

**SUBMISSION TO THE JOINT SELECT COMMITTEE ON GAMBLING REFORM'S
INQUIRY INTO THE ADVERTISING AND PROMOTION OF
GAMBLING SERVICES IN SPORT**

TABCORP HOLDINGS LIMITED

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EXECUTIVE SUMMARY

1. Sports betting is a popular activity responsibly enjoyed by many Australians. A well regulated and responsibly operated wagering and betting industry underpins the safe provision of such services to all stakeholders.
2. Gambling regulation in Australia should strike a balance between the minimisation of harm and enabling customers sufficient opportunity to access gambling opportunities, within Australian borders, which are well regulated.
3. In the case of sports betting, there is a role for governments, sporting bodies and the wagering industry to work together to protect sports integrity. Tabcorp has been a leader in this field.
4. Sports betting promotion has increased in recent years as a result of a High Court decision that led to deregulation of betting advertising. Concerns regarding the ubiquity of such advertising are in the process of being addressed. Tabcorp has robust measures in place that govern its own advertising practices.
5. Live and exotic betting conducted by Australia's TABs pose no greater risk to sports integrity or customer care than other betting activities.

1. Sports betting is a popular activity responsibly enjoyed by many Australians. A well regulated and responsibly operated wagering and betting industry underpins the safe provision of such services to all stakeholders.

Sports betting has increased in popularity during the past decade across the globe. In Australia, it is estimated that 1.5 million people participate in sports betting at least once a month¹.

Tabcorp is Australia's largest fixed odds betting operator with over 254,000 active fixed odds account customers and more across its retail network. The vast majority of our customers are recreational punters who, on average, place bets of \$13.

Australia's TABs were established during the 1960s to provide consumers with access to legal, off-course betting opportunities on racing. Today, TABs are state licensed, highly regulated wagering operators taking bets on racing and sports through retail networks, over the telephone and online.

Wagering and betting are among Australia's most heavily regulated and publicly scrutinised activities. This is appropriate to ensure integrity, probity and community confidence in the industry. The strict regulatory frameworks that govern the industry deal broadly with probity and the appropriate and responsible delivery of gambling products.

It is important that wagering and betting activities offered to Australians are tightly regulated by State and Territory-based regulators and managed by experienced and reliable operators, such as the TABs. It is safer for all stakeholders to have a well regulated industry, whose operations are open to scrutiny, than to prohibit certain aspects of the activity which will serve only to drive them underground and expose them to criminal influence.

2. Gambling regulation in Australia should strike a balance between the minimisation of harm and enabling customers sufficient opportunity to access gambling opportunities, within Australian borders, which are well regulated.

Industry sustainability requires wagering operators to be serious in their attempts to address problem gambling. Tabcorp has continually led the industry in the development and introduction of responsible gambling initiatives which is why we have been recognised as global leader in the promotion of responsible gambling by the Dow Jones Sustainability Index.

Too often the gambling debate ignores the legitimate right of people to gamble responsibly, as a recreational activity. Research into the incidence of problem gambling consistently demonstrates that the vast majority of gamblers do so responsibly and do not have a problem with their gambling. It is important that gambling continues to be an enjoyable recreational pursuit for these people.

¹ Millward Brown Brand Health Monitor

Therefore, there is a balance to be struck in the development of policy to ensure that the costs to recreational gamblers of introducing new initiatives aimed at minimising harm do not outweigh the benefits to those people who have a problem.

Furthermore, it should be recognised that in the current online environment, Australians can easily access gambling opportunities housed offshore and operated by organisations not licensed in an Australian jurisdiction or subject to Australia's regulatory and harm minimisation framework. This has serious implications for consumer protection. According to submissions referred to in the May 2012 Interim Report into the Review of the *Interim Gambling Act 2011*, there may be around 2,200 online gaming providers offer services to Australians possibly in contravention of the Interactive Gambling Act.²

The introduction by Australian governments of regulation that would seek to unfairly restrict domestic gambling opportunities would drive many Australian customers to either illegal domestic or offshore operators, and therefore out of Australia's consumer protection framework. Some Australian operators may seek to avoid overly restrictive regulation by domiciling their operations outside Australia, while still offering services to Australian customers.

Regulators should be conscious of this unintended consequence when developing regulation that governs gambling operations.

3. In the case of sports betting, there is a role for governments, sporting bodies and the wagering industry to work together to protect sports integrity. Tabcorp has been a leader in this field.

Tabcorp supports a regulated sports betting environment that provides its customers and sports participants with the highest levels of consumer protection and integrity.

Tabcorp has led the way in addressing integrity concerns by entering into cooperative working arrangements with sports controlling bodies, regulators and the police. An Integrity business unit has been established within the company's Corporate, Legal and Regulatory division. The Integrity unit has responsibility for working with sports controlling bodies, regulators and police on integrity matters which involves regular contact with these stakeholders. The following activities also fall within the Integrity unit's activities.

Managing the integrity relationship with sports

- Tabcorp currently has formal integrity arrangements in place with the following sports controlling bodies:
 - National Rugby League
 - Australian Football League
 - Australian Rugby Union
 - Cricket Australia

² http://www.dbcde.gov.au/__data/assets/pdf_file/0009/148779/Interim_Report-Review_of-the_Interactive_Gambling_Act_2001.pdf

- Football Federation Australia
- Tennis Australia
- Professional Golfers Association of Australia
- Basketball Australia
- From time to time, Tabcorp also enters into arrangements with international controlling or supervisory bodies (or their representatives). For example, Tabcorp entered into an integrity agreement with International Sports Monitoring GmbH in respect of betting on the 2012 London Olympics.

Monitoring and reporting

- Tabcorp reports suspicious betting activities to sports controlling bodies on both a proactive and reactive basis. Such reporting may be in response to real time monitoring of betting activity. Proactive reporting occurs when frontline staff detect irregular or suspicious betting patterns or trends. There is no dollar threshold on the reporting of suspicious activity. Reactive reporting occurs in response to requests from the sports controlling bodies for information relating to, among other things, a particular event, a suspicious fluctuation on a particular bet type or an account, or activity by a person of interest.
- To support its reporting activities, Tabcorp provides comprehensive, regular communications, education and training to its front line staff to assist them with identifying suspicious betting, and has policies and processes in place that detail how front line staff should respond to suspicious betting when identified.
- Fortnightly reporting to sports on significant dollar value bets that impact their sport.
- Reviewing customer accounts where a sports controlling body considers a particular person/s to be a risk to its sport.
- Assessments of the sports controlling bodies' employee lists which includes detection of betting accounts held by their staff/ licensed persons to determine whether betting activity has occurred on their own sport.

Taking action where suspicious activity is identified

- Suspending betting markets when suspicious betting is identified.
- Blocking payments where bets are deemed suspicious and requiring further identification to be produced before the bet is paid.

Liaison with sporting bodies and other stakeholders

- Working closely with sports controlling bodies and complying with requests not to offer bets on certain bet types, including certain 'spot' markets.
- Engagement with COMPPS (Coalition of Major Professional and Participation Sports) including regular reporting to it on Tabcorp's integrity program.
- Entering into cooperative working arrangements not only with sports controlling bodies, but other entities tasked with enforcement of sports integrity, such as law enforcement bodies, the National Integrity Sports Unit and the International Olympic Commission.

- Ensuring the events and bet types Tabcorp offers to its customers are approved by the relevant regulators and in doing so, the regulator has considered that the events and bet types are not contrary to public interest.

Tabcorp supports the efforts of Australian governments to manage sports integrity and welcomes the National Policy on Match-Fixing in Sport which was signed by Australia's Sports Ministers on 10 June 2011. We also support the introduction of nationally consistent criminal penalties for people who corrupt sporting events and the establishment of the National Integrity of Sport Unit.

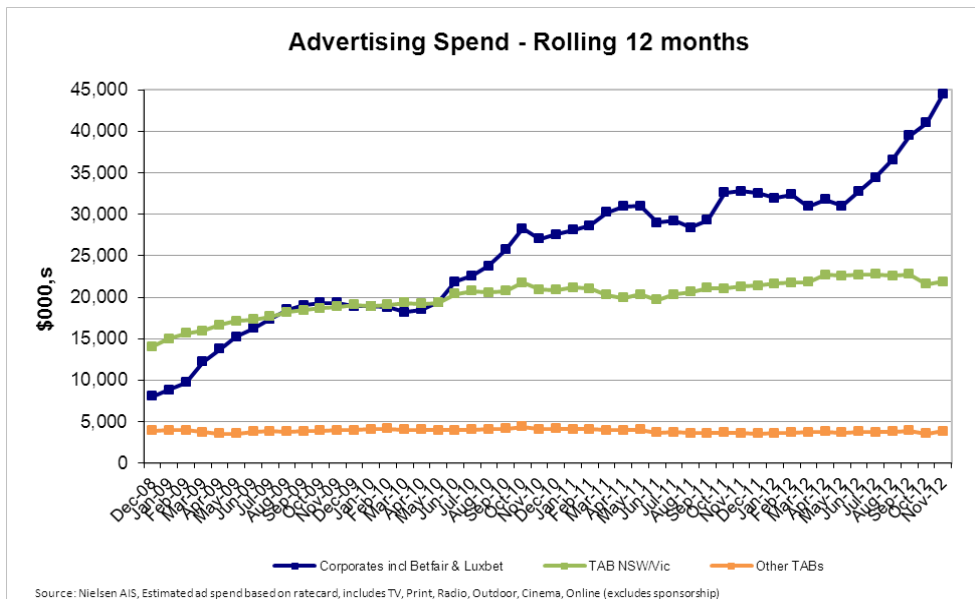
Protecting the integrity of sports is a joint effort between government, sporting bodies and the wagering industry. Tabcorp is committed to continuing to work with government and sporting bodies to achieve this objective.

4. Sports betting promotion has increased in recent years as a result of a High Court decision that led to deregulation of betting advertising. Concerns regarding the ubiquity of such advertising are in the process of being addressed. Tabcorp has robust measures in place that govern its own advertising practices.

Australia's wagering market has experienced unprecedented change in recent years, primarily as a result of regulatory change, technological advancement, and changing customer preferences. These factors have fuelled the promotion of betting odds during live coverage of sports events.

The removal of advertising restrictions for interstate wagering operators in 2008 occurred as a consequence of a decision of the High Court. Previously, wagering operators had only been able to advertise their services in the state or territory in which they were licensed. As a result of the High Court's decision, advertising of betting services has become deregulated and corporate bookmakers and betting exchanges in particular have significantly increased their advertising, promotional and sponsorship activities in states/territories other than those in which they are licensed to operate.

The graph below demonstrates this point – the increase in advertising spend has been driven by corporate bookmakers and betting exchanges, whereas TAB spending has remained fairly constant. In many ways, the current situation may be considered a natural response to a market's deregulation as fledgling operators seek to establish brand awareness.



Tabcorp acknowledges that some believe there is too much betting advertising, particularly during live sporting events. However, the COAG Select Council on Gambling Reform has already moved to address this perception by announcing in May 2011 a consultation process to deal with the promotion of live odds during sports coverage.

Since this announcement, the Commonwealth has worked with broadcasters and the wagering industry to develop codes that would, among other things, prohibit the promotion of live betting odds during play periods of sports broadcasts and prohibit discussion of live betting odds by sports broadcasters as part of their commentary. Tabcorp understands the broadcaster codes are currently being finalised and that, following their adoption, there will be a noticeable reduction in betting promotion during sports coverage.

Tabcorp is also aware of and supports moves to address this concern in other areas such as banning the broadcasting of odds on the Melbourne Cricket Ground scoreboard.

Tabcorp's advertising, marketing and promotional activities relating to wagering and betting are enshrined in its Responsible Gambling Code of Conduct which requires:

- Compliance with all applicable Commonwealth, and State laws, regulations and codes relating to the advertising of wagering products, including the advertising code of ethics adopted by the Australian Association of National Advertisers;
- Advertisements to:
 - be in good taste (given prevailing community standards) and not offensive or indecent
 - be factually correct, accurate and truthful
 - have the consent of any person identified as winning a prize prior to publication
 - be socially responsible

- contain a responsible gambling message as prescribed by the relevant jurisdiction
- Advertisements not to:
 - be false, misleading or deceptive, or misrepresent the probability of winning or financial gain
 - be intentionally directed, expressly or indirectly, to vulnerable or disadvantaged groups and minors
 - be aimed at or designed to appeal to minors and not appearing in conjunction with an offer, event or facility advertisement that pertains to minors
 - promote the consumption of alcohol while gambling and associate gambling with alcohol
 - offer any rewards, inducement or vouchers that encourage customers to bet more frequently
 - promote gambling as a means of funding routine household purchases or costs of living or for relieving financial or personal difficulties
 - create an impression that gambling is a reasonable strategy for financial betterment
 - promote gambling as a means of enhancing social standing or employment, social or sexual prospects
 - make claims related to winning or prizes that can be won that are not based on fact, are unable to be proved, or are exaggerated
 - state or imply that a player's skill can influence the outcome of a gambling activity
 - exaggerate the connection between the gambling activity and the use to which the gambler's profits may be put.

5. Live and exotic betting conducted by Australia's TABs pose no greater risk to sports integrity or customer care than other betting activities.

Tabcorp believes that live and exotic bets placed with Australia's TABs pose no greater risk to sports integrity than other betting options (for example, head to head contests) because suspicious betting activity on all bet types is monitored and reported by the TABs, whether such suspicious bets are placed in venue-based environments or through customer accounts, and regardless of the amount bet.

As outlined earlier, prohibiting certain betting activities will simply drive such activity underground, either to illegal domestic or offshore operators. This would remove the capacity of Australian regulators and sports administrators to monitor and control such activities, with potentially grave consequences for sports integrity. It would also ultimately lead to a decrease in product fees collected by sports and taxes collected by governments.

Finally, we note that in the run or in play sports betting is currently prohibited under the *Interactive Gambling Act 2001* (IGA), although some domestic and international operators continue to offer this service to customers without penalty. Although this matter is currently under consideration as part of the Commonwealth's review of the IGA, it is appropriate that the law be enforced, unless it is changed.

As the opportunity to bet live exists in venue-based environments, such as TAB agencies, and over the telephone, it is less likely that the current prohibition on live betting online will drive such activity underground to any significant extent. The opportunity for customers to interact face to face with trained betting operators in such venue-based settings also means the activity is offered in a more supportive environment.

Overview of Tabcorp

Tabcorp is Australia's leading wagering operator and one of the largest and most successful wagering operators in the world. Tabcorp offers totalisator and fixed odds betting through its TAB retail and account betting networks in Victoria and New South Wales, and fixed odds betting through Luxbet which is licensed in the Northern Territory. TAB is Australia's largest fixed odds operator with over 254,000 active customers, the vast majority of whom are recreational punters who, on average, place bets of \$13. Live betting is an increasingly popular product with our customers, which reflects global trends.

Tabcorp's sophisticated responsible gambling programs apply to each of its wagering businesses and to every channel through which it offers wagering services.

Tabcorp makes significant returns to the racing industries in Victoria and New South Wales and sports controlling bodies throughout Australia. We note that returns to these stakeholders are directly related to wagering on race and sports betting.

Tabcorp operates other leading customer brands including Sky Racing, Sky Sports Radio, Keno and Tabcorp Gaming Solutions.

Tabcorp is publicly listed on the Australian Securities Exchange and employs around 3,000 people across Australia.