

**Environment and Communications Legislation Committee inquiry into the  
Interactive Gambling Amendment (Credit and Other Measures) Bill 2023**



Senator Karen Grogan  
Chair

Senate Standing Committee on Environment and Communications - Legislation Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

*Via email: ec.sen@aph.gov.au*

**Inquiry into the Interactive Gambling Amendment (Credit and Other Measures) Bill 2023**

Dear Senator,

The Lottery Corporation appreciates the opportunity to provide a submission to the Standing Committee on Environment and Communications (the Committee) inquiry into the Interactive Gambling Amendment (Credit and Other Measures) Bill 2023 (the Inquiry).

In short, this submission urges the committee to support the Bill in its current form – as recommended by the most recent Parliamentary Joint Committee inquiry – retaining the exemption of lotteries in recognition of their low-harm nature and the potential for negative impacts on newsagents and other retailers if the ban were to be extended to lotteries products.

The context for this position is set out below.

**Australia's traditional lotteries and The Lottery Corporation**

Australian lotteries date back to 1881 when the first Tattersall's public sweep was conducted on the Sydney Cup. Since then, lotteries have been adding excitement to Australians' lives, while at the same time giving back to the community through taxation to help fund public services and infrastructure such as hospitals. The construction of the Sydney Opera House was predominantly financed by lotteries.

The Lottery Corporation is a top 50 ASX-listed company formed through the demerger of Tabcorp's Lotteries & Keno business in June 2022. Our brands include The Lott and Keno, and iconic national games such as Powerball and Oz Lotto. The equivalent of approximately 53% of the Australian adult population (9.7 million people) purchased a lottery product in the past 12 months.<sup>1</sup>

We have an extensive presence in more than 7,000 newsagencies, convenience and fuel stores, post offices and licensed venues to make us one of Australia's largest retail operations. Our retail points of distribution make up 62% of lotteries turnover and are an important driver of foot traffic for these small businesses.

Lotteries have long been linked to generating funds to support the community and small businesses – a model common across the globe. In Australia, like many other jurisdictions, the bulk of lotteries turnover is distributed to players as prizes, and to governments in duties and taxes. In the 2022/23 financial year (FY23), taxes generated by The Lottery Corporation's operations exceeded \$1.7 billion, while more than \$600 million in commissions were paid to our largely small business retail distribution partners.

The relatively modest \$11.75 average weekly spend per player highlights the inherently recreational nature of lotteries. Our research shows the most popular reasons why Australians play lotteries are: they're a bit of fun; people can dream about what they'd do if they won; and they support the community – directly or indirectly through taxes into consolidated revenue or direct donations by The Lottery Corporation.

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<sup>1</sup> Source: Roy Morgan Gambling Monitor, April 2022 – March 2023. Based on percentage of respondents who had purchased a lottery product over the past 12 months in The Lottery Corporation's jurisdictions of operations (ex. WA), and weighted against the Australian adult population as at March 2023, based on Australian Bureau of Statistics monthly estimates.

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### Traditional lotteries product profile and The Lottery Corporation's harm minimisation approach

Lottery products have characteristics that clearly differentiate them from other forms of gambling. Despite very high participation, lotteries are associated with very low levels of gambling harm. This is mainly because they are infrequent, non-continuous, and low spend. The game structure is not conducive to excessive or repetitive play.

The final report of the Parliamentary Joint Committee on Corporations and Financial Services inquiry into Regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia (PJC Inquiry) acknowledged the lower-risk profile of lotteries as compared to other forms of gambling, by expressly excluding lotteries from the recommendation to ban credit cards for online gambling service providers.

Any policy response on the impacts of online gambling should acknowledge the distinctive nature and the different harm profile associated with lottery games as compared to other forms of gambling and should embrace a risk/harm-based approach with descending level of regulatory intervention if the harm/risk is lower. The state-based gambling regulatory regime, which complements the *Interactive Gambling Act 2001 (IGA)*, recognises and adopts a risk-based, evidence-focused, intelligence-driven and graduated approach to regulation of lotteries within the broader sector.

Independent research in Australia and internationally over a long period of time has found that buying lottery tickets is associated with much lower risks of problem gambling than other forms of gambling. Some of the more recent studies have found:

*Electronic Gaming Machines (EGMs) are responsible for 51%–57% of gambling problems in Australia, and 90% of gambling problems are attributable to EGMs, casino, race, and sports betting. Casino table games and EGMs are equally risky at the individual level, but the former contribute far less to problems due to low participation. Bingo and lottery play show no statistically detectable risk for gambling problems.* Journal of Behavioural Addictions - Unambiguous evidence that over half of gambling problems in Australia are caused by electronic gambling machines: Results from a large-scale composite population study, 2022 - (Browne et al 2022)

*Some prevalent forms of gambling – notably lottery tickets or instant scratchies – are associated with low rates of problem gambling and harm.* – Responsible Gambling Fund NSW Gambling Survey, 2021

*Conversely, increases in the proportion of lottery played online was associated with a decreased likelihood of being a moderate risk/problem gambler. Although this finding was not hypothesised, lottery gambling is rarely associated with gambling problems (Browne et al., 2019; Rockloff et al., 2018) – The Second National Study of Interactive Gambling in Australia (2019-2020), Gambling Research Australia*

Keno, which is also part of our operations, is a different product to lotteries. Keno is mostly offered in licensed venues and has more frequent draws, around one every three minutes.

### Commitment to ensuring lotteries and Keno are a safe experience

The Lottery Corporation actively strives to minimise potential harm to people and society from gambling harm. This goal is entrenched strategically, culturally and in all day-to-day operations.

We report on our performance in this area internally at the executive management and Board level, and externally through our annual report and via regular compliance reporting to government and multiple industry regulators.

The Lottery Corporation has adopted the responsible gambling principles of the global authority on lotteries, the World Lottery Association (WLA), a member-based organisation of more than 200 authorised state and national lottery operators committed to achieving, among other things, the highest standards of corporate responsibility and responsible gambling.

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The Lottery Corporation has achieved the WLA's highest level of Responsible Play certification (Level 4) and was awarded a Responsible Play Award for Best Overall Program for Level 4 Accredited Lotteries at the World Lottery Summit in Canada in October 2022. To maintain this accreditation, we must demonstrate, with evidence, our commitment to the continuous improvement of our responsible gambling practices.

### **The Lottery Corporation's Responsible Play tools**

The Lottery Corporation deploys multiple customer care tools as part of its Responsible Play initiatives. These include self-exclusion, in which customers can exclude themselves from playing online games for a minimum of 180 days, during which they cannot access their account and are required to contact us to re-activate their account after the exclusion period has ended.

Our early intervention models for online lotteries have created an extra layer of customer engagement and allow us to proactively reach out to the small number of customers whose patterns of play suggest the potential for problem gambling. Support extends to retail customers, including prominent messaging on responsible gambling, training deployed to all agency staff on responsible gambling and the ability to escalate issues.

Another tool that customers can access is contacting one of our Responsible Play Liaison Officers, who can provide contact details for gambling-related support services as well as assist with excluding customers from play, opting out of receiving communications and deactivating memberships.

The Lottery Corporation is committed to evolving its Responsible Play practices to ensure they remain aligned with customer and community expectations and leverage advancements in technology, data analytics, and leading gambling harm minimisation research.

### **Lottery retailers**

Our lottery retail points of distribution make up 62% of lotteries turnover and are a vital part of the balanced and regulated lotteries ecosystem. We have an omni-channel distribution ethos that is about integrating the retail and digital customer experience.

In July 2019, we introduced an Omni-Channel Program and supporting Retailer Remuneration Model. The program provides lottery agents with a performance-based and compliance-centric remuneration model, a commission-sharing model that allows retailers to receive a share in digital commission from customers who also purchase in their retail outlet, and access to a commission on digital purchases by customers that a retailer has signed up.

The program is designed to enhance the commercial viability of retailers, particularly in the high inflationary environment and in the context of customers increasingly seeking omni-channel (digital and retail) experiences.

Earlier this year The Lottery Corporation increased the digital commission rate and omni-channel sign up payments available to retailers, along with an increase to the base commission rate, from 10.3% to 12.3%.

The Omni-Channel Program is growing, and we plan to support it further to help ensure the long-term sustainability of lottery retailers, many of which are small family-owned businesses such as newsagents, who, in turn, provide valuable services to their local communities. It is important for us to manage lottery agent engagement and support for omni-channel initiatives, and to sustain a commercially viable retail network through a share in digital commissions.

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**Inquiry into the use of credit cards for online gambling**

Prior to The Lottery Corporation's demerger from Tabcorp in 2022, a submission was made to the PJC Inquiry.

The Committee's recommendations reflected the finding that lotteries have a lower harm profile and recommended that lotteries are exempt from a ban on online gambling service providers of wagering, gaming and other gambling services from accepting payment by credit cards, including via digital wallets. It also found that blocking of merchant category codes to implement the ban would inadvertently capture newsagents and the fundraising activities of charitable organisations.

The Government's announcement, in April 2023, in response to the PJC Inquiry to legislate to ban the use of credit cards for online wagering through amendments to the IGA, confirmed that lotteries would be excluded from the ban "as they present a low risk to gambling harm".

The Committee Report made it clear that lotteries are a different product: *"Online gambling is currently the fastest growing section of the gambling market. Evidence to the inquiry identified substantial harm resulting from the ability to gamble online with credit. To be clear, this harm results primarily from online wagering with credit, not using credit to purchase lottery tickets and scratchies."*

The Committee also acknowledged the potential impact of a ban on credit card sales on lottery retailers where lotteries are typically purchased as a broader basket of goods within the retail outlet. Evidence was provided by the Australian Lottery and Newsagents Association.

For clarification in relation to the principal issues for consideration by the Committee, lotteries are not an 'excluded wagering service' under the *Interactive Gambling Act 2001* (IGA). Rather, they are defined and deliberately treated separately in the IGA as 'excluded lottery services' (given the different features and profile of lottery products). Therefore, the separation of lotteries within the IGA does not support lotteries being categorised as "other harmful interactive wagering services" as suggested by the referral to the Committee.

Given the low-harm profile of lotteries and that the PJC Inquiry, following the extensive consideration of the evidence presented, recommended that the credit card ban apply to online gambling (excluding lotteries), we urge the Committee to support the Bill as it currently stands.

Should the Committee require any further information from The Lottery Corporation in relation to this Inquiry, please initially contact Nicholas Tzaferis, General Manager Corporate Affairs

Yours faithfully

Sue van der Merwe  
Managing Director & CEO