



31 January 2017

Anna Giannakos
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Australian Competition & Consumer Commission
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Dear Ms Giannakos,

Authorisation Applications A91565 & A91566 "The Global Tote"

Thank you for the invitation to comment upon the authorisation applications A91565 & A91566 by "The Global Tote".

Gambling licence

AHA notes that the application by The Global Tote is partly based on it having been granted a 'Category2 eGambling licence' through the Alderney Gambling Control Commission (GCC). The AHA notes that The Global Tote Limited is licensed in Alderney and not in an Australian state or territory, yet:

- The Global Tote Limited is a subsidiary of TopBetta Holdings Limited
- Topbetta Holdings Limited is a public company listed on the Australian Stock Exchange
- TopBetta Pty Limited is an Australian subsidiary of TopBetta Holdings Limited which operates as a sports bookmaker licensed in the Northern Territory

Whilst consideration of the validity or suitability of the Alderney GCC may not be a matter within the strict purview of the adjudication review by the ACCC, it may be a matter of broader interest for the Federal Government or state and territory governments.

Comparison Alderney and Norfolk Island

A key reason on-line bookmakers seek licences from geographically isolated, self-governing dependencies or external territories authorities is that they generally offer comparatively cheap licences and generous tax arrangements than mainland agencies, and are perceived as "virtual gambling tax havens". Such considerations should be taken into account by the ACCC in its consideration of the net public benefit test.

In terms of a gambling licencing authority, The Alderney Gambling Control Authority bears some similarities with the Norfolk Island Gaming Authority in regards to sovereign status, size and scope. A comparison of the Alderney and Norfolk Island gambling authorities is set out below.

Authority	Alderney Gambling Control Commission	Norfolk Island Gaming Authority
Jurisdiction	Alderney	Norfolk Island
Sovereign Status	British Crown Dependency	Australian External Territory
Government	Independently administered	Self-Governed
Population	1,903	1,796
Size	8 km ²	35 km ²

The Norfolk Island experience

Unfortunately, the Norfolk Island Gaming Authority (NIGA) exposed Australia's thoroughbred industry to global ridicule in 2015 when it granted a national licence to BethQ – closely linked to the world's biggest illegal bookmaker, Citibet.

After being dissatisfied with the integrity practices of the NIGA, the Australian Government effectively closed down the NIGA. It was reported that the NIGA had “operated without transparency or basic integrity controls, was highly vulnerable to fraud and corruption, had failed to perform a proper analysis of licence application assessments, apply rigorous standards of probity, failed to fulfil its regulatory role, and had been effectively ‘captured’ by the industry”.

The conduct and performance of the NIGA was described by Racing Australia as “reckless incompetence”. (Adam Gartrell, The Age, 5 November 2016). At the time, Territories Minister Fiona Nash said "Gambling in Australia must be carefully regulated to ensure the integrity of our sport and to protect consumers".

Conclusion

In its deliberations as to net public benefit, the ACCC may wish to consider:

- The bona fides, transparency, integrity controls, fraud and corruption measures, analysis of licence applications, standards of probity, regulatory capacity and competence of the Alderney GCC
- Whether an approval might offend state and territory laws and contracts relating to the use or conduct of totalisator betting within their jurisdictions
- Whether an approval might offend the proposed prohibition on offshore operators who are not licensed in Australia from accepting bets from Australian persons, contained in the Interactive Gambling Act Amendment Bill
- The extent to which funnelling bets away from state/territory approved totalisators will create a net public benefit taking into account the likely to the Australian racing industry and Australian approved totalisator wagering network including pub tabs

Thank you for the invitation to make a submission.

Yours faithfully



STEPHEN FERGUSON
AHA NATIONAL CEO