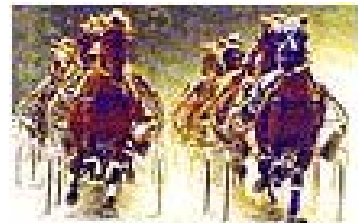




**Northern Territory Government**

# ***RACING AND BETTING LEGISLATION***



**NATIONAL COMPETITION POLICY REVIEW**

***REPORT***



*June 2003*

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## Review Summary

### Overview

The Northern Territory Government is reviewing all business-related legislation under its jurisdiction to ensure that it provides a sound foundation for the conduct of business activity and maximisation of economic growth, consistent with the objectives of National Competition Policy (NCP). Reviews are being conducted in accordance with NCP review methodologies and principles under the auspices of the National Competition Council (NCC).

This review deals with Northern Territory legislation covering the Racing and Betting Industry, and encompasses the *Racing and Betting Act*, *Racing and Betting Regulations*, *Totalisator Rules* (under the *Racing and Betting Act*) and the *Unlawful Betting Act*.

The *Racing and Betting Act* regulates the Racing and Betting Industry, through the regulatory infrastructure created, through recognition and empowerment of racing control bodies such as the Principal Club and the application of *Rules of Racing* to specific Racing Codes. It also regulates betting with bookmakers and sports-bookmakers, as well as on-course non-proprietary totalisator betting.

The *Unlawful Betting Act* deals with illegal betting. This Act was enacted in 1985, mainly to provide increased protection against official corruption in gambling related activity, in response to revelations and concerns arising from the Costigan Royal Commission in New South Wales.

This review focuses on the restrictions on competition arising from the provisions directly covered by the above Acts. It does not provide a detailed analysis of subsidiary regulations covered by the associated Rules of Racing, although public comment was invited on any aspects of concern in that context. The Rules of Racing for the respective Codes represent a co-regulation approach to the detailed aspects of racing activity involved and are based generally on national standards promulgated by peak Australian Industry bodies.

Wider issues associated with gambling and gaming control such as casinos, gaming machines and lotteries, which are regulated under other legislative provisions, also lie outside this review's Terms of Reference. Matters associated with fees, taxes and industry financial assistance, except as they may directly relate to consideration of specific restrictive provisions identified, are also not encompassed by the review.

It should also be noted that the *Totalisator Licensing and Regulation Act*, not the *Racing and Betting Act*, regulates commercial totalisator activities undertaken by licensed proprietary totalisator operators within the Territory, though that scheme of regulation has implications for issues raised in this review.

In summary, the review covers the regulation of all forms of racing activity and betting, as distinct from gaming, other than proprietary totalisator betting.

### Market Failure

Similar to other gambling related activities in the area of gaming, the principal types of market failure evident in racing and wagering include information asymmetry and externalities.

These conditions arise from the relative ease available to operators to manipulate and control the operation of activities and information available to the gambling public, to bias outcomes in their favour.

Historically, strict regulatory and prescriptive controls have been considered essential to offset the potential exposures involved and this review has found that this situation continues to prevail.

### **Restrictive Provisions**

As a result of this situation, Australian Racing, as a key element of the Australian Gambling Industry, is highly regulated. Concerns with probity, consumer protection and industry integrity are paramount considerations in formulating the required legislative response to consistently achieve the desired outcomes.

Whilst many *potentially* restrictive elements were identified in the subject legislation, there are a number of key issues which will have the greatest impact on the industry going forward. These key issues also encompass the majority of the detailed minor matters identified and the rationale for their existence and coverage is generally consistent with those for the more significant issues addressed.

In general terms, the restrictive provisions found in the Northern Territory are similar in nature to those found elsewhere in other Australian jurisdictions.

### **Regulatory Alternatives**

The current regulatory approach involves the extensive use of co-regulatory arrangements over the conduct of racing activities, through the adoption of Industry managed Racing Code Rules. The efficacy of the current arrangements and alternative approaches were considered during the review. An extensive overview of the possible alternative regulatory models was provided in the published Issues Paper.

As noted previously, given the extensive and direct links to gambling activity, the need to maintain the highest levels of probity, consumer protection and industry integrity are issues which differentiate the racing industry from most other sporting activities, which are not subject to similar or such extensive statutory regulatory control. It is considered that a firm Industry management process, with a legislative basis, is both appropriate and the most effective way to ensure that the necessary discipline is enforced to achieve the required probity and performance standards. This approach is generally consistent with all other appropriately regulated racing jurisdictions, both nationally and internationally.

Further comment on the Code Rule management process is provided later in this Report.

In terms of racing management, the review therefore finds that the adoption of alternative approaches for the conduct of racing activity, including self-regulation or direct Government supervision, is unlikely to result in increased net public benefit.

With regard to the regulation of registered bookmaking activity, the review recommends that the role of the racing industry in the licensing process be removed and a revised positive licensing framework, administered by Government in the same manner as other wagering licensing, be adopted. Whilst the benefits of industry participation in the control of racing are recognised, the merits of industry regulation of a segment of bookmaking activity are less clear and give rise to potential for conflict of interest and anti-competitive behaviour.

Given that registered bookmakers are primarily involved in the gambling aspects of racing, an independent and positive licensing framework, aligned to other bookmaking control within the industry, is considered the most effective means of promoting consumer protection and probity

objectives. This approach is also likely to maximise regulatory certainty for potential entrants to the bookmaking industry.

Sports bookmakers, who operate in major part within the same area of wagering activity, are currently not subject to industry involvement in their accreditation or control and thus, alignment of all bookmaking activity on a similar basis should engender regulatory consistency. As Government regulatory authorities are already involved in the licensing process, the removal of direct industry involvement should not add materially to administrative costs.

## **Public Benefit**

The central theme of this review and the detailed public benefit assessments included, focus on the core regulatory principles and objectives identified.

This industry is a key element in the broader gambling scene and is one of high public profile, significant financial activity and has an extensive history of incidents involving opportunistic, corrupt and/or illegal practices.

From this background has emerged a strong and highly prescriptive framework of controls at all levels of activity, designed specifically to protect the interests of industry participants, the gambling public and the animals involved in all regulated codes of racing. The need for this position is strongly supported by all stakeholders.

The concern to maintain the established standards which have emerged over time and now underpin the generally high level of public confidence which exists in the industry, is the basis for judgement of the net public interest involved, and from this review, there is clearly no net benefit in moving from the strong conceptual regulatory basis which now exists.

However, there would appear to be scope to increase the related net public benefits overall by maintaining the stringent entry standards for bookmakers and generic controls over racing activity, but by removing, where appropriate, the operating restrictions on bookmaking businesses and by abolishing the barriers to entry for alternative racing codes.

## **Public Consultation**

An extensive public consultation program, which directly canvassed the views of all identified stakeholders, was conducted. A detailed Issues Paper, covering relevant legislative provisions was issued, incorporating a detailed overview of the legislation as well as preliminary assessment of potential restrictions identified.

The Issues Paper also sought responses on a number of suggested amendments to address identified major issues and invited comment on the full spectrum of the legislative provisions involved.

Seven (7) written submissions were received in response to the Issues Paper. Items of detail were discussed and clarified with respondees where required.

## **Review Management**

This review has been conducted as a full public review. All comments and suggestions received have been considered by a Review Steering Committee comprising:

- Craig Graham, Principal Research Officer - Northern Territory Treasury;

- Donald Hudson, Senior Policy Officer - Department of Business, Industries and Resource Development; and
- Jim Laouris, Policy Officer - Department of Justice.

Industry members were not part of the Review Team or the Steering Committee, to ensure independence of the review process, as required under NCP Review criteria.

## **Review Conclusions**

The exacting licensing standards and extensive controls applied to the Industry are seen as appropriate and essential to achieve the high standards of probity and consumer protection required. Similar to findings elsewhere, a firm regulatory regime is considered the most effective way to achieve and maintain these standards.

A proactive and balanced response to the identified issues is proposed for the Territory, within a regulatory framework which incorporates clear and transparent requirements and prescribed standards of business conduct.

Adoption of a positive regulatory reform program, to set in place a set of controls and guidelines which will allow the Industry maximum flexibility to compete in both the Australian and wider marketplace, is suggested.

The review process has been mindful that the prime consideration is to maintain the highest level of public confidence in the overall system, and therefore no fundamental shift from the current strict licensing requirements and probity control of industry participants is proposed.

However, there is scope to remove a number of the restrictions identified and simplify many of the regulatory provisions. A number of provisions are dated, duplication is evident and in part, some areas are redundant and complex to interpret as a result of the many changes incorporated over time.

Adoption of the recommendations suggested will require extensive and complex changes to the current legislative base. As such, a full revision and redrafting of a new legislative framework is suggested as the most workable and viable option. This is expected to materially improve the current position through simplification of the legislative structure, improved ease of interpretation of the provisions and removal of anti-competitive provisions where justified.

An element, which will impact this process, is the current commercial licensing arrangement between Government and the Territory's single TAB operator, NT TAB Pty Ltd. This arrangement imposes a number of competitive constraints on other industry participants and has been independently subjected to NCP review. This review concluded that in the limited marketplace of the Northern Territory, restrictions in respect of the limited licensing of parimutuel betting in respect of racing is justified. However, the prior review did not find justification for exclusivity arrangements in respect of other betting activity. The current review also does not see any clear net public benefit in this position.

The current position of NT Tab Pty Ltd is that these ancillary wagering and business restrictions, both directly and indirectly related to parimutuel activities, created the market environment under which the licensing and sale arrangements were established. They contend that to amend any part of the related regulatory arrangements during the course of the current licence period must not adversely affect their commercial interests.

Accordingly, to remove the restrictive provisions may involve financial exposures for Government. This particularly applies to the restrictions imposed on betting activities of registered and sports bookmakers in regard to expanded physical market access, either by the principles involved or under agency arrangements, eg. through licensed clubs.

It is proposed that the contractual and legal position be further reviewed and in the light of that outcome, as appropriate, removal of identified restrictions involved be effected or if not considered justified at that point, deferred until renewal of TAB licence arrangements in the future.



## Recommendations

In the light of the responses received, which included detailed comments from a number of key industry participants and consideration of the subsequent public benefit analysis conducted over the issues and the implications of existing licensing and contractual arrangements which exist, the following recommendations are made:

### **Regulatory Directions**

- The following regulatory principles be adopted as the basis for regulation of the Racing and Betting Industry:
  - Minimum regulatory intervention by Government
  - Maximum co-regulation between Industry and Government
  - Performance based/ risk management controls
  - Proactive and competitive Industry positioning
  - Long-term viability of the Industry
  - A balanced approach to problem gambling

### **Regulatory Objectives**

- The following objectives be adopted as the basis for the revised legislative framework to be developed to cover Racing and Betting activity:
  - *to promote probity and integrity in Racing and Betting activity;*
  - *to maintain the probity and integrity of participants in the Racing and Betting Industry;*
  - *to promote fairness, integrity and efficiency in the delivery of Betting services to the public;*
  - *to maintain the integrity of non-proprietary Totalisators; and*
  - *to reduce the adverse social impact of Betting.*

### **Regulatory Structure**

#### **Legislative Arrangements**

- A revised legislative framework be developed, based on two principal sets of legislation - one covering the licensing and operations of the industry itself and the other covering the gambling and wagering control aspects.

#### **Non-proprietary Totalisators**

- The operating requirements for non-proprietary totalisators be reviewed and updated and where appropriate, aligned with the *Totalisator Licensing and Regulations Act*.

## ***Regulatory Administration***

### **Racing Commission**

- A detailed investigation into the current Regulatory control structure be conducted, to include consideration of the establishment of a Northern Territory Gambling Commission to assume responsibility for all gambling related activities presently controlled by the Racing Commission and Licensing Commission.
- The composition of members for the controlling regulatory body be established under minimum criteria for appointment based on a prescribed balance of regulatory, commercial and specific industry expertise.

### **Code Rule Administration**

- No change to the present industry control structure governing the direct operations and management of racing activity be made.

### **Racing Code Rules**

- Code Rule control continue to be effected by Industry Control Bodies.
- Local Rules of Racing be amended to ensure consistency with approved changes arising from this Review.
- The local rules relevant to Greyhound Racing be redrafted to reflect current requirements and remove duplication with recently adopted Australian Greyhound Racing Rules.

## ***Licensing***

### **Business Licensing**

- No change be made to basic business licensing requirements, with attendant high probity standards for licence qualification, for industry participants.
- The system of control of betting activities be based where possible on a negative licensing approach, for increased flexibility and to reduce costs on business.

### **Licensing Appeals**

- A Public Appeal mechanism be introduced for licence issue.

### **Licence Conditions**

- A standard licensing approach be adopted, with permanent business licences established, subject to stringent performance based controls.

### **Registered Bookmaker Licensing**

- Regulation and control of bookmakers no longer involve Industry Control Bodies, but be undertaken directly by the proposed Gambling Commission. All bookmakers to enter into

commercial business relationships with Racing Clubs for the conduct of lawful betting business activity.

### **Sports-bookmaker Licences**

- The requirement for sports-bookmakers to be licensed remain, under a licensing approach based on more standardised and performance-based arrangements.

### ***Bookmaking Employees***

- The requirement for licensing of all bookmaking staff be confined to key employees only to be defined, subject to prescription of prohibited persons provisions for employment in the industry.

### ***Racing Activity and Event Management***

#### **Codes of Racing**

- The registration of additional Codes be approved and for non-industry accreditation of operators involved, focusing on the probity, security and proprietary issues such as those that already apply for the licensing of venues and operators in other forms of gambling.

#### **Proprietary Racing**

- Restrictions covering the prohibition of proprietary racing to be removed.
- Industry Control Bodies be permitted to engage in proprietary racing activities.

#### **Declaration of Sporting Events**

- The role of the Declaration of Approved Events be changed to that of a Declaration of Prohibited Events.

### ***Bookmaking Operations***

#### **Registered Bookmakers**

- Restrictive operational requirements and cost impositions relevant to the conduct of legitimate betting activity in the Territory be removed or reduced so far as possible, including:
  - restrictive financing arrangements;
  - operation under corporate business arrangements;
  - use of premises for other purposes;
  - prohibition of operations on Good Friday and Christmas Day; and
  - restrictions on time of daily operations.

### **Sports Bookmakers**

- Restrictive operational requirements and cost impositions relevant to the conduct of legitimate betting activity in the Territory be removed or reduced so far as possible. These include immediate removal of:
  - restrictive financing arrangements;
  - use of premises for other purposes;
  - prohibition of operations on Good Friday and Christmas Day; and
  - restrictions on time of daily operations.
- Subject to further legal review of Government's contractual obligation in respect of the NT TAB, restrictions in respect of the conduct of commercial activities by agents on behalf of bookmakers and direct services to the public at other approved venues be removed.

### **Advertising**

- Advertising and promotional restrictions be removed for lawful business activity, subject to satisfactory provisions to recognise problem gambling considerations and policies, to be defined in proposed Codes of Conduct and subject to establishment of reciprocal advertising rights in other jurisdictions.

### ***Betting Activity***

#### **Betting Limitations**

- Minimum monetary betting limits be removed.
- Restrictions on tote-odds betting be removed ie legislation should not prohibit such betting activity, which may be conducted at the discretion of a bookmaker.

#### **Other Forms of Betting**

- Future legislation be structured to ensure there are no inhibitors which impose generic barriers to adoption of new gaming products or services;
- New betting products and services be considered on their merits, subject to due consideration of all relevant probity and other public interest issues which apply.
- A Schedule of Prohibited Betting Activity be implemented and rational for prohibition of specific activities be promulgated.

#### **Third-Party Betting**

- Third-party betting restrictions be amended and new wagering business activities be considered on their merits and scheduled as approved or unapproved, from a specific policy perspective.

***Gambling Management - Responsible Gambling and Problem Gambling***

- A prescriptive Code of Conduct relevant to the activities encompassed by the legislation be introduced, to incorporate specific problem gambling remedies and licensee obligations.

## Review Background

### Review Objectives

NCP is based on the view that competition in a market encourages efficiency and therefore, competition is in the public interest. Competitive markets allocate the economy's productive resources to the activities most desired by consumers, produce property and services at least cost, and are responsive to changes in technology and the demands of consumers. On the other hand, regulation may be justified when markets fail, or to achieve clearly identified public benefit objectives.

NCP requires that all Acts and subordinate legislation that may inhibit competition should be reviewed and where necessary, reformed. The guidelines for review contained in the Competition Principles Agreement provide the methods and principles adopted by this review.

The guidelines require that legislation should not restrict competition unless:

- a) the benefits of restriction to the community as a whole outweigh the costs; and
- b) the agreed objectives of the legislation can only be achieved by restricting competition.

### Terms of Reference

In accordance with the objectives above, the review process included:

- a) clarification of the objectives of the legislation;
- b) identification of the nature of the restrictions on competition;
- c) analyse of the likely effect of the identified restrictions on competition and on the economy generally;
- d) assessment and balancing of the costs and benefits of the restrictions; and
- e) consideration of alternative means for achieving the same result, including non-legislative approaches.

When considering the matters referred to above, the review was also required to:

- a) identify any issues of market failure which need to be, or are being addressed by the legislation, and to determine whether the effects of the legislation contravene the competitive conduct rules in Part IV of the *Trade Practices Act 1974* and the Northern Territory Competition Code.
- b) consider the efficiency and appropriateness of the Northern Territory's system of racing and betting regulation, including its relationship and possible overlap with other legislation and regulatory systems that apply.
- c) take into account the relevant regulatory schemes in other Australian jurisdictions and any recent reforms or reform proposals, including those related to competition or competition policy in those jurisdictions.
- d) consult with and take submissions from those organisations and individuals with an interest in the Northern Territory Racing and Betting Industry, including:

- owners, operators, suppliers and other direct participants in the Racing and Betting Industry;
- relevant Northern Territory Government departments and agencies, including, but not necessarily limited to, the NT Treasury; NT Police; and the Departments of Justice; Business Industry and Resource Development; Community Development, Sport and Cultural Affairs; and Health and Community Services;
- organisations and agencies that provide gambling related harm minimisation services, or other relevant services to consumers; and
- consumers and members of the wider community.

### **Review Methodology**

The methodology used in the review was as defined in the Competition Principles Agreement, as follows:

#### **Step 1:**

Define the objectives of the legislation.

#### **Step 2:**

Identify the restrictions on competition that flow from the legislation.

By way of illustration, the following are examples of potentially anti-competitive legislative provisions:

- legislation that conflicts or appears to conflict with Part IV of the *Trade Practices Act* (eg. enabling price fixing, exclusive dealing and the establishment of statutory monopolies);
- legislation that creates structures that affect competition;
- legislation that restricts market entry or exit;
- legislation that creates competitive advantages or disadvantages for publicly or privately owned market participants;
- occupational and professional regulations; and
- legislation underpinning regulatory systems that reduce competition (including the imposition of significant costs), or that inhibits business innovation (eg. through technical discrimination).

Other examples of legislative provisions having anti-competitive effects are provisions that, directly or indirectly:

- control prices or production levels;
- restrict the quantity, level or location of the goods or services available;
- restrict advertising and promotional activities;
- restrict price or type of inputs used in the production process;
- are likely to confer significant costs on business; and

- provide advantages to some firms over others, (eg. by sheltering some activities from the pressure of competition or by restricting the scope of supply).

Legislative provisions must also be assessed to determine the extent that any lack of transparency in the administrative structure may affect competition. An important aspect is the extent of accountability and oversight, and provision for adequate review and appeal mechanisms.

**Step 3:**

An assessment of the costs and benefits of the restriction is then made. The factors that constitute the “public benefit” are not exhaustively defined and will turn on the facts and circumstances of each piece of legislation. Nevertheless, it is helpful to note that the Competition Principles Agreement explicitly considers the term.

The interpretation provision of the Agreement (Council of Australian Governments 1995, Competition Principles Agreement, Canberra: Cl.1), states:

*Without limiting the matters that may be taken into account, where this Agreement calls:*

- *for the benefits of a particular policy or course of action to be balanced against the costs of the policy or course of action; or*
- *for the merits or appropriateness of a particular policy or course of action to be determined; or*
- *for an assessment of the most effective means of achieving a policy objective;*

*the following matters shall, where relevant, be taken into account:*

- *government legislation and policies relating to ecologically sustainable development;*
- *social welfare and equity considerations, including community service obligations;*
- *government legislation and policies relating to such matters as occupational health and safety, industrial relations and access and equity;*
- *economic and regional development, including employment and investment growth;*
- *the interests of consumers generally, or a class of consumers;*
- *the competitiveness of Australian business; and*
- *the efficient allocation of resources.*

**Step 4:**

The next step is to measure whether the benefits of the restrictions on competition outweigh the costs and whether the “public benefit” lies in the maintenance of the restrictions, or their modification or removal.

**Step 5:**

If the restriction is to be maintained, the next stage is to show whether the only practical way of attaining the objective is through the use of legislation.

The requirement to demonstrate – and not merely assert – a cost or benefit in relation to a particular proposal should be borne in mind.



Alternative regulatory models may be considered which may offer advantages in reducing “red-tape”, increasing the industry’s involvement in setting standards and promoting compliance, and reducing costs to industry and government.

Economic reform models have been omitted as outside the scope of this review and the potential application of some or all of these models will vary according to the particular area of regulation being considered.

## **Legislative Rationale**

The analysis and clarification of the objectives of the legislation was a fundamental aspect of the review as it provides an indication of the rationale for government regulation of the associated economic activity. In economic terms, government regulation is usually designed to address cases of market failure and/or to promote social welfare objectives.

The principal types of market failure that are evident in racing and betting markets include information asymmetry and externalities.

With respect to information asymmetry, the nature of racing and betting activity means that suppliers have considerable scope to manipulate the outcomes of races to bias results in their favour. Therefore, because consumers (punters) do not have access to important information which is necessary for rational consumption decisions, bookmakers or race organisers can extract excessive profits at the expense of consumers. In cases such as these, there is a strong argument for government regulation to protect consumers from exploitation and to ensure that society’s economic resources are allocated to efficient uses.

The term “externalities” relates to economic costs or benefits that are external to a transaction. Betting has the potential to become addictive for some individuals which means that expenditure on betting services can exceed the point where satisfaction or enjoyment is maximised. These irrational consumption patterns can impose costs on third parties in terms of crime, family breakdown, loss of employment etc.

Such costs are not necessarily reflected in the price paid for betting products, which can lead to socially undesirable levels of racing/betting supply. Accordingly, regulatory and taxation measures aimed at “problem gambling” can be necessary to ensure effective control of these aspects.

The aim of the review program is to develop a legal framework for business and industry that acknowledges these specific legislative fundamental whilst encouraging industry growth, reducing “red-tape”, reducing costs on industry, promoting fair competition, and streamlining administrative procedures. The intended result is a system of law that is simple, efficient and cost-effective.

At the same time, the law needs to strike an appropriate balance between stimulating economic growth and meeting community values and expectations, to preserve and protect the lifestyle of Territorians.

## **Review Approach**

The review has been conducted as a full public review, in close consultation with business, industry, gambling support organisations and the wider community. Reflecting this approach,

proposals to give the relevant business sector a greater role in setting the standards and ensuring compliance were encouraged.

Alternative regulatory approaches such as Industry Codes of Practice, the use of “co-regulation” models, and “negative licensing” concepts, were outlined in the Issues Paper.

Involvement of stakeholders was facilitated through an invitation to participate in examination of the issues, the provision of comment for input in development of this report.

To achieve this, the Issues paper was circulated widely by public announcement in the Northern Territory News on 9 March 2002 and Centralian Advocate on 12 March 2002. Written notification and an invitation to comment was also forwarded to twenty-five (25) individual industry participants, including all relevant licensed bodies, licensed individuals and gambling support organisations.

The Issues Paper was also published on the Northern Territory Treasury Internet, with source references for all subject legislation and relevant papers and comments, including those of the NCC and Productivity Commission.

The intent of the Paper was to provide readers with a comprehensive overview of the legislative environment within which the Northern Territory Racing and Betting Industry operates and some insight into developments in the wider context.

It was also intended to provide a framework for a disciplined analysis of the issues involving anti-competitive restrictions and business impediments within the Territory environment.

In that regard, its purpose was not to provide an exhaustive analysis of every issue involved, but to give guidance into the manner in which interested parties could consider and advance suggestions for improvement.

It provided analysis of all major legislative provisions and proposals for reform in respect a number of major issues, many of which are consistent with developments in other jurisdictions.

## **Public Response**

Seven (7) detailed submissions were received in response to the Issues Paper.

An overview of the public comments received is at Attachment B. Responses received were generally supportive of the proposed directions and changes.

Major qualifications were received from the NT TAB Pty. Ltd, where suggested relaxation of a number of specific business trading constraints on bookmakers were seen to impact that organisation’s commercial position, including contracted and/or implied rights under the current licence.

Recommendations in that regard are listed for consideration, subject to further examination of the position and development of acceptable options to address any confirmed legal constraints which may exist.

## Industry Positioning

Given the similarity of industry activity and legislative provisions elsewhere, the review has drawn extensively on similar examinations already completed or underway in other Australian jurisdictions.

One constant theme evident in those reviews and from experiences in the Territory, is the manner in which the Northern Territory Racing and Betting Industry needs to be positioned to meet the emerging commercial challenges of being a relevant and major entertainment and leisure-based activity, whilst providing stakeholders, race clubs, and industry participants with an industry framework that can effectively deal with a rapidly changing industry landscape.

The distribution of racing pictures, new racing developments, competition, expansion and cross-border operations of commercial totalisators, deregulation in the national scene, changes in telecommunication and technology, access to international betting activities, intrusion of international operators into Australia and the trend towards the development of a national focus for racing and betting are some of the strategic issues which must be effectively addressed, to maximise the benefits available from a diversified betting environment.

The need to maintain a unified commercial focus in meeting competition from interstate and international racing industries, casinos and poker machines, concerns over industry growth, declining spectator attendance at race meetings and television coverage issues are now also matters of concern to the Industry.

This fundamental premise was supported strongly by all public comment received.

A further issue considered was also the need to provide maximum separation of the commercial and regulatory functions, particularly under the well developed co-regulatory approach already in place in terms of the roles of the Principal industry control bodies.

## National Competition Policy and the Gambling Industry

The Review was conducted with particular attention to the findings of the Productivity Commission (PC) in its 1999 *Report on Australia's Gaming Industries*, which concluded that licensing systems which are designed to ensure probity standards and consumer protection, provide a net community benefit and also meet the second part of the test – that is, restricting competition in this way is the only way of achieving these objectives.

A number of the provisions of the legislation examined, although prima facie restrictive in nature, fall within the ambit of this view.

However the review is still considered whether any part of the legislation conflicts or appears to conflict with Part IV of the *Trade Practices Act* which prohibits a corporation and, in the Northern Territory, individuals, from engaging in certain anti-competitive practices.

In addition, the Third Tranche Assessment Framework (5 February 2001) published by the National Competition Council contained additional information relevant to the review of gambling legislation, including racing and betting activity.

It provided information specific to the review of gambling that expands on, and clarifies, the methodology to be used in reviews of gambling legislation, based on findings from the above Productivity Commission Report.

It has offered useful comments on the way it will assess reviews of gambling regulation, in its paper, *“Regulating Gambling Activity: Issues in Assessing Compliance with the National Competition Policy”* (October 2000).

The PC found the two objectives providing the strongest rationales for special gambling policies are to ensure the probity of gambling and to reduce its adverse social impacts.

*“...the overarching goal should be to maximise the welfare of the community as a whole. Measures which can reduce the social harms of gambling while maintaining the benefits find particular favour under this approach.” PC 12.1*

In assessing NCP compliance, the NCC stated it will take account of conclusions reached by the PC review.

*“The Council accepts that restrictions based on the application of the PC arguments satisfy NCP obligations. In particular, the PC has identified some restrictions which are aimed at harm minimisation and ensuring probity standards, which provide a net community benefit and also meet the second part of the NCP public benefit test – that is, they are the only way of achieving those restrictions.*

*The restrictions in this category relevant to this review include:*

- *Probity regulations, with appropriate risk management which is aimed at protecting consumers and allowing operators to employ their own risk management procedures, with costs borne by industry and employing a common framework across venues and between gambling operations; and*
- *Codes of Conduct.*

*These restrictions have been shown to meet clause 5 obligations. Therefore, jurisdictions can rely on the PC arguments in support of these restrictions and the Council will require no further justification of these restrictions.” (NCC, p. 4-5)*

The Council also observed that there may be other restrictions governments wish to use to achieve these objectives. In this case, there is still a need to establish that the form of the restriction is the only way of achieving the stated objectives of the legislation.

In other words, the Council has advised that *“jurisdictions do not need to argue the rationale for the restrictions is a net public benefit, only that the restrictions are the only way of achieving the outcome.”* (NCC, p.5)

The Issues paper outlined proposed legislative changes that fell within these categories.

The Council identified some important competition questions that do not all fall within these categories. These need particular justification under NCP. The following is not exhaustive.

*“Restrictions on competition and market behaviour are common in gambling (betting) legislation.*

*Examples of these restrictions include:*

- *who can participate in the provision of the gambling activity and whether regional or state-wide;*
- *the kinds of gambling activities that may take place at a particular venue;*

- *the kinds of races which can be staged, for example, there may be restrictions in races for some breeds, like quarter horses or arabs;*
- *measures to protect the operations of TABs such as:*
  - *limits on advertising odds from other sources;*
  - *the \$200 minimum telephone bet with bookmakers;*
  - *the involvement of third parties; and*
- *licences (sometimes exclusive licences) for some types of gambling operations.”*

It is useful to note other observations of the NCC relevant to the review.

In relation to the regulation of racing and betting, the NCC said,

*“Horse racing has some significant restrictions, for example, organisers of arab and quarter horse racing face significant hurdles in obtaining permission to hold race meetings.*

The PC found that many of the restrictions serve the interests of participants – namely governments, TABs and the racing clubs – and should be subject to broad public interest tests.

While it is acknowledged there is a complex web of regulations supporting the current regime, and in general no regulation could be considered in isolation, it found no case for the \$200 telephone betting limit on bookmakers and argued for that it could be removed forthwith.

Questions were also been raised about other betting, such as restrictions on sports betting and restrictions on advertising.

## Northern Territory Legislation

### Overview

Legislation considered in the context of this review includes:

- *The Racing and Betting Act*
- *Racing and Betting Regulations*
- *Totalisator Rules (under the Racing and Betting Act)*
- *Unlawful Betting Act*

The *Racing and Betting Act* also provides for the adoption ancillary rules covering the conduct of the specific racing Codes as defined under the Act. These are currently provided by Peak Australian Racing bodies for the various Racing Codes.

### The Australian Rules of Racing

The detailed procedures generally adopted by registered Racing Clubs in Australia for the conduct of thoroughbred racing are provided by the Australian Racing Board.

Under the Racing and Betting Act, the responsibility for implementation and monitoring of compliance with the rules of racing in the Territory rests with the Principal Club, being the Darwin Turf Club. This includes the development of local racing rules which may be adopted.

### Harness Racing Rules (Rules of Trotting)

The detailed procedures generally adopted by registered Harness Racing Clubs in Australia for the conduct of harness racing are provided by the Australian Harness Racing Council.

Under the Racing and Betting Act, the responsibility for implementation and monitoring of compliance with the harness racing rules in the Territory rests with the Racing Commission. This includes the development of local harness racing rules, which may be adopted. At present, no harness racing is undertaken in the Territory.

### Greyhound Racing Rules

The detailed procedures generally adopted by registered Greyhound Racing Clubs in Australia for the conduct of greyhound racing are provided by the Australian and New Zealand Greyhound Racing Association.

These rules were adopted in the Territory approximately three years ago. Unless otherwise provided for by those Rules, the provisions of the local rules which existed under the *Racing and Betting Act* continue to apply.

Under the Racing and Betting Act, the responsibility for implementation and monitoring of compliance with the rules rests with the Racing Commission.

## Review Outcomes

### Overview

As a major sector of the Gambling Industry, racing and associated betting activities are among the most highly regulated activities in the Australian economy.

The Territory's *Racing and Betting Act* and related legislation encompasses a strong licensing system and is heavily prescriptive and detailed in terms of how industry participants must conduct their related business activities. This creates a barrier to entry to the market and affects market behaviour with numerous potentially anti-competitive provisions.

Legislation encompasses various "licensing" schemes under a structured licensing approach. This is imposed through industry Control Bodies, which supervise and manage racing operations and non-proprietary totalisators, as well as bookmakers and sports-bookmakers in respect of betting activity.

In general terms, the system of positive licensing is similar to those in place in all Australian jurisdictions and is seen as appropriate to effect the level of control necessary to maintain the integrity of racing and betting operations associated with it.

The basic justification for this regulation from the perspective of the community is that social and economic benefits should outweigh the costs of such regulation. For the legislation to be justified in this context each significant element has been examined to assess if:

- the barrier to entry and/or other restrictions provide consumers with benefits that would not otherwise exist; and
- these benefits outweigh the costs that flow from the restrictions.

Whilst many *potentially* restrictive elements were identified in the subject legislation, there are a number of key issues which will have the greatest impact on the industry going forward. These key issues also cover the majority of the detailed minor issues identified and the rationale for their existence and coverage is generally consistent across the full spectrum of related items.

Where these options and alternatives also restrict or impact competition, they have been also tested to confirm their effectiveness in conferring net public benefit.

The key measures identified for consideration include removal of anti-competitive provisions or constraints on business which, in the main, are not justified for the protection of the public interest or impose unnecessary overheads on the conduct of business. These involve the following broad areas of impact:

- restrictions on the organisation, the conduct of events and related betting contingencies;
- constraints and costs imposed on racing clubs;
- restrictions on persons and organisations involved with betting activity;
- constraints and costs imposed on punters; and
- legislative organisation and administrative efficiency.

In all, some 1,220 separate provisions were noted for examination. The principal provisions were documented with interpretations for each provision and comment provided on potential restrictions and impacts.

The initial assessment identified 159 potential restrictive provisions. The preliminary impact assessment was as follows:

<b>Potential Impact on Stakeholders</b>	<b>Number</b>	<b>%</b>
High <i>(Significant impact)</i>	62	39
Moderate <i>(Material impact)</i>	86	54
Low <i>(Minor impact)</i>	11	7
<i>Total</i>	<b>159</b>	<b>100</b>

### **Economic Effect of Restrictions**

The two main sources of competitive restrictions imposed under the terms of Racing and Betting relate to conditions on market entry and conduct and operational controls on racing and betting activity.

Restrictions on entry to racing and betting markets are represented primarily by licensing requirements for bookmakers and racing officials and clubs. Bookmakers are required to be licensed under a co-regulation model and to undergo character and financial capacity checks. Additionally, racing clubs and officials are required to be registered in order to conduct racing activities while specific types of racing clubs (non-proprietary) and codes of racing (such as arab, camel and quarterhorse) are denied access to the market altogether.

The effect of these restrictions is to limit the supply and accessibility of both racing and on-course betting services relative to the market structure that would exist if no legislation applied. This can potentially increase the price of betting products (in terms of reduced dividends) by undermining incentives for bookmakers and racing clubs to reduce operating costs and to utilise resources efficiently. Supply restrictions also limit the accessibility of racing and betting services, which limits potential entertainment options available to consumers.

The legislation also imposes prescriptive controls on the conduct of both bookmakers and racing events. For example, bookmakers are restricted to the types of business inputs and corporate structures that can be adopted, the specific events that betting services can be provided for and the location and timing of business operations. Furthermore, racing clubs are required to comply with industry promulgated rules in the conduct of racing events.

Compared to a hypothetical situation where betting and racing activities were unregulated, these particular provisions of the legislation can restrict managerial flexibility, economies of scope and imperatives to innovate in order to develop more efficient operating processes and new racing and betting products. These restrictions also impair the ability of racing and betting service providers to respond to changes in consumer demand preferences and broader technological developments. The impact of these restrictions is likely to manifest in the form



of higher prices, reduced industry investment and a less diverse range of racing and betting products on offer.

### **Costs Associated with Restrictions**

The most significant costs that are likely to arise from the application of the legislation relate to the economic costs arising from restrictions on competition. Because the scope for rivalry between bookmakers and racing clubs is restricted, price signals are distorted and hence society's scarce economic resources can be diverted away from more efficient uses.

Licensing requirements, which also involve ongoing probity monitoring provisions, and operational controls generate compliance costs for racing and betting providers. These costs are passed on to consumers to some extent.

Costs are also incurred in terms of administering and enforcing the legislation. Whilst a proportion of these costs may be recovered through administrative fees and charges levied on industry, it is likely that the bulk of these costs are borne by the broader community through direct government outlays.

### **Benefits Associated with Restrictions**

A primary source of benefits associated with the legislation is the provision of entertainment or recreational services in a manner, which promotes the protection of consumers from exploitation and deception. Restricting the scope for criminal infiltration of the industry also reduces the potential for the earning of excessive profits at the expense of consumers, which represents a socially undesirable distribution of resources

These factors also generate industry-wide benefits as consumers have the confidence to patronise racing and betting venues in the knowledge that races are likely to be conducted fairly and lawfully and that odds offered by bookmakers are determined purely on commercial grounds.

Given the significance of the racing and betting sector to the Territory economy and the considerable degree of associated consumer surplus evident from previous inquiries into the gambling sector, it is likely that the economic benefits associated with the promotion of consumer confidence would offset the costs associated with restricting competition between bookmakers and racing clubs.

However, it is likely that the net economic benefits associated with the provisions of the legislation could be maximised through abolishing the unduly prescriptive controls on betting and racing activity and the introduction of measures to ameliorate against addictive betting behaviour. A more detailed analysis of these issues follows.

## **Regulatory Administration**

### **Regulatory Directions**

NCP presumes that markets should not be subject to anti-competitive restrictions, unless there is a public interest case for the retention of such restrictions.

Given the nature of the Industry, there is an inherent risk of criminal exploitation of racing and betting activity. The maintenance of probity and integrity in all aspects of the industry is critical

to protect the interests of consumers and participants alike. The operation of an effective regulatory framework is seen as an essential element.

Underpinning the framework are a number of principles which are seen as relevant to take the Industry forward:

- Minimum regulatory intervention by Government
- Maximum co-regulation between Industry and Government
- Performance based/ risk management controls
- Proactive and Competitive Industry Positioning
- Long-term viability of the Industry
- A Balanced approach to Problem Gambling

These are translated through a licensing system and specific controls over all aspects of racing and betting activity.

**Recommendation:**

- The recommended regulatory principles be adopted as the basis for regulation of the Racing and Betting Industry

## Regulatory Objectives

The analysis and clarification of the objectives of the legislation was a fundamental aspect of the review, as it provides an indication of the rationale for government regulation of the associated economic activity.

The current *Racing and Betting Act* has no stated objectives. The long title of the *Racing and Betting Act* describes it as an Act to control racing and betting, and for related purposes.

The *Unlawful Betting Act* also has no stated objectives, but its specific thrust is clearly to effect tight control of the perceived negative aspects of betting, and in that respect, it has a complementary role to similar provisions in the Racing and Betting Act.

An important contemporary social objective of both Acts is to not inhibit the promotion of problem gambling remedies and responsible betting practices.

The Productivity Commission in its Report into Australia's Gambling Industries, found the two objectives providing the strongest rationales for special gambling policies are to ensure the probity of gambling and to reduce its adverse social impacts.

*"The overarching goal should be to maximise the welfare of the community as a whole. Measures which can reduce the social harms of gambling while maintaining the benefits find particular favour under this approach."* PC 12.1

One proposed change is to give a better legislative foundation for measures which support the combating of problem gambling through the implementation of an appropriate Industry Code of Conduct, and this has been supported by Industry.

The following core objectives were suggested as the basis of the overall legislative framework provided by both Acts, against which the merits of the existing regulatory arrangements have been assessed for this review:

- *to promote probity and integrity in Racing and Betting activity;*
- *to maintain the probity and integrity of participants in the Racing and Betting Industry;*
- *to promote fairness, integrity and efficiency in the delivery of Betting services to the public;*
- *to maintain the integrity of non-proprietary Totalisators; and*
- *to reduce the adverse social impact of Betting.*

No objections were received to the underlying principles of the draft objectives outlined in the Issues Paper and a statement of objectives on this basis is proposed for the revised legislative framework recommended for development following this review.

A key requirement will be to articulate a contemporary regulatory environment which will achieve these specific goals and at the same time, provide an operational framework which will encourage growth and maximise competitive positioning, to ensure long- term viability of the industry.

***Recommendation:***

- The proposed objectives be adopted as the basis for the revised legislative framework to be developed to cover Racing and Betting activity.

## **Regulatory Structure**

### ***Legislative Arrangements***

There is a plethora of inter-related legislation which has emerged over a considerable period.

A degree of overlap has been identified both within and between various provisions, such as, eg, between Section 6 (Unlawful Betting) of *the Racing and Betting Act* and the *Unlawful Betting Act*. There appears to be substantial scope to refine and clarify a number of the provisions, notwithstanding incorporation of the changes resulting from this review.

A full examination of all related legislation is warranted with the objective of developing a new legislative framework, comprising two principal sets of legislation - one covering the licensing and operations of the industry itself and the other covering the gambling control and wagering control aspects.

It is envisaged that the redrafting process would result in removal of duplicated content and materially assist effective implementation and compliance through a clearer and logically structured set of legislative provisions.

***Recommendation:***

- That the legislative structure be further reviewed with the view to development of a new legislative framework, based on two principal sets of legislation - one covering the

licensing and operations of the industry itself and the other covering the gambling and wagering control aspects.

### **Non-proprietary Totalisators**

There is a considerable body of dated and highly prescriptive legislation within the *Racing and Betting Act* covering the operation and conduct of on-course non-proprietary totalisators. A number of the provisions are impractical and inconsistent with current practice.

This legislation has extremely limited application and it is suggested that it can be simplified considerably by redrafting with adoption of the provisions of the new *Totalisator Administration and Licensing Act* where appropriate. This will also more closely align the activities involved between proprietary and non-proprietary operations.

#### **Recommendation:**

- The operating requirements for non-proprietary totalisators be reviewed and updated and where appropriate, aligned with the Totalisator Licensing and Regulations Act.

### **Summary Comments on Regulatory Directions and Arrangements**

#### **Public Comments**

The proposed principles and regulatory structure is supported by Industry comment received.

<b>Benefits (Positive Impacts)</b>	<b>Costs (Negative Impacts)</b>
Simplified administrative arrangements	One-off cost to create revised legislative base
Greater clarity and ease of interpretation	
Easier future amendment	
Lower regulatory maintenance costs	
Increased flexibility for industry development	

#### **Net Public Benefit Assessment**

Improved efficiency of Industry regulation.

## **Regulatory Administration**

### **Racing Commission**

The current licensing authority is the Northern Territory Racing Commission, which is established by the *Racing and Betting Act*. The *Unlawful Betting Act* has no prescribed regulatory body.

In the Issues Paper, the review canvassed transfer of Racing Commission functions to the Northern Territory Licensing Commission, an approach which would be consistent with rationalisation of administrative arrangements and improved efficiency in overall licensing activities.

The Licensing Commission was formed to consolidate various statutory boards, Commissions and other bodies regulating business licensing. It is the licensing authority in respect of liquor,

private security, escort services and a number of gambling related functions including casinos, gaming machines and commercial totalisators.

The proposition that Racing and Betting regulatory control be subsumed into the Licensing Commission was strongly opposed by Industry, which argues that this major industry sector requires a dedicated and expert control body, to enable it to develop and compete effectively.

Given the significance of the industry to the economy and the increasing complexity of business, technical and legal issues involved, Industry also recommends that membership of the governing Commission should include a focus on appointment of experienced and expert members, with wide business experience in the industry.

Whilst there is merit, in terms of administrative efficiency, in further consolidating licensing activities, there is also merit in the Industry position, that the significance of this Industry warrants a dedicated, expert and focussed regulatory body. Further, the current split regulatory position over like gambling industry activities, eg. racing and TAB, as well as other related gambling activities, is also relevant in terms of administrative duplication.

Whilst not directly relevant to NCP considerations, this matter should receive further detailed analysis to establish the most appropriate and effective management structure, from both Government and Industry viewpoints. One possible option, which could be considered, would be the establishment of a specific Gambling Commission, to assume responsibility for all related gambling activity currently undertaken by both existing Commissions. This may present a more appropriate mechanism to ensure consistency and efficiency in regulation across the total Gambling Industry. Further investigation of the relative merits of integrating the current regulatory authorities versus the establishment of a dedicated gambling authority is proposed.

It has also been argued that, consistent with the regulation of other areas of activity, the Commission should not be subject to Ministerial direction. It is an independent statutory body and should be autonomous and not subject to potential political intervention.

In this highly sensitive area with intense public interest, it is reasonable to conclude that Government has the clear responsibility for determining the social impact, nature and extent of gambling activity and therefore, any Commission in control of this activity should be subject to direct policy control. In that light, no recommendation for change has been made in respect of Government control of Commission activity.

#### **Recommendations:**

- A detailed investigation into the current Regulatory control structure be conducted, to include consideration of the establishment of a Northern Territory Gambling Commission to assume responsibility for all gambling related activities presently controlled by the Racing Commission and Licensing Commission.
- The composition of members for the controlling regulatory body be established under minimum criteria for appointment based on a prescribed balance of regulatory, commercial and specific industry expertise.

<b>Public Comments</b>
Continuance of an Industry specific and expert Commission supported.

<b>Benefits (Positive Impacts)</b>	<b>Costs (Negative Impacts)</b>
Simplified and more coordinated gambling administration	May be a slight increase in administrative costs due to higher overheads to implement more exacting and higher skill requirements for Commission members.
Higher expertise in gambling administration	
More consistent basis for decision making and licensing	
Improved speed of administrative action	

<b>Net Public Benefit Assessment</b>
Public confidence should be better maintained with an expert and dedicated control focus over gambling issues.

### **Code Rule Administration**

The *Racing and Betting Act* recognises the industry-determined scheme of regulation by acknowledging the control bodies in each of the three Codes of Racing – thoroughbred, trotting and greyhounds. Thus, for horse racing, this means the Principal Club structure, the role of stewards and the application of the Rules of Racing.

The Racing Commission is vested with the responsibility to act as the control body for greyhound racing. Usually, this responsibility lies with a separate entity, but the small number of industry participants and the single location in the Northern Territory appears to render the creation of a separate control body impractical. The same approach would apply for harness racing, although that is not presently conducted in the Territory.

There appears some overlap, but no apparent conflict in terms of protection of the public interest, in the Commission continuing with this role. The primary role is regulatory, with the promotion and marketing of race events being a matter for the industry.

This regulatory approach restricts competition as the control bodies are able to register or licence a club, owner, trainer, jockey, bookmaker or any other person associated with racing, register and disqualify animals for each respective Code and supervise the activities of registered clubs and licensed persons. There are also procedures for suspension or cancellation of those approvals and rights of appeal.

In practice, the adoption of largely uniform code rules sets in place standards and limitations, through the appeal and review mechanisms, which moderate the ability of the control bodies to impose unfair or discriminatory practices in respect of their activities.

Whilst industry structures raise competition issues, to remove them and open the industry to wider participation would likely result in less effective control and expose the industry to reductions in standards of performance and safety for the industry and public. The positive licensing, control structures and processes under this approach directly over racing activities represent national and international practice. They have an authority of long standing, as well as wide industry acceptance.

In NCP terms, their benefits appear to clearly exceed their costs.

**Recommendation:**

- No change to the present industry control structure governing the direct operations and management of racing activity be made.

<b>Public Comments</b>
Continuance of Industry Control Bodies supported.

<b>Benefits (Positive Impacts)</b>	<b>Costs (Negative Impacts)</b>
Expanded industry participation in regulated industry	Continuing compliance costs.
Some possible increase in employment	
Maintains safety and professional standards	
Maintains public confidence	

<b>Net Public Benefit Assessment</b>
Clear public interest in maintaining a safe, efficient and consistent industry which cannot be achieved without clear and consistent guidelines, supported by Industry. Cost effectiveness of current co-regulation approach is assessed as more efficient than a total externally imposed control regime.

**Racing Code Rules**

The legislation provides for Local Rules of Racing for Territory Clubs. These impose generally uniform Australian operational standards and contain restrictive provisions in such areas as licensing of trainers, operations of bookmakers and advertising, consistent with findings in the overarching legislation.

Removal of Code Rule enforcement by legislative authority could be undertaken with voluntary adoption of local rules by Control Bodies. However, it is considered that the formal incorporation of Rule making powers and rule control by Control Bodies under a specific legislative framework provides a more satisfactory position to ensure consistency of application, for the protection of industry and public interests.

However, the Rules need to be revised in the light of the outcome of this review.

Current Greyhound Racing Rules are promulgated in outdated form, since adoption of the Australian Greyhound Rules in recent years. These require substantial review and update.

**Recommendations:**

- Code Rule control continue to be effected by Control Bodies.
- Local Rules of Racing be amended to ensure consistency with approved changes arising from this Review.
- The local rules relevant to Greyhound Racing be redrafted to reflect current requirements and remove duplication with recently adopted Australian Greyhound Racing Rules.

<b>Public Comments</b>
Supported.

<b>Benefits (Positive Impacts)</b>	<b>Costs (Negative Impacts)</b>
Ensures rule application in consistent manner	Continuing compliance costs.
Permits unambiguous operating environment for Racing Codes	
Maintains public confidence in an ordered and well controlled industry	
Allows adoption of more consistent Australian standards imposed by Industry Bodies	

<b>Net Public Benefit Assessment</b>
Public confidence is better maintained by a Code Rule system which has legislative backing.

## Business Restrictions

### Licensing

#### **Business Licensing**

The legislation encompasses comprehensive “licensing” schemes under a structured licensing approaches managed in part by the industry, through Code control bodies, for the management of racing operations and for totalisators, bookmakers and sports-bookmakers in respect of betting activity.

In general terms, the system of positive licensing for participants in the industry is similar to those in place all Australian jurisdictions and is seen as appropriate to effect the level of control necessary maintain the integrity of racing and betting operations associated with it.

Removal of specific licensing requirements is seen a highly contrary to the public interest in an industry which has such inherently high and acknowledged exposure to corrupt practices from which the public demand the highest levels of protection possible.

There is therefore clear justification for continuance of a firm licensing regime for all key operational elements of the industry as at present, subject to the introduction of measures which will allow more flexibility to accommodate industry developments, as they emerge.

Licensing conditions should focus on prohibited provisions wherever possible (negative licensing) in lieu of the prescriptive conditions listed presently (positive licensing).

#### **Recommendations:**

- No change be made to basic business licensing requirements, with attendant high probity standards for licence qualification, for industry participants.
- The system of control of betting activities be based where possible on a negative licensing approach, for increased flexibility and to reduce costs on business.



### ***Licensing Appeals***

In line with similar industry licensing management, Industry supports the introduction of a Public Appeals mechanism for licence issue, to augment the public scrutiny of industry participants, and thus elevate transparency and overall standards. It is seen that there are strong public benefit issues, consistent with the core objectives of the regulatory regime, to consider such an approach.

#### ***Recommendation:***

- That a Public Appeal mechanism be introduced for licence issue.

### ***Licence Conditions***

The current regulatory framework provides considerable scope for the establishment and change to licensing conditions attaching to specific licences. This has the potential to create differential licensing arrangements for like business entities. This basic premise is inconsistent with the NCP principles and there is little justification for continuance of this approach.

Where possible, the maximum standardisation of licensing, with requirements defined within the legislative provisions, rather than in licences, should be pursued.

#### ***Recommendation:***

- A standard licensing approach be adopted, with permanent business licences established, subject to stringent performance based controls.

### ***Registered Bookmaker Licensing***

A registered bookmaker must hold a permit, and conduct bookmaking in accordance with the conditions of the permit, the Act and regulations. The licensing of bookmakers is necessary to ensure, as far as possible, their probity and financial capacity.

There are no restrictions on the number of permits that may be granted.

This form of “positive licensing” imposes a barrier to entry and costs, but its purpose is to exclude improper persons from the industry.

It has been suggested that the licensing requirements in respect of bookmaker principles are justified on the grounds of ensuring the integrity of betting operations and protecting the interests of consumers. In NCP terms, the benefits of the requirements appear to exceed their costs.

However, the need for direct involvement of the racing industry directly in regulatory aspects of associated gambling activity, specifically approval and direction of registered bookmaking activity, is not as clear. The industry of bookmaking is expanding and emerging as a distinct and major industry segment. The relationship between Racing Clubs and the conduct of lawful business activity by all bookmakers should be re-established on the basis of arm's length commercial business arrangements for the conduct of such business activity.

**Recommendation:**

- Regulation and control of bookmakers no longer involve Industry Control Bodies, but be undertaken directly by the proposed Gambling Commission. All bookmakers to enter into commercial business relationships with Racing Clubs for the conduct of lawful betting business activity.

**Sports-bookmaker Licensing**

The Act requires a sports-bookmaker to hold a licence, and to conduct betting in accordance with the conditions of the licence, the Act and regulations.

This form of “positive licensing” imposes a barrier to entry and regulatory costs, but its purpose is to exclude improper persons or organisations from the industry.

Licences may contain differential conditions between operators and are also renewable, with scope for imposition of new or amended conditions at renewal. This provides scope for considerable business uncertainty. Movement to a system of performance-based licensing, under a standard licensing structure, is considered a more appropriate arrangement.

**Recommendation:**

- The requirement for sports-bookmakers to be licensed remain, under a licensing approach based on more standardised and performance-based arrangements.

**Bookmaking Employees**

Bookmaker’s clerk and a “remote” clerk (persons who operates at a racing venue on the bookmaker’s behalf at a site away from the bookmaking ring) are required to be licensed.

In practice, sports-bookmaker clerks not directly engaged in betting are not licensed, but are treated as employees. There is ambiguity in the legislative provisions involved which should be clarified.

The need for the specific licensing of all bookmaker clerks (employees) is not clear and elimination of the requirement is recommended for all general employees. There is support for the licensing of key employees and these should be defined.

**Recommendation**

- The requirement for licensing of all bookmaking staff be confined to key employees only to be defined, subject to prescription of prohibited persons provisions for employment in the industry.

**Licensing - Summary Comments**

**Public Comments**

Continuance of a strict but more transparent and simplified licensing regime supported.

<b>Benefits (Positive Impacts)</b>	<b>Costs (Negative Impacts)</b>
Maintenance of strong probity control	Continuing compliance costs.
Maintenance of public confidence	
Minimised exposure for corruption	
Controlled environment for management of problem gambling	
Improved business scope for Industry participants	
Public licence appeals mechanism allows increased input to industry development and is seen as more transparent	
Reduced compliance costs through simplified procedural requirements	

<b>Net Public Benefit Assessment</b>
Public confidence is better maintained by a strong and fair licensing system.

## Racing Activity and Event Management

### Codes of Racing

Effectively, the *Racing and Betting Act* restricts racing activity in the Territory to the thoroughbred horse, harness horse (standard bred) and greyhound Codes of Racing. It makes no provision for any new Codes, for example, Arabians or Camels which are officially raced in other countries, or Quarter Horses which are raced in other Australian states and overseas, particularly in the United States and Europe.

Part 3 of the Act establishes the statutory controls for the three specific Codes and excludes a person other than a non-proprietary race club from conducting a horse, trotting or greyhound race or meeting. The control bodies, being the Principal Club [Darwin Turf Club] for thoroughbreds and the Commission for harness and greyhounds, have the power to make or amend local rules of racing, which include provision for licensing industry participants.

Race meetings must be conducted on a control body licensed racetrack by a club licensed by a control body. A person or organisation cannot conduct or participate in an animal race for the purpose of betting, except at a race meeting authorised by a control body. Therefore, other Codes of Racing are prohibited from conducting racing in conjunction with lawful betting.

There appears to be no sound case for continuance of this restrictive provision and attendant industry licensing requirements for venues and venue operators should be removed from the Act.

### **Recommendation:**

- The registration of additional Codes be approved and for non-industry accreditation of operators involved, focusing on the probity, security and proprietary issues such as those that already apply for the licensing of venues and operators in other forms of gambling.

<b>Public Comments</b>
Supported (subject to consideration of any contractual obligations in respect of NT TAB Pty Ltd which may impact).

<b>Benefits (Positive Impacts)</b>	<b>Costs (Negative Impacts)</b>
Increased business development opportunity	Nil identified.
Improved consumer choice	
Expanded industry scope	
Overall industry growth expected to be positive	

<b>Net Public Benefit Assessment</b>
Improved consumer choice and expanded industry base seen to offset any minor and short-term negative impact on existing industry participants.

### **Proprietary Racing**

Proprietary racing occurs where the race meeting organisers retain a share of the profits from the race meeting.

This practice was prohibited in all States in the early 1930's when private proprietors were accused of manipulating race outcomes to maximise their own profits.

Historically, community-based and voluntarily managed organisations (race clubs), that run traditional racing, were considered to have no pecuniary inducement to manipulate race results.

Provisions of the Act prohibit a person other than a non-proprietary registered race club from conducting a horse, trotting or greyhound race or meeting and preclude the respective Control Bodies from registering a race club, trotting club or greyhound club that is not a non-proprietary club.

These legislative provisions did not develop in isolation and are complementary to, and support, the long held objectives of traditional racing Codes that ensure:

- a registered race meeting may only be conducted by a Club registered under the relevant Rules of Racing; and
- in respect to the thoroughbred Code, should any race meeting not be conducted under the Australian Rules of Racing, all horses taking part shall ipso facto be disqualified, and no person taking part therein shall be competent to enter a horse for any race held under the Rules or to hold or continue to hold any licence unless the Committee shall otherwise determine.

In order for a Territory based Code of Racing to sell its product to NT TAB Pty Ltd such Code must conduct lawful racing in accordance with relevant legislation. Therefore, currently any proprietary racing product cannot be sold to a licensed TAB operator.

Tele Trak Pty Ltd recently proposed a form of proprietary racing for South Australia. The proposal involved straight line racing at a purpose-built venue. Parallel cameras would transmit racing product through the Internet and betting service providers would present these events to punters. This proposal does not depend on spectators at the track; it relies on

transmitting the racing product to consumers. Also, it does not rely on a different breed of horse for the racing product as it would use thoroughbred horses, albeit presented in a different manner by a proprietary organisation.

Under current Territory legislation this type of proposal would be unlawful.

The Industry has developed into a major economic sector of the Australian economy. It is considered that the previous blanket restrictions are no longer appropriate if Australia is to remain commercially competitive on a global basis and should be relaxed or removed.

This arrangement exists in a number of overseas countries and is being proposed for adoption by a number of other major Australian jurisdictions. The Territory should not exclude itself from any developments in this regard.

There are considered to be sufficient contemporary control mechanisms, either within or which can be included within the regulatory framework, to ensure the appropriate standards and probity levels can be maintained.

Flexibility for Industry Control Bodies to operate or be involved under this structure should also be considered.

#### **Recommendations:**

- Restrictions covering the prohibition of proprietary racing to be removed.
- Industry Control Bodies be permitted to engage in proprietary racing activities.

#### **Public Comments**

Supported (subject to consideration of any contractual obligations in respect of NT TAB Pty Ltd which may impact).

<b>Benefits (Positive Impacts)</b>	<b>Costs (Negative Impacts)</b>
Increased business development opportunity for existing and new industry operators	Possibly erosion of economic activity for existing industry participants
Improved consumer choice of activity	Additional cost of management and supervision by Regulatory Bodies
Expanded industry scope with new commercial and employment opportunity	
Overall industry growth expected to be positive	

#### **Net Public Benefit Assessment**

Improved consumer choice and expanded industry base seen to offset any minor and short-term negative impact on existing industry participants.

#### **Declaration of Sporting Events**

Presently, a sports-bookmaker is entitled to bet only on those sports, events and contingencies that are listed in the "Declaration of Sporting Events" issued by the Commission. It is very broad, allowing betting on non-sporting events including entertainment awards and the results of Elections. It is varied from time to time.

The arguable benefits of the Declaration are that it allows control over events on which betting is permitted before betting activity occurs. However, it does impede the flexibility of Sports-bookmakers to react quickly to cover new business opportunities as they emerge.

It can be argued the Declaration represents unnecessary and unfair imposition on business. It is a restriction on business activity. Sports-bookmakers are operating in global market place and must be competitive and be able to react quickly to survive.

English bookmakers, by comparison, are able to accept bets on any event or contingency. It is true that the Declaration can be varied but this takes time, and it is changed on the basis of uncertain criteria.

It is suggested that the objective could be achieved more effectively by declaring *what is not* allowed rather than *what is*, in terms of generic types of activity. Thus, a sports-bookmaker could be precluded from offering odds on the outcome of a gaming event, a sporting event that is not sanctioned by a sport's governing body, age related events and so on. This gives maximum commercial flexibility while maintaining appropriate powers to preclude betting on certain types of events, as required.

**Recommendation:**

- The role of the Declaration of Approved Events be changed to that of a Declaration of Prohibited Events.

**Public Comments**

Supported

<b>Benefits (Positive Impacts)</b>	<b>Costs (Negative Impacts)</b>
Simplified operating environment for industry	Nil identified
Provides positive veto process for prescribed inappropriate activities	
Improves speed of industry development	
Reduced regulatory overheads	

**Net Public Benefit Assessment**

Improved and more predicable industry activity should result.

**Bookmaking Operations**

**Registered Bookmakers**

Whilst there is strong argument for continuance of strict licensing requirements for entry to the industry, it is not intended to pre-empt or preclude consideration of ways to streamline the licensing and regulatory processes to reduce costs to business and improve competitiveness.

A number of restrictive procedural processes have been relaxed over time, in line with developments in other jurisdictions. However, registered bookmakers still continue to be heavily controlled in terms of the scope and approach to the betting activity undertaken. Some of these provisions include:

- Bookmakers are tightly controlled in respect of place and time for the conduct of business. A registered bookmaker may carry on bookmaking only while present at a racing venue and while a race meeting is being held, under the approval of the Racing Club.
- Registered bookmakers can take bets through an approved telephone bookmaking systems but must adopt separate control procedures. The minimum amount of a telephone bet has been omitted from the Act but remains prescribed.
- A registered bookmaker may bet on an event that has been declared to be a sporting contingency by a Control Body. Such sports betting is restricted to the period during which bookmaking is being conducted at a racing venue while a lawful meeting is being held.
- A bookmaker may not advertise without approval.
- Registered bookmakers must trade in their own name which precludes corporate or other business structures.
- Registered bookmakers may only borrow money from approved financial institutions.

Registered bookmaker numbers have declined steadily for reasons including the enormous expansion in TAB betting and the emergence of sports-bookmaking. Although registered bookmakers can receive bets from off-course customers via a telephone system, they are prohibited from promulgating any material that may induce a person to bet.

Rapid technological advances are further complicating the restrictions on advertising and communication of betting services. This issue is being addressed at the State and Federal levels, particularly in respect to use of the Internet.

There is a need to broaden the scope of the legislative framework to accommodate new developments in technology as they emerge. The approach should be to provide generic provisions which will not inhibit the adoption of new technologies or techniques.

For example, bookmakers are prohibited from communicating real time odds off-course via the Internet or other delivery mechanisms. These provisions aim to curtail illegal SP betting operations but they also prevent reputable legal bookmakers from advertising or promoting their services. It popularly held that bookmakers are an important part of the Industry and wider racing experience because they:

- provide an alternative betting opportunity and market;
- add to the colour and entertainment of race meetings;
- provide a betting service at race clubs where on-course tote facilities are limited; and
- differentiate on-course and off-course betting options.

Maximum removal of anti-competitive operating requirements is indicated to maintain viability of this industry area.

***Recommendations:***

- restrictive operational requirements and cost impositions relevant to the conduct of legitimate betting activity in the Territory be removed or reduced so far as possible.

These include:

- restrictive financing arrangements;
- operation under corporate business arrangements;

- use of premises for other purposes;
- prohibition of operations on Good Friday and Christmas Day; and
- restrictions on time of daily operations.

### **Sports - Bookmakers**

Sports-bookmakers are also highly regulated in terms of operating conditions, including physical operations, authorised events and betting activity. These include issues such as:

- operating times and place of business for sports-bookmakers are prescribed in the licence;
- sports-bookmakers, who now operate in a global markets in multiple time-zones, may not conduct business at prescribed times, such as Good Friday and Christmas Day;
- a sports-bookmaker's licensed premises may not be used for any other purpose;
- sports-bookmakers must be co-located at approved racing venues;
- sports-bookmakers may not operate at other than approved premises;
- sports-bookmakers may not engage agents to provide wagering services to the public at an agent's premises; and
- sports-bookmakers may only borrow money from approved financial institutions.

### **Recommendations:**

- restrictive operational requirements and cost impositions relevant to the conduct of legitimate betting activity in the Territory be removed or reduced so far as possible.

These include immediate removal of:

- restrictive financing arrangements;
  - use of premises for other purposes;
  - prohibition of operations on Good Friday and Christmas Day; and
  - restrictions on time of daily operations.
- subject to further legal review of Government's contractual obligation in respect of NT TAB Pty Ltd, restrictions in respect of the conduct of commercial activities by agents on behalf of bookmakers and direct services to the public at other approved venues be removed.

### **Advertising**

There are conflicting requirements in the related legislation covering the scope of operators to advertise and promote lawful betting services. For example, under Section 22 (1) (d) of the *Unlawful Betting Act* it is an offence to advertise or act as agent to encourage betting, which appears to encompass advertising of lawful betting activity by a third party, eg. Race Club or Sky Channel.

Subject to consideration of policy restrictions in the public interest in respect problem gambling, restrictions preventing the advertising of licensed lawful betting business services should be removed from all provisions.



However, before doing so, it would be unsafe to expose the Territory to encroachment of operators from outside the Territory, until such time a reciprocal advertising is available in all other jurisdictions.

This issue has been raised in similar NCP reviews and needs to be addressed on a uniform National basis.

**Recommendation:**

- Advertising and promotional restrictions be removed for lawful business activity, subject to satisfactory provisions to recognise problem gambling considerations and policies, to be defined in proposed Codes of Conduct and subject to establishment of reciprocal advertising rights in other jurisdictions.

**Bookmaking Operations – Summary Comments**

<b>Public Comments</b>
Strongly supported (Reservation by NT TAB Pty Ltd expressed concerning commercial interests and contracted obligations which should be considered before blanket removal of restrictions as recommended).

<b>Benefits (Positive Impacts)</b>	<b>Costs (Negative Impacts)</b>
Simplified operating environment for bookmakers through removal of obsolete and unnecessary business restrictions not related to direct betting activity..	Some relaxation in direct control over bookmaking activity.
Creates open and more competitive marketplace	
Improved outcome for consumers	
Reduced administrative costs	

<b>Net Public Benefit Assessment</b>
The wagering public should benefit from a more open and contestable marketplace.

**Betting Activity**

**Betting Limitations**

Restrictions which define minimum betting limits applicable to particular forms of betting by all betting operators, such as telephone betting on racing events, are imposed. These unduly influence market behaviour and represent direct anti-competitive restrictions between betting operators and between jurisdictions. These issues received particular comment in the prior Productivity Commission review of Gambling as contrary to the public interest and unnecessary as a regulatory means of market control.

There are also anti-competitive elements involved with the types of betting involved for registered and sports-bookmakers bookmaker who may bet tote-odds only on Northern Territory totalisator results. This should be removed to allow use, at the discretion of a bookmaker, of any available totalisator odds in order to promote competition.

**Recommendations:**

- All minimum monetary betting limits be removed.
- Restrictions on tote-odds betting be removed ie legislation should not prohibit such betting activity, which may be conducted at the discretion of a bookmaker.

**Other Forms of Betting**

Betting is an activity that has undergone rapid innovation and commercial expansion in recent years. Interactive sports-betting is an example. New forms of betting are emerging such as Bet Exchanges.

Often regulation does not keep pace with innovation and technical change. New betting forms are developing on a daily basis and regulatory controls should be flexible enough to accommodate these developments as they occur.

That is not to say that there should necessarily be any reduction in probity and consumer protection measures, but that the speed at which regulators can react to new developments should not be constrained by overly prescriptive requirements for approval of what activities *may be* conducted, rather than adopting a licensing approach which defines what activities *may not* be conducted.

**Recommendations:**

- Future legislation be structured to ensure there are no inhibitors which impose generic barriers to adoption of new gaming products or services;
- New betting products and services be considered on their merits, subject to due consideration of all relevant probity and other public interest issues which apply.
- A Schedule of Prohibited Betting Activity be implemented and rational for prohibition of specific activities be promulgated.

**Third-Party Betting**

Current legislation makes it illegal for one party to place a bet on behalf of another. This provision is both impractical and difficult, if not impossible, to effectively control and is a restriction of day-to-day consumer practice and commercial activity.

As a legislative instrument to control wagering activity by business, it is a blunt and less than satisfactory means of effecting a form of licensing control and current provisions should be amended.

It does not follow that certain types of betting activity would automatically be considered in the public interest and thus should be approved activity.

Control over new forms of betting activity should be undertaken by specific policy control over particular types of activity, which as required, are scheduled as either approved or unapproved, and which if approved, are afforded an appropriate wagering licence.

**Recommendation:**

- Third party betting restrictions be amended and new wagering business activities be considered on their merits and scheduled as approved or unapproved, from a specific policy perspective.

**Betting Activity - Summary Comments**

<b>Public Comments</b>
Supported (Reservation by NT TAB Pty Ltd expressed concerning commercial interests and contracted obligations which should be considered before blanket removal of restrictions as recommended).

<b>Benefits (Positive Impacts)</b>	<b>Costs (Negative Impacts)</b>
Provides expanded business opportunity	Nil identified
Creates open and more competitive marketplace	
Improved access to betting products by consumers	
Increased speed and opportunity to react to market developments	

<b>Net Public Benefit Assessment</b>
Whilst there is some potential to experience increases in problem gambling from expanded activity, positive economic benefits are expected from a more efficient regulatory process.

**Gambling Management - Responsible Gambling and Problem Gambling**

In recent years, considerable focus by Governments of all persuasions has been given to the devastating effect problem gambling can have on some members of the community.

Considerable effort has been directed to this issue in the Territory, particularly in respect of gaming activity, such as poker machines. The current legislative provisions in the subject Acts are presently limited to the limitations on certain betting activity and prevention of certain persons from attending racing and betting venues. Specific obligations on licensed operators to ensure such measures are enforced also applies.

In terms of this review, the development of additional legislative provisions and programs does not come within the direct ambit of terms of reference, but should be considered in the context of any major revision of legislation resulting from the review.

**Recommendation:**

- A prescriptive Code of Conduct relevant to the activities encompassed by the legislation be introduced, to incorporate specific problem gambling remedies and licensee obligations.

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<b>Public Comments</b>
Supported

<b>Benefits (Positive Impacts)</b>	<b>Costs (Negative Impacts)</b>
Improved remedial practices	Nil identified
Specific industry commitments mandated	
Improved social outcomes	

<b>Net Public Benefit Assessment</b>
Transparent performance standards will improve public confidence in Industry.

## Competition Policy in Other Jurisdictions

All jurisdictions, both nationally and internationally, regulate their racing and betting industries to varying extents.

The major Australian racing jurisdictions have released final NCP Reports on their racing and betting legislation. From reviews to date, whilst particular jurisdictions have different policy stances in specific areas, overall there appears to be a degree of uniformity in the general legislative approach to maintain firm control over the industry.

An assessment of operating environments found in other jurisdictions reveals that all have in place legislative frameworks that restrict, to varying degrees, the regulated racing and betting industries operating within those jurisdictions.

From the outcomes of NCP Reviews completed to date, the issues identified in the Territory context appear to be similar.

Further examination identifies that overall, legislation generally has common objectives, being the protection of the public interest, the safe-guarding and probity of stakeholder interests, minimisation of potential for criminal activity and the maintenance of public confidence in the outcome of a racing event.

The following table (prepared during the course of the Queensland NCP Review Program) identifies the key areas in where restrictive elements have been identified in Territory legislation and compares these to operating environments in other Australian jurisdictions, South Africa, the United Kingdom and the United States of America.

Restriction on Competition	NT	QLD	NSW	VIC	WA	SA	TAS	ACT	SAfr	UK	USA
Arrangements for licensing of participants	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Establishment of a Drug Control Regime	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Code Rule Enforcement Systems	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Establishment of an Appeals Mechanism	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Establishment of Racing Associations	X	✓	X	X	X	X	X	X	X	X	X
Prohibition of new Codes of Racing	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	X
Prohibition on Proprietary Racing	✓	✓	✓	✓	✓	X	✓	✓	X	X	X
Restrictions on the operations of Bookmakers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Whilst there are some differences between States, the Territory's approach to NCP issues, particularly so far as racing legislation is concerned, is in generally step with what is occurring in the majority of Australian jurisdictions.

## Attachment A - Summary of Public Comments

# RACING AND BETTING LEGISLATION

## PUBLIC RESPONSES TO NCP ISSUES PAPER

The following interpretations should be made of comments in the enclosed Summary:

Supported	Specific support for proposed change as detailed in <i>Issues Paper</i>
Recommended	Specific suggestion for improvement made
Blank	No comment made - support assumed for proposals in <i>Issues Paper</i> .

ISSUE	Centrebet (Alice Springs)	Darwin Turf Club (Darwin)	IASbet Limited (Darwin)	NT Gaming & Wagering Advisory Forum	Marshall Perron (Darwin)	NT TAB Pty Ltd (Darwin)	Punting Partners (Darwin)
<b>Regulatory Objectives</b>							
Revised Objectives	Supported		Supported (Plus additional -maintaining a stable and viable wagering Industry)	Supported			
Introduce Industry Code of Practice	Supported		Supported	Supported		Supported	
<b>Regulatory Structure</b>							
Introduce revised Legislative Framework (Two-part)			Supported			Supported	
Regulate Non- proprietary Totalisators under the <i>Totalisator and Licencing Act</i>	Supported		Supported	Supported		Supported, subject to current operating restrictions and protection of NT TAB rights.	
Continue Principle Club Administration of Code Rules	Supported			Supported		Supported	

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ISSUE	Centrebet (Alice Springs)	Darwin Turf Club (Darwin)	IASbet Limited (Darwin)	NT Gaming & Wagering Advisory Forum	Marshall Perron (Darwin)	NT TAB Pty Ltd (Darwin)	Punting Partners (Darwin)
Remove Powers to Make Rules of Betting	Recommended (not used)			Recommended			
Revise Greyhound Racing Rules						Supported	
<b>Regulatory Administration</b>							
Subsume Racing Commission into Licencing Commission	Not Supported		Not Supported	Not Supported		Supported	
Elevate level of Corporate and Commercial Expertise in Racing Commission			Recommended	Recommended			
<b>Licencing</b>							
Maintain Positive Licencing Approach	Supported		Supported	Supported		Supported	
Introduce Public Review and Objections Based licencing	Recommended		Recommended	Recommended			



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ISSUE	Centrebet (Alice Springs)	Darwin Turf Club (Darwin)	IASbet Limited (Darwin)	NT Gaming & Wagering Advisory Forum	Marshall Perron (Darwin)	NT TAB Pty Ltd (Darwin)	Punting Partners (Darwin)
Enhance Independence of Probity Checking			Recommended	Recommended	Recommended		
Introduce Regular Checking of Financial Capacity of Bookmakers					Recommended		
Reduce and simplify prescriptive Licencing Conditions	Supported		Supported	Supported			
Introduce separate legislative provisions for Corporate and Individual Bookmakers	Recommended			Recommended			
Remove restriction against Corporate bookmaking business structures						Supported	
Remove Corporate Controls from	Recommended			Recommended			

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<b>ISSUE</b>	<b>Centrebet (Alice Springs)</b>	<b>Darwin Turf Club (Darwin)</b>	<b>IASbet Limited (Darwin)</b>	<b>NT Gaming &amp; Wagering Advisory Forum</b>	<b>Marshall Perron (Darwin)</b>	<b>NT TAB Pty Ltd (Darwin)</b>	<b>Punting Partners (Darwin)</b>
Licence to Act							
Render Parent Company Liable for Debts of Subsidiary	Recommended			Recommended			
Expand probity checking into Corporate Shareholders	Recommended			Recommended			
Provide for direction of Commission to dispose of shareholdings without compensation.	Recommended			Recommended			
Provide for waiver of prescribed time-periods under the Act if commercially warranted.	Recommended			Recommended			
Remove licencing control of bookmakers from Racing Clubs						Not Supported	

Report - National Competition Policy Review - Racing and Betting Legislation

ISSUE	Centrebet (Alice Springs)	Darwin Turf Club (Darwin)	IASbet Limited (Darwin)	NT Gaming & Wagering Advisory Forum	Marshall Perron (Darwin)	NT TAB Pty Ltd (Darwin)	Punting Partners (Darwin)
Remove Bookmaker Employee Licencing	Supported		Supported				
<b><i>Racing Activity and Event Management</i></b>							
Remove Prohibition on Proprietary Racing	Supported	Not Supported	Supported	Supported		Supported (Providing NT TAB retains sole right to conduct TAB wagering over any approved proprietary racing activity)	
Extend Codes of Racing	Supported	No objection	Supported	Supported		Supported (Providing NT TAB retains sole right to conduct TAB wagering over any new codes)	
Introduce Declaration of Prohibited Events in lieu of Approved Events	Supported		Supported	Supported		Supported	
<b><i>Bookmaking Operations</i></b>							

Report - National Competition Policy Review - Racing and Betting Legislation

ISSUE	Centrebet (Alice Springs)	Darwin Turf Club (Darwin)	IASbet Limited (Darwin)	NT Gaming & Wagering Advisory Forum	Marshall Perron (Darwin)	NT TAB Pty Ltd (Darwin)	Punting Partners (Darwin)
Remove commercial financing restrictions			Supported			Supported	
Simplify Prescriptive Bookmaking Operational Requirements	Supported						
Remove Advertising Restrictions	Supported		Supported	Supported	Supported	Supported, subject to reciprocal removal of cross-border restrictions.	
Remove Restrictions on Use of Premises	Supported			Supported		Not Supported	
Remove Prohibition of betting on - Xmas and Good Friday	Supported		Supported	Supported		Supported	
Remove Restrictions on Time of Daily Operations	Supported		Supported	Supported		Not Supported	

Report - National Competition Policy Review - Racing and Betting Legislation

ISSUE	Centrebet (Alice Springs)	Darwin Turf Club (Darwin)	IASbet Limited (Darwin)	NT Gaming & Wagering Advisory Forum	Marshall Perron (Darwin)	NT TAB Pty Ltd (Darwin)	Punting Partners (Darwin)
Remove restrictions on Agency Arrangements/ Trading Outlets/ Restriction to "On-course" activities by bookmakers	Recommended		Recommended	Recommended	Recommended	Not Supported	
Expand Electronic Betting coverage of legislation	Recommended			Recommended	Recommended		
Remove restrictions on use of current and emerging technologies			Recommended		Recommended		
Allow self risk assessment and management, eg, information technology			Recommended				
Provide support for R&D into new technologies			Recommended				
<b>Betting Activity</b>							

Report - National Competition Policy Review - Racing and Betting Legislation

ISSUE	Centrebet (Alice Springs)	Darwin Turf Club (Darwin)	IASbet Limited (Darwin)	NT Gaming & Wagering Advisory Forum	Marshall Perron (Darwin)	NT TAB Pty Ltd (Darwin)	Punting Partners (Darwin)
Allow Tote- Odds Betting by Bookmakers	Supported	Not Supported	Supported	Supported		Not Supported	
Extend Forms of Betting permitted	Supported		Supported	Supported		Supported, providing NT TAB rights are not impacted.	
Remove Prohibition for Third Party Betting							Recommended
Remove Minimum Bet levels	Supported	Not Supported	Supported	Supported		Not Supported	
Simplify Bet Recording requirements (electronic)	Supported			Supported			
<b><i>Gambling Management and Problem Gambling</i></b>							
Enhance Responsible Wagering Practices	Supported		Supported	Supported			
<b><i>Taxation Administration</i></b>							
Improve promulgation of taxation changes	Recommended			Recommended			

Report - National Competition Policy Review - Racing and Betting Legislation

ISSUE	Centrebet (Alice Springs)	Darwin Turf Club (Darwin)	IASbet Limited (Darwin)	NT Gaming & Wagering Advisory Forum	Marshall Perron (Darwin)	NT TAB Pty Ltd (Darwin)	Punting Partners (Darwin)
Remove bet-back tax deduction restrictions	Recommended		Recommended	Recommended			
<b>General Comments</b>							
Actively promote open National Wagering Market	Recommended			Recommended	Recommended		
Introduce Racing Funding Levy rather than Direct Grant to NTRI			Recommended	Recommended			
Review Anti-Competitive Provisions of NT TAB Agreement					Recommended		
Clearly Separate Political Decision in Licencing of Gambling Activity					Recommended		