

9 August 2021

The Secretary
Department of Treasury and Finance
GPO Box 147
HOBART TAS 7001

Attention: Future Gaming Market Project

Via email: future.gaming@treasury.tas.gov.au

Stage two of the Future of Gaming in Tasmania public consultation paper

Dear Secretary,

On behalf of key Tasmanian brands including Tattersall's Sweeps Pty Ltd and UBET TAS Pty Ltd, Tabcorp Holdings Limited (**Tabcorp**) appreciates the opportunity to respond to Stage two of the Future of Gaming in Tasmania public consultation paper.

About Tabcorp

Tabcorp is a world-class diversified gambling entertainment group employing more than 5,000 people. We manage iconic brands that ignite passion and excitement in millions of Australians.

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.

Each year, our operations return more than \$2 billion to the Australian community through state taxation, \$1 billion to the racing industry and more than \$760 million in commissions to venue partners including newsagents, hotels and clubs.

In Tasmania during FY20, Tabcorp returned more than \$42 million in state taxes, collected more than \$8 million in GST and paid more than \$13 million in commissions to small business – such as pubs and clubs – many of which are owned and operated as small businesses.

Summary of Tabcorp's position

Tabcorp supports the decision made by the government to clearly announce its policy for the future of the Tasmanian gaming market.

Tabcorp's key recommendations are summarized as follows:

- It is important that any reform of the legislative framework simplifies and modernises the regulation of gambling activity in Tasmania. Tabcorp is supportive of any reforms that aim to ensure that legislation and associated regulatory instruments are

contemporary and sufficiently flexible to accommodate emerging issues and developments, whether they relate to technology or changing customer preferences.

- The level of regulation should be commensurate with the risk or harm it is trying to manage, providing a balanced and tiered approach to drive better regulatory outcomes. Where possible and practical, consistent and streamlined regulatory processes – including technical standards – that balance risk and harm are key to a sustainable gambling industry. Aligning the regulatory approach with other jurisdictions would have the benefit of reducing costs and required resourcing for the regulator and would also reduce risk by ensuring the application of best practice approaches across jurisdictions.
- For a sustainable gambling industry, including monitoring, the regulatory framework should be technology-agnostic to enable the flexibility to respond to emerging technology and avoid bespoke Tasmanian-only infrastructure and approvals.
- An efficient regulatory framework should have the flexibility to devolve certain ‘lower risk’ approvals to the regulator’s level – rather than the Minister – to avoid unnecessary red tape or accidental capture in the cyclical political schedule (i.e. elections, swearing in of new Ministers, machinery of government changes, etc).
- The introduction of simulated/virtual wagering as a new endorsement being made available to the totalisator operator on the day of Royal Assent is welcomed, however, the drafting of the legislation should not limit simulated/virtual wagering solely to simulated racing events on the three specified racing codes. Tabcorp requests that the defined terms used in the legislation allow for sports or racing races to be included for simulated / virtual wagering and suggests that any restrictions imposed may be effected through the licence conditions.
- To achieve the overarching objective of the Act (i.e. to ensure gambling is conducted in a transparent manner), drafting should be amended to allow the Minister to call for transparent applications in circumstances where the keno licence is due to expire – currently this power is limited to circumstances where the incumbent licensee elects not to reapply only.

Harm Minimisation

For most people, gambling is a leisure activity and an enjoyable form of entertainment.

Tabcorp appreciates, however, that a 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.

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, 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.

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

The sustainability of our business and our role in the community is dependent on a deep commitment to preventing harm from gambling.

Feedback

Tabcorp's general feedback relevant to each Paper can be found at **Attachment A**, and Tabcorp's specific feedback relevant to the draft amendments to the Gaming Control Amendment (Future Gaming Market) Bill 2021 can be found at **Attachment B**.

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.

Should you have any further queries, please do not hesitate to contact Charles Moon, Manager – Government and Industry Affairs on either [REDACTED]
[REDACTED]

Yours sincerely,



Tom Callachor
General Manager – Government & Industry Affairs

ATTACHMENT A

PAPER 1: Proposed Future Gaming Market legislative provisions – general amendments

Simulated wagering

Tabcorp supports the clarification removing the restriction on simulated/virtual wagering being considered a casino-only game to a new endorsement to be made available to the totalisator operator.

Further, Tabcorp understands and thereby supports that the new endorsement available under a Tasmanian Gaming Licence will be moved in the final Bill to Part 1, commencing on the date of Royal Assent.

To ensure consistency with other Australian jurisdictions and state gaming regulators, Tabcorp submits the government should standardise language to “Simulated wagering” rather than the product name Trackside, or SDS racing game. We note product names have not been used in the current drafting and request that any further proposed changes continue to take this into account.

Finally, Tabcorp notes the current drafting limits simulated/virtual wagering to ‘simulated racing events’ and as such does not allow for further product development (i.e. other simulated games such as on simulated sports or other racing codes). Tabcorp requests that consideration be given to this issue to allow for further product development, that the legislation not dictate a narrow subset of simulated events that may be permitted and that any restrictions on the types of simulated events being offered (such as limiting to simulated racing on animated thoroughbred, harness or greyhound racing) be addressed in the conditions of approval.

PAPER 2: Proposed Future Gaming Market legislative provisions - general casino and high-roller casino

N/A

PAPER 3: Proposed Future Gaming Market legislative provisions - hotel and club

N/A

PAPER 4: Proposed Future Gaming Market legislative provisions – Keno

N/A

PAPER 5: Proposed Future Gaming Market legislative provisions – licensed monitoring operator

Licensed monitoring operator

For a sustainable monitoring industry, Tabcorp believes the regulatory framework should avoid bespoke Tasmanian-only infrastructure and approvals. Measures such as separate monitoring infrastructure, Tasmanian-specific technology standards and Internal Control approvals would add considerable cost overhead and administrative burden to a small

monitoring market, which is ultimately is passed through to consumers in higher costs and/or lower profits for business which impacts ongoing employment of Tasmanians.

Any framework that limits the appeal of monitoring operators participating in the future tender process risks the entire gaming landscape.

Further, any alternative that would force a narrow interpretation of Tasmanian-only technical requirements and approvals, would place an unreasonable financial burden on the LMO and, in turn, venue operators, and put any proposed timelines for implementation at risk.

Given the EGM games in the Tasmanian market are the same as Queensland (QCOM), there would be significant synergies in mutual recognition of Queensland monitoring technical standards and approvals.

Finally, it is Tabcorp's belief that the LMO would benefit from being a B2B non-gambling operator, as opposed to a B2C gambling operator, to serve the interests of the regulator in market control and intelligence, so the framework should provision this accordingly.

ATTACHMENT B

LOCATION	TABCORP COMMENTS
Simulated racing	
<p>PART 3 – Gaming Control Act 1993 Further Amended</p> <p>11. Section 76UA inserted</p> <p>76UA. Authority of Tasmanian gaming licence with simulated racing event endorsement</p> <p><i>Pages 25-26</i></p>	<ul style="list-style-type: none"> • This section requires a person to be physically present at an approved outlet. Tabcorp notes that where other states have restricted the placement of simulated wagers to be made in person, this is achieved by conditions in the approval, rather than the legislation. A similar approach of including any restrictions on placing a bet on simulated racing in licence conditions rather than relevant legislation, would be preferred by Tabcorp, especially in light of an ever-changing industry and increasingly digital economy. • Tabcorp notes the current drafting limits simulated/virtual wagering to ‘simulated racing events’ and as such does not allow for further product development (i.e. other simulated games such as on simulated sports or other racing codes). Tabcorp requests that consideration be given to this issue to allow for further product development, that the legislation not dictate a narrow subset of simulated events that may be permitted and that any restrictions on the types of simulated events being offered (such as limiting to simulated racing on animated thoroughbred, harness or greyhound racing) be addressed in the conditions of approval.
Annual Tasmanian gaming licence fee	
<p>PART 3 – Gaming Control Act 1993 Further Amended</p> <p>12. Section 148A amended (Annual Tasmanian gaming licence fee)</p> <p><i>Page 26</i></p>	<ul style="list-style-type: none"> • Tabcorp notes s.148A of the Gaming Control Act 1993 (the Act) subsection (5) which states “the holder of a Tasmanian gaming licence endorsed with the initial totalizator endorsement or second totalizator endorsement is not (while that totalizator endorsement is in effect) required to make any payments to the Treasurer under this section in respect of that totalizator endorsement or any of the following endorsements on the licence: (d) simulated gaming endorsement.” • Further, Tabcorp notes the committed process for consultation with Tabcorp in relation to annual levy payable under s.150AC of the Act, with the first consultation scheduled to occur in the first quarter of 2023.
Taxation in respect of Tasmanian gaming licence	
<p>PART 3 – Gaming Control Act 1993 Further Amended</p> <p>13. Section 150A amended (Taxation in respect of Tasmanian gaming licence)</p> <p><i>Page 27</i></p>	<ul style="list-style-type: none"> • Tabcorp notes the tax payable in relation to a month and the gaming business conducted in respect of a simulated racing event endorsement is 15% of the monthly gross profits.

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Set off for goods and services tax in respect of Tasmanian gaming licence	
<p>PART 3 – Gaming Control Act 1993 Further Amended</p> <p>14. Section 150AB amended (Set off for goods and services tax in respect of Tasmanian gaming licence)</p> <p><i>Page 28</i></p>	<ul style="list-style-type: none"> • Tabcorp notes the set-off exclusions will be amended to include Tasmanian gaming licence holders with a simulated racing event endorsement as not eligible for GST set-off.
Proposed amendment (section 2A)	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>16. Section 2A inserted</p> <p>2A Object of Act</p> <p><i>Page 29</i></p>	<ul style="list-style-type: none"> • Tabcorp seeks clarity as to what the Act intends to mean by “returns from gambling” being “shared appropriately amongst the gaming industry, consumers and the State?” <ul style="list-style-type: none"> ○ Is this about ensuring appropriate funding of the Community Support Levy?
Granting of keno operator's licence	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>13D. Granting of keno operator's licence</p> <p><i>Page 48</i></p>	<ul style="list-style-type: none"> • Tabcorp seeks clarity if the intent for the keno licence is to be issued to reflect the remainder of the existing licence term (i.e. until 2023), or for a new term of 20 years commencing in 2023?
Action to be taken if keno operator's Licence cancelled, surrendered or due to expire	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>30. Section 22 substituted</p> <p>22. Action to be taken if keno operator's licence cancelled, surrendered or due to expire</p> <p>22A. Application for casino or keno operator's licence</p> <p><i>Page 53</i></p>	<ul style="list-style-type: none"> • Tabcorp submits that to achieve the overarching objective of the Act (i.e. to ensure gambling is conducted in a transparent manner), we would request that subsection (b) be amended to allow the Minister to call for transparent applications in circumstances where the licence is due to expire – currently this power is limited to circumstances where the incumbent licensee elects not to reapply.

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Defining monitoring operator's premises	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>48R. Commission to define monitor operator's premises</p> <p><i>Page 100</i></p>	<ul style="list-style-type: none"> • Tabcorp notes the Commission will approve the premises a Licensed Monitoring Operator (LMO) can operate from; however, we contend locations should be permitted outside of Tasmania for operational centres (i.e. data, call centres, etc). • Further, boundaries should not be defined within the licence as it requires an update to the licence when a location change of a function occurs. • Tabcorp suggests rather than approving individual locations and specifying them in the licence – require the LMO to use contemporary access controls and security arrangements. A register of operating premises along with the access and security controls could be supplied to the regulator.
Rights associated with and control of electronic monitoring system information	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>48X. Rights associated with and control of electronic monitoring system information</p> <p><i>Page 108</i></p>	<ul style="list-style-type: none"> • In line with standard practice in New South Wales and Queensland – which require sub-contractors to be approved before using them – Tabcorp submits that licence conditions should not limit the LMO's ability to use sub-contractors to help develop monitoring systems.
Approval of election monitoring systems	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>48Y. Approval of election monitoring systems</p> <p><i>Page 109</i></p>	<ul style="list-style-type: none"> • Tabcorp strongly contends regulations should avoid bespoke Tasmanian-only infrastructure and approvals. As an alternative, Tabcorp supports a structure that will enable Tasmania – a relatively small monitoring market – to receive the benefit of advanced systems, continual investment and modernised products that would not otherwise be available to a commensurately-sized market. • Any alternative that would force a narrow interpretation of Tasmanian-only technical requirements and approvals, would place an unreasonable financial burden on the LMO and, in turn, venue operators. • Further, any requirement for the development of a bespoke Tasmanian-only system would put any proposed timelines for implementation at risk.

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Authority conferred by listing on the Roll & Requirement to be listed on the Roll	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>71. Section 69B inserted</p> <p>69B. Authority conferred by listing on Roll</p> <p><i>Page 117</i></p>	<ul style="list-style-type: none">• Tabcorp seeks clarification as to how broad “sell” will apply.• Tabcorp believes where a licensee is engaging a third party to develop equipment or software on its behalf, it will create unnecessary administrative burden for that licensee to be included on the Roll.• Tabcorp seeks confirmation that where the Commission has approved the contract, there is no requirement to be on the Roll.
Approval of certain contracts by the Commission	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>85. Section 77V amended (Approval of certain contracts by Commission)</p> <p><i>Page 125</i></p>	<ul style="list-style-type: none">• Tabcorp notes this proposal would create additional and avoidable administrative burdens – resulting in higher regulatory and compliance costs. Tabcorp submits this will ultimately provide little additional protection to venues or the monitoring operator.• Tabcorp’s preference is for flexibility for commercial arrangements. Therefore, Tabcorp would propose that a regulator-approved standard venue service agreement be published.<ul style="list-style-type: none">○ This can essentially be a generic venue agreement with all the regulated service levels contained within it.○ Venues and LMO agree to abide by the approved standard.○ This option is the least burden to both venues and LMO yet still provides same protection (if the regulator requires a list of who is monitored this could be provided separately as a register each time a new service (or change of owner) commences.• Alternatively, if the LMO must enter individually-executed contracts with each venue, the regulator should approve a standard form contract (template) rather than approving each individual venue agreement.<ul style="list-style-type: none">○ All will be the same content, price and service levels (regulated aspects).○ If regulator requires a list of who is monitored this could be a simple notification that the LMO has entered into a new arrangement using the approved template form of contract.

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Approval of other gaming equipment	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>88. Section 81 amended (Approval of other gaming equipment)</p> <p><i>Page 130</i></p>	<ul style="list-style-type: none"> As previously noted, for a sustainable monitoring industry, Tabcorp believes the regulatory framework should avoid bespoke Tasmanian-only infrastructure and approvals. Measures such as separate monitoring infrastructure, Tasmanian-specific technology and Internal Control manual approvals would add considerable cost overhead and administrative burden to a small monitoring market, which is ultimately is passed through to consumers in higher costs and/or lower profits for business, which impacts ongoing employment of Tasmanians. Tabcorp suggests a degree of flexibility on accepting mutual recognition noting the Queensland Office of Liquor and Gaming Regulation’s Gaming Services Technical Unit is National Association of Testing Authorities (NATA) accredited for the testing of gaming machines and gaming systems.
Approval of jackpots and linked jackpot arrangements	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>91. Section 84 amended (Approval of jackpots and linked jackpot arrangements)</p> <p><i>Page 135</i></p>	<ul style="list-style-type: none"> Tabcorp notes the removal of the requirement under sub-section (9) that as soon as practicable after a gaming operator receives notification under subsection (8), the gaming operator is to notify each licensed premises gaming operator participating in the jackpot or linked jackpot arrangement.
Investigation of prescribed licence holder	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>120. Section 112N amended (Investigation of prescribed licence holders)</p> <p><i>Page 159</i></p>	<ul style="list-style-type: none"> Tabcorp seeks further clarification that while any investigation into whether the licensee is still suitable to hold a licence, the licensee can continue its operations while investigations are pending.
Investigation into associate or other person	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>121. Section 112O amended (Investigation into associate or other person)</p> <p><i>Page 160</i></p>	<ul style="list-style-type: none"> Tabcorp seeks further clarification that during any investigation into an associate or other person, the licensee can continue its operations while investigations are pending.

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Costs of investigation	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>122. Sections 112OA and 112OB inserted.</p> <p>112 Costs of investigation</p> <p><i>Page 160</i></p>	<ul style="list-style-type: none"> • Tabcorp submits the State should publish a 'rate card' of likely costs to maintain transparency for compliance cost forecasting.
General gaming standards	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>123. Section 112PA inserted.</p> <p>112PA General gaming standards</p> <p><i>Page 163</i></p>	<ul style="list-style-type: none"> • Tabcorp notes that the current v1.0 Gaming Machine Monitoring System Technical Standards for Tasmania are based on the standards produced by Queensland Office of Liquor and Gaming Regulation, and there is likely to be consistency between them. • Tabcorp suggests mutual recognition of the system approvals in Queensland would be recommended to reduce costly modification and duplication of the monitoring system. The Queensland Office of Liquor and Gaming Regulation's Gaming Services Technical Unit is also National Association of Testing Authorities (NATA) accredited for the testing of gaming machines and gaming systems. • To ensure ongoing alignment with industry good practice, Tabcorp proposes Licensee review and comment on the current and future standards prior to commencement of the Licence.
Internal controls	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>140. Section 138 and 138A substituted</p> <p>138 Controls and procedures to be implemented by keno operators and monitoring operators</p> <p><i>Page 174</i></p>	<ul style="list-style-type: none"> • Tabcorp notes the intention is to approve the operator's system of Internal Controls. Given this is commensurate with Queensland, it should be noted Queensland has improved efficiencies by now just requiring a copy of current controls to be supplied. Therefore, Tabcorp contends a similar arrangement be suitable practice in Tasmania.

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Unclaimed winnings	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>153. Section 149 amended (Unclaimed winnings)</p> <p><i>Page 183</i></p>	<ul style="list-style-type: none">• Tabcorp notes the increased timing of payment to Treasurer from the 7th day of the month to the 14th day of the month.• Tabcorp suggests sufficient transition provisions to enable these processes to be updated.
Regulations	
<p>PART 4 – Gaming Control Act 1993 Further Further Amended</p> <p>170. Section 174 amended (Regulations)</p> <p><i>Page 203</i></p>	<ul style="list-style-type: none">• Tabcorp would appreciate the opportunity to provide feedback or comment on any draft regulations/changes to current regulations.• Where possible to reduce regulatory and administrative burden, we believe there is the opportunity to have consistent requirements across multiple jurisdictions.