**Response to Treasury Consultation Paper re. Proposed Introduction of an Economy-Wide Cash Payment Limit**

**Submission by Australian (On-Course) Bookmakers’ Association**

The Australian Bookmakers’ Association (**ABA**) is pleased to take this opportunity to make a submission to the Consultation Paper dated 23 May 2018 concerning a proposal by the Federal Government to introduce an economy-wide cash payment limit.

**The Australian Bookmakers’ Association**

The ABA is the representative body for Australia’s on-course bookmakers on matters of national impact.

Our support base is drawn from the State Bookmaking Associations, their delegates and approximately 600 on-course bookmakers Australia-wide who provide their services to the Australian Racing Industry.

**Australian On-Course Bookmakers**

On-course bookmakers are a longstanding part of the Australian Racing Industry. As the name implies, they conduct the majority of their business on-course at race meetings throughout Australia.

As such, they are very different in category to the other types of wagering operators in Australia. These are typically large corporate style businesses such as corporate bookmakers and ‘betfair’ whose main trade is with off-course located (‘account-registered’) customers via the internet and telephone.

Funds for these account based betting transactions and payouts are normally facilitated via banking transfers and credit card transactions, in both directions. No cash is involved.

Apart from our members, only the TAB’s provide a *cash* retail style service to unregistered customers, and their business operations are quite different in category, scale and location to those provided on-course by our members.

On-course bookmakers are typically sole traders or small partnerships. They are acknowledged to be a vital part of the Racing Industry, adding colour and excitement to the race day experience of racegoers and punters.

The majority of the trade of most on-course bookmakers is in cash, with a proportion of that trade in cash bets or payouts of over $10,000.

*As such, an exemption by category is considered essential for our members’ continuing viability in terms of this review / issue.*

As a latter section of this submission outlines, Government should be relaxed about granting this exemption, given the stringent nature of our current regulation including as Registered Reporting Entities to AUSTRAC.

**Why do On-Course Bookmakers Need to Continue to Deal in Cash Transactions over $10,000 ?**

On-course bookmakers are a unique part of the Australian economy with historical use of cash as their payment methodology both from and back to their customers.

Whilst the number of cash transactions over $10,000 in on-course bookmakers’ businesses is relatively low in number, they nevertheless play an important role.

Large on-course punters typically include owners of racehorses (backing their horses), regular professional punters and high net worth individuals who occasionally attend race meetings and bet in larger than normal amounts.

For a variety of reasons most of these people prefer to bet in cash.

Owners and high wealth individuals typically bet infrequently and want to secure the best price available in the bookmakers’ betting ring where cash is, for convenience, the preferred payment method. They do not want to open multiple betting accounts with numbers of bookmakers as this is less flexible and more onerous in terms of registration and funding.

Professional punters also often prefer the option to settle bets in cash as they are transacting regularly with numbers of different bookmakers at the most favourable betting odds.

From a winning bets payout point of view, most punters (in all categories) prefer to be paid their winnings in cash.

Winning payouts of over $10,000 are by their very nature more common than bets of over that amount. This is because many winning bets involve betting odds that significantly multiply the payout if the bet is successful. For example a bet of $1,000 placed at the odds of $12 will result in a collect of $12,000 if the punter is successful.

Large payouts of over $10,000 are also often encountered for bets of smaller amounts. For example a punter may win a multiple contingency type bet such as a double, treble, quinella or trifecta. All of these bet types are regularly offered by bookmakers and can involve large payouts for small bet outlays, often as low as $1.

In all cases where cash transactions for bets or payouts exceed the $10,000 level, the bookmaker is required to formally identify the customer and lodge a TTR threshold report to AUSTRAC. Heavy penalties apply to non-compliance, including potential suspension or loss of license by regulatory bodies.

The next section provides more detail as to the strict regulatory regime that on-course bookmakers currently operate under.

**The Operations of On-Course Bookmakers are Already Strictly Regulated, including by AUSTRAC**

On-course bookmakers are among the most strictly regulated and transparently observed businesses within the Australian economy.

Bookmakers are specifically categorised as Designated (Gambling) Services under the Anti-Money Laundering and Counter Terrorism Financing Act 2006. They are required under that legislation to individually register with AUSTRAC and lodge with that organisation AML/CTF Business Compliance Programs, Annual Compliance Reports and other incident based reports pertaining to cash transactions in their business operations.

The latter includes mandatory Threshold Transaction Reports (“TTR’s”) where transactions (bet placement payments, winning payouts etc.) of $10,000 or more in cash are encountered. These reports require the formal identification of the customer concerned including their residential address, as required under Chapter 19 of the AML/CTF Rules.

On-course bookmakers are also required under this legislation to formally lodge reports relating to any Suspicious Transactions (including those that may be related to attempted avoidance of TTR limits) and transactions that may involve Politically Exposed Persons (“PEP’s”).

These extensive requirements overseen by AUSTRAC are overlaid with significant State Government and Racing Industry licensing, regulatory and integrity requirements under a range of legislation, regulations and rules mandated by these bodies.

All business transactions with punters and other wagering operators are required to be recorded and retained long term and are closely monitored and available for inspection at any time by regulatory bodies involved.

Racing Industry and/or Government-appointed statutory officials, including stipendiary stewards, are also in personal attendance at every race meeting conducted throughout the nation.

As such, our members’ bookmaking operations specifically, and Australian racecourses in general, are amongst the most closely scrutinised parts of the Australian economy.

**Conclusion**

In summary, on-course bookmakers represent a unique category of business in the Australian economy that requires an exemption under the proposed Cash Payment Limit proposals.

In this respect on-course bookmakers are:

* Small businesses that are heavily reliant on cash transactions as their primary mode of business operations with their customers;
* Conducting businesses where individual cash transactions in excess of $10,000 are part of normal activity;
* Directly regulated by multiple layers of State Government and Racing Industry legislation, regulation and rules;
* Directly regulated and monitored (with particular focus on large cash transactions) via specific category by AUSTRAC as Designated Gambling Services under AML/ATF legislation, regulations and rules;
* Closely scrutinised in person by statutory officials at their actual place of operation (i.e. licensed racecourses); and
* As such, highly unlikely to be involved in any activities that are the focus of the Black Economy Taskforce Report and policy objectives.

In conclusion, thank you again for the opportunity to make this submission.

Please contact me direct if you have any further enquiries about this issue and the information provided.

Yours Sincerely

**Peter Fletcher**

**Chief Executive Officer**

**Australian (On-course) Bookmakers’ Association**

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