



thoroughbredracingsa

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2 May 2008

Mr Stuart Hocking
Acting/Assistant Under Treasurer
Revenue & Economics
Department of Treasury and Finance
State Administration Centre
200 Victoria Square
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Dear Stuart

ISSUES PAPER ON THE REGULATION OF THE BOOKMAKING INDUSTRY

Please find enclosed Thoroughbred Racing S.A. Limited's response to aspects of the Issues Paper as circulated by the Department of Treasury and Finance.

Although this is a TRSA response, it is provided with the endorsement of Greyhound Racing SA as also being representative of that Code's views.

Yours sincerely

IAN HART
CHIEF EXECUTIVE



TRSA RESPONSE
REGULATION OF BOOKMAKERS
- ISSUES PAPER
(March 2008)

2.3 ISSUES

TRSA Limited submits it is entirely appropriate for the Act to require applicants seeking to be licensed as a bookmaker to be examined in regards to criminal intelligence. Respectfully, we would also submit an application for a bookmaker licence should be referred to the Industry.

Under the Rules of Racing the Principal Racing Authority (PRA) in each State is vested with powers to licence (and register) persons seeking to participate in the Thoroughbred Racing Industry. In South Australia the Board of TRSA Limited has those powers.

No person may participate in the Industry without such licence (or registration). There is a stringent protocol in place to ensure that all applicants seeking licences, permits or accreditation apart from having appropriate skills, demonstrate an appropriate character. It is usual for applicants to provide a National Police Certificate and those persons previously licensed in other jurisdictions or in other sections of the Racing Industry (greyhounds or harness) to provide a clearance from that PRA together with a copy of any disciplinary record.

It seems incongruous that the Industry to which a licence holder, being a bookmaker or his staff, participates in and provides services to it is not afforded the opportunity to have input into the appointment and that protocols applicable to other participants in our Industry are not required of bookmakers, an agent or their staff.

Whilst the Industry is asked to provide bookmakers' staff with identity cards permitting entrance to racecourses, no formal process exists whereby the Industry is able to confirm a person is actually accredited as a bookmaker's clerk.

3.3 ISSUES

Without specifying in what form a system exists, TRSA Limited propose a permit system should continue.

It should continue to exist for a number of valid reasons. These include:–

- ~ to provide the Industry and a Club with surety as to what extent a meeting will be serviced;
- ~ to provide, where multiple venues occur, a mechanism which spreads bookmakers' services appropriately across Racing Industry sectors; and
- ~ to provide for the impartial allocation of meetings, particularly those at which positions might be limited.

An important consideration for the Industry and its Clubs is that if a permit structure ceased, what effect would it have? Would bookmakers continue to offer service at distance country meetings? Would bookmakers seek to over-service particular meetings with the likely effect services to race day patrons decline owing to the inability of a larger than necessary number of bookmakers to hold sufficient money?

Bookmakers themselves might obtain some comfort from a permit system in that opportunities to operate might be allocated impartially.

In a strictly commercial market, the Industry, or a Club, might see itself as requiring Mr. Seal solely, or with limited associates.

In such an environment, how do new, younger, less experienced bookmakers progress their business? What recourse do bookmakers have to appeal a decision of the Industry or a Club or to object to treatment they perceive to be detrimental to them?

4.2 RULES

With respect, the assertion that "the New South Wales and Victorian Governments do not make detailed rules for the operation of bookmakers" may not be strictly correct.

In Victoria, Racing Victoria Limited (RVL) provides the Club Bookmaker's Licence Rules 2001 pursuant to section 91A of the Racing Act 1958 for and with respect to the matters set out in section 91A relating to club bookmaker's licences for the conduct of the business or vocation of a bookmaker:

- (a) on a racecourse during the conduct of a race meeting; and
- (b) on an approved racecourse by way of Sports Betting.

At the very least, these Licence Rules would appear through the Act to have the support of the Victorian Government.

In New South Wales, Racing NSW is established under the Thoroughbred Racing Act 1996 No. 37. In that Act, Part 2 Section 14(2)(a), Racing NSW has the power to register or licence, or refuse to register or licence, cancel or suspend, the registration or licence of bookmakers and bookmakers' clerks. Part 2 Section (13(1) stated Racing NSW has the following functions, "(b) to control, supervise and regulate horse racing in the State". Part 2 Section 14A is headed "Licensing of Bookmakers" and provides guidance with regard to that process.

The Rules of Racing of Racing NSW (as amended 28 February 2008) incorporate The Rules of Betting as part of the Local Rules, which deal with the operations of bookmakers.

The Racing Administration Act 1998 No. 14, apart from containing provision for the licensing of racecourses in New South Wales, also has provision for the authorisation of bookmakers, sports betting and betting auditoriums.

Although the structure might be viewed as complex, the NSW Government would appear to have knowledge and support for Racing NSW's Rules of Betting, since these are not expressly addressed in the Racing Administration Act. This would also indicate the NSW Government might be confident as to the Industry's ability to regulate bookmakers and satisfied with the level of compliance.

4.3 ISSUES

TRSA Limited proposes the Industry is best positioned to administer and enforce rules relating to the operation of bookmakers at thoroughbred race meetings in South Australia.

Without questioning the strategy of the OLGC in administering the Rules relating to bookmakers, it could be argued that the specific needs of the Industry might be served in a more timely and efficient manner through administration by TRSA Limited (and the Stewards).

Certainly, that regulatory model exists in Queensland, New South Wales and Victoria where the PRA's have direct responsibility to enforce rules relating to bookmakers as well as in Western Australia where the Racing and Wagering Western Australia (RWWA) Stewards are empowered to enforce the Government's Betting Control Regulations 1978 on racecourses within that State.

4. BOOKMAKERS LICENSING RULES 2000 - General Comments

Deductions – National Thoroughbred Perspective

South Australia is the only State in Australia which enshrines its betting deductions for late scratchings in legislation – Bookmakers Licensing Rules 2000. In other States they appear as a Local Rule of Racing.

This makes review of the deduction table as well as South Australian participation in national uniformity almost impossible and alteration of the table more complicated than might be necessary.

There is presently discussion on this topic nationally. As the matter is discussed at National Chairmen of Stewards Advisory Group level prior to being ratified by the Australian Racing Board, South Australia effectively does not have a voice. The Chairman of Stewards does not have authority to speak regarding legislation and no government representative is permitted a seat at the meeting.

Deductions - Administration

Rule 123 allows for "deduction in the event of late scratching". Schedule 1 provides a table to be used in determining deductions. In practice, at TAB race meetings, the Industry pricing network staff provide the deductions whilst at non-TAB race meetings, the Stewards provide the deductions. The (race) Stewards' action is covered by the Act.

Rule 7 allows the Authority "to give any direction in order properly to administer the Authority's business".

Has a specific direction been provided to appropriately delegate the pricing network staff to provide?

Stewards' Access to Bookmakers' Sheets

General Access – Race Day

The Rule of Racing AR.8(b) provides the Stewards with powers "To require and obtain production and take possession of any mobile phones, computers, electronic devices, books, documents and records, including any telephone or financial records relating to any meeting or inquiry".

In effect, at a race meeting this would allow a Steward in justifiable circumstances, to confiscate the records of a bookmaker.

The Rule of Racing AR.175, in particular (p) states "The Committee of any Club or the Stewards may punish (p) any person who fails or refuses to comply with any order, direction or requirement of the Stewards or any official".

This provides notice to any person, as in a bookmaker, to respond appropriately to a reasonable and proper direction by a Steward (for example) to attend an inquiry.

The Rules are in place to effect proper and timely investigation of a matter of interest to the Stewards, who are responsible for maintaining the integrity and probity of the Industry.

On the other hand, Bookmakers Licensing Rule 14 limits the Stewards' circumstances in which they might "legitimately access a bookmakers betting sheet".

Often a particular punter's activity, a particular wager or betting activity generally, may come under notice of the Stewards who may seek to obtain further information simply as overall intelligence and understanding of the national wagering market on a particular race or generally.

It seems such activity may not be specified by Bookmakers Licensing Rule 14. Logically the legislation, in the circumstances, would stand above the Rules of Racing.

Access to Betting Sheets - Non-Race Day

Often the Stewards, in investigating matters, will request from the OLGC the bookmakers sheets for a particular race.

In this instance it is usual for copies of the betting sheets to be provided with the names of the bookmaker's credit clients blacked out. These details are obviously of great importance to the Stewards who are then obliged to obtain that information from the bookmaker himself.

The Bookmakers' Rules provide for the document custodian to only disclose the information in the terms of Bookmakers Licensing Rule 12.

Bookmakers Licensing Rule 12 does not appear to provide for general access by the Stewards.

Telephone Betting

Bookmakers Rules Part 17A provides direction to bookmakers regarding telecommunication betting. In South Australia this refers to bookmakers' clients betting with them using a telephone.

Part 17A may not be as robust or Industry friendly as Rules in some other States in that there is no requirement to register a telephone client and no provision for the Stewards to monitor or review voice recordings.

In other States valuable intelligence and market understanding is gained through either the real time monitoring of bookmakers phone calls or the general review of bookmakers voice recordings. This activity is an important tool in the Stewards' integrity strategies within Racing NSW and RVL in particular.

Internet Betting

Whilst Bookmakers' Rules Part 17A in Rule 130AC provide for "a bookmaker who makes bets by a telecommunications device other than a telephone", it is understood bookmakers in South Australia are not permitted to use the internet to engage with or attract clients.

This presumably results from contractual obligations agreed by the previous Government in the sale of the SATAB to Unitab.

This factor is having a stifling effect on the South Australian Industry, particularly the on-course wagering marketplace and in particular on bookmaker Mr. E. Seal.

The Authority should understand that Mr. Seal is the single bookmaker operating in this State with the will and the capacity to attract and accommodate business from seriously large punters Australia wide. In turn Mr. Seal spreads his risk (bets back) thereby stimulating business within the local ring and probably the on-course TAB. In effect, the business attracted by Mr. Seal has a lifeblood or feed off effect on his fellows.

Mr. Seal's business is stifled by this redundant legislation. It flows to have a limiting effect on his fellows and restricts the capacity of the Club to maximise its on-course turnover. The legislative position might well be tested from a restraint of trade perspective.

On a recent Adelaide race, the (win and place) turnover held by corporate bookmakers (10) registered in the Northern Territory was \$929,935. It surely is not incidental that the majority these bookmakers operate websites and facilitate internet betting.

From a Stewards' perspective, a weak or ineffective local wagering marketplace provides great difficulties and added expense in accessing information regarding wagering on the local racing product and often requires numerous phone calls and written requests with delays in the provision of information eventuating in Stewards' investigations being restricted.

7.2 BETTING INFORMATION SERVICE

The assertion that "The SABL has been contracted by the three racing codes controlling authorities to deliver the service on their behalf" is incorrect.

So far as thoroughbred racing is concerned, TRSA Limited are partners with the SABL in the provision of the service. This service and its pricing protocols, is subject to regular scrutiny by the Stewards and the Racecourse Investigator.

It would be unacceptable to the Industry from an integrity perspective to permit the SABL to conduct solely or control the delivery of pricing information off course.

7.3 ISSUES

With respect, it is difficult to understand the issue being made.

As referred to above, the service is now conducted by a joint venture entity which is administered by TRSA Limited, which forwards a monthly account to the SABL for the appropriate share of costs. On face value the cost to the SABL would appear to be minimal.

TRSA Limited is not aware of any particular which would cause the present arrangement to be altered.