



## Ministers meet on “*illegal offshore wagering*” reform

2017-04-30 Melbourne, Australia

***Australian State and Territory Ministers have agreed to take steps on “illegal offshore wagering” reform.***

In a [communiqué](#) dated Fri 2017-04-28 Australian State and Territory Ministers advise they met to progress important reforms to online gambling.

Key points:

- ♣ National collaborative gambling research model  
\$A3M over 3 years for gambling research (NSW to provide secretariat)
- ♣ National consumer protection framework  
Best-practice to control online and telephone wagering services
  - ♣ ban credit (except for on-course bookies – including their telephone customers)
  - ♣ national self-exclusion register
  - ♣ voluntary opt-out pre-commitment scheme
  - ♣ reducing 90-day verification for customer verification
  - ♣ prohibition of links to payday lenders
  - ♣ national consistency in advertising

“Offshore wagering” is not mentioned in the communiqué outside the title, the phrase “illegal offshore wagering” seems very emotive and possibly counter to Australia’s World Trade Organization General Agreement on Trade in Services Agreement (GATS) commitments. The WTO has found the USA violated its GATS commitments [WTO GATS/SC/90] by prohibiting **gambling and betting services** offered by licensed operators in Antigua & Barbuda. Australia’s GATS commitments [WTO GATS/SC/6] at 10D are strikingly similar to those of the US. Perhaps this is a reason why “offshore wagering” was not mentioned in the text despite the emotive title.

Nevertheless, a brief reading of the 5 page communiqué doesn’t seem to offer many new control measures, although there are a couple of interesting points worthy of mention.

Of course there’s funding for research, how else would we know that placing automatic teller machines next to slot machines might not help protect players from problem gambling – yes such studies have previously received generous funding – a single example being “*Evaluation of the removal*”

of ATMs from gaming venues in Victoria, Australia”, a 217 page, funded study – when a reasonable person might wonder what the ATMs were doing there in the first place!

There are three items that seem to jump out of the communiqué:

### one

The *(national consumer protection framework) measures will be based on best-practice...*

Denmark mandates electronic identification (eID) and digital signatures as components of its customer identification and industry wide self-exclusion, unambiguously best-practice! Now State and Territory Ministers are proposing to adopt such a scheme, **WOW!**

### two

**Ministers agreed to reduce the current 90-day verification timeframe for customer verification.**

Under existing *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) gambling operators should not be facilitating withdrawals until identification is verified. Without withdrawals there are no “winnings”, if a customer stakes money (or money’s worth) but cannot “win” then surely that’s a donation and not wagering. A general guide being that gambling is the staking of money (or money’s worth) on an uncertain outcome with a possibility of winning or losing.

### three

***Prohibition of lines of credit being offered by online wagering providers***

- ***the use of credit offered by online wagering providers should be prohibited***
- ***an exemption for on-course bookmakers for phone based and in-person betting only. This exemption was proposed as it was recognised that on-course bookmakers have a different business model to the large corporate bookmakers, and that they are also subject to unique licensing conditions under state and territory legislation...***

Now you can’t make this up! On-course bookmakers are already exempt from material “know your customer” and other customer due diligence components of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth). Telephone betting is telephone betting is telephone betting – but if you’re a Northern Territory based corporate bookmaker, no credit; if you’re a New South Wales based on-course bookmaker credit! **WTF! (Well That’s Fantastic for NSW on-course bookies).**

So to be clear, the bookies with the least amount of Commonwealth obligations to prevent, monitor, and report money laundering or terrorist financing obligations, or know their customer, are to be allowed more leeway to offer credit! Makes sense in a parallel universe perhaps.

***Q. But what is the actual impact on responsible gambling of all this Australian huffing and puffing?***

**A. NOT MUCH (OR WORSE)**

My company had been approached by a large, global, European Union licensed, corporate bookmaker (presumably a so-called “illegal offshore wagering” operator) about compliance related matters relating to licensing in an Australian jurisdiction. This company had decided to come in from the cold, it wanted to comply with Australian laws, codes of practice, responsible behaviour controls, AML/CTF, etc.

However, the company dropped such plans when the Commonwealth announced plans to ban on “in-play” online betting; reason being the company would lose too much business. We’re since advised the company’s Australian facing business is up a few hundred percent after the Commonwealth ban. No compliance costs, no regard for Australian business, no Australian tax, no Australian employment, just increased revenue!

There can, and probably will, be expensive studies and analysis as to the effectiveness of the measures announced in this communiqué but until such time as Australians understand that many pushing “banning gambling” policies have made a career out of the fact that gambling is causing harm. Perhaps then Australians might consider harnessing technology, collecting revenue (millions going offshore at this moment), and implementing effective controls.

**About the author:**

Alan Pedley was a gambling regulator in the Northern Territory of Australia from Apr-1990 to Dec-1998 overseeing technical regulation of the world’s first regulated: online betting operations, and online gaming; and all aspects on the jurisdiction’s gaming machine industry.

Since Dec-1998 Alan has been consulting to government regulators worldwide in the fields of gambling regulation (including online, telephone, wagering, and AML/CTF). He has developed dozens of standards in use by regulators worldwide; conducts specially commissioned audits and examinations for regulators; and provides compliance and AML/CFT consulting, independent reviews, and external auditor services to operators.

Alan is trained as an ISO27001 lead auditor and has written certification and certifier minimum standards for gambling regulators.

He has been or is associated with the Gaming Law Review and Economics; International Association of Gaming Lawyers; International Association of Gaming Advisors; and is approved by AUSTRAC as an external auditor pursuant to the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.



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