Submission to the Interactive Gambling Inquiry

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During the last 60 years the writer has been involved in the thoroughbred racing industry as an Owner, Licensed Trainer ,Stud Breeder , Committee person in the Remote and Metropolitan area including 9years as Committee man, including 2 years as Chairman, of the Western Australian Turf Club (WATC) prior to the Government takeover of its administrative function which was to manage ALL ASPECTS of the Thoroughbred Racing product including ALL ASPECTS OF INTEGRITY MANAGEMENT throughout Western Australia and attendance at the meetings of The Principal Clubs Association which represented all Race clubs with similar responsibilities throughout Australia with the exception of Queensland which was the first State in which Government assumed control of the Racing Sector He has assisted a licensed bookmaker as a betting Clerk and is aware of the historic development of the gambling industry both legal and illegal to which he will refer in this submission

Whilst this inquiry is focussed upon “The impact of illegal offshore wagering” the circumstances surrounding this issue are much wider and complex and relate primarily to the future of the animal racing industry and its historic dependence upon an ethical gambling product that is basically the sole source of revenue to support HUNDREDS OF THOUSANDS OF INDIVIDUALS FINANCIALLY WHO ARE INVOLVED IN DELIVERING THE PRODUCT UPON WHICH THE INDUSTRY RELIES AND WHICH AND UNLIKE ALMOST ALL OTHER FORMS OF PUBLIC ENTERTAINMENT RECEIVES NO GOVERNMENT FINANCIAL ASSISTANCE

IT HAS IN FACT BEEN OFTEN REFERRED TO AS THE ENTERTAINMENT WHERE THE ENTERTAINER PAYS TO PERFORM

Overseas wagering is the symptom of its present problem which is that a gambling product once limited by State Government law and technology to a physical act on a licensed Race Course has progressed through the geographic widening and purpose of gambling venues to the situation of sophisticated electronic communications with the potential of placing a POKER MACHINE IN THE POCKET OF EVERY AUSTRALIAN OF ANY AGE AND MENTAL COMPETENCY WITH NO REGULATORY BORDERS AS LICENSING IS STILL REGULATED AT THE STATE GOVT. LEVEL

The Western Australian history of this process is typical in that in response to illegal off course betting activity the Government of the day decided to grant licences for off course SP betting creating a situation in that State not dissimilar to what is now happening Nationally and Internationally which was to divert large sums of Gambling Turnover away from the Clubs and the Industry none of which was paid back

As a result the matter became an election issue and the Brand Liberal Govt. cancelled the Offcourse Licenses and legislated for a TAB system with profits repatriated to the Industry Other States moved directly to TABs which they later sold

In pursuit of the revenues that individual bigger States obtained by imposing Turnover Taxes on racing gambling certain State and Territory Governments commenced offering budget priced licenses to offer nationwide telephone betting services based in their State which have now grown into Internet Service

In response to which and so as to recover the revenue that was bled away from the sale of their State based TAB operations the Racing Clubs sought Govt. legislation which allowed the imposition of a charge on some gambling operators for the use of the Racing product which was a replacement of the traditional “Gentleman’s Agreement” between the Race clubs which granted that right to the gambling operation of each Club to take local bets on their races

This is a complex and inefficient process which is further undermined by the Corporate Bookmakers offering betting opportunities on alternative Sporting contests with the product progressing rapidly(to use as an analogy) of “TWO FLIES CLIMBING UP THE WALL “ where there will be no PRODUCT FEE and the certain demise of the racing industries

I am advised of one “horse racing “ product purely of electronic creation now operating in NSW which sounds awfully like a poker machine product to me

If the Inquiry were to consider the demise of thoroughbred racing to be of little consequence there remains THE RIGHTS AND PROTECTION OF THOSE WHO CHOOSE TO GAMBLE AND THE PROTECTION OF THOSE WHO BECOME ADDICTED OR PROBLEM GAMBLERS WITH THE CONSEQUENCES THAT SUBSEQUENTLY ABOUND INCLUDING DOMESTIC VIOLENCE

It was recently reported in the media that Australians lose Approximately $1000 per capita per annum through gambling and when this is isolated to participating individuals quite clearly there is no good reason for Government to abandon the people to a range of unfair and potential dishonest gambling products beyond the traditional opportunities of Animal Contests ,Lotto and Poker machines the operators of latter, one would consider, to also be concerned if the Mobile Phone were to replace the product they offer

If the issue were as simple as banning betting with overseas operators this can be achieved by the simple options available in present laws relating to the transfer of funds offshore with special reference to even small amounts of money relevant to the gambling product which is in fact the target of the contemporary corporate sector which I will detail further in this submission AND CONSIDERING THE OPPORTUNITY TO UTILISE GAMBLING FOR THE PURPOSE OF MONEY LAUNDERING AND OR ITS DIRECTION TO TERRORISM THERE IS NOW A SUBSTANTIAL BODY OF LAWS THAT ASSIST IN ENFORCING ANY SUCH BAN THAT MIGHT BE IMPOSED THROUGH LICENSING ON GAMBLING

Returning however to the rights and protection of those who choose to gamble electronically the wider issue is that THERE IS FIRSTLY AN OBLIGATION UPON THE COMMONWEALTH PARLIAMENT TO ASSUME THE DOMINANT REGULATORY ROLE IN THE REGULATION OF GAMBLING SERVICES IF ONLY BECAUSE IT HAS THE CONSTITUTIONAL POWERS TO CONTROL GAMBLING IN THE ELECTRONIC SPECTRUM

AT THE TOP OF THIS RESPONSIBILLITY IS THE GUARUNTEE OF ADEQUATE INTEGRITY CONTROL WHICH FOR INSTANCE IS PATENTLY NOT AVAILABLE THROUGHOUT THE ARENA OF OUR PERSONAL SPORTING CONTESTS WHICH AS COMPARED TO THE RACING PRODUCT HAVE TRADITIONALLY NOT BEEN SUBJECT TO ORGANISED BETTING ACTIVITY AND CERTAINLY NOT IN THE “IN PLAY “ CATEGORY WHERE FOR INSTANCE IN RECENT TIMES AN OVERSEAS NEWSPAPER CONDUCTED A STING INVOLVING A VERY LARGE AMOUNT OF MONEY TO GET AN ELITE CRICKET BOWLER TO DO NO MORE THAN BOWL A SPECIFIC “ IN PLAY” NO BALL IN AN AGREED OVER

A fraud of which the cricketing authorities were either unaware or totally unable to control until after the sting when in fact the police took over

By comparison the Lotto product draw is easily and well supervised as is such fixed assets as a poker machine and of course integrity control of the Thorough bred Racing industry is meticulous at every level but further in terms of the actual contest the supervising Stewards have at a maximum of only 25 Horses to monitor over a few minutes interval with modern day electronic recording if a review is required

Drug stimulants and so called Recreational drug consumption among licensed racing personal are strictly monitored and punishment is prompt and there are no 3 strike agreements between the various representative bodies for such workers or animals as exists in one football code

It might surprise an inexperienced reader that it was not that long ago that the common cooking additive Bi carbonate of soda was discovered as a powerful stimulant and its introduction to a horse is now banned and punished on first offence

As evidenced after the recent Caulfield Cup the jockey of one horse was interviewed publicly by the Stewards in regards his riding tactics and the betting public being fully informed chose to reduce the quoted price of that horse in the Melbourne Cup by laying bets

Such integrity measures whilst not perfect cannot be implemented at a sporting contest and are impossible to monitor in regards “in play “ betting

The relationship between so called recreational drug usage or addiction and “in play” betting or actual “tanking” in regards the outcome of a human sporting contest must be obvious and the evidence of such drug abuse is still widely reported and in fact hidden in some sporting industrial agreements SO WHY SHOULD ANY SUCH BETTING OPPORTUNITIES BE ALLOWED TO BE OFFERED BY ANY GAMBLING OPERATOR until both they and the relevant sporting code are able to prove to a regulator the adequacy of their INTEGRITY REGIME WHICH WOULD START WITH REGULAR DRUG TESTING OF ALL PLAYERS BEFORE AND AFTER A CONTEST AND AS APPLIES IN THE THOROUGHBRED INDUSTRY THE BANNING OF THE APPLICATION OF OR INJECTION OF PAIN KILLERS DURING A GAME which surely must come under the category of “performance enhancing “ to say nothing of the long term injury potential associated with such masking of pain signals to allow a player to continue in the contest

In this field of integrity history tells us that adequate stake money is the best antidote to prevent connections from being forced to gamble on their animals to cover costs which used to lead to animals not always performing at their best in order to obtain higher betting Prices at a future event such Stake money is directly dependant on the recovery of a sufficient percentage of all betting turnover from all providers of betting products which does not occur when bookmakers can forum shop between State regulators to obtain a licence then operate Nationally utilising the electronic spectrum

That leading trainers now appear on TV spruiking the merits of their charge for all to hear is evidence that the connections who are dependant on their returns from Stake Money are prepared to share once tightly held information with the general public and further highlights the need for adequate revenue being returned to the industry from gambling revenue

RECOMMENDATIONS

That this Review cannot simply report or recommend regarding solutions to the numerous problems arising from allowing Gambling expenditure to go offshore or the licensing of offshore based Operators which should however be banned as I understand is already introduced in the UK and France

All providers of the gambling product within Australia that utilise electronic transmissions to deliver their product must obtain and comply with a Licence issued under Commonwealth Law under the Communication Power and as such would override State regulation under Sec.109 of the Constitution and thus apply uniformly across Australia

Such a Licence could be obtained by any individual or Corporation that met the requirements of the legislated Licensing conditions applicable in such areas as Domicile, Experience, Character, Financial Capacity and the product area in which they propose to operate ( ie I presume the Regulator would limit that product particularly in areas or events where the operator had failed to meet adequate integrity standards and where it created problem gambling potential )

The Review might study the historic rules applicable to the Licensing of “Rails Bookmakers “who operated on Race Courses around Australia which included their obligation to accept single bets to a certain level Something not all of the most advertised new arrivals are doing and which further proves to me that their target market is young inexperienced people more likely to lose than win

That to operate such a license the licensee would pay a turnover related fee or tax sufficient to cover the cost of regulating the Licensing administration and compliance and to allow for sufficient financial distribution of funding for the provision of the gambling product (Race Clubs) and which was adequate to replace the present product charges applied by the Race Clubs and other grants received

I do not believe that State Governments should continue to tax gambling turnover applicable to the Racing Codes as they are the beneficiaries of other associated tax revenue such as GST and Payroll taxes and spend heavily on infrastructure for other sporting events and particularly the Football codes whose venues are heavily subsidised whilst Racing must fund its own

There should be no prohibition on Race Clubs with appropriate corporate structures obtaining a license not withstanding their original Gambling operations were sold to the private sector by their State Government and in this regard I am attempting to convince the WA Government to legislate to allow the three WA Racing Codes to form a suitable Cooperative structure along the lines operated by the WA Cooperative Bulk (grain) Handling (CBH)to which could be transferred all of the activities and assets managed by RWWA and the Clubs including the WA TAB

TO OVERCOME ANY UNCERTAINTY MY PROPOSAL IS THAT ALL OPERATERS WHETHER EXISTING OR NEW WHO OFFERED A GAMBLING PRODUCT THROUGH ANY ELECTRONIC AVENUE WOULD HAVE TO HOLD A UNIFORM FEDERAL LICENCE WITH CONDITIONS THAT INCLUDED THE TYPE OF PRODUCT THEY WERE ENTITLED TO OFFER THE TURNOVER FEES THEY MUST PAY ,THEIR DOMICILE THE ADVERTISING THEY MIGHT PUBLISH Etc. etc. AND WHICH COULD BE CANCELLED ARISING FROM ANY BREACH OF THE CONDITIONS OF THAT LICENCE

Promotional advertising of Gambling by licensees should not be allowed and I am totally unconvinced by the case published in the Media related to the claims of Free to Air TV Stations that they need the associated revenue to fund the coverage of other Sporting Events when they pay $ Billions for coverage rights of the Football and Cricket codes and are reported as charging around $100,000 for a 30 second advertisement during the Grand Finals

Furthermore if this argument has merit then so has a return to tobacco advertising and promotion the banning of which represented a huge loss to the Racing codes

The publication of prices and comparative offerings should be allowed

There is a need at present for existing truth in advertising regulators to study advertising picturing young people receiving large cash dividends from relatively small bets

CREDIT BETTING AND OR LOANS OR UP FRONT CASH ADVANCES SHOULD BE BANNED UNDER THE CONDITIONS OF LICENCE WITH THE EXCEPTION OF PROFESSIONAL GAMBLERS WHO SHOULD BE OBLIGED TO COMPLY WITH ADEQUATE CREDIT ARRANGEMENTS AS APPLICABLE IN OTHER COMMERCIAL AREAS

Interactive gambling is now a reality the responsibility for its management has now fallen upon the Commonwealth whether it wishes to be involved or not but further however those areas of high employment such as the racing codes are desperate for a national intervention in the gambling sector so as to remove the advantage of product providers who choose to take advantage of the modern electronic services substantially provided and regulated by the Commonwealth whilst exploiting State Based laws established when even telephone betting was a novelty to avoid paying any support to the providers of the product from which they make their profits and worse those locked into paying product fees under past purchase contracts are moving to supply other either artificial or questionable products outside this responsibility