore competitiveness.

Australia vs Other Countries – Total Onshore Betting & Gaming Channelling Rate 2024 (%)

ONSHORE CHANNELISATION 2024 (%)	AUSTRALIA	NEW ZEALAND	FINLAND	FRANCE	GERMANY	IRELAND	ITALY	NETHER-LANDS	NORWAY	POLAND	SWEDEN	UNITED KINGDOM
Betting	85%	25%	24%	89%	61%	97%	90%	63%	35%	76%	83%	95%
Gaming	2%	0%	26%	25%	30%	67%	90%	60%	14%	59%	62%	90%
Total	**64%**	**8%**	**26%**	**61%**	**39%**	**83%**	**90%**	**61%**	**23%**	**69%**	**72%**	**91%**

Source: H2 Gambling Capital, November 2025



Source: H2 Gambling Capital, November 2025

H2 IBIA, *An Optimum Betting Market: A Regulatory, Fiscal and Integrity Assessment,* 2021.

SECTION 02: FACTORS DRIVING ILLEGAL OFFSHORE MARKET GROWTH

02

HEADLINE FINDINGS

- The rapid growth of Australia's illegal offshore betting market is being fuelled by a combination of structural, regulatory and behavioural factors.
- Product restrictions are a major driver of illegal offshore growth - online casino and gaming account for 26% of total online gambling spend despite being illegal in Australia.
- Australia also remains a significant outlier when it comes to the prohibition of live in-play betting. One in five offshore betting customers cited access to live betting as their primary reason for using illegal sites – the single most influential factor identified in the survey.
- Illegal offshore operators exploit regulatory gaps with better odds, bonuses, and unrestricted products: nearly 48% of offshore bettors cite better odds and 44% cite bonus offers as their main reason for choosing illegal sites.
- Consumer protections are being bypassed at scale: 50% of illegal offshore players were registered with BetStop, and 30% still use credit cards offshore, undermining Australia's harm-minimisation framework.
- Three in five Australian online players see ads for illegal gambling, with social media ads (c.25% of those surveyed) and influencer promotions (c.20% of those surveyed) as the most common entry points.
- Half (51%) are unaware that online casino and gaming are illegal in Australia, and 44% say they cannot distinguish between licensed and illegal sites.

PRODUCT RESTRICTIONS IN ONSHORE MARKET

Australia remains an outlier among mature gambling jurisdictions because its market is only partially open.

Under the *Interactive Gambling Act 2001* (IGA) online casino and gaming - including slots, poker and bingo, as well as live in-play betting on sports and racing, are prohibited.[12] These restrictions are key contributors to Australia's relatively low channelling rate and the continued targeting of Australian players by illegal offshore operators.

Australia's ban on online casino and gaming drives Australian consumers to seek these products from illegal offshore operators - many of which also offer online sportsbook. **H2's market and survey analysis shows online casino and gaming now account for 26% of the total online gambling expenditure by Australians, despite being banned domestically.** These players are often high-value and highly engaged, with the top 15% accounting for over a third of spend and most playing multiple times per week. More than a third of surveyed players expect to use illegal offshore sites for online casino and gaming in the next year — double the proportion who plan to use them for betting.

The prohibition on live in-play sports betting is another key driver. Globally, just under half (47%) of all online betting sports bets are now based on live in-play markets[13] - yet in Australia consumers can only place in-play bets by telephone. Australia is the only mature betting market not to allow in-play.[14] Nearly one in five illegal offshore sports betting customers cited access to live betting as their primary reason for using illegal sites – the single most influential factor identified in the survey.

AUSTRALIA IS THE ONLY MATURE BETTING MARKET NOT TO ALLOW IN-PLAY

Nearly one in five illegal offshore sports betting customers cited access to live betting as their primary reason for using illegal sites – the single most influential factor identified in the survey

The practical impact of these product gaps is evident in spending patterns. One in every five dollars wagered on sport by Australians is now spent with illegal offshore operators. This loss of market share is not due to brand preference but product availability; consumers are migrating to the only platforms that meet their expectations for live, diverse and regular betting options.

These prohibitions were originally designed to limit harm and maintain oversight within the legal market. In practice, however, they have displaced, not diminished, consumer demand. The Federal Government's own O'Farrell *Review of Illegal Offshore Wagering* from 2015 recommended that the Government consider permitting online in-play sports betting under strict integrity and consumer protection conditions, noting that such reform would improve consumer protection, enhance integrity oversight, and reduce the leakage of Australian betting expenditure to illegal offshore operators.[15]

ONE IN EVERY FIVE DOLLARS

wagered on sport by Australians is now spent with illegal offshore operators

12. Under the *Interactive Gambling Act 2001* (IGA) it is illegal for gambling providers to offer some online services to people in Australia. Banned services include: • online casinos • in-play sports betting • sports betting services which do not hold an Australian licence • betting on the outcome of a lottery.
13. H2 IBIA, *The Availability of Sports Betting Products: An Economic and Integrity Analysis*, 2024.
14. H2 IBIA, *The Availability of Sports Betting Products: An Economic and Integrity Analysis*, 2024.
15. Hon. Barry O'Farrell, Review of Illegal Offshore Wagering, 2015.

Until the Australian onshore market permits a full suite of betting and gaming products, this migration is likely to persist.

BETTER ODDS AND PROMOTIONS IN OFFSHORE MARKET

Australia's regulated online betting market faces unusually high tax and fee burdens compared to international norms. H2 estimates licensed operators in Australia have an effective tax rate of 40% of GGR - which is equivalent to 54% of operator Net Win - and **significantly higher than an optimal tax rate for sustainable, competitive markets at 15-20% of GGR[16].**

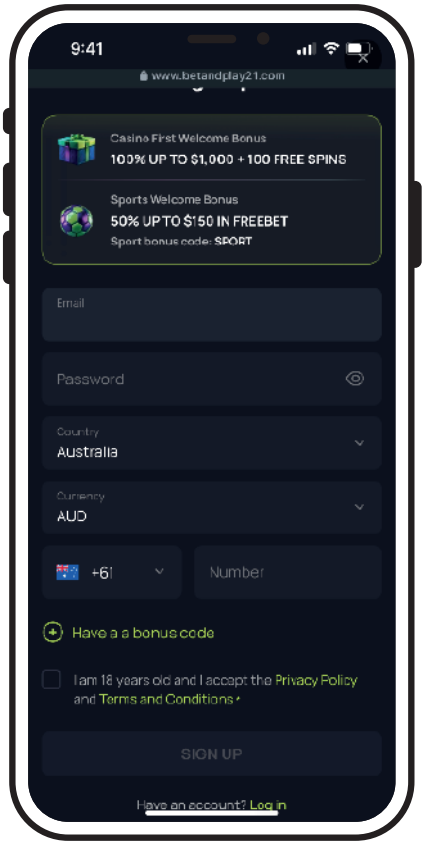
These taxes and fees - primarily Point of Consumption Tax (POCT) levied by each state, product fees paid to each sport or racing code and other taxes like GST and income tax - contribute directly to sport and racing funding, integrity and community programmes and government revenue. As these taxes and fees have risen considerably since the introduction of POCT in 2018, they have also compressed operator margins, leaving licensed providers less able to compete with **illegal offshore sites that pay none of these fees or taxes**.

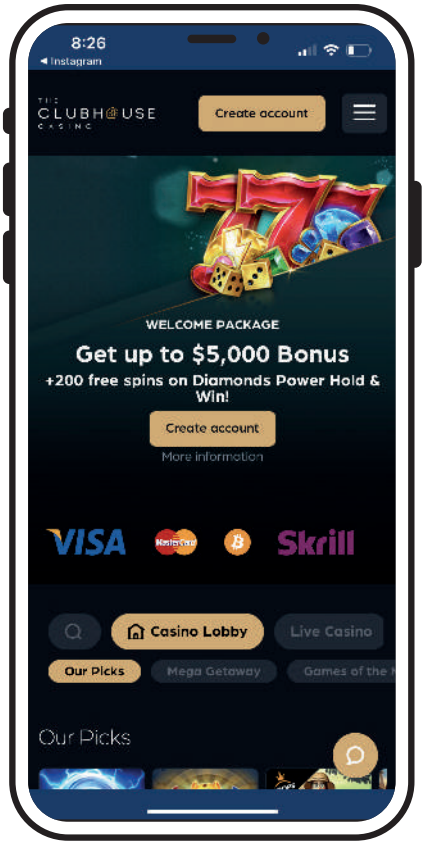
Illegal offshore operators exploit this cost gap by offering:
- Better odds across markets
- Sign-up bonuses (which are prohibited onshore)
- Generous promotions
- Wider product choice, including live-in-play betting.

Survey data confirms these are a strong draw for Australian customers: nearly half of illegal offshore bettors surveyed (48%) cited better odds as their primary reason for choosing illegal sites, and 44% cited more attractive bonus offers as their main motivator. The influence that better odds have in driving people offshore is even more pronounced among racing bettors (54%).

48% CITED BETTER ODDS AS THEIR REASON

for choosing illegal sites, and 44% cited more attractive bonus offers as their main motivator





16. H2 IBIA, *An Optimum Betting Market: A Regulatory, Fiscal and Integrity Assessment*, 2021.

The more governments increase taxation and regulatory costs onshore, the more operator competitiveness declines, leading to less attractive pricing and incentivising players to seek better returns offshore. This not only erodes government revenue and funding for sport and racing but also exposes consumers to greater risks in unregulated environments with fewer protections.

CIRCUMVENTING CONSUMER PROTECTION MEASURES

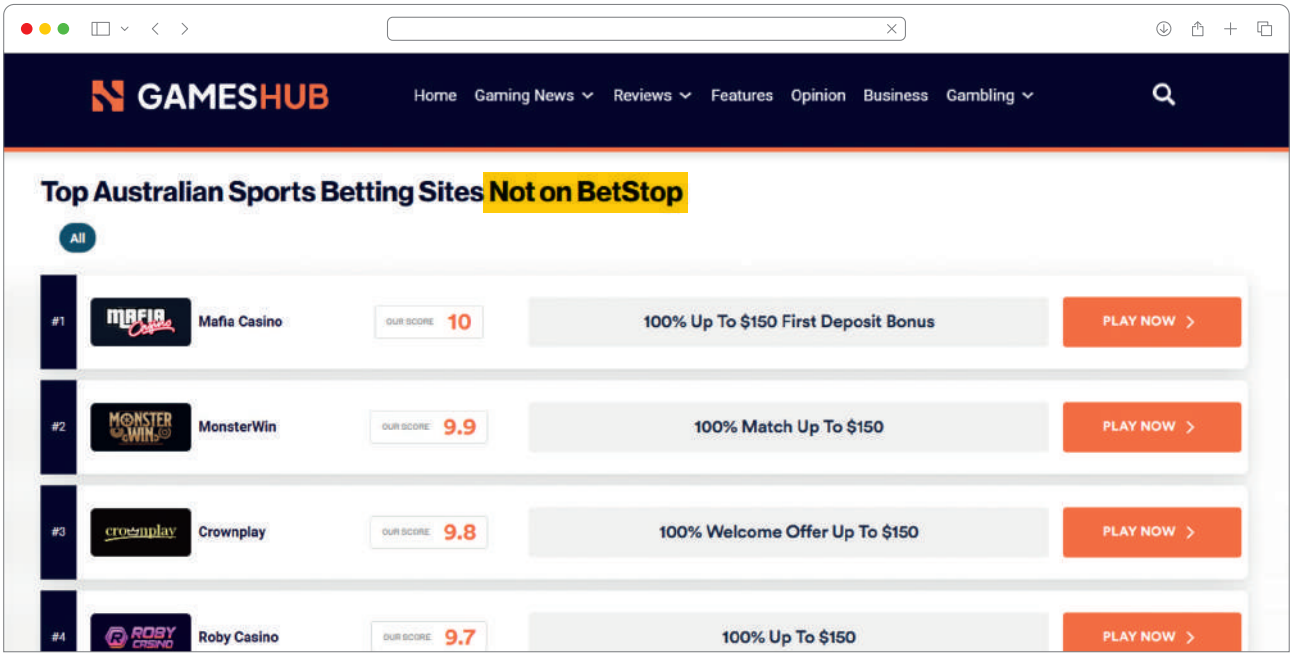
Australia is recognised as a global leader for its safer gambling framework. The National Consumer Protection Framework (NCPF) encompasses measures which include Australia's National Self-Exclusion Register 'BetStop', mandatory activity statements and safer gambling staff training. Yet these protections fail when consumers – and especially those experiencing addiction - can easily bypass them offshore.

BetStop, launched in August 2023, is a highly successful government-led and industry-backed consumer protection measure supporting those who choose to self-exclude. The findings in the consumer survey points to a parallel risk, however, being that illegal offshore operators are deliberately targeting those who have opted out of both betting and receiving marketing materials related to betting, specifically targeting those who have self-identified as needing to take a break or cease betting altogether. The findings are stark:

- **Half of all players who used an illegal offshore site (50%) reported doing so while registered with BetStop.**
- **One in five players using illegal offshore betting sites said being blocked or self-excluded was the key reason they turned to illegal offshore operators.**

This suggests that many self-excluded individuals are not ceasing gambling, but simply shifting their activity to unregulated sites where no self-exclusion, limit-setting or harm minimisation tools exist.

Illegal offshore operators are also actively targeting self-excluded Australians through affiliate websites disguised as gambling 'review' platforms that promote 'non-BetStop' alternatives and receive commissions for every sign-up including from self-excluded consumers. This deliberate recruitment of vulnerable Australians into the unregulated market underscores the urgent need for stronger cross-platform enforcement.



Australia's 2024 ban on credit card and cryptocurrency payments for licensed operators aimed to align online gambling with land-based venues and reduce financial harm. However, survey data shows the measure is easily circumvented: **credit cards remain the most popular method for deposits and withdrawals with illegal offshore sites, used by around 30% of players, which undermines domestic consumer protection measures.**

Australia's regulatory framework is well-intentioned and robust, but its effectiveness is undermined when consumers can easily circumvent protections by moving offshore. Future policy should focus on more collaboration between regulators and licensed operators.

51% OF AUSTRALIAN ONLINE PLAYERS UNAWARE

that online casino and gaming are illegal in Australia

LACK OF CONSUMER AWARENESS

Consumer understanding of which operators are legal and regulated is weakening. The *Murphy Inquiry* (2022-23) and subsequent public debate have placed significant focus on reducing gambling advertising.[17] However, over-restricting advertising can have unintended consequences: when licensed brands lose visibility, consumers are more likely to turn to offshore alternatives.

Survey data highlights this confusion:

- **Among Australian online players, half (51%) are unaware that online casino and gaming are illegal in Australia**
- **44% say they cannot, or are unsure if they can, distinguish between licensed and illegal sites.**

Independent market analysis by Regulus Partners found that marketing is critical to maintaining engagement with the legal gambling market. They estimate that if illegal offshore operators are able to market on a level playing field with licensed operators, a 2–3% leakage to unlicensed sites is 'almost guaranteed'. Regulus warns that consumer-facing regulatory friction (including reduced visibility of licensed offers) weakens channelisation and increases the appeal of unlicensed operators.[18]

Balanced advertising is critical because it signals legitimacy and safer gambling obligations. Illegal offshore operators, unconstrained by regulation, flood digital platforms with influencer marketing and sports imagery, creating a false sense of credibility. If licensed operators cannot communicate responsibly, this informational gap widens.

The ACMA has launched education initiatives, including fact sheets and campaigns warning of the risks of unlicensed sites. A recent example is its joint effort with AUSTRAC under the Fintel Alliance to combat 'scambling', where consumers are lured into illegal gambling via misleading social media ads.[19]

A stronger certification system is also needed to clearly identify regulated operators. Current efforts are underdeveloped, leaving many Australians vulnerable to offshore options. Industry and government should collaborate on visible markers and coordinated campaigns to help consumers easily recognise safe, licensed platforms and reinforce the benefits of staying within the regulated system.

17. House of Representatives Standing Committee on Social Policy and Legal Affairs, *You win some, you lose more,* 2023.

18. Regulus Partners, *Reducing Online Gambling Black Markets: An analysis of international practices used to combat online black markets,* September 2024, p 12 https://www.entaingroup.com/media/zh2n0i0s/regulus-report-2024-black-market-gambling.pdf

19. AUSTRAC Fintel Alliance, *What is Illegal Online Gambling?,* 2025. https://www.austrac.gov.au/sites/default/files/2025-08/Fintel%20Scambling%20Fact%20Sheet.pdf

THREE IN FIVE (60%) AUSTRALIAN ONLINE PLAYERS

reported seeing advertising for illegal offshore gambling

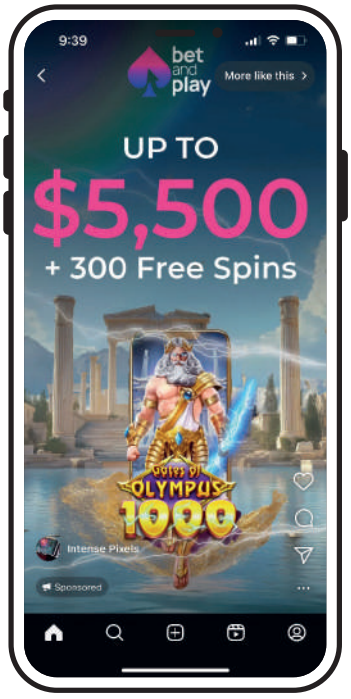
TARGETING AUSTRALIANS THROUGH ADVERTISING AND PROMOTIONS

Illegal offshore gambling is now deeply embedded in Australian's digital landscape. Three in five (60%) Australian online players reported seeing advertising for illegal offshore gambling, most commonly via social media and influencer content.

These operators use aggressive tactics such as exaggerated bonuses, 'risk-free bets' and direct messaging to lure players, including minors. They exploit personal data and betting behaviour to push tailored offers, encouraging higher-risk gambling and drawing people away from regulated environments.

To amplify reach, they increasingly rely on influencers and affiliate networks to create a veneer of legitimacy. Famous social media personalities livestream gambling activity, promote giveaways, and share direct links to illegal offshore sites. Affiliates - once limited to comparison sites - now include bonus aggregators, influencers, and content creators, making social media and app stores key gateways for Australians encountering illegal operators. Illegal offshore operators have been quick to capitalise on these cost-effective, revenue-sharing business models, supplementing them with sports sponsorships to maximise reach.

The scale of this exposure is significant: **three in five Australian online players report seeing ads for illegal gambling, with social media ads (c.25% of those surveyed) and influencer promotions (c.20% of those surveyed) as the most common entry points.** This highlights the effectiveness of intermediaries like social media influencers and affiliates promoting or facilitating illegal activity with little to no consequence.



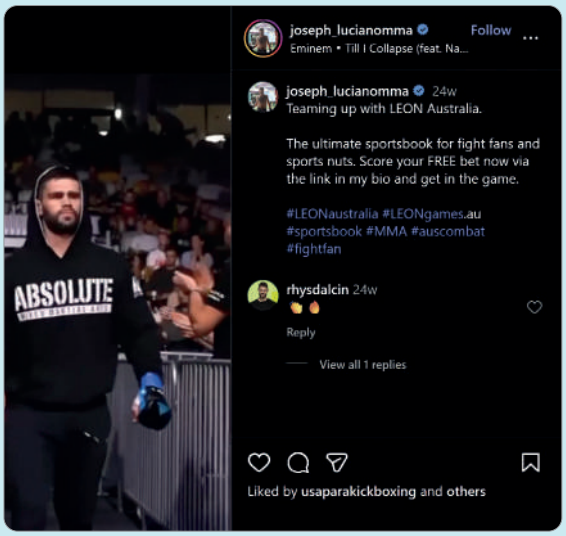
The ACMA publicly raised this in a 2025 enforcement statement as a major concern, warning that influencers that use platforms such as Instagram, TikTok and Facebook to livestream gambling activity, promote giveaways and share direct links, can face civil penalties of up to $59,400 (for promoting or publicising illegal gambling services) and up to $2.475m for facilitating access.[20]

Survey findings also reveal that Australians discover illegal offshore operators through a variety of digital pathways. While web search remains the most common method, a significant proportion of respondents also reported finding these sites via app stores, highlighting the ease with which unregulated gambling products can be accessed on personal devices. This multi-channel digital exposure demonstrates how illegal offshore operators are leveraging the full spectrum of online tools to reach Australian consumers, often bypassing regulatory safeguards entirely.

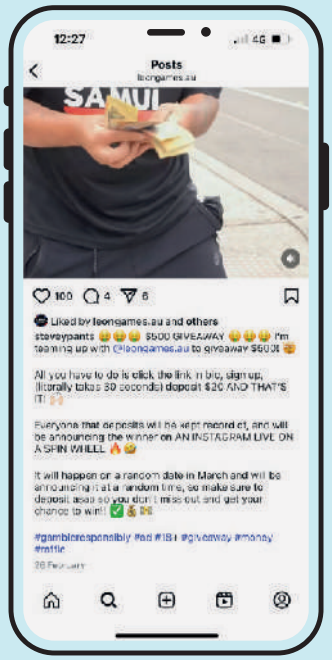
20. Australian Communications and Media Authority, *Warning to social media influencers: promoting illegal online gambling breaks the law,* 24 June 2025 https://www.acma.gov.au/articles/2025-06/warning-social-media-influencers-promoting-illegal-online-gambling-breaks-law

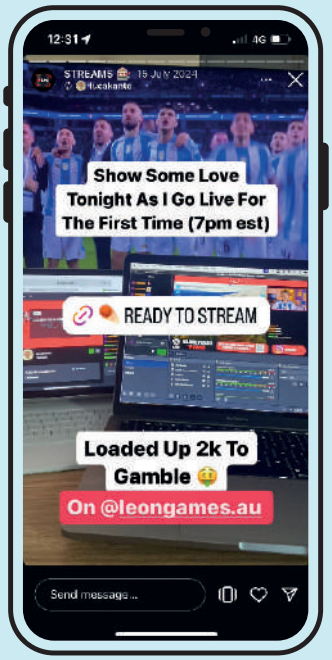
CASE STUDY

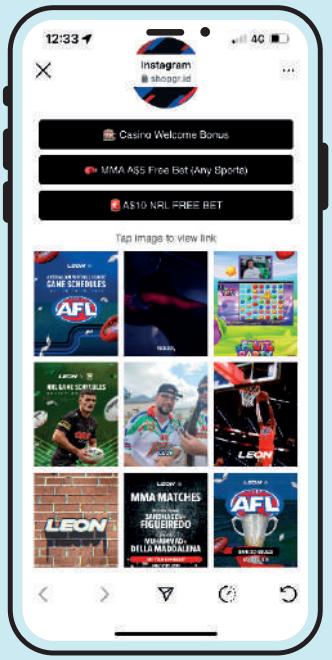
LEON CASINO – AN ILLEGAL ONLINE CASINO AND SPORTSBOOK – ILLUSTRATES THE PROBLEM...

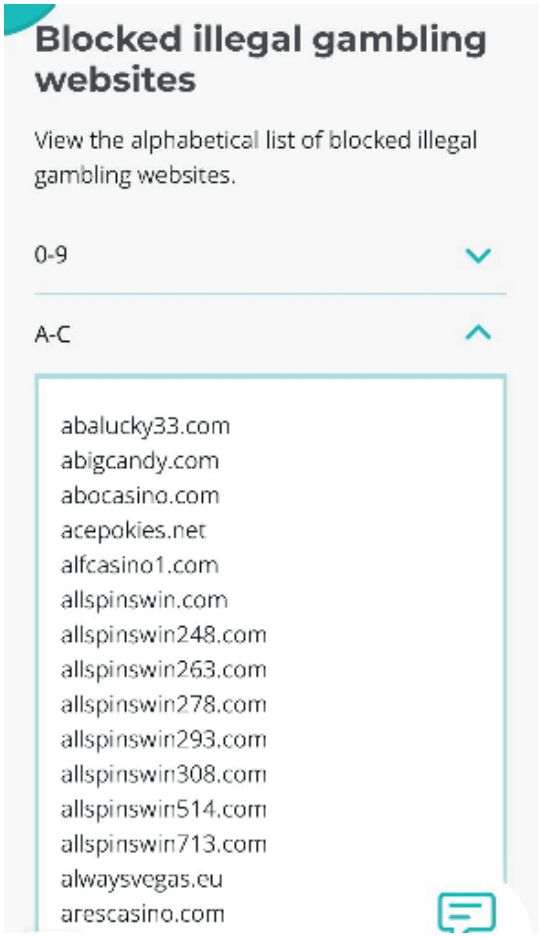


Despite repeated ACMA bans, Leon continues to operate using new URLs, influencer promotions, and an "official" Instagram page that **falsely claims to be Australia's leading sportsbook** since 2008. **It uses Australian sporting code intellectual property despite not paying product fees to these sports,** and local personalities to appear legitimate, despite offering illegal products such as slots and in-play betting. It has even paid Australian athletes to act as brand ambassadors, **promoting illegal offers during major events like UFC Perth.** These tactics create **a false sense of credibility** and successfully attract Australian audiences who may not realise the site is illegal.









INEFFECTIVE ENFORCEMENT AGAINST ILLEGAL OFFSHORE OPERATORS

International best practice shows that effective enforcement requires a coordinated approach - combining dynamic site blocking, payment interdiction and cooperation with financial institutions. These measures, when deployed together, significantly reduce access to illegal platforms. Australia faces challenges in this regard.

Currently, enforcement relies heavily on ISP blocking under the IGA, administered by the ACMA. The ACMA maintains a register of licensed operators and publishes a list of illegal websites that have been blocked.[21] In 2019 the ACMA expanded its efforts by requesting that internet service providers (ISPs) also block Illegal offshore platforms targeting Australian consumers. These requests are made under the *Telecommunications Act 1997*, which imposes a statutory obligation on carriers and carriage service providers to give *"such help as is reasonably necessary".*

While the ACMA's network-layer blocking model has enabled over a thousand domains and URLs to be blocked since 2019, this method is easily circumvented given it depends primarily on third-party telecommunication providers. **Illegal offshore operators routinely launch mirror sites with sequential URLs to stay ahead of detection** (e.g. onexbet.com, onexbet2.com, onexbet3.com), and many blocked sites remain accessible. The **rise of social media and influencer-driven discovery** — particularly among under-25s — further undermines ISP-level disruption.

The ACMA also lacks binding powers over key intermediaries such as social media platforms, search engines, and app stores. It can request cooperation but cannot compel takedowns, leaving illegal advertising and apps widely available. A 2023 case study illustrates the problem: BitStarz - an illegal offshore online casino website - continued running ads on social media even after being formally warned it was breaching the IGA and then blocked by the ACMA.

A major gap in Australia's enforcement framework is an absence of payment blocking. Despite a 2015 Federal Government commitment to explore this measure, survey data shows that most payments to illegal offshore operators still flow through Australian banks and major payment service providers.[22]

A major gap in Australia's enforcement framework is

AN ABSENCE OF PAYMENT BLOCKING

21. Australian Communications and Media Authority, *Check if a gambling operator is legal*, https://www.acma.gov.au/check-if-gambling-operator-legal; Australian Communications and Media Authority, *Blocked gambling websites.*

22. Australian *Government, Government response to the 2015 Review of the Impact of Illegal Offshore Wagering,* April 2016 https://www.dss.gov.au/system/files/resources/government_response_review_illegal_offshore_wagering.pdf

The ACMA has begun trialling more effective strategies, including partnerships with domain registrars, hosting services, and social platforms to remove illegal content at the source. It has also outlined financial transaction blocking as a priority. These approaches - targeting infrastructure rather than chasing mirror sites - are faster, cheaper, and harder to evade.[23] However, progress is limited.

The persistence of blocked sites demonstrates the limits of existing enforcement powers. Continued access to illegal sites erodes consumer confidence in regulation and suggests the need for stronger coordination between communications, financial, and law enforcement frameworks.

PAYMENT OPTIONS AND ANONYMITY

Illegal offshore operators offer **far greater payment flexibility than licensed operators**, including credit cards, e-wallets, cryptocurrencies, prepaid cards, and offshore processors. These methods appeal to consumers seeking diverse options, convenience or discretion, and can enable gambling beyond their financial means.

Survey data shows no single method dominates - credit cards remain most common (28% and 33% for deposits and withdrawals respectively), followed by bank transfers, debit cards, Apple Pay and Google Pay, online wallets, prepaid cards and cryptocurrencies all actively used. This diversity of options is a key enabler for illegal offshore operators. While only 8% of respondents cited cryptocurrency as a reason for choosing illegal offshore sites, **two-thirds (66%) of that group rated it as critically or very important to their decision to gamble offshore** – highlighting its influence on a niche but high-risk segment.

Anonymity is another attraction. For some, avoiding any identity checks is a decisive factor, even if not widespread. This anonymity also creates serious integrity risks: offshore platforms can facilitate match-fixing and money laundering, with no oversight or verification requirements. The absence of monitoring and data sharing makes it easier for illicit actors to profit undetected, undermining both consumer protection and the integrity of sport and racing.

23. Australian Communications and Media Authority, *ACMA compliance priority 2024–25: Continuing our focus on interactive gambling safeguards,* October 2025.

SECTION 03: KEY RISKS AND IMPLICATIONS

03

HEADLINE FINDINGS

- **Illegal offshore sites offer no consumer protections, no safeguards, and no accountability – and two-thirds of Australian online players believe illegal offshore gambling exposes them to harm through their products and promotions.**
- **Over the five-year period 2025 to 2029, total leakage from lost tax and product fees is forecast at $2.7b - with annual leakage projected to rise each year - reaching $585m by 2029.**
- **Racing faces annual losses of $110–135m, jeopardising the sport's sustainability and local jobs.**
- **The sports industry is losing out on revenues of $30-40m per year because of betting spend with illegal offshore sites.**
- **Illegal betting increases the risk of match-fixing and manipulation, increasing the cost of integrity operations, investigations and insurance for sporting codes.**



CONSUMER HARM

Illegal offshore betting growth exposes Australian consumers to significant and growing risks. Unlike licensed operators, illegal offshore sites offer no consumer protections, no safeguards, and no accountability.

Illegal offshore operators are not required to provide deposit limits, self-exclusion tools, activity statements or ban credit cards and sign-up bonuses as required by Australian licensed and regulated providers who are bound by the NCPF. **An analysis of offshore websites and H2 survey data shows the vast majority of players on illegal offshore sites have not been offered a safer gambling tool or observed safer gambling messages.**[24] This contrasts with licensed operators who proactively fund and advocate for safer gambling initiatives for their customers and promote BetStop.

ILLEGAL OFFSHORE SITES OFFER NO CONSUMER PROTECTIONS

no safeguards, and no accountability

Both the ACMA and AUSTRAC have publicly stated that illegal offshore services offer minimal, if any, consumer protections. Academic research consistently shows that consumers are more likely to display risky gambling behaviours when engaging with illegal offshore sites, including higher expenditure and chasing losses.[25] This was underscored in H2's survey which found that two-thirds of players considered that illegal offshore gambling exposes Australian online players to harm through their products and promotions.

Legal recourse is virtually non-existent. Players who experience withheld winnings, frozen accounts, or fraud cannot seek assistance through Australian regulators or complaint channels. Only one-third of offshore players knew where to go in a dispute. In contrast, licensed operators actively monitor customer behaviour and intervene when harm indicators appear - through deposit limits, proactive contact, or account closures. Illegal offshore operators do the opposite: they use behavioural data to target vulnerable players with offers designed to increase gambling, not reduce risk.

This lack of oversight and intervention increases the risk of gambling harm, financial loss, and social harm, while shifting the burden of support and recovery onto families, communities, and government-funded services.

GOVERNMENT AND THE AUSTRALIAN ECONOMY

The growth of Illegal offshore betting is having a pronounced and escalating financial Impact on state governments and the broader economy. **H2's latest analysis estimates that annual lost tax and product fee revenue for 2025 will reach $491m.** Of this, $347m represents foregone tax revenue and $171m lost product fees owed to sports and racing authorities. **Over the five-year period from 2025 to 2029, the total leakage is forecast at $2.7b including $2b in lost tax revenue for governments. Annual losses are expected to rise each year, reaching $585m by 2029.**[26]

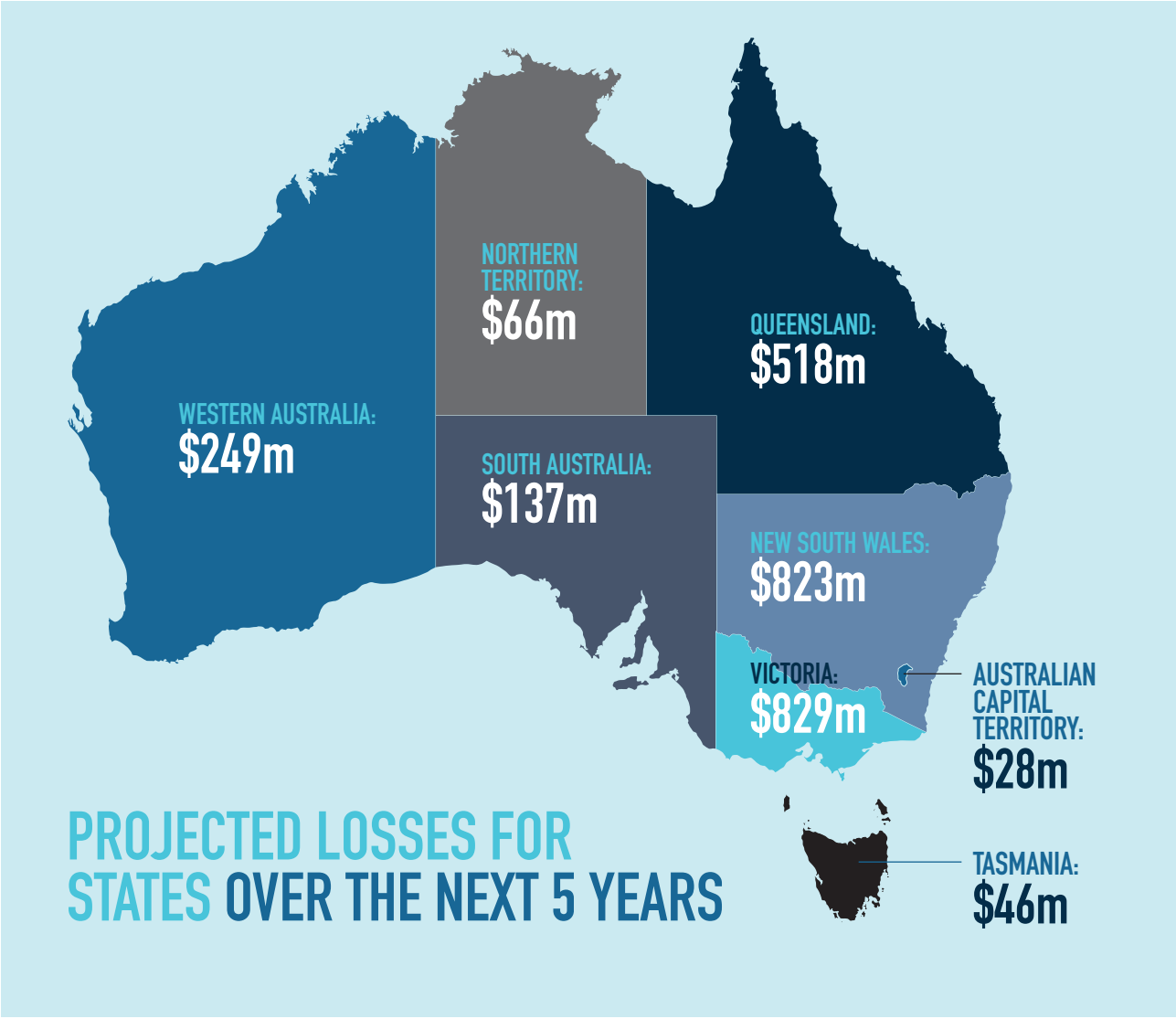
The greatest losses fall on state governments, which rely on Point of Consumption Tax (POCT) and racing levies to fund essential services and harm minimisation programmes. Victoria, NSW and Queensland will bear the heaviest impacts, with projected losses of $829m, $823m and $518m respectively over the next five years. As betting migrates offshore, governments face rising social costs linked to gambling harm without access to the revenue streams designed to offset them.

24. Australian Communications and Media Authority, *Protect yourself from illegal gambling operators,* https://www.acma.gov.au/protect-yourself-illegal-gambling-operators

25. Professor Sally Gainsbury, *Safeguarding Wagering Integrity and Public Health: A Psychological Perspective on Safer Gambling and Offshore Betting Harms, August 2025, p 3* https://www.ifhaonline.org/AibResources/Bulletins/August%202025%20Bulletin.pdf

26. See Table 5 in Appendix.

These figures highlight the growing fiscal risk: reduced government revenue means diminished funding for public health initiatives and community programmes. Moreover, Australia's regulated betting industry supports approximately 32,000 jobs and continued leakage threatens employment and local investment.



SPORT AND RACING FUNDING AND INTEGRITY

$789m

in lost product fees over the next five years

The illegal offshore betting market poses a significant and growing threat to the financial stability and integrity of Australian sport and racing.

Australia's onshore betting system is unique in requiring operators to negotiate with over 30 individual sporting and racing bodies for product fee agreements in return for offering bets. Product fees are a critical source of income which fund integrity units, prize money, officiating, and grassroots development. When betting shifts offshore, these payments stop entirely, cutting off a key funding source for Australian sport and racing.

H2 estimates that offshore betting will cost Australian sporting and racing authorities around $789m in lost product fees over the next five years or circa $158m annually.

Racing faces annual losses of $110–135m, jeopardising the sport's sustainability and local jobs.[27]

The sports industry in Australia is losing out on revenues of $30-40m per year because of betting with illegal offshore operators.

Major sporting leagues such as the AFL and NRL risk losing tens of millions in funding that supports operations, community programmes, and grassroots sport. Broadcasters and media companies also suffer as compliant advertising spend declines, while illegal operators fill the void with unregulated promotions. **This erosion of legitimate funding streams compromises the integrity and sustainability of Australia's sporting ecosystem.**

Falling onshore betting turnover is already placing pressure on race clubs and authorities, many of which have reported declining revenue and are now diversifying into non-racing events and property development to stay viable. As more customers migrate offshore, this trend is expected to worsen.

RACING FACES ANNUAL LOSSES OF $110–135m

jeopardising the sport's sustainability and local jobs

27. Calculated on the basis that racing fees represent around 12.5% of total wagering Net Win.

INTEGRITY AND ORGANISED CRIME

Beyond financial losses, illegal offshore betting threatens the integrity of Australian sport and racing.

Licensed operators share betting data with regulators and sporting codes, enabling detection of suspicious patterns and supporting integrity units. **Illegal offshore operators, by contrast, operate outside these frameworks and do not share data with regulators or follow integrity protocols, making it harder to detect suspicious betting patterns and increasing the risk of match-fixing.**

Sport Integrity Australia - the national agency responsible for safeguarding the integrity of Australian sport - has warned, that "while domestic regulation is important, many of the more concerning betting markets exist offshore, where we have limited ability to intervene. These markets can include types of bets that are more vulnerable to manipulation, and they present an ongoing risk regardless of how we regulate locally."[28]

Other regulatory bodies and organisations such as the International Federation of Horseracing Authorities (IFHA) share the sentiment that this lack of transparency undermines public confidence in sports outcomes and weakens integrity systems.[29] On average, the Australian-licensed online betting industry provides approximately 700 integrity reports to sport and racing codes each year.

The consequences are tangible. **Illegal betting increases the risk of match-fixing and manipulation, increasing the cost of integrity operations, investigations and insurance for sporting codes. It also erodes fan trust, which can suppress fan engagement and by extension, media rights values.** H2's analysis highlights that as offshore betting grows, the financial and operational burden on integrity units will rise sharply, diverting resources from grassroots development and community programmes.

This integrity threat is not confined to Australia. International evidence shows that unregulated gambling markets are a key enabler of match-fixing and organised crime. The European Commission has warned that "*match-fixing is an international phenomenon and is often linked to gambling, with criminal networks exploiting unregulated gambling markets"*.[30] Similarly, the United Nations Office on Drugs and Crime (UNODC) reported in 2022 that illegal sports betting platforms are increasingly used to launder criminal proceeds through opaque payment systems and cryptocurrencies. These transnational flows exploit regulatory gaps between jurisdictions, reinforcing money-laundering and integrity risks in sport.[31]

Illegal offshore operators also undermine Australia's broader financial system. **Operating entirely outside domestic tax and anti-money laundering frameworks, they offer anonymity and untraceable payment methods that conceal the movement of illicit funds.** These platforms facilitate match-fixing and corruption, damaging the reputation of Australian sport and reducing public trust in legitimate betting operators. The convergence of gambling harm, integrity risks, and organised crime underscores that illegal offshore betting is not merely a consumer issue — it is a systemic threat to Australia's regulatory framework, public finances, and sporting integrity.

28. Reuters, *Australia sets up taskforce to combat match-fixing at Women's Asian Cup*, October 2025, https://www.reuters.com/sports/soccer/australia-sets-up-taskforce-combat-match-fixing-womens-asian-cup-2025-10-09/

29. Professor Sally Gainsbury, *Safeguarding Wagering Integrity and Public Health: A Psychological Perspective on Safer Gambling and Offshore Betting Harms,* August 2025, p 3 https://www.ifhaonline.org/AibResources/Bulletins/August%202025%20Bulletin.pdf

30. European Commission, *Fighting Match Fixing,* 2022 https://sport.ec.europa.eu/policies/sport-and-integrity/fighting-match-fixing

31. United Nations Office on Drugs and Crime, *Global Report on Corruption in Sport: Illegal Betting and Sport,* https://www.unodc.org/documents/corruption/Publications/2022/Global_Report_on_Corruption_in_Sport_Chapter_9.pdf

RECOMMENDATIONS

To address the challenges set out in this report, we have set out below a coordinated reform agenda that H2 believes is necessary if Australia wants to strengthen its enforcement and consumer protection framework.

Importantly, tackling the illegal offshore market will require collaboration, not only from government and regulators, but also from banks, technology platforms, wagering service providers and sporting bodies, to close enforcement gaps and keep Australians betting safely within the licensed system.

04

SUSTAINABLE AND COMPETITIVE ONSHORE MARKET

Australia's tax burden on licensed operators — 40% of GGR or 54% of Net Win — is among the highest globally, well above the optimal range of 15–20%. Over-taxation and overly restrictive consumer protection and marketing measures drive players offshore, weakening channelisation and reducing government revenue.

Australia should maintain globally competitive tax settings and consider further consumer protection reforms that minimise the risk of harm but without unintentionally strengthening the illegal offshore market.

01

RECOMMENDATION: Maintain competitive tax rates aligned with international best practice. When considering further marketing and consumer protection reform, policymakers and regulatory bodies should ensure reforms are evidence-based and effective in minimising the risk of harm while reducing the risk of further increasing illegal offshore gambling.

COORDINATED BLACKLISTING AND BLOCKING FRAMEWORK

The ACMA's current ISP-based blocking is fragmented and easily bypassed by mirror sites, social media advertising, and app-store listings. Enforcement lacks statutory powers over platforms and payment systems, leaving consumers exposed.

The Government should establish a centralised, real-time enforcement backbone that triggers coordinated action across ISPs, payment service providers, social media platforms, search engines and app stores.

When the ACMA designates a site as illegal under the IGA, that designation would trigger obligations for intermediaries to block access, halt payments, and remove or de-index associated content within strict time frames (e.g. 48–72 hours).

Closer coordination between the ACMA and state and territory gambling regulators would strengthen detection and enforcement against illegal offshore gambling. The onshore online betting sector should support this framework by sharing intelligence with the ACMA.

02

RECOMMENDATION: Establish a National Illegal Gambling Blacklist Platform (NIGBP) to centralise all illegal gambling domains, mirror sites, and related app identifiers in one database managed by the ACMA. When a site or app is listed, intermediaries (banks, payment service providers, ISPs, social media, search engines, app stores) take enforcement action.

How it can work:

- **The ACMA signs Memorandums of Understanding with all state and territory gambling regulators for two-way information sharing and coordinated enforcement.**
- **Licensed onshore online betting operators provide the ACMA regular intelligence updates on illegal offshore gambling activity and tactics.**
- **AUSTRAC share payment intelligence merchant data with the AMCA.**

PLATFORM BLOCKING AND CONTENT REMOVAL

The ACMA currently lacks statutory powers to compel the removal of illegal gambling content across social media, app stores, and search engines.

The eSafety Commissioner's (the Commissioner) enforcement powers under the *Online Safety Act 2021* (OSA) could be extended to cover illegal gambling content given the Commissioner already has statutory powers to issue binding removals for a range of harmful online content.

The OSA could be amended to allow the Commissioner's enforcement powers to be engaged whenever a service or domain is determined as illegal by the ACMA under the IGA, including inclusion on the proposed NIGBP.

This joint ACMA-eSafety structure mirrors the existing approach where the IGA defines the offence and section 313 of the *Telecommunications Act 1997* provides the blocking pathway, but modernises it by replacing a narrow, network-layer tool with a comprehensive, multi-platform enforcement framework that allows faster and more comprehensive disruption of illegal offshore gambling content.

Although the NIGBP would strengthen and streamline the eSafety Commissioner's enforcement role in coordinated content removal, establishing this joint model remains an effective way to close a critical enforcement gap even in the absence of a NIGBP.

03

RECOMMENDATION: The Federal Government empower the eSafety Commissioner to issue binding removal, link-deletion, app-removal and ISP-blocking notices for illegal offshore gambling sites and content flagged by the ACMA under the IGA, including when listed on the proposed NIGBP.

PAYMENTS BLOCKING

Most illegal offshore gambling transactions flow through Australian banks and major payment service providers, creating a critical enforcement gap.

Payment blocking on Australian financial institutions and providers can be one of the more effective tools to disrupt the flow of funds to illegal offshore gambling services. Specifically, mandating Australian banks to block payments from their customers to operators or merchants listed on the proposed NIGBP.

The Federal Government, through Treasury and AUSTRAC, could implement this obligation through amendments to the framework established by the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006.* These amendments could require all financial institutions, but in particular banks, to block transactions linked to

merchants listed on the NIGBP irrespective of method used, supplemented by AUSTRAC-issued identifiers for known illegal offshore entities.

To prevent circumventions, major domestic wallets, prepaid card issuers and large non-bank payment services should also be required to apply the same restrictions. This would capture commonly used payment alternatives such as stored-value cards and digital wallets.

This would build on the collaborative model between the ACMA and AUSTRAC through the Fintel Alliance Micro-Laundering and Illegal Gambling project, scaling it from an intelligence-led initiative to a coordinated and comprehensive payment blocking regime.

While a national blacklist platform is the best way to coordinate payment blocking across all intermediaries, payment interdiction can and should move forward even if the platform is not established.

04 RECOMMENDATION: Banks and major payment service providers be required to block transactions linked to illegal offshore operators and merchants, including when listed on the NIGBP.

How it can work:

- **Extend blocking obligations to major domestic wallets, pre-paid card products and other non-bank payment services.**
- **Include PSPs operating in Australian and international markets to enable data-sharing on attempted or suspicious transactions**
- **Establish a centralised gambling-related transaction watchlist for use by entities regulated by the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006,* including financial services businesses.**

The rapid expansion of cryptocurrency gambling requires specific attention. Exchanges operating in Australia could be obligated, under updated AUSTRAC guidance, to prevent transfers to wallets associated with illegal gambling and implement enhanced KYC / AML controls when customers transact with gambling-related addresses. Blockchain analytics could also support tracing and enforcement.

05 RECOMMENDATION: AUSTRAC issue guidance to crypto exchanges on detecting and reporting gambling-linked wallets.

The National Self-Exclusion Register (NSER), also known as BetStop, is a cornerstone of consumer protection in Australia, yet its effectiveness is being undermined by illegal offshore gambling and their affiliate marketing tactics.

To further close the enforcement gap, an additional measure could involve integrating BetStop with payment blocking systems so that self-excluded individuals are automatically prevented from depositing to gambling operators and merchants listed on the NIGBP.

06 **RECOMMENDATION: The Federal Government assess options to integrate the National Self-Exclusion Register with payment monitoring systems to block transactions from individuals registered with BetStop to operators and merchants listed on the NIGBP.**

CONSUMER AWARENESS AND EDUCATION

Many Australians cannot distinguish licensed operators from illegal offshore sites, leaving them vulnerable to predatory practices. Awareness of the risks and legality of offshore gambling remains low.

Public education plays an essential role in helping Australians understand the risks of illegal offshore gambling and the importance of using licensed services.

The online betting industry should work with state and territory regulators to establish, support and co-fund a national certification scheme that clearly distinguishes licensed Australian operators from illegal offshore providers. A visible certification mark that is displayed across websites, apps, and advertising would allow consumers to easily identify legitimate operators that comply with Australia's consumer protection and integrity standards.

Similar verification schemes in the UK and Denmark have proven highly effective in improving consumer understanding and keeping activity within the regulated system. Implementing such a scheme in Australia would close a key awareness gap, strengthen harm-minimisation outcomes, and reduce the reach of illegal offshore operators.

In addition, the Federal Government should provide dedicated funding for the ACMA to deliver a sustained, nationally coordinated public-education campaign to accompany the launch of the NIGBP. Public messaging should direct consumers to the NIGBP and the ACMA's list of licensed operators and explain the dangers of illegal offshore gambling and the link between illegal operators and loss of consumer protection.

07 **RECOMMENDATION: The licensed online betting industry work with Federal and state and territory regulators to introduce a national certification scheme and promote consumer awareness.**

08 **RECOMMENDATION: The Federal Government partners with industry to deliver a nationwide consumer awareness campaign to coincide with the rollout of the NIGBP to educate consumers on how to check for the legality and safety of online gambling sites.**

MARKETING RESTRICTIONS

Illegal offshore operators exploit gaps in digital advertising verification, flooding social media and search platforms with illegal promotions.

Search engines and social media platforms could introduce a process to verify Australian gambling advertisers against a central registry and enforce takedown powers for illegal content, using a central Gambling Advertiser Verification API.

09 **RECOMMENDATION: Search engines, social media platforms and other digital advertisers develop a Gambling Advertiser Verification API which could be maintained and mandated by the ACMA.**

SPORTS/RACING CONTENT POLICING

Illegal offshore operators rely on official Australian sports and racing data to compile markets and offer live betting.

Sport and racing bodies hold direct agreements with data service providers which permit those providers to on-license data to third parties including online betting operators. These data providers generally include licence-warranty clauses in their contracts with betting operators, requiring buyers to confirm they are appropriately licensed and compliant with local wagering laws. However, these provisions are contractual only and monitoring and enforcement rest on the data service providers. In practice, enforcement is limited.

A more effective approach would move the compliance obligation upstream, to the point where sporting and racing bodies make the supply of their data, to data service providers, conditional on the provider only on-licensing data to licensed betting operators. Sport and racing bodies would then be responsible for ensuring that their contracted data providers meet this condition and only on-license data to wagering operators that hold an Australian licence.

This approach would help ensure that access to official data is restricted to regulated entities and minimise opportunities for unlicensed or illegal operators to use the data.

It could be strengthened through legislative requirements prohibiting the supply of Australian sports or racing data for betting purposes to any operator that is not licensed in Australia. This would materially strengthen enforceability of these contractual conditions and reduce the availability of official data to illegal offshore operators.

Whilst these measures would substantially reduce access to official data through formal channels, they would not address situations where illegal operators obtain data through unauthorised means, such as scraping online sources - activity which is significantly harder for governments to regulate.

10

RECOMMENDATION: Establish a national framework ensuring that official Australian sports and racing data is supplied only to licensed betting operators.

- **Sport and racing bodies include contractual terms in their data rights and integrity agreements making the supply of official data conditional on it being on-licensed only to licensed betting operators.**
- **To strengthen enforceability, the Federal Government could prohibit the supply of official Australian sports or racing data for betting purposes to any operator not licensed in Australia.**

INTERNATIONAL COOPERATION

Illegal offshore gambling is inherently transnational and domestic measures alone cannot fully address the threat.

Establishing bilateral agreements with jurisdictions that actively pursue illegal offshore operators could enable greater intelligence-sharing and coordinated enforcement.

The ACMA has established information-sharing arrangements with the Australian Taxation Office, the New Jersey Division of Gaming Enforcement, and the Netherlands Gaming Authority, allowing the sharing of information on matters of common interest. The ACMA is also a member of International Association of Gaming Regulators (IAGR) which supports cross-border intelligence and facilitates coordinated disruption of illegal operators' financial networks, including formation of an Illegal Gambling Working Group to further its efforts.

The Federal Government should expand on this and establish bilateral and multilateral partnerships for intelligence-sharing, joint investigations, and coordinated takedowns with key jurisdictions like-minded to Australia. These agreements would enable reciprocal recognition of enforcement orders and faster action against illegal offshore operators targeting Australians. International Memorandums of Understanding (MOUs) with other nations with a similar regulatory framework to Australia could assist to facilitate greater data sharing and mutual enforcement of bans or takedowns.

11

RECOMMENDATION: The Federal Government negotiate bilateral enforcement agreements with key offshore jurisdictions and establish MOUs with major illegal offshore gambling jurisdictions for mutual enforcement.

APPENDIX

H2 MARKET SIZING METHODOLOGY

H2's market sizing methodology is evolving all the time, and over the last twelve months, we have updated our offshore market calculations to add a further layer of analysis which incorporates direct customer search and affiliate market use data, alongside more traditional site / mobile app visitor traffic. We also now run our own proprietary B2C player surveying to test illegal site use (and the reasons why) in a market first hand.

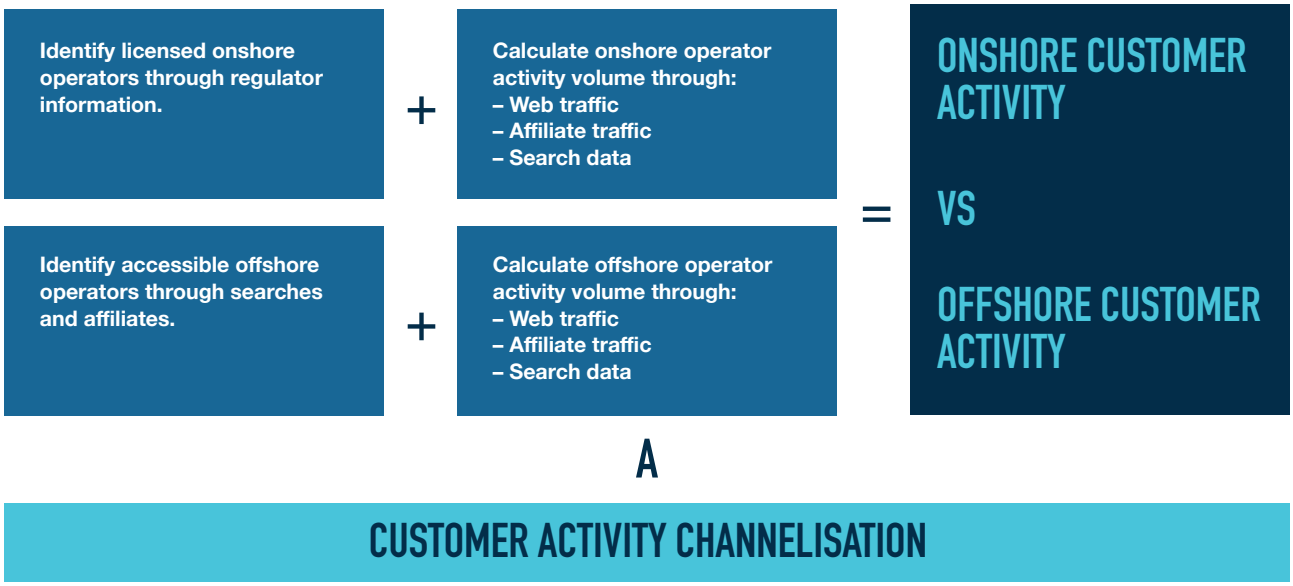
These enhancements improve the overall accuracy of our estimates as we are in effect splitting our approach into two key parts. Firstly, we estimate the **'Customer Activity Channelisation'** in a market – that is to say, the relative share of customer activity with onshore sites versus illegal offshore sites. Once we have this, we then apply a revenue co-efficient to those onshore and offshore sites, in order to estimate their **'Gross Win / GGR Channelisation'**. We believe using a combination of these two analyses, plus the findings of any player surveys we may run (and any other relevant source material publicly available in the market), makes for a much more robust offshore market sizing methodology than previously.

In terms of our definition of **'offshore'**, we include any online gambling activity that is generated by any operator not locally licensed within Australia. This can therefore incorporate both 'grey' (licensed elsewhere) and 'black' (unlicensed) market operators.

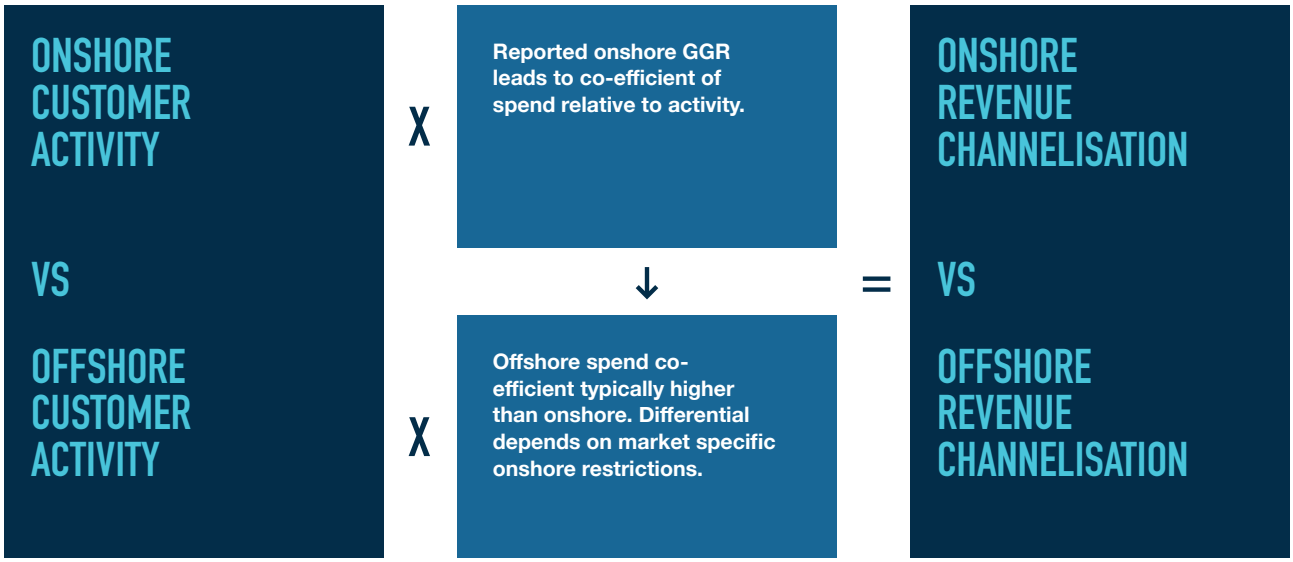
For **key data inputs**, H2 primarily draws on:

- Actual reported revenues shared by regulators and / or licensed operators in a market.
- Estimated onshore operator activity volume through web traffic data, adjusted for bounce rate and time spent on site.
- Affiliate traffic, generated by analysing over 3m iGaming key words across 138m unique affiliate pages in over 80 countries, which then tracks over 33,000 affiliates and 12,000 iGaming brands
- Amount of web search data for each site.
- Core H2 listing of a few hundred known mid-sized offshore sites that are likely present in multiple markets.
- Adding a co-efficient (different estimate for each market) for the revenue per visit for offshore sites vs. onshore sites.
- H2 proprietary survey data of local market online gambling players, including data on player spend and the use of offshore sites.

H2 'Customer Activity Channelisation' Methodology



‘Gross Win / GGR Channelisation’ Methodology



Source: H2 Gambling Capital, 2025

PLAYER SURVEY

As part of this analysis, H2 used a third-party specialist market research company to conduct its own player research of Australian adult citizens over a three-week period during October 2025. A total sample size of 4,160 players was surveyed to ensure a 99% confidence level in the findings, at a 2% margin for error.

PLAYER SURVEY METHODOLOGY

The methodology used was a random sampling approach with set quotas to ensure the census population was represented typically for age, gender and state / territory. To further reflect the subject area, the sample size was then appropriately skewed to reflect online gambling players Because the survey intentionally includes active online players, results describe the behaviour of the population most affected by regulatory changes.

Based on the responses to the survey, combined with H2’s offshore market GGR estimates, we have estimated both the number of adults using illegal gambling sites, and the average spend per user on these sites. Importantly, the analysis also gives us key insights into the main reasons why Australians choose to use the illegal market.

H2 CREDENTIALS & TERMINOLOGY

H2 CREDENTIALS

H2 – a sector-specialist analyst company headquartered in the UK - is widely recognised as the leading authority regarding market data and intelligence on the gambling industry. Together, our analysts have been tracking and forecasting the value of the sector since the mid-2000s. We have strong professional credibility and impartiality, and positive track record of delivering reports which stand up to scrutiny from a variety of stakeholders. Our services are regularly used as part of operator / supplier market analysis and also for policy formulation in the sector. Our independent analyses have helped many regulators and also governments in several countries develop both improved regulation and optimum market trading conditions within their jurisdictions.

The intelligence generated by H2's proprietary tracking and forecasting model is easily the most quoted source regarding the sector in published company reports, transaction documentation and buy- and sell-side analysts' notes, as well as in the trade / business media. The H2 core model now covers 175+ jurisdictions in over 100 countries and collates and compiles data via key **primary sources** that include:

- *Actual published primary / secondary market and organisation data*
- *Knowledge / assessment of the supply side by product vertical*
- *H2's own in-house tracking of activity*
- *Ongoing contact with private organisations / investors, including subscriber feedback*
- *Knowledge / opinion of third parties - including providers and other industry analysts.*

Market forecasts are based on a number of key **secondary drivers** including:

- *Maturity of product*
- *Expected product development*
- *GDP / broadband / mobile growth*
- *Benchmarked markets*
- *Incorporating the impact of past and expected legislation.*

H2 is partnered with Clarion Gaming and *iGaming Business* in the trade media and the International Betting Integrity Association within sports betting integrity. H2's data is also regularly quoted in much of the leading media outlets worldwide including *Bloomberg, The Economist, Forbes, BBC, Thomson Reuters, The FT, The New York Times* and *ESPN*. **h2gc.com**

H2 TERMINOLOGY

Products

Terminology does vary throughout the industry. We breakdown the gambling market as follows:

Betting / Wagering	Betting (also known as wagering) on the outcome of a horse race or sports competition or other event or process; the likelihood of anything occurring or not occurring; or whether anything is or is not true.
Gaming	Covers all 'real money' gaming activity that takes place with a licensed land-based or online casino – including table games (roulette, blackjack etc.), gaming (slot) machines and bingo. It should be noted that 'fake money' (social / free-to-play) gaming also exists online but is not covered by this definition - i.e. games that simulate gambling use virtual credits, coins or tokens but which cannot be exchanged for real cash.
Lotteries	Random number draw games or instant ticket / scratch cards offered by national or society / charity lotteries.
Land-based	Physical gambling activity at licenced premises, including bets over telephone.
Online	Activity that takes place via the internet (i.e. computer, mobile, iTV). May also be termed: interactive, digital, remote, iGambling or iGaming.
Mobile	Any activity using a device with a mobile operating system i.e. smartphone handset or tablet.
Channelling	Percentage of the online market that is via its onshore licensed operators.
CAGR	Compound Annual Growth Rate - the mean annual growth rate over a specified period of time longer than one year.

OFFSHORE / ILLEGAL

Definitions of illegal, offshore or unlicensed market gambling do vary from jurisdiction to jurisdiction. Some commentators categorise gambling spend into three markets - activity where the operator is licenced onshore in the same jurisdiction as the player is located (aka **'white market'**); activity where the operator is licensed offshore in a different market (aka **'grey market'**), or activity where the operator is completely unlicensed or illegal (aka **'black market'**). H2's standard definition of **offshore** or illegal gambling combines both grey and black market activity (where the latter can be sized). We also note it can be both online and land-based, though the former is the most common.

GROSS WIN / GGR

H2 utilises the **'gross win'** or **'gross gaming revenue' (GGR)** metric (i.e. stakes less prizes, but including any bonuses played) to value the gambling sector. This is due to the fact that across different product verticals, geographies and market channels pay-out rates are all different. Gross win or GGR also provides a much better reflection of operators' top line revenue as opposed to stakes, which can include the same money that has been recycled a number of times in many of the product verticals.

DATA TABLES

The following tables underpin the figures, graphs and forecasts referenced throughout this report.

Table 1: Australia Total Online Betting and Gaming 2019-24

GGR ($m)	2019	2020	2021	2022	2023	2024	2019-24 CAGR
Onshore Betting	3,818	5,161	6,970	7,430	7,066	7,037	13.0%
Offshore Betting & Gaming	1,465	2,082	2,413	2,682	4,052	3,893	21.6%
Total Online Betting & Gaming	**5,283**	**7,243**	**9,383**	**10,113**	**11,118**	**10,930**	**15.6%**
Channelling Rate – % Onshore Betting & Gaming	**72%**	**71%**	**74%**	**73%**	**64%**	**64%**	**-7.9%**

Source: H2 Gambling Capital, November 2025

Table 2: Australia Forecast Total Online Betting and Gaming 2024-29e

GGR ($m)	2024	2025e	2026e	2027e	2028e	2029e	2024-29 CAGR
Onshore Betting	7,037	6,982	7,204	7,375	7,544	7,714	1.9%
Offshore Betting & Gaming	3,893	3,929	4,209	4,467	4,729	4,997	5.1%
Total Online Betting & Gaming	**10,930**	**10,911**	**11,413**	**11,842**	**12,273**	**12,711**	**3.1%**
Channelling Rate – % Onshore Betting & Gaming	**64%**	**64%**	**63%**	**62%**	**61%**	**61%**	**-3.7%**

Source: H2 Gambling Capital, November 2025

Table 3: 2025 H2 RWA Market Analysis: Australia Total Online Betting 2019-24

2025 ANALYSIS: GGR ($m)	2019	2020	2021	2022	2023	2024	2019-24 CAGR
Onshore Betting	3,818	5,161	6,970	7,430	7,066	7,037	13.0%
Offshore Betting	693	911	1,090	1,086	1,359	1,237	12.3%
Total Online Betting	**4,511**	**6,072**	**8,061**	**8,516**	**8,425**	**8,273**	**12.9%**
Channelling Rate – % Onshore Betting	**85%**	**85%**	**86%**	**87%**	**84%**	**85%**	**0.4%**

Source: H2 Gambling Capital, November 2025

Table 4: 2023 H2 RWA Market Analysis: Australia Total Online Betting 2019-24e

2023 ANALYSIS: GGR ($m)	2019	2020	2021	2022e	2023e	2024e	2019-24 CAGR
Onshore Betting	3,608	4,584	6,034	6,585	6,737	7,209	14.8%
Offshore Betting	968	939	1,122	1,131	1,115	1,114	2.8%
Total Online Betting	**4,576**	**5,523**	**7,156**	**7,716**	**7,852**	**8,323**	**12.7%**
Channelling Rate – % Onshore Betting	**79%**	**83%**	**84%**	**85%**	**86%**	**87%**	**7.8%**

Source: H2 Gambling Capital, April 2023

Table 5: Australia Forecast Online Betting Only 2024-29e

GGR ($m)	2024	2025e	2026e	2027e	2028e	2029e	2024-29 CAGR
Onshore Betting	7,037	6,982	7,204	7,375	7,544	7,714	1.9%
Offshore Betting	1,237	1,228	1,294	1,351	1,407	1,463	3.4%
Total Online Betting	**8,273**	**8,210**	**8,498**	**8,726**	**8,951**	**9,176**	**2.1%**
Channelling Rate – % Onshore Betting	**85%**	**85%**	**85%**	**85%**	**84%**	**84%**	**-1.0%**

Source: H2 Gambling Capital, November 2025

Table 6: Australia Online Betting & Gaming Tax / Fee Rates (%)

TAX / FEES	% GGR	% NET WIN
Racing Fees	9.2%	12.5%
Sports Fees	2.5%	3.4%
POC Tax	15.4%	20.9%
GST Tax	6.7%	9.1%
Corporate Income Tax	4.5%	6.1%
Income Withholding Tax	1.4%	1.9%
Payroll Tax	0.3%	0.4%
Total Fees / Taxes	**40.0%**	**54.4%**

Source: H2 Gambling Capital, November 2025

Table 7: State-by-State Forecast Lost Product Fees / Tax 2025-29e

$(m)	2025e	2026e	2027e	2028e	2029e	TOTAL 2025-29e
Lost Tax / Product Fees	491	518	540	563	585	2,697
-						
Northern Territory	12	13	13	14	14	66
Queensland	94	99	104	108	112	518
New South Wales	150	158	165	172	179	823
Australian Capital Territory	5	5	6	6	6	28
Tasmania	8	9	9	10	10	46
Victoria	151	159	166	173	180	829
South Australia	25	26	28	29	30	137
Western Australia	45	48	50	52	54	249
Total	**491**	**518**	**540**	**563**	**585**	**2,697**

Source: H2 Gambling Capital, November 2025

Table 8: Lost Product Fees / Tax Revenue from Offshore Wagering Operators 2025-29e

$(m)	2025e	2026e	2027e	2028e	2029e	TOTAL 2025-29e
Illegal Betting GGR	1,228	1,294	1,351	1,407	1,463	6,743
Racing Fees	113	119	124	129	135	620
Sports Fees	31	32	34	35	37	169
Total Product Fees	**144**	**151**	**158**	**165**	**171**	**789**
POC Tax	189	199	208	217	225	1,038
GST Tax	82	87	91	94	98	452
Corporate Income Tax	55	58	61	63	66	303
Income Withholding Tax	17	18	19	20	20	94
Payroll Tax	4	4	4	4	4	20
Total Taxes	**347**	**366**	**382**	**398**	**414**	**1,908**
Total Fees / Taxes	**491**	**518**	**540**	**563**	**585**	**2,697**

Source: H2 Gambling Capital, November 2025

RWA RESPONSIBLE WAGERING AUSTRALIA

Prepared by:

H2 Gambling Capital