

Chapter 13 Developments in the racing and wagering industries

I thank the Commission for the opportunity to respond to the Draft report on Gambling.

The Commission is WRONG in not recommending that totalisator exclusivity arrangements be removed.

The three methods of betting that operate in the wagering market are pool betting of the totalisator, fixed odds offered by bookmakers and betting exchanges.

To treat the totalisator different from the fixed odds method or from the betting exchange method is no different to recommending that all or most bookmakers or betting exchanges pool their resources into one or a couple of bookmaking or betting exchange operations.

By recommending that totalisator exclusivity arrangements not be removed, the Commission is effectively restricting innovation and competition within totalisator betting. And it is consumers who benefit from innovation and competition from all betting methods of wagering.

I wish to inform the Commission that I have developed my own innovations and intellectual property on wagering that relate to pool betting. They are:

- Australian Patent Number 2005 200 780
- Divisional Patent Number 2007 200 438
- Divisional Patent Number 2007 200 437
- Australian Patent Number 2005 201 458
- Australian Patent Number 2005 202 555

My intellectual property consists of:

- Potentially the number one bet type that may generate more demand than win betting, place betting or any other bet type.
- A concept of calculating the correct odds for exotic betting that reflects the true odds of an outcome occurring regardless of the size of the pool.
- An economically and mathematically based concept that may deliver the top odds of the market to consumers.
- A total of seven innovations including; the TOMIS, the Golsilbro, the Bet Strike, the Fiorino Screen, the Multiple Bet Strike, the Jackpot Clearing Account and the Eight Carat.

To not recommend that totalisator exclusivity arrangements be removed, the Commission is denying consumers access to potentially the best products, concepts and dividends for generations.

Also, as the inventor and owner of the above intellectual property, I find it grossly unjust and unfair if I were unable to provide consumers with my innovations, only for some other wagering provider to do so and to benefit from my ideas at the conclusion of the life of the patents.

When a new operator enters the market, it would be expected that its turnover is small. However if that operator can offer consumers competitive prices and innovative products and concepts, its business will grow and it will also be able to provide consumers with plenty of liquidity, as Betfair has shown.

The dream recommendations for corporate bookmakers from the Commission would be to:

- Allow and encourage the comingling of pools between totalisator operators.
- Allow bookmakers to offer consumers odds based on the final dividends declared by totalisator operators.
- Allow bookmakers to bet back into a totalisator pool that is linked to the bet made by a punter.
- Eliminate the new entry of totalisator operators with innovative products, concepts and competitive prices to protect their market share.

Were totalisator operators to comingle their pools, their dividends would be even easier for bookmakers to beat. If totalisator operators lack the skill and the vision to outperform their totalisator competitors, then they should be free to comingle their pools if they wish to do so.

By offering odds based on totalisator dividends it is so convenient for a bookmaker. A bookmaker saves time with instant access to odds supplied by another provider, reduces cost without the expense of framing accurate and competitive prices for all meetings, and reduces risk by the possible bet back into a pool that the bet of a punter is linked to. If bookmakers are unable to be prevented from offering consumers odds based on totalisator dividends according to copyright law, then so be it.

According to my information, as my wagering innovations are patent protected, competitors are unable to offer the same or better prices for products and concepts that are patent protected. Therefore all the issues, complications, problems and possible manipulations associated with bookmakers betting tote-odds are resolved.

All betting methods of wagering and wagering operators should be treated equally.

I support the recommendation of the Commission to propose a specific process for determining and allocating a racing industry levy. The racing industry levy should be based on gross revenue to bring all wagering operators on fair and equal terms.

An independent body should determine the amount of the racing industry levy to be paid by wagering operators to the racing industry. The amount of the levy should be based on the right balance between adequately funding the racing industry and wagering operators providing consumers with value for money.

The levy should be paid by wagering operators directly to each state's code racing authority and the share of the levy should correspond to the proportion of turnover derived from each code of racing.

The amount of the levy to be paid to the racing industry, and the amount of taxation to be paid to a licensing state or territory, should be the same for all wagering operators, with the exception of Tabcorp and Unitab who should pay a sizeable premium for their retail and media monopoly.

The amount payable by Tabcorp and Unitab should be high, and then lower as their monopoly phases out.

Any bet back made by a bookmaker should be excluded from the process of determining gross revenue. Bet backs should be accounted for as other forms of operating expenses.

To minimise the risks of a consumer falling into debt, credit betting should be banned. To claim that credit betting represents a greater risk to ordinary gamblers than it does to professional punters is amusing! Any professional punter who must rely on credit betting, without sufficient funds, is not a professional punter.

Punters should only bet what they can afford.

Sincerely,

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JAMES FIORINO