



# Independent Gambling Authority

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## Information sheet

**SUBJECT: Major licences—suitability investigation**

**DATE: 11 July 2007**

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### Scope

This information sheet relates to the following licence types regulated by the Independent Gambling Authority:

- the **casino licence** under the *Casino Act 1997*;
- the **major betting operations licence** under the *Authorised Betting Operations Act 2000*;
- a **proprietary racing business licence** under the *Racing (Proprietary Business Licensing) Act 2000*.

The casino licence is presently held by Skycity Adelaide Pty Ltd.

The major betting operations licence is presently held by SA TAB Pty Ltd.

No licence has been granted under the *Racing (Proprietary Business Licensing) Act 2000*.

Collectively, these licences are called “**major licences**” and the Acts of the Parliament under which they operate are called “**prescribed Acts**”.

### Suitability requirements

The prescribed Acts set out, through a range of provisions, an expectation that the corporation which holds a major licence, and that corporation’s close associates from time to time, will meet certain standards of suitability on an on-going basis.

The Authority is responsible for determining whether those suitability standards are met.

The prescribed Acts set out a number of matters which the Authority must take into account (integrity, reputation, etc) and also make it clear that financial suitability is part of a suitability assessment.

The prescribed Acts also contain definitions of close associates. The close associate concept is directed at relationships under which influence or control can be exercised, whether formally or informally, and regardless of formal corporate structures.

The requirement that licensees and their close associates be suitable is a key

component of the regulatory regime for protecting the integrity of licensed commercial gambling activities in South Australia. Similar provisions are found in gambling regulatory regimes elsewhere in Australia and New Zealand, Europe and North America.

### **Changes of control**

The prescribed Acts all make provision for suitability assessment in cases where there is a change of control or significant influence over the operations of a major licensee. This includes the situations where ownership of the licensee changes and also where a transfer of a major licence is sought.

Different formal application and approval process will apply, depending on the formal nature of a transaction under which there is a change of control. A common requirement of all approaches is that the Authority is satisfied as to the suitability of the licensee and close associates as they would be after the completion of a change of control.

The necessary investigations are comprehensive. They will take time. The time taken will be affected by the identity and number of new close associates, whether they have been the subject of a similar investigation or approval process in this or another jurisdiction and whether the proposed transaction requires approval in more than one jurisdiction.

For instance, the Authority has recently completed a suitability investigation concerning the change of control over SA TAB Pty Ltd occasioned by the merger of Unitab Limited and Tattersall's Limited. Tattersall's had already been approved, for gaming machines and lotteries, in Victoria. The transaction was the subject of a joint investigation between authorities in South Australia and Queensland.

The effective investigation period was 6 months. Had Tattersall's not already been the subject of approval in Victoria or had there not been the opportunity to work collaboratively with Queensland, the approval process would have taken longer.

These factors should be taken into account by anyone considering acquiring a licensee or attaining a position of control or significant influence.

### **Further reference**

This information sheet is intended to be read in conjunction with the relevant prescribed Acts, which are available online at [www.legislation.sa.gov.au](http://www.legislation.sa.gov.au).

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