

Fifth Social and Economic Impact Study of Gambling in Tasmania

Response to Discussion Paper

Friday, November 27, 2020

Background

Tabcorp Holdings Ltd (**Tabcorp**) appreciates the opportunity to provide input to the Fifth Social and Economic Impact Study of Gambling in Tasmania.

As the ultimate holding company of our key subsidiary companies that have operations in Tasmania, including Tattersall's Sweeps Pty Ltd, UBET Tas Pty Ltd, eBet Gaming Systems Pty Ltd and Bytecrafft Systems Pty Ltd, Tabcorp appreciates the opportunity to respond to this Discussion Paper (the paper) on their behalf.

About Tabcorp

Tabcorp is a world-class diversified gambling entertainment group listed on the ASX.

We manage iconic brands which ignite passion and excitement in millions of Australians.

Our goal is to build a sustainable future for gambling entertainment while making a positive impact. Each year our operations return billions of dollars to the Australian community, the racing industry and venue partners including TAB agents, news and lottery agents, hotels and clubs.

Tabcorp's vision is to be the trusted gambling entertainment company. We are committed to minimising gambling harm and have a strong track record for facilitating responsible gambling in Australia. The sustainability of our businesses and our regard in the community is dependent on us minimising harm from gambling.

Tabcorp employs over 4,600 Australians and our brands such as TAB, Sky Racing, The Lott, Keno and Max are delivered in over 8,000 venues across Australia, and over 60 countries worldwide.

Tabcorp is also the largest funder of the racing industry in Australia.

Thirty-nine per cent of our senior leaders are female, and we are proud to be recognised by the Commonwealth Government as an Employer of Choice for Gender Equality – the only gambling company, and one of only 120 Australian organisations, to receive this citation.

We also have one of the strongest track records with respect to responsible gambling.

Tabcorp has always been a responsible contributor

Tabcorp has a proud Australian history dating back to 1881 – collaboratively working with governments and partnering with the community, particularly in times of need. We recently donated more than \$1.9m to the 2019/2020 bushfire recovery effort, including \$50,000 to the Tasmanian Fire Service.

COVID-19 pandemic

As a priority, Tabcorp protected the health and wellbeing of its employees and implemented several measures to protect jobs during the pandemic. Where possible, all Tabcorp staff safely worked from home. To further preserve direct Tabcorp jobs and support the continued operation of Tabcorp's businesses during the pandemic, the Chief Executive Officer took a 20% reduction in fixed remuneration and all other permanent staff moved to a four-day week until the end of the 2020 financial year.

Moreover, no executive or staff bonuses were paid for the FY20 year.

To support small and family businesses and protect jobs during the COVID-19 pandemic, Tabcorp has so far suspended more than \$100 million in contracted fees for around 4,000 agencies, pubs and community clubs. Tabcorp supported our news and Lotto agents by changing settlement terms for ISI games helping to improve cash flow and changed some elements of our Omni-Channel commission program which has meant additional revenue for more than 90 news and Lotto agents in Tasmania.

To support community awareness and the management of COVID-19, Tabcorp encouraged its customers to download the COVIDSafe App via prominent banner advertising in our TAB App, produced targeted commercials for television and newspapers, and deployed signage in retail venues as they reopened. Tabcorp also supported crucial federal government messaging via our television and radio platforms (i.e. SKY Racing and SKY Sports Radio) with over \$1 million worth of free government advertising to ensure the community was adequately informed.

Tabcorp in Tasmania

In Tasmania during FY 20, Tabcorp made an economic contribution of more than \$65 million, including directly employing more than 50 Tasmanians, returning more than \$50 million in state taxes, collecting over \$8 million in GST and paying more than \$13 million in commissions to small business – such as newsagents, pubs and clubs – many of which are owned and operated as small family businesses.

Commitment to harm minimisation

Tabcorp is committed to minimising gambling harm and want to continue our strong track record of customer care in Australia. The sustainability of our businesses and our role in the community relies on a deep commitment to minimising harm from gambling.

Whilst most Australians gamble responsibly and within their means, we recognise that a small proportion of the population experience problem gambling (0.6%)¹. In response, Tabcorp continues to update our systems, procedures, processes and operating model to support responsible gambling.

¹ Fourth Social and Economic Impact Study of Gambling in Tasmania (2017) Volume 2: Prevalence Survey Report to Tasmanian Government Department of Treasury and Finance by ACIL Allen Consulting

We have developed “Customer Care” technologies and human-led tools that work together to better understand gambling behaviour and empower customer choice.

Summary of Tabcorp’s position

- The COVID-19 pandemic is having (and is likely to continue to have) a short-term disruptive and commercial impact on the businesses of Tabcorp as well as accelerating the structural trends of consumers gambling less in retail venues. This is having a detrimental impact on our venue partners who rely on the sale of Tabcorp’s products as well as the racing industry.
- Governments should prioritise legislation and regulation that promotes responsible gambling in regulated environments, such as pubs, clubs, agencies and racecourses.
- Tabcorp believes that the nature and intensity of competition in the Australian gambling industry has fundamentally changed over the past decade – especially in the wagering industry.
- The regulatory landscape has not kept pace with new technologies and new products, and as a result, has favoured overseas-owned online-only gambling companies licensed in the Northern Territory (corporate bookmakers).
- Tabcorp will always support sensible government reform that balance community expectations and harm minimisation, with the sustainability of the racing industry and our venue partners.

Conclusion

Tabcorp has a mutual interest in a strong and sustainable gambling industry in Tasmania – with thriving retail venues, strong employment and vibrancy across all communities who rely on the industry.

Tabcorp’s responses to specific issues in the discussion paper are located at Attachment A, Attachment B and Attachment C.

Should you have any further queries, please do not hesitate to me on 0417 992 933 or Charles Moon, Manager – Government and Industry Affairs on 0438 093 785 or Charles.Moon@tabcorp.com.au.

Yours sincerely,



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ATTACHMENT A: ECONOMIC DEVELOPMENT OF THE GAMBLING INDUSTRY

How has the Tasmanian gambling industry evolved since 2017?

The nature and intensity of competition in the Australian gambling industry has fundamentally changed over the past decade – especially in the wagering industry. The regulatory landscape has not kept pace with new technologies and new products, and as a result, has favoured overseas-owned online-only Corporate Bookmakers licensed in the Northern Territory.

Wagering

On 28 July 2020, Tabcorp migrated all Tasmanian-based digital accounts from UBET to Tabcorp (Account Customer Migration). All account details, including customer details, pending bets, marketing preferences, deposit and spend limits (where applicable), account balances and transaction histories amongst other details were migrated to new accounts in the Tabcorp system. TAB's digital customers in Tasmania also gained access to the new TAB app (iOS and Android versions) and the TAB website which provides enhanced vision (i.e. live racing and selected sports such as NBA).

Tasmanian pubs and clubs have also benefited given TAB's unique digital commissions model, which provides venues a share of commission on eligible bets that are placed within the venue via the TAB app. Furthermore, customers in Tasmania now have access to *Venue Mode* – an enhanced in-venue betting experience that offers exclusive features and offers when using the TAB app while in a TAB venue.

Beyond Tabcorp's strong and continuing investment in Tasmania, the evolution of the gambling market since 2017 has witnessed Corporate Bookmakers rapidly growing their market share in Australia – to approximately 70% of the online market. Corporate Bookmakers have used the low cost and favourable regulatory landscape in the NT – as well as changes in technology and consumer behaviour – to attract customers from gambling in retail venues across Tasmania.

This changing landscape has seen customers migrating from gambling in the heavily regulated and supervised environment of retail venues (i.e. pubs, clubs, TAB agencies and at racecourses) to betting online with Corporate Bookmakers. Consequently, retail venues and the racing industry in most jurisdictions, have suffered with a reduction in revenue flows, the loss of jobs and lack of investment in favour of Corporate Bookmakers.

Lotteries

The Lott – Australia's leading lottery business with operations in all states and territories, except Western Australia with game brands including TattsLotto, Powerball, Oz Lotto, Set for Life, Lucky Lotteries and Instant Scratch-Its – unveiled its new Retailer Remuneration Program in March 2018. It came as The Lott also introduced several new customer

initiatives including free customer membership, win notification service, digital wallet, and a new-look the Lott Membership card.

The Retailers Remuneration Program was developed in consultation with industry groups and retailers, and incorporates performance-based remuneration, which gives each franchisee the potential to earn bonus commission if they meet certain benchmarks.

The program provides Tasmania's lottery retail network with a new performance-based remuneration model, a commission sharing model that allows outlets to receive a share in digital commission from customers who also purchase in retail, and access to commission on digital purchases by customers that have signed up as a result of being activated to join in store.

Key components of the new Retailer Remuneration Program include:

- Performance-based remuneration based on the rating achieved by an outlet in the preceding survey period;
- Introduction of new outlet rating program to drive a consistent customer-led, omni-channel experience;
- Omni-channel digital commission, which enables retailers to share in digital sales from omni-channel customers; and
- Omni-channel sign-up bonus, which is a bonus commission on digital purchases made by customers that have signed up within four weeks of a retailer activating them in an outlet.

The Lott also announced that from 1 July 2019, outlet digital point-of-sale (DigiPOS) hardware and the ongoing maintenance of this equipment will be paid for by the Lott which will provide new franchisees access to eye-catching point of sale at minimal cost. To date, more than \$280,000 has been invested in this program in Tasmania.

Synthetic lotteries

Synthetic lottery products offered by overseas-owned Corporate Bookmakers licensed in the Northern Territory remain a threat to the viability of our news and lottery agents, the regulation of official lotteries and the benevolent taxation directed to the Tasmanian community.

Synthetic lotteries have the potential to erode more than \$1.3 billion of annual state revenues that flow from government regulated lottery and keno draws and are used for hospitals, schools, roads and charities.

Synthetic lotteries are not strictly regulated lottery or keno draws but rather derivative products such as bets on the outcomes of overseas lottery and keno draws, and movements in stock market indices. These derivative products are often marketed as a lottery product. The Australian lotteries and keno system has been built on guaranteed prize pools, fair taxation – which returns a substantial dividend to the community – and is bound by strict

terms and conditions to operate in a strictly regulated market, especially to protect consumers.

In November 2017, in response to representation from the Federal Minister for Communications and concerns raised by various stakeholders, particularly the Australian Lottery and Newsagent Association, the Northern Territory Racing Commission (NTRC) banned the overseas-owned Corporate Bookmaker Lottoland from accepting bets on the outcome of Australian lotteries.

These concerns included that consumers were being misled into thinking that they were buying an entry into a genuine lottery and the potential cannibalisation of both the incomes of small businesses selling regulated lottery tickets and state tax revenues which are used to support benevolent community causes, such as hospitals, charities and sport.

Moreover, 'bets on lotteries' were prohibited by a 2018 amendment to the Interactive Gambling Act 2001 (Cth) (the IGA). Tabcorp supported these amendments. However, some operators, licensed as Corporate Bookmakers in the Northern Territory, continue to brand and market products almost identically to a lottery. These products are misleading for consumers with data suggesting that around one-third of persons think they are entering a real lottery – not betting on the outcome of an event.

Tasmanian Government's *Future Gaming Market* policy

As per our submission to the Department of Treasury and Finance's *Future of Gaming in Tasmania – Public Consultation Paper* in March 2020, Tabcorp supports the decision made by the Tasmanian government to clearly announce its policy for the future of the Tasmanian gaming market.

Tabcorp recognises the privilege and responsibility of being trusted to operate wagering, lottery, Keno and monitoring licenses across most of Australia. These products offer legal and regulated gambling entertainment to be enjoyed by millions of people and return a substantial contribution to the community.

What has been the impact of COVID-19 on gambling participation and the performance of businesses engaged in gambling activities?

The COVID-19 pandemic is having (and is likely to continue to have) a short-term disruptive and commercial impact on the businesses of Tabcorp – as well as our partners who rely on the sale of Tabcorp's products (i.e. the racing industry, pubs, clubs, and newsagents).

Wagering

The forced shutdown of Tabcorp's retail venues in response to the pandemic has also further accelerated the significant structural trends away from retail – to the detriment of retail venues across Tasmania (i.e. pubs and clubs) and the national racing industry, which

relies on Tabcorp for around 70% of its funding. For example, 4 retail TAB agencies have closed in Tasmania over the last two years because of compromised financial viability.

During the shutdown, many customers who traditionally placed cash bets in the supervised environment of a retail venue opened online gambling accounts to continue enjoying a bet on racing and sport. Some customers who have transitioned to online betting will not come back to place bets in retail venues or bet with the TAB (the State-based licensee). Consequently, there will be less regulatory oversight and economic benefit for Tasmania.

On 28 May 2020, the parent company of Sportsbet and Beteasy, Flutter Entertainment plc (which is the biggest overseas-owned online gambling company in the world), announced a 56% increase in revenues for the COVID-19 impacted period. The announcement noted:

“[Sportsbet and Beteasy] **benefited from the continuation of racing and retail remaining shut**. This has led to an **acceleration of retail customers to online**, with our products and promotions providing attractive to a new cohort of online customers.”

Investor analysts are estimating that Sportsbet and Beteasy have increased their Australian revenues by \$150 million over this period and have captured a significant portion of Tabcorp’s retail business. This could risk permanent damage to the local racing industry, local retail venues and local jobs in Tasmania.

Further illustrating how overseas-owned Corporate Bookmakers have benefited from the acceleration of retail customers to online, the wagering turnover on the 2020 Melbourne Cup saw:

- Sportbet’s turnover double (taking 5.5 million bets);
- GVC’s (the parent company of Ladbrokes and Neds) turnover increase 42 per cent; and
- Tabcorp’s turnover decrease by six per cent.

Proposed reforms to retail wagering and gambling

To mitigate the significant structural trends away from retail – recently accelerated by the COVID-19 pandemic – and continue to support responsible wagering and gaming in a regulated environment, the government should consider sensible retail reforms, including:

- **Approve contactless payments with debit cards** (i.e. not credit cards) for wagering transactions in retail venues.
- **Approve modernisation of regulations** and support retail venues to reflect that the exclusive retail licence scheme and the achievement of its objectives has been impacted by technological change. Where possible, changes to the regulatory framework should be drafted in a technology agnostic manner.
- **Recognise approvals in other jurisdictions** and fast-track approvals which improve the customer experience in a retail venue. Corporate Bookmakers get faster product approvals from the regulator in the NT (if any are required at all) and subsequently

can offer their Tasmanian customers more products, and a better experience, than the local State-based licensee. The process for equipment and system approvals is also complex, time-consuming, duplicated across multiple jurisdictions and only applies to the local State-based licensee – who is therefore disadvantaged from innovating and developing new and improved customer experiences. The State-based licensee should be given an automatic approval (or preliminary approval) for any product, system or equipment which has been already subjected to an appropriate assessment process and approved in another jurisdiction, whilst the Tasmanian regulator conducts its own assessment. Approvals which improve the customer experience in a retail venue should also be fast-tracked.

- **Approve measures to rejuvenate betting on the totalisator.** State-based licensees have exclusivity for totalisator betting and in turn provide around 75% of funding for the national racing industry. Currently Corporate Bookmakers use ‘best tote plus’ and similar derivative products to attract customers away from totalisator betting – which directly cannibalises local racing industry funding. These derivative products provide the benefits of the totalisator without any of the operational costs, regulatory requirements or obligations to fund the racing industry. Addressing the use of ‘best-tote’ derivative products will immediately attract customers back to the totalisator and increase racing industry funding. Other measures such as approving the local State-based licensee to use ‘tote boost’ measures such as not taking a commission and/ or increasing the pool of winning dividends available to customers after the result of a race (i.e. by \$10,000) will give customers a winning bonus, rejuvenate totalisator betting and increase funding to the racing industry.
- Support for **a single national totalisator** will also be important in the near future.
- **Exempt retail wagering from the point of consumption tax (POCT)** or allow the local State-based licensee to deduct the cost of racing industry payments and/ or venue commissions from the POCT liability. This would be in recognition of the substantial funding provided by the local State-based licensee to the racing industry and retail venues. The point of consumption tax (POCT) could also be increased from 8% to 15%, with the arrangements continuing to be in place for the local racing industry and local totalisator to be no worse off.
- **National harmonisation of regulations for consistency across all jurisdictions** and all wagering operators. Lack of regulatory reform in some jurisdictions and the current environment disadvantages the local State-based licensee, local racing industry and local retail venues. A single standard of regulations and enforcement measures would ensure every wagering operator is accountable and operating on a common basis which is appropriate from a consumer harm management perspective.
- **Hypothecation of lotteries to good causes** – providing reasonable taxes for the benefit of the community is appropriate in all regulated industries, particularly those which have the potential to do harm. However, the benefit of taxes on regulated industries is often unknown to the community or misunderstood, and sometimes results in the demonizing of legal and legitimate industries. Hypothecating or directly using taxes for a specific community good (i.e. hospitals, medical research, natural disaster response etc) would be beneficial for the community and allow legitimate industries to responsibly and productively go about their business.

- **Establish an approval pathway for innovative lotteries products**, particularly those which support retail venues. There is widespread community support for the lotteries, and the potential for lottery products to do harm is very low. However, the regulatory pathway for new products is an obstacle to innovation, particularly when coupled with the same approvals being required in other jurisdictions. Considering the community acceptance, low harm and substantial taxation benefit provided by lotteries products, there is an opportunity to trial or pilot innovative products for a defined period (i.e. 6 months) before a regulatory assessment, or something similar (i.e. a 'regulatory sandpit'). This process will provide adequate data to assess customer preferences, impacts on other products and harm-minimisation risks. It is also a method of innovative disruption which, unlike the methods of overseas-owned online gambling companies, has input from the State-based licensee and regulator.

Proposed reforms to electronic gaming machines

Tabcorp notes the policy changes and industry developments set out in the government's proposed *Future Gaming Market* reforms including the tender of an independent monitor of the hotel and club EGM network.

The Victorian experience provides the most recent example of a change from a gaming operator model to a venue-based model with an independent monitor.

The move to a venue-based model has provided choice for clubs and hotels in a range of value-added services, including supply of gaming machines, data and insights, venue design, marketing and promotions, and servicing. The venue-based model encourages a competitive market for services, which ultimately benefits clubs and hotels and enables them to tailor their offering to their local clientele.

A centralised independent monitor also offers efficiencies in ensuring the integrity of gaming machines and supports venues in meeting their regulatory obligations. A central monitor can ensure return to player requirements are met and that tax calculations are accurate.

One of the features of the Victorian model is the stringent separation of the monitoring function from the owners/operators and manufacturers of gaming machines; the monitor cannot be an owner, operator or manufacturer of gaming machines. The aim of these restrictions is to prevent both a concentration of ownership and domination of the supply chain within the gaming machine market, and a potential weakening of integrity by enabling an owner/operator or manufacturer to have access to gaming machine data across the network.

We note the intention that these reforms will commence operation on 1 July 2023. Our experience suggests that any tender process will need to commence by mid-2021 to achieve this timeline.

Have there been any notable changes in gambling behaviour?

As a result of the proliferation of tote derivative products by overseas-owned Corporate Bookmakers (i.e. 'best tote plus 5%' or 'top tote'), Tabcorp has witnessed a deterioration of the pari-mutuel business.

An estimated 25% of fixed odds racing turnover of Corporate Bookmakers is made up of these derivative products, which are a direct cannibalisation to the pure pari-mutuel product, placing increased pressure on the tote.

Corporate Bookmakers use 'best tote' and similar derivative products to attract customers away from totalisator betting in Tasmania. These synthetic derivative products have been a particular feature of online gambling advertising and marketing during the COVID-19 period, when punters, who would normally bet on the totalisator in a retail setting with the TAB, were unable to place a bet due to the forced retail shut down, and other restrictions which have made retail betting difficult. Corporate Bookmakers have used this opportunity to lure customers who were looking to open online accounts.

In short, tote derivative products allow Corporate Bookmakers to:

- Realise the benefits of the totalisator without incurring any of the operational costs;
- Avoid Tasmanian regulatory requirements; and
- Offer tote derivatives without any obligation to fund the local racing industry.

The impact to the tote is particularly concerning as pari-mutuel betting remains a critical funding source for the racing industry across our various TAB state licenses, which provide approximately 70% of national racing industry revenue. Furthermore, the pari-mutuel offering of Tasmanian tote customer relies heavily on the liquidity provided through pooling into interstate tote pools.

Tabcorp would be supportive of a revised tote derivative fee structure allowing the Tasmanian Principal Racing Authority (PRA) to implement a higher levy rate on these bet types. A higher tote derivative fee will:

- Increase TASRacing revenues which will support the sustainability of funding to the Tasmanian racing industry; and
- Assist to reinvigorate the competitiveness of totalisator betting which combined with other factors, including progressing national pooling, will provide the tote with a platform for future success.

To what extent have innovations or new forms of gambling emerged?

The introduction of digital account migration provided Tasmanian TAB customers access to the full suite of products and features available to TAB wagering customers in other states and territories, including:

- Venue Mode;
- Enhanced live vision;

- New tote bet types such as: Early Quaddie, BIG6;
- New fixed odds bet types such as: Same Game Multi, Systems betting and Super Multi; and
- ‘Take a Break’ – the ability to initiate a short-term break from account betting.

In addition, TAB’s Tasmanian customers also gained access to Flexi Betting, removing the old fractional betting for digital customers, as well as introducing 50c bet increments. As a result of the Account Customer Migration in Tasmania, customers now have access to Tabcorp’s best-in-class wagering products and features not previously available to Tasmania’s UBET customers.

Despite Tabcorp’s investment in Tasmania, a consequence of the regulatory landscape not keeping pace with new technologies and new products is that Tasmanian customers are missing out on the benefits of innovation, and the community is missing out on additional economic activity.

The experience to date has been that if customer expectations are not met then the customer will leave to find a better experience, which often means betting with overseas-owned online gambling companies, to the detriment of the local industry and local jobs. It also results in less regulatory and responsible gambling oversight in Tasmania.

A relevant example was Tabcorp’s proposed use of a cloud provider for systems and records. To enable regulatory compliance, an amendment to legislation was required in Tasmania for the licensee, however due to jurisdictional limitations, Corporate Bookmakers who operate in Tasmania under the Northern Territory regulatory framework were not required to obtain similar approvals.

It is Tabcorp’s view that legislation should embrace a ‘technology agnostic’ mantra. Tabcorp is supportive of any reforms that aim to ensure regulatory instruments are contemporary and sufficiently flexible to accommodate emerging issues, whether they relate to technology or changing customer preferences.

What is the level of employment associated with gambling activities and how has it changed over recent years?

Tabcorp’s products support over 4,500 direct and 500,000 indirect jobs in the Australian economy.

Tabcorp notes the recent comments on the importance of the state’s racing industry by the Tasmanian Minister for Racing, the Hon. Jane Howlett MLC, who said on 29 October 2020, “(the racing industry) injects around \$103 million a year into the Tasmanian economy and involves more than 5,500 Tasmanians as either employees or direct participants”.

ATTACHMENT B: BENEFITS AND COSTS OF GAMBLING

What are the benefits and costs of gambling in Tasmania?

Well-regulated gambling in Australia provides significant enjoyment for many Australians, supports more than 500,000 direct and indirect jobs in pubs, clubs, news & lottery agents, and the racing/breeding industry and is a vital source for revenue for state governments.

Tabcorp's Tasmanian venue partners – such as news and lottery agents, pubs and clubs – shared in more than \$13 million in commissions from the sale of Tabcorp products in the last financial year. Many of these venues are owned and operated by families.

The Community Support Levy (CSL) – derived from the profits of Electronic Gaming Machines (EGMs) in pubs and clubs and held in trust by Treasury – supports the community with cash grants. In 2018/19, more than \$4.1 million was paid into the CSL from the profits of gaming machines in clubs and hotels.

Under the Act, the Treasurer distributed the CSL in the following manner:

- 25 per cent for the benefit of sport and recreation clubs;
- 25 per cent for the benefit of charitable organisations; and
- 50 per cent for the provision of:
 - o Research into gambling;
 - o Services for the prevention of compulsive gambling;
 - o Treatment for the rehabilitation of compulsive gamblers;
 - o Community education concerning gambling; and
 - o Other health services.

In 2018/19, community and sporting organisations that benefited from the CSL included²:

-	Bridport Golf Club	New replacement green on seventh fairway	\$15,000
-	Glenorchy	Upgrade at Eady Street Sports Ground	\$77,410
-	Sorell	Lighting and seating at Pembroke Park	\$42,260
-	Sunshine Tennis Club	Two new tennis court surfaces	\$41,590

How does gambling impact other sectors of the economy?

Many of our licensed venue partners (i.e. pubs and clubs) are also providers of complementary products such as food, beverage, accommodation services, music and other entertainment too.

² http://www.dpac.tas.gov.au/__data/assets/pdf_file/0003/442065/List_of_Successful_Applicants_-_Sport_and_Recreation_Major_Grants_Program_2018-19.pdf

Are there any notable regional differences in terms of the concentration of activities, and the social and economic impacts of gambling?

As previously mentioned, Tabcorp's products support over 4,500 direct and 500,000 indirect jobs in the Australian economy.

Many of these jobs are in regional and rural parts of Australia – including in Tasmania – given the coexisting relationship between racing, breeding, wagering and hospitality venues.

ATTACHMENT C: PROBLEM GAMBLING AND SUPPORT SERVICES

For most people, gambling is a leisure activity and an enjoyable form of entertainment. Tabcorp appreciates however, that a small portion of the population struggles to gamble responsibly.

We are committed to minimising gambling harm and want to continue our strong track record of customer care in Australia. The sustainability of our business and our role in the community relies on a deep commitment to minimising harm from gambling.

Are existing policies and strategies in place to minimise harm from gambling effective?

Tabcorp continues to update our systems, procedures, processes and operating model to support responsible gambling, including the development of our 'Customer Care' technologies and human-led tools that work hand-in-hand to better understand gambling behaviour and empower customer choice.

In 2019, TAB launched a new responsible gambling microsite to create a user-friendly and easily accessible information and assistance hub for TAB wagering customers. In line with National Consumer Protection Framework (NCPF) provisions, TAB wagering also developed 14-day identity verification, automated account closure and deposit limit functionality for customers. Our wagering and lotteries businesses launched a responsible gambling model in 2019 with early intervention processes for customers who score on the model and on the specified business rules. Our Keno business also launched a new responsible gambling microsite in 2019 and is in the process of developing a similar responsible gambling model to Tabcorp Lotteries.

In terms of existing Tasmanian policies and strategies in place to minimise harm from gambling, it is worth noting the Tasmanian Liquor and Gaming Commission Annual Report from 2019/19 which stated (in respect to minimising harm), "the Tasmanian Gambling Exclusion Scheme supports problem gamblers in managing their gambling activity and is one of the most established and comprehensive exclusion schemes in Australia. The scheme provides a means for patrons to exclude themselves from gambling, as well as providing for venue operator and third party-initiated exclusions".

The Lott has World Lottery Association Responsible Gambling level 4 certification. The World Lottery Association is internationally recognised as a global authority and establishes ethical standards and best practice. WLA level 4 is the highest level of accreditation and the certification audit covers key areas including: research, employee programs, retailer programs, game design, remote gaming channels, advertising and marketing communications, player education, treatment referral, stakeholder engagement, and reporting and measuring.

Do gambling venues adequately adhere to responsible gambling practices?

Tabcorp expects all TAB Agents, their employees, licensed venue staff and lottery agents who operate licensed equipment in Tasmania, and Australia, to at all time adhere to responsible gambling practices.

Any Agents, staff or venues found not complying with compliance training requirements or responsible gambling practices can be suspended from trading.

Wagering

To support our licensed venue network (i.e. pubs and clubs), Tabcorp launched our new compliance training in September 2020, known as *TAB Compliance*. All operators of regulated TAB software and hardware in Tasmania complete ongoing training, with a noted emphasis on responsible gambling. This training must be completed by all operators before they are permitted to operate TAB equipment.

The *TAB Compliance* training includes two training modules for our TAS venues:

1. AML/CTF training; and
2. *TAB Fundamentals*.

The *TAB Fundamentals* training includes modules on: training on how to operate the Orion terminal; training on different bet types; training about MyTAB; a dedicated compliance module which including information about the Tasmanian Responsible Gambling Mandatory Code of Practice and the Tasmanian Gaming Licence. We continue to evolve and develop this training.

With specific adherence to responsible gambling, TAB Agents, their employees and licensed venue staff complete responsible gambling training with a focus on:

- Tasmanian Responsible Gambling Mandatory Code of Practice and the Tasmanian Gaming Licence.
- Understanding what responsible gambling is.
- Understanding signs of problem gambling: loss of control, money seeking, intensity and duration, irrational and superstitious behaviour, emotional responses, social behaviour.
- Monitoring your environment for customers that appear to be struggling with their gambling.
- Providing support to customers who are showing signs of potential problem gambling: responsible gambling brochures, information on local gambling social services, gambling helpline.
- Supporting customers to self-exclude and information on the Tasmanian Gambling Exclusion Scheme.
- Reporting any responsible gambling incidents including self-excluded customers attending your venue.
- Minors: Checking ID if customer appears to be under 25, monitoring SSTs;

- Intoxication: signs of intoxication and refusing service.
- Physical environment (i.e. signage).
- Not allowing credit betting and how to cancel bets.

The TAB Compliance training includes two training modules for our Tasmanian venues: AML/CTF and TAB Fundamentals. This training must be completed by all TAB Operators (i.e. staff working in TAB Agencies and any staff in Licensed Venues that operate TAB equipment). This training must be completed before a TAB Operator can commence selling TAB Bets. TAB Operators must then complete annual refreshers of this training.

A strong consequences framework is in place for non-compliance.

To support our retail venue partners receiving up-to-date information, Tabcorp communicates regularly with our venues through *MyTAB*. Beyond allowing direct communication, MyTAB stores all required compliance information including manuals, forms etc. Tabcorp sends out compliance reminders including responsible gambling on a quarterly basis to all venues (i.e. prior to Autumn racing carnival, June, prior to Spring racing carnival and December). Aside from MyTAB, where appropriate we also utilise industry publications to send compliance reminders.

Additionally, we also have processes in place to regularly assess compliance by our venues through our Retail Assurance team. These team members perform both onsite and remote assessments of venue compliance including responsible gambling.

Lotteries

In June 2019, The Lott introduced a machine-based learning Responsible Gambling Monitoring Model. This model provides early warning analytics to identify at-risk players, together with a customer contact framework to communicate with players about their playing behavior, RG and treatment referral.

The model is run at regular intervals, producing monthly player engagement reports for targeted intervention communications. The intervention communication focuses on providing access to tools to manage play behaviour, including how to access self-exclusion and set up play limits, and contact details for the Gambling HelpLine.

Considered an industry best practice example, The Lott has presented this model at Australia's leading RG gambling event, the 2019 NAGS conference held in Tasmania.

Do existing support services meet the needs of those individuals who are experiencing problems with their gambling?

Tabcorp's harm minimisation innovations have delivered more self-manage tools for wagering on the digital platform in line with the NCPF and changed Tasmanian Mandatory Responsible Gambling Code of Practice requirements (i.e. account closure, deposit limit in addition to the existing spend limit, shorter IDV period).

Tabcorp has developed automated communications to Tasmanian wagering customers who have been flagged on the Player Tracking (responsible gambling model). For our lottery customers, we have built and deployed a responsible gambling model which also initiates automated communication to customers flagged.

Tabcorp has also advanced our yearly responsible gambling training to online portals for Lotteries.