

**NORTHERN TERRITORY RACING
COMMISSION**

**SUBMISSION TO THE JOINT SELECT COMMITTEE ON
GAMBLING REFORM**

**INQUIRY INTO PREVALENCE OF INTERACTIVE AND
ONLINE GAMBLING IN AUSTRALIA AND GAMBLING
ADVERTISING**

Submission by the Northern Territory Racing Commission to the Joint Select Committee on Gambling Reform

The Northern Territory Racing Commission acknowledges that interactive and on-line gambling may pose a risk to the community if not properly regulated and provides the following information to assist the Joint Select Committee with its enquiry on Gambling Reform.

The Commission acknowledges that Territorians are able to access overseas gambling websites that are outside the Commission's jurisdiction and the Commission is unable to regulate them.

The Northern Territory Racing Commission (NTRC) is the body which is responsible for licensing and regulating, amongst other things, Northern Territory licensed bookmakers. It is established under the *Racing and Betting Act (NT)*.

Sports Bookmakers are licensed pursuant to section 90 of the *Racing and Betting Act (NT)*.

The standard terms and conditions of such a license are annexed.

Sports bookmakers in the Northern Territory, as part of their license conditions, are required to record and maintain all betting and financial information. This information is supplied to the NTRC and is electronically stored within a computer data base. Voice recordings of all communications with customers over the telephone are held by the bookmaker, and must be available upon request from the NTRC.

The recording and accounting systems in relation to the betting information are sophisticated and readily accessible to the NTRC. The reports which the NTRC is able to obtain in relation to persons betting with sports bookmakers were and remain sufficiently sophisticated for the purposes of the NTRC.

In relation to the integrity issues, each sports bookmaker in the Northern Territory must:

- (a) comply with the mandatory Code of Practice for Responsible Gambling;
- (b) have established account opening procedures and steps to ensure accounts cannot be opened by under aged customers;
- (c) ensure all senior personnel, directors and major shareholders have undergone police checks and have not been found guilty of any offence in the last 10 years;
- (d) must have systems in place to properly record bets and monitor all betting patterns;
- (e) report unusual and/or suspicious betting patterns and circumstances to AUSTRAC.

FUNCTIONS OF RACING COMMISSION

The principal functions of the Racing Commission pursuant to the *Racing and Betting Act* are to:

- investigate and make to the Minister such recommendations as it thinks fit with respect to such matters relating to the administration or operation of this Act, or
- as are referred to it by the Minister for investigation or as it from time to time thinks fit;
- undertake research and investigations into matters relating to horse-racing, trotting and greyhound-racing and the breeding of horses for horse-racing and trotting and greyhounds for greyhound-racing, including the financial security of the organisations and persons whose subsistence or livelihood is derived from or directly connected with horse-racing, trotting or greyhound-racing;
- control, supervise, regulate and develop trotting and greyhound-racing;
- grant licences and permits in accordance with this Act;
- define the duties and functions of a person employed as a key employee;
- allot race days for such period or periods as it thinks fit to registered clubs;
- prosecute persons for offences against this Act; and
- carry out such other functions as are conferred on it by or under this Act or any other law of the Territory.

In performing its functions, the Commission must have regard to the following principles:

- minimum regulatory intervention by government;
- maximum co-operation between industry and government;
- performance-based risk management controls;
- proactive and competitive industry positioning;
- long term viability of the racing industry;
- a balanced approach to problem betting.

POWERS OF COMMISSION

Subject to this Act, the Commission has power to do all things that are necessary or convenient to be done for or in connection with or incidental to the performance of its functions and the exercise of its powers.

Without limiting the generality of subsection (1), the Commission may, in the performance of its functions and the exercise of its powers, including powers or functions conferred on it elsewhere in this or any other Act:

- investigate any matter referred to it by the Minister and report to the Minister thereon;
- subject to the approval of the Minister, enter into contracts;
- do all such things as it considers necessary or desirable for the proper regulation and control, in the interests of the public, of betting by and with bookmakers or by means of a totalisator conducted in pursuance of a licence granted under section 111;
- do all such acts and things as it considers necessary or desirable for the proper regulation and control, in the interests of the public, of bookmakers, horse-racing, trotting and greyhound racing; and
- do anything incidental to any of its powers.

PROBITY AND INTEGRITY IN RACING AND BETTING IN THE TERRITORY

The Racing Commission monitors the thoroughbred industry's Principal Club (Thoroughbred Racing Northern Territory) activities, and oversees the activities of the greyhound industry, through the Department of Justice's Chief Steward.

A major function is the licensing of bookmakers, both on course bookmakers and sports bookmakers. For on course bookmakers, key employees must hold a permit or licence issued by the Commission.

The Commission also monitors and controls activities of all the registered and licensed bookmakers in the Northern Territory.

Maintain Probity and Integrity of Persons engaged in Racing and Betting

In order to ensure the probity and integrity of the racing industry, the Commission, through Department of Justice staff, conducts extensive probity checks and financial assessments of all applicants in the wagering industry. Probity checks include fingerprint criminal history checks for key persons employed in the industry. The Commission must be satisfied as to the suitability of every applicant.

It liaises with other regulatory and law enforcement bodies, nationally and internationally, to ensure the integrity of persons and corporate entities that may be licence holders or applicants for licences.

The Commission also licences certain persons engaged in the greyhound industry, pursuant to the Greyhound Racing Rules.

Promote Fairness, Integrity and Efficiency in the Operations of Persons Engaged in Racing and Betting

The Commission, through Departmental staff, ensures all wagering systems used by bookmakers are fully evaluated before approval to ensure compliance with requirements. They are regularly monitored through risk based and on-site assessment to ensure continued compliance.

The Commission determines disputes and complaints in a timely manner. Written reasons on decisions of significant disputes and in the public interest are published by the Commission.

Reduce Adverse Social Impact of Betting

A mandatory Code of Practice for Responsible Gambling applies to all Northern Territory wagering and gambling operators. The Code has been designed to minimise the potential harm associated with problem gambling.

The Code was developed in consultation with gambling providers, counselling services and Government regulators.

No Evidence of Problem Gambling

The Commission has not received any correspondence from counselling services or other groups in relation to concerns over issues associated with problem wagering or wagering operators. The Commission is not aware of any evidence in the Northern Territory that suggests wagering with its bookmakers has caused an increase in problem wagering but acknowledges that the prevalence of online gambling amongst Territorians is likely to be relatively low.

ON COURSE AND SPORTS BOOKMAKERS

Total number of Licensed Bookmakers for 2009-10 in comparison to 2008-09.

Bookmakers operating in the NT	2008-09	2009-10
No. of Corporate Bookmakers	13	13
No. of On-Course Bookmakers	36	37
TOTAL	49	50

Despite predictions of a downturn in wagering turnover for sports bookmakers in line with the global financial crisis, the 2009-10 year witnessed an increase in turnover of approximately 11%.

Turnover and Related Tax for Licensed Bookmakers for 2009-10 in comparison to 2008-09.

Category	Turnover (\$billion)			Gross Revenue (\$million)		Taxes (\$million)	
	2008-09	2009-10	% Increase	2008-09	2009-10	2008-09	2009-10
Gross Profit							\$1.102
Racing	\$3.521	\$3.925	11.46%	\$191.805	\$228.019	\$10.654	\$4.973
Sports	\$1.166	\$1.275	9.30%	\$62.445	\$83.984	\$0.671	\$0.193
TOTAL	\$4.688	\$5.200	10.92%	\$254.250	\$312.003	\$11.324	\$6.268

Note: From 1 January 2010, the Government replaced the Northern Territory's current bookmaker turnover tax with a tax based on gross wagering profits. The Government has capped the tax each Corporate Bookmaker has to pay to a maximum of \$250,000 which is subject to annual indexation based on the Darwin consumer price index.

Note: Wagering tax is the amount generated in the period specified, not the amount received.

In 2009/10, the Northern Territory's total recorded thoroughbred wagering turnover, bookmakers and TAB, represented approximately 27% of the national market. (Australian Racing Fact Book 2010).