

Rec'd	01.10.2008
Reg No	JFOED02799
File No	JFO610749
Action Officer	Stuart Hocking
Response Due By	15/05/2008

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28 April 2008

Mr. Stuart Hocking
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Department of Treasury and Finance
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Dear Sir

REGULATION OF THE BOOKMAKING INDUSTRY – ISSUES PAPER

Thank you for the opportunity to comment on the regulation of the bookmaking industry, and in particular on the Department of Treasury and Finance Issues Paper March 2008.

By way of introduction, I have had a life long involvement in the racing industry, of which the last seventeen years as a South Australian bookmaker (licensed 1991), following in the footsteps of my father who was a dedicated and proud South Australian bookmaker.

Licensing of Bookmakers

The issues paper states that it is not the Government's intention to transfer the licensing of bookmakers from government to the industry. In my view, it is entirely appropriate that the Government, which is at arms length from the industry, retain responsibility for licensing.

In my view, licensing being within the purview of Government promotes probity within the industry, and assists the Government in ensuring responsible gambling practices are adhered to. Whilst I am not an expert about the regulatory arrangements for gambling activities not related to bookmakers, my understanding is that licensing related to those activities would be conducted by the Government, and as such, retention of licensing of bookmakers by the Government would assist in ensuring consistency.

In relation to the question posed in the discussion paper "is it appropriate to make the act consistent with the *Gaming Machine Act, 1992* in relation to criminal intelligence?", I whole heartedly support inclusion in regulation of bookmakers of requirements consistent with Section 20 of the *Gaming Machine Act 1992*.

However, whilst I understand the arguments in favour of the provisions contained in Section 12 of the *Gaming Machine Act, 1992* (being to protect confidential information held by the police), I am concerned about the lack of the ability of an applicant to respond to allegations which may have been made against them which are incorrect, or may have been motivated by malice. If the Government is of a view to introduce regulation of bookmakers consistent with Section 12 of the *Gaming Machine Act, 1992*, I suggest that the Government give consideration to ensuring that persons against whom accusations are levelled have the opportunity to respond to those accusations to ensure that families' livelihoods are not stripped away based on wrong allegations.



In relation to the questions posed by the issues paper about the administrative burden involved in the licensing process, I would never consider anything to be an administrative burden whilst being associated with a “high risk” business. In my view, I support the existing annual financial statement information required by the commissioner under statutory declaration, which strengthens authenticity and legal obligations providing all information must be true and correct and more importantly consumer protection.

In summary, the licensing of bookmakers should remain with the Government. I believe that this is imperative to ensure that there is public confidence in the industry and that the highest possible standards of probity are maintained. Retaining control of licensing with the Government gives the Government the maximum opportunity to pursue its objectives in terms of responsible gambling.

Permits

The issues paper outlines three potential options with respect to permits:

1. That the power to issue permits remain with the Government essentially meaning that there is no change to the present arrangements,
2. That the power to issue permits is transferred from the Government to the South Australian Bookmakers League; and
3. That there are no permits, and racing controlling authorities or clubs provide approval for bookmakers to operate on particular locations on a commercial basis.

In my view, there is no case made for change to the current system. It operates well.

The current system of the Government issued permits, in my view, delivers the highest level of probity of any of the options canvassed in the issues paper.

The Government continuing to issue permits gives the government the greatest flexibility and power to pursue its responsible gambling policies. In that regard, if the Government formed a view that a particular bookmaker was not acting in accordance with responsible gambling principles, whilst it can take various steps in relation to licenses to address that issue, it appears to me that the permit system offers a much faster and simpler method for the Government to take action to address issues with bookmakers not upholding responsible gambling principles (if that occurs in future).

Government control of the permit system will deliver the greatest level of probity and compliance with responsible gambling principles because:

- 1 The South Australian Bookmakers League (SABL) is composed, necessarily, of bookmakers (of which I am one) and it is unrealistic to expect industry participants like bookmakers to be able to completely divorce their own commercial considerations from decision making about permits. In that context, there is a serious risk of commercial considerations clashing with responsible gambling principles. A decision to grant the SABL the power to issue permits would also create a serious risk of the commercial interests of decision makers within the SABL dictating or inappropriately influencing decisions about the issuing of permits, creating inappropriate outcomes in terms of probity. One could imagine how such a structure could lead to particularly unsavoury situations where one group or another within the Bookmakers League supports particular candidates within internal election or appointment processes, on the basis that those who supported particular candidates will receive benefits in terms of the issuing of permits.

I stress that there is no current basis for any concerns of that nature, however, creating a structure where the issuing of permits was granted to the SABL would create a serious risk of that type of conduct occurring in future.

2. In the event that the permit system was essentially abolished and decisions as to which bookmakers could work at which events was made on a commercial basis, the commercial interests of the parties involved may undermine responsible gambling practices in terms of issuing permits. Given the inter-related nature of the industry, it is also possible that questions of probity could arise in terms of who was granted access to work at which event, and whether that was done on the basis of personal or other business relationships which may conflict with pursuing responsible gambling practices.

In my view, the above risks do not arise whilst the issuing of permits remains with Government.

In my view, this is a matter of applying the “if it’s not broke don’t fix it” principle.

The options for change create very serious risks, and in my view there are no demonstrated problems with the existing system.

However, if contrary to my views the Government determines to change the existing system, it would be far more preferable to effectively abolish the permit system and have access to events determined on a commercial basis, rather than by the SABL.

Whilst both sets of risks outlined above are serious, in my view, given the small number of bookmakers presently licensed and operating in South Australia the risks associated with granting rights to issue permits to the SABL outlined above are far more serious than the risks associated with allowing access to events to be determined on a commercial basis.

The issues paper asks the specific questions, “is a permit system in legislation required ?
If so, what advantages in terms of consumer protection and probity does it offer ?”

In my view, a permit system in legislation is required and it offers a major advantage in consumer protection and probity in that in demonstrated cases of inappropriate behaviour by a bookmaker, the Government is in a much better position to make decisions about the issuing of permits purely on their merits, without being affected by the personal relationships and business competition issues within the industry.

In that regard, if at some future time there was a credible suggestion of inappropriate conduct by an influential member of the bookmakers League, and the issuing of permits was undertaken by the SABL, there could be serious doubts raised about whether or not the SABL was able to approach such an issue with an open mind. The same cannot be said about government.

Once again, I hasten to add that I am not referring to any issues presently existing, but am directing my comments towards structural issues and their potential implications for the future.

Essentially, a strong element of consumer protection and probity protection provided by the permit system is that if a bookmaker is acting inappropriately, the Government can for some appropriate period of time cease issuing permits to that individual. Commercial and other arrangements may well cloud decision making about those issues if the SABL issues permits, or if access to events is granted on a commercial basis.

Unclaimed Winnings

In my view, it is entirely appropriate to retain the existing arrangements whereby unclaimed winnings must be paid to the Government. In my view there is no need for changes in the current system.

Bookmakers are currently paying the industry levy on a weekly return to SABL and I believe the changing of the frequency of unclaimed winnings may cause inconsistencies to an already up-to-date less forgetful weekly routine.

However, if contrary to my views the Government determines to change the existing system there are potential inconveniences that may arise:

1. Altering the frequency of unclaimed winnings from a weekly to a less frequent basis could result in unnecessary memory recollection creating an additional burden when trying to establish the correct circumstances in wagering discrepancies to assist and achieve a solution for customer satisfaction.
2. Any change from a current weekly arrangement could result in customer dissatisfaction and inconvenience with unnecessary delays of payment in unclaimed winnings as compared to the existing immediate reliable customer satisfactory payment system.
3. If the SABL and bookmakers have the responsibility for managing unclaimed winnings, where can the public physically collect (off-course), make application and receive personal customer assistance for unclaimed winnings if currently as at the 1st April 2008 the SABL is operating from a post office box.
In my view, if the SABL and bookmakers were to have the responsibility for managing unclaimed winnings the annual total amount of all these unpaid moneys, could be kindly donated to South Australian charitable organisations.

In my view, in attempting to reduce the administrative and regulatory burden for bookmakers, the little time required to complete the weekly official Unpaid Moneys lodgment form in accordance with Regulation 12(1), is of little inconvenience to the bookmaker and far outweighs the potential inconveniences to customers.

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Summary

Mr. Hocking, generally speaking, it is my view that it is critical that participants in the bookmaking industry operate with the highest level of probity, excellence, *responsible gambling* and committed *code of conduct*.

The racing industry obligations are integrity, professionalism, transparency and any commercial activities only work if participants are convinced their "trust" is well placed. As at the 1st April 2008 SABL is using a post office box as correspondence address with no office access for face-to-face personal assistance. Once again, I hasten to add that I am not referring to any issues presently existing, but am directing my comments towards overall structural issues and their potential implications for the future.

For the public and the Government to have confidence in our industry, as they should do, it is imperative that we have the highest levels of probity, consumer protection and support for responsible gambling practices. In order to do that, the existing arrangements, in particular respect to licensing and the issuing of permits, should be retained.

In terms of probity, consumer protection and responsible gambling, any step to deregulate the industry by removing licensing or the issuing of permits from the Government control is a backwards step which will ultimately hurt consumers and the reputation of the industry.

I sincerely believe bookmakers do offer that "something extra" and personalised quality customer service. We are one of many, but significant contributors in offering a

" memorable and unique day at the races "

As a committed and dedicated participant in the bookmaking industry, I would warmly welcome any further discussion should you wish to do so.

Yours sincerely



Syd McDonald