

s22

From: s22
Sent: Thursday, 13 April 2017 11:07 AM
To: Erica Harper
Cc: Edward Berry; s22
Subject: RE: Lottoland services [DLM=For-Official-Use-Only]

For Official Use Only

Hello Erica

Thanks you.

Really appreciate your team getting us this information to meet our request.

Regards

s22

From: Erica Harper [mailto:Erica.Harper@nt.gov.au]
Sent: Thursday, 13 April 2017 11:04 AM
To: s22
Cc: Edward Berry
Subject: RE: Lottoland services [DLM=For-Official-Use-Only]

Hi s22,

Please find below the following responses to questions posed:

1. **How is Lottoland regulated and licensed in the Northern Territory? I would assume there would be codes they would need to comply with? (similar to online bookmakers)**

Like all Northern Territory licensed bookmakers, Lottoland Australia Pty Ltd (Lottoland) is regulated and monitored by the Northern Territory Racing Commission (the Commission), an independent statutory body. Powers to monitor and regulate sport bookmaker activity is derived from the *Racing and Betting Act* and associated legislation. Like all applicants, Lottoland Australia Pty Ltd were required to meet strict probity requirements with regards to their company officers including police checks. Additionally, all Northern Territory licensees are required to adhere to the Code of Practice for Responsible Online Gambling.

2. **What is the extent of their operations in Australia, are they are global company, do they employ staff in the NT or elsewhere?**

The Commission has issued a sports bookmaker licence to Lottoland making it possible for Australian's to wager on the outcome of Australian and international lotteries. The licence has enabled Lottoland to accept bets on the outcome of nationally and internationally run lotteries from Australian residents. Lottoland does operate in other countries.

3. **What taxes do they pay, or if this is commercial in confidence, what is the current tax rate for these types of operations in the NT, e.g. % of turnover, cap at \$x? I would assume they pay company tax, GST and payroll tax as well similar to online bookmakers.**

The former Minister for Racing, Gaming and Licensing directed the Commission to require that all applications for wagering licence (including the renewal of a licence) include the applicant's proposal for

providing economic benefits to the Northern Territory. In assessing the proposed economic benefits, the Commission will take into account the following; a) whether, by virtue of the mix of wagering products that the applicant proposes to offer under the licence, the applicant will pay tax under section 106 of the *Racing and Betting Act* (the Act), and if so, the quantum of that taxation, and b) the value of economic benefits must be ascertainable as a financial amount, especially if components include 'in-kind' arrangements.

4. **Have you received any complaints in relation to their operations, e.g. not paying out customers, misleading advertising?**

Initially there was confusion with the clarity of the message being presented around the product offered. Lottoland has since placed an explanation on their website that clarifies "What is Lotto Betting"; "Lotto Betting is when you bet on the outcome of a lottery instead of buying a ticket for an official lottery draw".

5. **Are there any other companies licensed in the NT that provide lottery betting services similar to Lottoland?**

Not to date

Hope the above is of some assistance.

Regards

Erica

Erica Harper

Senior Compliance Officer, Gambling & Racing
Licensing NT
Department of the Attorney-General and Justice
Northern Territory Government

Level 3, NAB House, 71 Smith Street, Darwin NT 0800
GPO Box 1154, Darwin NT 0801

Ph: (08) 8999 1318
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e: erica.harper@nt.gov.au
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From: s22
Sent: Monday, 10 April 2017 9:39 AM
To: 'Sally Ozolins' <Sally.Ozolins@nt.gov.au>
Cc: s22
'travis.tewhata@nt.gov.au.' <travis.tewhata@nt.gov.au>
Subject: Lottoland services [DLM=For-Official-Use-Only]

For Official Use Only

Dear Sally,

In September last year, you provided us some information in relation to click to call in-play betting services. I was wondering if you could assist with another matter in relation to Lottoland.

You may be aware that Senator Pauline Hanson moved an amendment in the Senate debate of the Interactive Gambling Amendment Bill 2016 to prohibit services provided by operators such as Lottoland, due to their effects on small business. This was not supported. Furthermore, there has been media articles that newsagencies are being affected as Lottoland do not pay sufficient taxes, mislead customers and may not be able to pay out winnings. Example:

<http://www.news.com.au/finance/business/other-industries/newsagents-push-to-ban-industrykiller-lottoland/news-story/703b1b383cc2dfb624175a017a7c3709>.

In response to these assertions, it would be appreciated if you were able to clarify a number of aspects of the Lottoland operation, namely:

1. How is Lottoland regulated and licensed in the Northern Territory? I would assume there would be codes they would need to comply with? (similar to online bookmakers)
2. What is the extent of their operations in Australia, are they a global company, do they employ staff in the NT or elsewhere?
3. What taxes do they pay, or if this is commercial in confidence, what is the current tax rate for these types of operations in the NT, e.g. % of turnover, cap at \$x? I would assume they pay company tax, GST and payroll tax as well similar to online bookmakers.
4. Have you received any complaints in relation to their operations, e.g. not paying out customers, misleading advertising?
5. Are there any other companies licensed in the NT that provide lottery betting services similar to Lottoland?

If at all possible, it would be appreciated if we could receive any or all of the requested information by **COB Tuesday 11 April**?

Appreciate your assistance on this matter.

Regards

s22



s22

Online Gambling / Content and Copyright Branch
Department of Communications and the Arts

Ps22

38 Sydney Avenue, Forrest ACT 2603
GPO Box 2154 Canberra ACT 2601

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From: Erica Harper <Erica.Harper@nt.gov.au>
Sent: Thursday, 13 April 2017 4:13 PM
To: s22
Cc: Edward Berry; s22
Subject: RE: Lottoland Services [SEC=UNCLASSIFIED]

Hi s22,

Glad to be of assistance.

With the question below, for an accurate number it would be better placed if you contact Lottoland's Managing Director Australia Luke Brill:

Luke Brill
Managing Director Australia



T +61 (0) 420 986 659
E luke@lottoland.com

Kind regards

Erica

Erica Harper
Senior Compliance Officer, Gambling & Racing
Licensing NT
Department of the Attorney-General and Justice
Northern Territory Government

Level 3, NAB House, 71 Smith Street, Darwin NT 0800
GPO Box 1154, Darwin NT 0801

Ph: (08) 8999 1318
Mob: 0429 008 340

e: erica.harper@nt.gov.au
Web: www.nt.gov.au/justice/

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From: s22
Sent: Thursday, 13 April 2017 12:39 PM

To: Erica Harper
Cc: Edward Berry; s22
Subject: Lottoland Services [SEC=UNCLASSIFIED]

UNCLASSIFIED

Hi Erica

Thank you for your advice. Really appreciate you guys coming back to us.

One further question - are you able to tell us the number of people roughly employed by Lottoland in Australia? I understand they have offices in Darwin and Sydney.

Kind regards

s22



s22

Online Gambling / Content and Copyright Branch
Department of Communications and the Arts

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GPO Box 2154 Canberra ACT 2601

communications.gov.au

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arts.gov.au

[@artsculturegov](https://twitter.com/artsculturegov)

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SENATOR THE HON MITCH FIFIELD
MINISTER FOR COMMUNICATIONS
MINISTER FOR THE ARTS
MANAGER OF GOVERNMENT BUSINESS IN THE SENATE

The Hon Natasha Fyles MLA
Attorney-General and Minister for Justice
GPO Box 3146
DARWIN NT 0801

Lottoland Australia Proprietary Limited

Dear Minister *Natasha*

I am writing in relation to Lottoland Australia Proprietary Limited ('Lottoland'). I understand that Lottoland is a provider of online gambling services licenced in the Northern Territory.

A number of stakeholders and parliamentary colleagues have raised concerns with me about Lottoland. In summary, these concerns are that Lottoland:

- is a 'fake' lottery which is misleading customers who believe they are buying a ticket in the official lottery draw;
- does not have sufficient funds to pay out prizes, in particular massive jackpots offered in lottery draws operated in the United States, Europe and other countries;
- provides a risky product that could exacerbate problem gambling in Australia;
- employs few staff located in Australia;
- pays little to no Commonwealth, state or territory taxes, product or licence fees;
- is siphoning taxation revenue from other Australian jurisdictions which otherwise would be used to provide government services to the community; and
- is adversely impacting thousands of news agencies across Australia who rely on commissions from sales of official lottery products.

As Lottoland is the holder of a licence in your jurisdiction, I would appreciate your advice and response to these concerns, including seeking assurances from your regulator on the above matters.

I look forward to hearing from you in relation to this matter at your earliest convenience.

Yours sincerely

Mitch Fifield
MITCH FIFIELD

18/9/17



ATTORNEY-GENERAL
MINISTER FOR JUSTICE

Parliament House
State Square
Darwin NT 0800
Minister.Fyles@nt.gov.au

GPO Box 3146
Darwin NT 0801
Telephone: (08) 8936 5610
Facsimile: (08) 8936 5562

Senator the Hon Mitch Fifield
Minister for Communications
Parliament House
CANBERRA ACT 2600

Via email address: minister@communications.gov.au

Dear Senator

I refer to your letter of 18 September 2017 in relation to NT licensed sports bookmaker Lottoland Australia Pty Ltd (Lottoland).

Lottoland holds a sports bookmaker licence issued by the NT Racing Commission, an independent statutory authority that operates as an administrative and quasi-judicial tribunal with powers to regulate the racing and betting industries in the NT.

I note and share the concerns raised in your letter. These matters are being investigated and I will provide further advice in response to your request once those inquiries are complete.

Yours sincerely

A handwritten signature in black ink that reads "Natasha".

NATASHA FYLES

10 OCT 2017



ATTORNEY-GENERAL
MINISTER FOR JUSTICE

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Minister.Fyles@nt.gov.au

GPO Box 3146
Darwin NT 0801
Telephone: (08) 8936 5610
Facsimile: (08) 8936 5562

Senator the Hon Mitch Fifield
Minister for Communications
Parliament House
CANBERRA ACT 2600

Via email address: minister@communications.gov.au

Dear Senator

I write to provide an update to my letter to you of 10 October 2017 in relation to the conduct of Lottoland Australia Proprietary Limited ('Lottoland').

In response to concerns regarding the offering of wagering by Northern Territory licensed sports bookmakers on contingencies associated with lotteries, I have determined that betting on Australian based lotteries should not be permitted by Northern Territory licensed sports bookmakers.

To that end, on 7 November 2017 and pursuant to section 19 of the *Racing and Betting Act* (the Act) I directed the Northern Territory Racing Commission (the Commission) to revoke its approval of Australian lotteries as an approved sporting event as defined by section 4(2) of the Act.

The Commission is an independent statutory authority that operates as an administrative and quasi-judicial tribunal with powers to regulate the racing and betting industries in the Northern Territory within the parameters set out in the Act. However, pursuant to section 19 of the Act, the Commission is subject to my direction as the Minister responsible for the Act which, in the present case will result in all Northern Territory sports bookmakers being prohibited from betting on the outcome of this contingency. A similar restriction is enforced by the United Kingdom (UK) Gambling Commission which prohibits British clientele of licensed UK operators from betting on the outcome in their National Lottery.

The removal of Australian lotteries as an approved sporting event will also preclude all wagering contingencies associated within, such as first ball drawn, first ball odd or even, sum of first six balls etc.

Noting that this decision may have a substantial impact on the operations of Northern Territory licensed sports bookmakers, I have advised the Commission that affected licensees should be afforded a reasonable period of time to make the required changes to their business systems and processes to provide for the removal of the relevant betting contingencies before the direction is formally enacted.

Yours sincerely

A handwritten signature in blue ink that reads "Natasha". The signature is written in a cursive, flowing style.

NATASHA FYLES

14 NOV 2017

s22

From: Mark Beecroft <mark.beecroft@dlgsc.wa.gov.au>
Sent: Thursday, 8 March 2018 2:35 PM
To: Gambling, Online
Cc: Donna Kennedy
Subject: RE: Reminder - Impacts of lottery betting services in Australia - Comments due COB 7 March 2018 [DLM=For-Official-Use-Only]

Follow Up Flag: Follow up
Flag Status: Completed

Categories: Recorded in IMS

Hi s22

Further to our discussion this morning, I have been advised that Lotterywest (Alec James) will respond directly to you tomorrow.

Kind regards

Mark

Mark Beecroft
Director Strategic Regulation
Racing, Gaming and Liquor (WA) Division

Department of Local Government, Sport and Cultural Industries
 Gordon Stephenson House, 140 William St, PERTH WA 6000
 Tel: (08) 65514881 | Mob: 0434325642
 Email: mark.beecroft@dlgsc.wa.gov.au
 Web: www.dlgsc.wa.gov.au



From: Gambling, Online [mailto:Online.Gambling@communications.gov.au]
Sent: Thursday, 8 March 2018 6:43 AM
To: Mark Beecroft
Subject: RE: Reminder - Impacts of lottery betting services in Australia - Comments due COB 7 March 2018 [DLM=For-Official-Use-Only]

For Official Use Only

Hello Mark,

Yes, that's fine. Do you think we'll be able to receive the response by midday/lunch time tomorrow?

Kind regards



s22

Senior Policy Officer / Online Content & Gambling / Content & Copyright
 Department of Communications and the Arts

P+s22

s22

2 Phillip Law Street, Canberra ACT 2601
GPO Box 2154 Canberra, ACT 2601

communications.gov.au / @CommsAu
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I would like to acknowledge the traditional custodians of this land on which we meet, work and live. I recognise and respect their continuing connection to the land, waters and communities. I pay my respect to Elders past and present and to all Aboriginal and Torres Strait Islanders.

From: Mark Beecroft [<mailto:mark.beecroft@dlgsc.wa.gov.au>]
Sent: Wednesday, 7 March 2018 4:38 PM
To: Gambling, Online <Online.Gambling@communications.gov.au>
Cc: s22
Subject: RE: Reminder - Impacts of lottery betting services in Australia - Comments due COB 7 March 2018 [DLM=For-Official-Use-Only]

Hello s22

Is it possible to get an extension until Friday on this matter as I am still waiting on some points from state lottery provider.

Kind regards

Mark Beecroft
Director Strategic Regulation
Racing, Gaming and Liquor (WA) Division

Department of Local Government, Sport and Cultural Industries
Gordon Stephenson House, 140 William St, PERTH WA 6000
Tel: (08) 65514881 | Mob: 0434325642
Email: mark.beecroft@dlgsc.wa.gov.au
Web: www.dlgsc.wa.gov.au



From: Gambling, Online [<mailto:Online.Gambling@communications.gov.au>]
Sent: Tuesday, 6 March 2018 11:24 AM
Cc: s22
Subject: Reminder - Impacts of lottery betting services in Australia - Comments due COB 7 March 2018 [DLM=For-Official-Use-Only]

For Official Use Only

Dear Sir/Madam,

This is a gentle reminder that your comments / feedback on the impacts of lottery betting services in Australia (including nil comment responses) is due by close of business tomorrow – **Wednesday 7 March 2018**.

If you have any queries or concerns, please contact me or Mr Andrew Verdon on 02 6271 1213 or by replying to this email.

Regards



s22

Senior Policy Officer / Online Content & Gambling / Content & Copyright
Department of Communications and the Arts

Ps22

s22

2 Phillip Law Street, Canberra ACT 2601
GPO Box 2154 Canberra, ACT 2601

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- Department of Culture and the Arts
- Department of Racing, Gaming and Liquor
- Office of Multicultural Interests
- Aboriginal History Research Unit (formerly with Department of Aboriginal Affairs).

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From: Muscat, Linda <Linda.Muscat@act.gov.au>
Sent: Friday, 16 March 2018 4:52 PM
To: Gambling, Online
Subject: FW: URGENT FW: Impacts of lottery betting services in Australia [DLM=For-Official-Use-Only]

Categories: Recorded in IMS

Dear s22

Thank you for your email to David Snowden, providing the opportunity for the ACT Gambling and Racing Commission to provide some information regarding the impact of synthetic lotteries. I will address your questions in the order you have presented them.

The financial impact (actual or projected) of lottery betting services on State taxation collections through official lottery draws.

The major concern with synthetic lotteries has been that they compete with regulated state/territory lotteries and do not enter the revenue sharing arrangements with states/territory Governments as required for traditional lotteries. For example, NSW Lotteries is approved to provide lottery services in the ACT. A taxation sharing arrangement exists between the two jurisdictions for this. NSW Lottery revenue for the ACT in 2016-17 was \$1.359 million lower than budgeted as well as been \$0.887 million lower than the 2015-16 actual figures. For the current financial year up until January 2018, Lottery revenue is \$0.815 million lower than the 2017-18 budget. This is largely the result of reduced tickets sales in the ACT, however it is unclear how much the impact of lottery betting contributed to this.

The financial impact (actual or projected) of lottery betting services on small business including newsagencies, official lottery agents and other small businesses operating in your jurisdiction.

NSW Lotteries has over 40 agents in the ACT, all of which are small businesses, with the vast majority being newsagents.

Impacts of recent regulatory changes implemented by the Northern Territory Government (to prohibit lottery betting services on Australian lotteries) in your jurisdiction.

The Northern Territory's move to restrict synthetic lotteries offering Australian based lottery products in theory would negate any negative revenue impacts. However, there is always a risk that people who play traditional lottery could move to overseas synthetic lottery products. This could result in both a potential loss in revenue collected from traditional lotteries, and increased risks of gambling harm.

Any further relevant data or information you have on this issue.

Nil.

Happy to provide further information if necessary, and to receive any updates regarding this issue.

Kind regards

Linda Muscat | A/g Deputy Director, Policy and Coordination

Phone: 02 6207 5014 | Email: linda.muscat@act.gov.au

Access Canberra | Chief Minister Treasury and Economic Development Directorate | ACT Government

21 Bowes St, Woden | GPO Box 158, Canberra ACT 2601 | www.act.gov.au/accessCBR



From: Gambling, Online [[mailto: Online.Gambling@communications.gov.au](mailto:Online.Gambling@communications.gov.au)]

Sent: Thursday, 1 March 2018 10:29 AM

To: Snowden, David <David.Snowden@act.gov.au>

Cc: Ingham, Alexander <Alexander.Ingham@act.gov.au>; Hosking, Kim <Kim.Hosking@act.gov.au>; Balaretnaraja, Ash <Ash.Balaretnaraja@act.gov.au>; Josey, Belinda <Belinda.Josey@act.gov.au>; s22
s22

Subject: Impacts of lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

For Official Use Only

Dear Mr Snowden,

The Department of Communications and the Arts (the Department) notes that there have been concerns raised regarding the impacts of lottery betting on State taxation revenues and small businesses in Australia. Many of these concerns have been reported in the media and were the centre of campaigns conducted in 2017.

The Northern Territory, where the majority of lottery betting services (known also as 'synthetic lotteries') are licensed, determined that the betting on the outcome of Australian-based lotteries should not be permitted, and from 30 November 2017 prohibited its licensed operators from providing these services.

The Department is interested to seek any information on the impacts of lottery betting in Australia.

To assist us with this process, we are seeking information that you may be able to provide on:

- The financial impact (actual or projected) of lottery betting services on State taxation collections through official lottery draws;
- The financial impact (actual or projected) of lottery betting services on small business including newsagencies, official lottery agents and other small businesses operating in your jurisdiction;
- Impacts of recent regulatory changes implemented by the Northern Territory Government (to prohibit lottery betting services on Australian lotteries) in your jurisdiction.
 - Has the continued availability of lottery betting services on *foreign* lotteries impacted tax revenue in your jurisdiction?
- Any further relevant data or information you have on this issue.

Please note that this email has been prepared for consultation purposes only and does not indicate the Commonwealth's commitment to any course of action.

Please provide your feedback or nil comment by **Wednesday 7 March 2018**.

If you have any queries or wish to discuss, please contact me or s22 on s22 or by replying to this email.

Regards

s22

Senior Policy Officer / Online Content & Gambling / Content & Copyright
Department of Communications and the Arts

Ps22

s22

2 Phillip Law Street, Canberra ACT 2601
GPO Box 2154 Canberra, ACT 2601

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I would like to acknowledge the traditional custodians of this land on which we meet, work and live. I recognise and respect their continuing connection to the land, waters and communities. I pay my respect to Elders past and present and to all Aboriginal and Torres Strait Islanders.

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s22

From: Natasha Mann <natasha.mann@liquorandgaming.nsw.gov.au>
Sent: Thursday, 8 March 2018 2:15 PM
To: Gambling, Online
Cc: Paul Newson; Paul Sariban; Dion Jackomas; natasha.mann@liquorandgaming.nsw.gov.au
Subject: RE: Impacts of lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

Categories: Recorded in IMS, Purple Category

Good afternoon s22,

Thank you for your e-mail to Paul Newson. As Paul is on leave, I am responding on his behalf.

As you are aware, the NSW Government has indicated that it is investigating ways to restrict these products in NSW on consumer protection and harm minimisation grounds.

We welcome the Commonwealth investigating this issue, but we think it is important that this investigation consider the community impacts of these products, rather than the financial impacts on existing businesses or State revenue.

The NSW policy position on Synthetic Lotteries can be summarised as follows:

- They can be misleading, with many consumers thinking they are purchasing lottery tickets when they are actually placing a bet.
- They can shift player activity from lower impact forms of gambling, such as lotteries, to higher impact forms of gambling such as wagering.
- They are not well understood by consumers, particularly with respect to their terms and conditions and the integrity of the draw or the results.
- Their marketing and branding can be misleading, particularly with respect to the size of jackpots.
- They provide greater access to keno style products which allow consumers to gamble with high frequency.

The NSW Government is still actively considering options in regard to the operation of synthetic lotteries in NSW. Since announcing its position, we have noticed an improvement in the way these products are marketed (with respect to making it clearer that these are betting products). However this has not fully addressed our concerns and the risks would be amplified if these products are made available by other wagering operators.

With respect to your queries on the financial impact of synthetic lotteries, we note that:

- Lotteries duties are quite variable due to factors such as the size and number of jackpots. As a result it is difficult to attribute any variation in State revenue to a specific cause.
- The NSW Government has received representations from businesses raising concerns about financial impacts.

Again, our primary issue is that of gambling related harm.

Of significant concern is the emergence of wagering on keno-style products such as Kenoland that is being operated by Lottoland. These are very frequent games (every four minutes, 24/7) and present a much greater risk of causing gambling harm.

Keno is currently only offered in NSW in pubs and clubs during approved trading hours. It can only be played in-venue and staff are required to be trained in responsible conduct of gambling. Venues are also required to provide harm minimisation and responsible gambling signage and material. This is a very different proposition to an anywhere/anytime offering through a licenced wagering operator.

As a result, we do not think that the amendments made by the Northern Territory addresses the current situation.

The offering of these products, even if not on domestic lotteries or keno products, remains a concern.

Should you require any further information on this matter please contact Mr Dion Jackomas, Manager, Policy and Legislation, on (02) 9995 0341.

Regards,

Natasha Mann | A/Deputy Secretary

Office of Liquor, Gaming & Racing

NSW Department of Industry

Level 16 | 323 Castlereagh Street | Haymarket NSW 2000

GPO Box 7060 | Sydney NSW 2001

T: (02) 9995 0332 M: 0476 807 982 E: natasha.mann@liquorandgaming.nsw.gov.au

W: www.liquorandgaming.nsw.gov.au

Larissa Blake | Executive Assistant

T: (02) 9995 0311 M: 0472 831 975 E: larissa.blake@liquorandgaming.nsw.gov.au

From: Gambling, Online [mailto:Online.Gambling@communications.gov.au]

Sent: Thursday, 1 March 2018 9:48 AM

To: Paul.Newson@industry.nsw.gov.au

Cc: Peter.Cox@liquorandgaming.nsw.gov.au; Paul.Sariban@liquorandgaming.nsw.gov.au;

Dion.Jackomas@liquorandgaming.nsw.gov.au; Sueanne.Wong@liquorandgaming.nsw.gov.au;

Natalie.Barbir@liquorandgaming.nsw.gov.au; s22

Subject: Impacts of lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

For Official Use Only

Dear Mr Newson,

The Department of Communications and the Arts (the Department) notes that there have been concerns raised regarding the impacts of lottery betting on State taxation revenues and small businesses in Australia. Many of these concerns have been reported in the media and were the centre of campaigns conducted in 2017.

The Northern Territory, where the majority of lottery betting services (known also as 'synthetic lotteries') are licensed, determined that the betting on the outcome of Australian-based lotteries should not be permitted, and from 30 November 2017 prohibited its licensed operators from providing these services.

The Department is interested to seek any information on the impacts of lottery betting in Australia.

To assist us with this process, we are seeking information that you may be able to provide on:

- The financial impact (actual or projected) of lottery betting services on State taxation collections through official lottery draws;
- The financial impact (actual or projected) of lottery betting services on small business including newsagencies, official lottery agents and other small businesses operating in your jurisdiction;
- Impacts of recent regulatory changes implemented by the Northern Territory Government (to prohibit lottery betting services on Australian lotteries) in your jurisdiction.
 - Has the continued availability of lottery betting services on *foreign* lotteries impacted tax revenue in your jurisdiction?
- Any further relevant data or information you have on this issue.

Please note that this email has been prepared for consultation purposes only and does not indicate the Commonwealth's commitment to any course of action.

Please provide your feedback or nil comment by **Wednesday 7 March 2018**.

If you have any queries or wish to discuss, please contact me or s22 on s22 or by replying to this email.

Regards



s22

Senior Policy Officer / Online Content & Gambling / Content & Copyright

Department of Communications and the Arts

Ps22

s22

2 Phillip Law Street, Canberra ACT 2601

GPO Box 2154 Canberra, ACT 2601

communications.gov.au / @CommsAu

arts.gov.au / @artsculturegov

I would like to acknowledge the traditional custodians of this land on which we meet, work and live. I recognise and respect their continuing connection to the land, waters and communities. I pay my respect to Elders past and present and to all Aboriginal and Torres Strait Islanders.

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s22

From: David Ford <David.Ford@justice.qld.gov.au>
Sent: Wednesday, 7 March 2018 1:26 PM
To: Gambling, Online
Cc: Dolores Fernandez; David McKarzel; Eunice Chai
Subject: RE: Impacts of lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

Follow Up Flag: Follow up
Flag Status: Completed

Categories: Recorded in IMS, Purple Category

Dear s22 ,

Thank you for your e-mail dated 1 March 2018, seeking information about the impacts of lottery betting services in Australia.

In response to your queries, I wish to advise that at this stage the Queensland Government does not have firm data that could robustly measure the impact of lottery wagering on small business, lottery operators or State revenue.

However, as you may be aware, the Honourable Yvette D'Ath MP, Attorney-General and Minister for Justice, last year called on the Australian Government to take action with regard to Lottoland. Ms D'Ath's media statement in that regard (which predates the NT Government's decision to limit lottery wagering to international lotteries) can be found [here](#).

At officer level, we welcome the Northern Territory's decision to limit lottery wagering to international lotteries. This allays some of our concerns regarding the parasitic business model adopted by lottery wagering providers, who rely entirely on the conduct of lotteries but do not contribute to lottery prize pools, the charitable causes supported by lottery operators, or the cost of running a lottery (and in fact undermine genuine lotteries by offering an alternative sales avenue to prizes based on lottery prize pools).

However, and still at officer-level, we retain significant concerns regarding lottery wagering. This is due to two instances in which the term "lottery" appears to have been exploited to allow wagering on things that are arguably not lotteries. The first of these is keno, which is distinguished from a lottery by its rapid-draw nature. As you will be aware, Lottoland's advertising since the NT Government's intervention has focused on its keno wagering product, which provides wagering on New York keno (drawn every four minutes).

While keno is generally considered a low risk game in its terrestrial form, there is a concern that its simplistic nature and rapid draw frequency may contain some potential for harm in an unsupervised online environment.

We are also concerned that the authority to conduct wagering on lotteries is being used to conduct wagering on unidentified lottery products that appear to be drawn by the lottery wagering provider, and which are in fact not lotteries at all. For example, [this product](#) is touted as a lottery wagering product, but no information is provided as to which lottery is being wagered on. It appears from former versions of the terms and conditions that the lottery wagering provider, or a subsidiary or otherwise related company, is determining the results of the lottery. Further, it appears that the lottery is unenterable and is solely established for the purpose of lottery wagering. Regardless of whether this model actually complies with the NT gambling legislation under which it is licensed, we consider it to present significant integrity issues. It is the only example of apparently lawful wagering in which the wagering provider, or a related entity, determines the outcome of wagers. It is noted that genuine lottery providers determine the outcome of genuine lotteries, but draws in that situation are highly regulated affairs, which does not appear to be the case under this particular model of lottery wagering.

Given these concerns, Queensland at officer level welcomes any further work proposed by the Commonwealth or the Northern Territory Government, to both measure the impacts and resolve the issues presented by lottery

wagering. If you require any further information, please contact Mr Martin Scott, A/Director Policy & Projects, Office of Regulatory Policy, on 387 20875 or by email to martin.scott@justice.qld.gov.au .

Please note this email does not reflect a position or policy of the Queensland Government.

Regards

David

David Ford
Deputy Director-General
Liquor, Gaming and Fair Trading
Department of Justice and Attorney-General
Level 1, 63 George Street
Brisbane Qld 4000
Phone: 07 387 20926
Email: david.ford@justice.qld.gov.au

From: Gambling, Online [mailto:Online.Gambling@communications.gov.au]
Sent: Thursday, 1 March 2018 8:50 AM
To: David Ford
Cc: Dolores Fernandez ; David McKarzel ; Eunice Chai
Subject: Impacts of lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

For Official Use Only

Dear Mr Ford,

The Department of Communications and the Arts (the Department) notes that there have been concerns raised regarding the impacts of lottery betting on State taxation revenues and small businesses in Australia. Many of these concerns have been reported in the media and were the centre of campaigns conducted in 2017.

The Northern Territory, where the majority of lottery betting services (known also as 'synthetic lotteries') are licensed, determined that the betting on the outcome of Australian-based lotteries should not be permitted, and from 30 November 2017 prohibited its licensed operators from providing these services.

The Department is interested to seek any information on the impacts of lottery betting in Australia.

To assist us with this process, we are seeking information that you may be able to provide on:

- The financial impact (actual or projected) of lottery betting services on State taxation collections through official lottery draws;
- The financial impact (actual or projected) of lottery betting services on small business including newsagencies, official lottery agents and other small businesses operating in your jurisdiction;
- Impacts of recent regulatory changes implemented by the Northern Territory Government (to prohibit lottery betting services on Australian lotteries) in your jurisdiction.
 - Has the continued availability of lottery betting services on *foreign* lotteries impacted tax revenue in your jurisdiction?
- Any further relevant data or information you have on this issue.

Please note that this email has been prepared for consultation purposes only and does not indicate the Commonwealth's commitment to any course of action.

Please provide your feedback or nil comment by **Wednesday 7 March 2018**.

If you have any queries or wish to discuss, please contact me or s22 on s22 or by replying to this email.

Regards



s22

Senior Policy Officer / Online Content & Gambling / Content & Copyright
Department of Communications and the Arts

Ps22

s22

2 Phillip Law Street, Canberra ACT 2601
GPO Box 2154 Canberra, ACT 2601

communications.gov.au / @CommsAu
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It is your responsibility to ensure that this email does not contain and is not affected by computer viruses, defects or interferences by third parties or replication problems.

s22

From: s47F
Sent: Tuesday, 6 March 2018 5:12 PM
To: Gambling, Online
Cc: s47F s47F
Subject: Impacts of lottery betting services in Australia - IAS response

Follow Up Flag: Follow up
Flag Status: Completed

Categories: Recorded in IMS, Purple Category

Dear s22

Thank you for your email seeking information on lottery outcome wagering in Tasmania.

Tasmania is one of the jurisdictions which has indicated its intention to ban wagering on lottery outcomes. Advice to Government at the time noted that this measure might also be considered at the Commonwealth level through amendments to the *Interactive Gambling Act 2001* (Cwth).

For context, there are currently no major lotteries based in Tasmania. Tattersall's Sweeps Pty Ltd, which is licensed in Victoria, has been issued a Foreign Games Permit in Tasmania authorising the sale of its lotto tickets through local outlets (mostly newsagencies). Through a revenue sharing agreement with Victoria, Tasmanian receives tax collected for all tickets sold in Tasmania.

In responding to your enquiry we have analysed customer lottery draw expenditure and taxation received over the last five calendar years, with a particular focus on the 12 month period (2015) before the Northern Territory Government granted sports bookmakers licence to offer lottery outcome wagering services; and the 12 month and 24 month periods that followed (2016 and 2017).

Following the two years that lottery outcome betting services entered the market, lottery subscriptions in Tasmania have continued to grow modestly. The growth for 2017 was only marginally higher at 0.1 per cent from the previous year and the slowing growth could, potentially, be attributed to customers moving to online gambling. The latest Social and Economic Impact Study into Gambling in Tasmania (2017) supports this assumption, in that the study found that numbers of customers purchasing lottery tickets from outlets has declined and purchasing tickets online has increased.

We have provided responses (in blue) below to your specific questions. If you have any queries or require any clarification, please do not hesitate to contact me.

Regards

s47F

- The financial impact (actual or projected) of lottery betting services on State taxation collections through official lottery draws;

Tasmania receives approximately \$29 million per annum in tax revenue from lottery sales (this includes other products such as scratchies), and this sum represents approximately 36 per cent of the Government's gambling taxation revenue. It is difficult to estimate what financial impact lottery betting would have on State taxation given current data but any increase towards lottery betting and away from traditional lottery sales would have a negative impact.

- The financial impact (actual or projected) of lottery betting services on small business including newsagencies, official lottery agents and other small businesses operating in your jurisdiction;

Lottery agents in Tasmania consist mainly of newsagencies, however also include pharmacies, small supermarkets, corner stores and dedicated lottery outlets. Newsagents and lottery agents form a small business sector in Tasmania (employing over 500 people). It is difficult to estimate what financial impact lottery betting would have on these businesses given the current data, however any increase in lottery betting would have an adverse impact particularly for those businesses that rely heavily on lottery sales to draw in customers.

- Impacts of recent regulatory changes implemented by the Northern Territory Government (to prohibit lottery betting services on Australian lotteries) in your jurisdiction.
 - Has the continued availability of lottery betting services on *foreign* lotteries impacted tax revenue in your jurisdiction?

It is too early to measure the impact the NT regulatory changes have had to Tasmania’s industry. As noted above, while subscriptions in Tasmania have continued to grow over the years, the rate is appearing to slow which may be attributable to consumers buying lottery tickets online (including foreign lotteries).

- Any further relevant data or information you have on this issue.

The Tasmanian Government has previously expressed concern that lottery betting is potentially confusing and misleading to the public and that newsagents are being adversely affected. The Government announced in October 2017 that it would take steps towards banning lottery outcome wagering. Following a State election on 4 March 2018, the Government has been returned (although the polls are yet to be declared), and we expect, in the absence of reforms to the IGA at the Commonwealth level, it will pursue its previous commitment.



s47F | Acting Director
Liquor and Gaming | Department of Treasury and Finance

p s47F
e s47F |

w www.treasury.tas.gov.au
Salamanca Building Parliament Square, 4 Salamanca Place, Hobart, TAS 7000 | GPO Box 1374,
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s22

From: Ceo AHA <ceo@aha.org.au>
Sent: Wednesday, 7 March 2018 2:38 PM
To: Gambling, Online
Cc: s22
Subject: RE: Impacts on lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]
Attachments: Kenoland response to Department March 2018 - 3pm (002).pdf
Categories: Purple Category

s22

Further to your request below, please see the submission attached.
 Please note the submission contains commercially sensitive and confidential information that is not authorised for public release any means.
 Please call with any questions.
 Stephen

From: Gambling, Online [mailto:Online.Gambling@communications.gov.au]
Sent: Wednesday, 7 March 2018 1:59 PM
To: Ceo AHA <ceo@aha.org.au>
Cc: s22
Subject: RE: Impacts on lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

For Official Use Only

Hi Stephen,
 I confirm that confidential and commercially sensitive data will not be made publicly available.
 We ask that you clearly mark confidential and commercially sensitive data in your response.
 Regards

s22

From: Ceo AHA [mailto:ceo@aha.org.au]
Sent: Wednesday, 7 March 2018 12:25 PM
To: Gambling, Online <Online.Gambling@communications.gov.au>
Subject: RE: Impacts on lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

s22

I have prepared a response to your query.
 The response contains confidential and commercially sensitive data.
 Can you please confirm the document and the data will not be made publicly available?
 Thanks
 Stephen

From: Gambling, Online [mailto:Online.Gambling@communications.gov.au]
Sent: Thursday, 1 March 2018 4:03 PM
To: ceo@aha.org.au
Cc: s22
Subject: Impacts on lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

For Official Use Only

Dear Mr Ferguson,
 The Department of Communications and the Arts (the Department) notes that there have been concerns raised regarding the impacts of keno and lottery betting on State taxation revenues and small businesses in Australia. Many of these concerns have been reported in the media and were the centre of campaigns conducted in 2017.

The Northern Territory, where the majority of lottery betting services (known also as 'synthetic lotteries') are licensed, determined that the betting on the outcome of Australian-based lotteries should not be permitted, and from 30 November 2017 prohibited its licensed operators from providing these services.

The Department is interested to seek any information on the impacts of keno and lottery betting in Australia.

To assist us with this process, we are seeking information that you may be able to provide on:

- The impacts of keno and lottery betting services on Australian lottery draws and AHA members. Note the Department has access to published information on the *Lottoland's Gotta Go* campaign website.
- Impacts of recent NT Government regulatory changes (to prohibit lottery betting on Australian lotteries) and whether there has been any net benefit to AHA members.
- Any further comments you believe may be relevant.

Please note that this email has been prepared for consultation purposes only and does not indicate the Commonwealth's commitment to any course of action.

Please provide your feedback or nil comment by **Wednesday 7 March 2018**.

If you have any queries or wish to discuss, please contact me or s22 on s22 or by replying to this email.

Regards



s22

Senior Policy Officer / Online Content & Gambling / Content & Copyright
Department of Communications and the Arts

Ps22

s22

2 Phillip Law Street, Canberra ACT 2601

GPO Box 2154 Canberra, ACT 2601

communications.gov.au / [@CommsAu](https://twitter.com/CommsAu)

arts.gov.au / [@artsculturegov](https://twitter.com/artsculturegov)

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AUSTRALIAN HOTELS ASSOCIATION

27 Murray Crescent, Griffith ACT 2603
 PO Box 4286, Manuka ACT 2603

T 02 6273 4007
E aha@aha.org.au
W aha.org.au

7 March 2018

s22

Senior Policy Officer / Online Content & Gambling / Content & Copyright
 Department of Communications and the Arts
 2 Phillip Law Street, Canberra ACT 2601

By email: s22

Dear s22,

Impacts of Keno and Lottery gambling on taxation revenue and small business

Thank you for your email received 1 March 2018 in regard to concerns about the impacts of keno and lottery betting on taxation revenues and small businesses in Australia. I note the Department has access to published information on the *Lottoland's Gotta Go* campaign website.

Confidential

Please note that this commission information is **strictly confidential** and **commercially sensitive** and should not be published without the express permission of the AHA.

Background

The Australian Hotels Association (AHA) is an organisation of employers in the hotel and hospitality industry registered under the *Fair Work (Registered Organisations) Act 2009*. Its diverse membership of more than 5,000 licensed hotel businesses includes pub-style hotels plus three, four and five-star international accommodation hotels located in each state and territory.

In contrast to Kenoland, hotels employ over 270,000 people. The Australian hotel industry is a 24/7 labour intensive service industry and is a key element of Australia's hospitality and tourism industries. Hotels are licensed and regulated at all levels of government including Commonwealth, state and local jurisdictions. Hotels provide support to over 50,000 community groups, with the support funded by hotels from the following revenue streams:

- Food and beverage
- Accommodation
- Gaming and wagering
- Retail liquor

Australian hotels are a key part of the Australian and social fabric, supporting over 50,000 community groups.

Key numbers relating to Keno

Keno State Taxes paid per year	s47(1)(b)
Average Keno commission paid to hotels	s47(1)(b)
Total Keno commissions paid to hotels	s47(1)(b)
Hotel Keno venues	s47(1)(b)

Note that this commission information is strictly confidential and commercially sensitive and should not be published without the express permission of the AHA.

Northern Territory

We note that the Northern Territory, where the majority of lottery betting services (known also as 'synthetic lotteries') are licensed determined that the betting on the outcome of Australian-based lotteries should not be permitted, and from 30 November 2017 prohibited its licensed operators from providing these services. However, the Northern Territory still permits gambling on offshore lotteries.

The Northern Territory domestic restrictions on their own late last year appear to have had little impact. Anecdotal feedback suggests that customers betting on the outcomes of offshore lotteries and keno draws are interested in the huge jackpot prizes which are aggressively marketed to Australians.

The aggressive marketing is luring patrons away from hotels to purchase "bets", which many think are entries in a regulated lottery or keno "draw", in the hope they will win hundreds of millions of dollars in prizes. This cannibalises the \$50 million of Keno commissions paid to Australian Hotels every year and places at risk the ability of hotels to provide jobs and support local community groups.

s47G

case study

s47G

s47G

This

story is replicated across thousands of hotels across Australia, where local communities are

supported at a grass roots level through the retail outlets of Keno. Kenoland is taking these commissions offshore, and out of these communities.

Examples of Commissions

Attached in Appendix A (**attached**) are samples of commissions for other venues which are at risk from Kenoland. Note that this commission information is **strictly confidential** and commercially sensitive and should not be published without the express permission of the AHA. These commissions go towards enabling hotels to support their local communities as set out in the example above.

Harm Minimisation

Unlike hotel patrons in the supervised environment of a pub, Kenoland customers can bet anywhere anytime over their phone. The IGA never intended to allow products like synthetic lotteries (e.g. under the current IGA it is illegal to buy a scratchy online or play a poker machine online) therefore it should be modernised to also prohibit synthetic lotteries.

Consumer protection

Anecdotally, hotel patrons have expressed confusion about Kenoland, and we have heard examples of Kenoland customers being concerned they have been misled by Kenoland. It would appear that Kenoland customers are unlikely to be able to win the actual advertised jackpot which is heavily marketed to Australians. For example, individual disclaimers for advertised products include "reductions".

Clause 11 of Lottoland's Terms and Conditions <https://www.lottoland.com.au/terms> states, "The Winnings payable in respect of each Lottoland Winning Bet in a Type A Prize Category (as defined in the table in 11.1., for example Prize Category 1 in EuroMillions) will depend on the number of the Underlying Lottery Winning Tickets in that Prize Category, the number of Lottoland Winning Bets in that Prize Category, the payable Prize by the Underlying Lottery Operator for the Underlying Lottery Winning Tickets in that Prize Category as well as the Underlying Lottery Jackpot in that Prize Category."

Intellectual property and product fees including overseas

The AHA is curious about whether any fees or taxes are paid to the owners of the intellectual property on which Kenoland is offering bets. These fees (and taxes) usually contribute to the resourcing and management of integrity functions and other community benefits.

The AHA has not seen the communications between Minister Fifield and the NT Government. However, we would make the observation that the Australian Government needs to ensure that by staying silent on overseas tax/fee obligations, it is not giving tacit approval for laws or commercial agreements to be offended in other countries. The Department may wish to enquire as to:

- Whether Kenoland pays any fees to the owners or regulators of the offshore Keno draws on which they offer bets.
- Whether the overseas owners or regulators have any oversight of Kenoland bets in regard to disputes or integrity issues.

For example, the Department may wish to investigate if the Nevada Gaming Commission or other relevant regulators in the United States has given approval for Kenoland to operate on its lotteries.

Petitions

We are also aware that the House of Representatives has received 58 petitions with 13,731 signatures tabled by Ms Lucy Wicks, the Member for Robertson. The petitions draw attention to “gambling operators betting on the outcome of lotteries, with these synthetic lottery operators making no contribution to State lotteries taxes and ask the House to amend the Interactive Gambling Act 2001 so as to ban betting on the outcome of lotteries and thereby prohibit the operation of synthetic lotteries in Australia.”

Conclusion

In Australia, Keno is licensed, regulated and taxed by the State and Territory Governments. Unlike operators such as Kenoland, the Keno offered in Australian hotels:

- pay taxes in Australian States and Territories
- is wholly owned and regulated within Australia
- is offered only within a supervised retail environment
- helps hotels support over 50,000 community groups at the grass roots level

Kenoland does none of the above and places the above at significant risk. The government must continue to look at innovative ways to protect Australians from predatory or misleading behavior from online gambling operators. Due to the ever-present nature of mobile phones offshore gambling operators are targeting Australians and exploiting current laws to give access to these products through the Northern Territory.

Kenoland is a good example of where the Government must act to protect Australians. There must be amendments to the Interactive Gambling Act that extends the protections by prohibiting the wagering on offshore lotteries and other gaming products.



STEPHEN FERGUSON
NATIONAL CEO

Strictly confidential and commercially sensitive

Appendix A – Sample of hotels Keno commissions at risk of cannibalisation

Venue Name	State	Electorate	Commission \$ FY17
s47(1)(b)	QLD	Leichhardt	s47(1)(b)
	QLD	Leichhardt	
	QLD	Leichhardt	
	QLD	Leichhardt	
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s47(1)(b)

s47(1)(b)

QLD	Capricornia	
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QLD	Flynn	
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QLD	Flynn	
QLD	Dickson	
QLD	Forde	
QLD	Forde	
QLD	Forde	
NSW	Robertson	
NSW	Robertson	
NSW	Robertson	
NSW	Robertson	
NSW	Dobell	
NSW	Reid	
NSW	Reid	
NSW	Hughes	
NSW	Hughes	
NSW	Hughes	
NSW	Lindsay	
NSW	Lindsay	
NSW	Lindsay	
NSW	Lindsay	
NSW	Lindsay	
NSW	Macarthur	
NSW	Macarthur	
NSW	Macarthur	
NSW	Macquarie	
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	VIC	Deakin	
	VIC	Casey	
	VIC	Deakin	
	VIC	Deakin	
	VIC	Chisholm	
	VIC	Chisholm	
	VIC	Dunkley	
	VIC	Dunkley	
	VIC	Dunkley	
	VIC	Dunkley	
VIC	Corangamite		
VIC	Corangamite		
VIC	Corangamite		
VIC	Corangamite		

CONFIDENTIAL

s22

From: Ben Kearney <ben@alna.net.au>
Sent: Thursday, 8 March 2018 8:48 AM
To: Gambling, Online; s22
Cc: Adam Joy; Gary Carter
Subject: ALNA feedback regarding the impacts of lottery betting on State taxation revenues and small businesses in Australia
Attachments: ALNA feedback to Department of Communications and the Arts regarding the impacts of lottery betting on State taxation revenues and small businesses in Australia 080318.pdf
Categories: Purple Category

Hi,

Please see attached ALNAs feedback regarding the impacts of lottery betting on State taxation revenues and small businesses in Australia. Thank you for the opportunity to submit to this consultation.

Kind regards

Ben

Ben Kearney
**National Manager,
Policy & Government Relations
Australian Lottery and Newsagents Association**
Suite 1.7 & 1.8, 56 Delhi Road, North Ryde, NSW 2113
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8th March 2018

s22

Senior Policy Officer / Online Content & Gambling/ Content & Copyright
Department of Communications and the Arts

By email: s22

RE: ALNA feedback regarding the impacts of lottery betting on State taxation revenues and small businesses in Australia

Dear s22

The Australian Lottery and Newsagents Association (ALNA) appreciates this opportunity to provide the Department with information on the impacts of lottery betting in Australia on our members.

In summary, synthetic lotteries are hurting newsagents and other lottery retailers across Australia who are mostly mum and dad operators and have their houses on the line as collateral for their businesses.

The incomes of our member businesses are heavily reliant on the sale of official state licensed lottery tickets. For the average newsagent/lottery retailer, up to 30% of their income comes from lottery commissions, and in some cases this is up to 100% of their revenue.

The recent NT Government regulatory changes (*to prohibit lottery betting on Australian lotteries*) appear to have had no impact, with lottery customers still expressing confusion in our stores and being attracted to the big jackpot \$100 Million+ style of offers promoted by lotto betting operators.

There are over 4000 small businesses operating as lottery retailers in Australia and together they employ over 15,000 people. They contribute through their lottery sales to funding raised for critical community services and infrastructure.

Moreover, the nature of synthetic lotteries is one with great potential to hurt any Australian who participates in betting because of the risk for high harm and dangerous gambling behaviours.

We have prepared the attached document on this issue for you. The Australian Lottery and Newsagent's Association really appreciate your consideration of this matter and we welcome further engagement.

Kind regards,
Ben

Ben Kearney

National Manager Policy & Government Relations

Australian Newsagents' Federation T/as Australian Lottery and Newsagents Association

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Synthetic lotteries are a threat to Australia

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Misleading Australians

Lotto betting schemes (synthetic lotto) like NT-licensed sports bookmaker Lottoland, Planet Lottery, and other entrants, are different to government regulated lottery draws. They are online-only bookmakers. They do not offer tickets in a draw. Rather, they draw from regulated lottery businesses and offer bets on overseas lottery outcomes, relying on complex insurance linked securities to pay any winners.

Despite Northern Territory Government regulatory changes last year (*to prohibit lottery betting on Australian lotteries*) and the minimal efforts made by these synthetic lottery schemes to better represent that customers are not actually entering a regulated lottery, they still remain very confusing to many Australians.

Our members and ALNA are concerned about the lack of consumer protections, and the effect this has in allowing consumers to be misled.

For example, our member stores report to our team that their customers are regularly asking about entering “Lottoland draws”, and they are confused about these betting products that seek to mimic lottery draws, when they are not draws.

These bookmakers use the language and imagery of lotteries and Australian consumers continue to be at risk of being misled into thinking that when they make a lottery bet that they are actually entering into the advertised lottery rather than placing a bet on the outcome of that lottery.

For example, Planet Lottery’s online lotto betting form is strategically designed to replicate a lottery ticket, blurring the lines between official regulated lotteries, and lotto betting.

Australian consumers may also be unaware that the protections afforded to them when participating in regulated domestic lotteries are not enjoyed when betting on overseas lottery outcomes. This is because the placing of the bet does not actually take place in Australia, nor does it involve entities that are licensed or regulated in Australia. For example, when betting on lottery outcomes with lottery betting operator, NT-licensed sports bookmaker Lottoland, consumers are in actual fact (according to their terms and conditions):

- i. *entering into a contract with Lottoland Australia Pty Ltd (Lottoland Australia) which is licensed in Northern Territory (NT), to place a bet in Gibraltar for and on behalf of the consumer with EU Lotto Ltd (EU Lotto), which is licensed in Gibraltar; and simultaneously*
- ii. *entering into a contract with EU Lotto which regulates the terms and conditions for all lottery bets placed via the Lottoland website and app, the rules of the games as well as the payout of any winnings.*

Tatts Group Ltd took legal action against NT-licensed sports bookmaker Lottoland's advertising. That case was settled in December 2016, when the Federal Court of Australia ordered that NT-licensed sports bookmaker Lottoland be "permanently restrained" from advertising its services in a way that indicates or represents that consumers participate in and play the US Powerball lottery and various other lotteries via Lottoland's website.

Despite this, NT-licensed sports bookmaker Lottoland continues to lead consumers to believe they are entering into a lottery, including by requiring consumers to complete an online lottery card (which, like Planet Lottery's form, is deceptively similar to the card that consumers complete when entering into a regulated lottery) when placing a lottery bet; and making statements to consumers like *'Manage all your lotto games in one place'*. They do this, as they want to align themselves with real state lotteries, as they are targeting those same consumers. Evidence of which, is that NT-licensed sports bookmaker Lottoland's CEO conducts his interviews on breakfast television standing out the front of a lottery retailer, with official regulated lottery signage in the background - further confusing the customer. They also utilise this approach in their ads.

Herein lies the problem: the relationship between 'lotto' betting product and existing pool-based lotteries is a fiction, and in practice simply is a marketing tool. Lotto betting sites have nothing to do with lotteries – the actual lotteries sole function is for their draw to be the random number generator for their product, with no context. Yet they effectively borrow the 'lotto' brand by using it in this way to acquire customers and bets.

The use of the word 'lotto' causes a lot of confusion, and our concern is that Lottoland and Planet Lottery's very names, for example, give the impression to consumers that they sell lottery products. They do not. They sell betting products.

Advertising is about a message and the message is that these bookmakers names themselves, and advertising to launch their products and continuing advertising, is in our view misleading. This message is not overcome by fine print or other attempts to overcome this. Such attempts are fiddling while the main message continues. The marketing of linking bets to current lotteries has worked and the capacity to accelerate through new brands like has occurred now with Keno is growing non-pool gambling quickly.

In the UK, the Advertising Standards Authority- a self-regulatory body – has recently found Lottoland was involved in misleading conduct, in that advertising implied that players would be playing in a lottery rather than betting on a lottery in a gambling game.

[http://www.gamblingcommission.gov.uk/PDF/NT-licensed sports bookmaker Lottoland-public-statement-June-2017.pdf.pdf](http://www.gamblingcommission.gov.uk/PDF/NT-licensed%20sports%20bookmaker%20Lottoland-public-statement-June-2017.pdf.pdf)

These operators often refer to the large prizes on offer in real lottery draws and in particular ‘jackpots’ involved in these lotteries are mentioned, when in fact they have no draws or jackpots.

For example, Planet Lottery states: “Occasionally we decide to announce a Special Jackpot which is higher than and replaces the estimated jackpot. So, if you win the jackpot you would win even more!”

All in all, the message still is that somehow players are entering a lottery draw, when in fact it is a bet on one. Yet then it becomes even more confusing. Go to NT-licenced sports bookmaker Lottoland’s Terms and Conditions, for example, and it talks about purchasing actual entries into underlying lottery draws!

10.11.

Instead of using financial instruments to guarantee the payout of the jackpots and Winnings offered on the Website, Lottoland may also purchase actual entries into underlying lotteries on behalf of the Player. NT-licensed sports bookmaker Lottoland may require winners for such entries to collect prizes directly from the Underlying Lottery Operator. In the event that Winnings for such entries incur any taxes, duties or levies, these are to be borne by the Player. Under no circumstances NT-licensed sports bookmaker Lottoland shall have any obligation to pay the Player an amount an Underlying Lottery Operator may fail to pay the Player in connection with any Winnings for such entries.

Lottoland’s Terms and Conditions also state that the value of winnings that a winner may actually take home could be *significantly* less than the promoted winnings. This is not represented in what is promoted in its widespread advertising and is not at all clear even in the descriptions of its website.

Australian consumers are being misled by lottery betting operators

We hold significant concern that Australian consumers are being misled as a direct consequence of lottery betting operators misrepresenting:

- i. what betting on lottery outcomes actually involves, in that it is a fixed odds derivative product relating to the outcome of a lottery, rather than a bona fide entry into a lottery; and
- ii. the amount of money consumers will actually receive as winnings from betting on lottery outcomes.

The impacts of lottery betting services on Australian lottery draws and ALNA members are largely as a result of the misleading effect these services have on Australian consumers.

Bait and switch

One of the most concerning aspects of the synthetic lottery model is its introduction of instant and repetitive behaviours that have been proven to be high risk for addiction and encouraging of irresponsible gambling behaviours. The same features of pokies that make it high risk and dangerous, are being applied to online betting. All the while, using the low harm product of lotteries as the bait to then switch Australian consumers over to high harm gambling.

Online lotto betting companies are seeking to speed up the number of draws available to consumers, so they can bet on these more rapidly and move towards instant games. This threatens the relatively low harm reputation of lotteries where there is some time between buying a ticket and getting an outcome.

Regulated state lotteries delay gratification by having only a few draws across a week, this means it is hard to make many financial transactions in a small period of time, and entries purchased are usually small and infrequent and are to a degree enjoyed by the customer over a few days leading up to the draw when they can daydream about winning the lottery and living the dream.

Synthetic lotteries in comparison, are seeking to make it easy for continuous gambling and repeated purchases by offering large numbers of bets available on lots of draws that are ending each day, or each hour. For example, NT-licensed sports bookmaker Lottoland advertises, “With a draw every 4 minutes, you never have to wait long for a shot at becoming a millionaire!”. And Planet Lottery’s Kenow Jackpot is promoted as a “unique lottery draw that takes place every 4 minutes” and allows you to prepay for 14 draws at once. This takes traditional Australian lottery customers on a very dangerous journey. It doesn’t represent delayed gratification, and it puts the low harm reputation of Australian lotteries and those retailers who have the important responsibility of managing and maintaining this at risk. It is also likely to impact problem gambling statistics for lotteries, which will in turn impact retailers here if further regulation of lotteries occurs as a result.

Synthetic lotteries represent similar consumer behavior to pokies but are not licensed as such. Instead, these schemes operate under an online bookmaking licence and yet promote lottery based games.

For example, these bookmakers offer Australians incentives such as welcome bonus bets, two-for-one offers and special bonus prizes. Multiple combinations of bets are possible and promoted, so a very large amount of money can be invested. And by linking user accounts to direct debit on credit cards, including automated subscriptions, and promoting placing bets every four minutes at any time of day, **the risk of problem gambling is amplified.**

Lotteries, which are highly regulated, cannot offer these tricks under lottery licences. At most, lotteries only take place a few times a week.

Lottoland has been designed to increase gambling frequency, which is shown to increase the risk of developing gambling problems over time, such as pokies and casino games do.

For example, NT-licensed sports bookmaker Lottoland uses language like, “The World Of Lotteries - *Just One Click Away*”, in its advertisements. However, lotteries are highly regulated so that they are not as accessible as one press of a button, 24/7, anywhere in the world. In this way, consumers are protected.

Lottoland also promotes a *subscription service* that automatically debits users credit cards every fortnight to place regular bets on their behalf with “just a couple of clicks more”. It also offers ‘Keno 24/7’ that takes place every four minutes at any time of day.

This is not moving a lottery product to a website (and betting on the outcomes of official regulated lotteries). **This is attracting Australians with a low harm product and encouraging them to graduate to high risk gambling.**

The Federal Interactive Gambling Act makes it illegal to have online scratchies and online pokies, so given the instant and high risk nature of synthetic lotteries, online betting on lottery outcomes should also be restricted.

Proven risks

Without positive change, allowing these betting contingencies will most likely result in an erosion of the social benefits of lotteries, diversion of its revenue overseas, damage to the lotto brand through lost trust from customers, and an increase of potential harm to consumers.

The online betting industry is far less regulated, contributes very little, and has incidences of problem gambling *at least three times higher than they are elsewhere*. Our members on the other hand, have an enviable reputation when it comes to managing harm with the sale of lottery products. Traditional lottery draws are a low harm, highly regulated product that has broadly beneficial societal outcomes with a large proportion of the Australian public participating in what might be coined voluntary taxation participation.

Several studies by the Productivity Commission on Gambling over the years support official lottery products being low harm, particularly in comparison to online wagering (e.g. synthetic lotteries).

The Productivity Commission Gambling Report 2010, states:

- *"the most popular form of gambling, lotteries, poses no substantive risks, and this applies to many other types of gambling, such as bingo."*
- *"people who only play lotteries, scratchies, bingo or raffles face few problems compared to those who play EGMs, **wager** or play casino table games." "Of those gamblers who only play lotteries, scratchies, bingo, or any combination of these forms — constituting the majority of gamblers — **very few suffer harm.**"*
- **The Productivity Commission Gambling Report released in 1999, states:** *"the incidence of problem gambling was lowest for lotteries and lotteries generated a significant net community benefit."*

Australians should be aware that the current licensed and regulated lottery draw models here support significant revenue streams into our community. 'Lotto' betting providers on the other hand, whose numbers are growing by comparison, operate wagering contests that feed off official lotteries models potentially confusing consumers.

And the same protections afforded to Australian consumers when participating in regulated domestic lotteries are not enjoyed when betting on lottery outcomes. This is because they are non-pool bookmakers and the placing of the bet, in the case of Planet Lottery and NT-licensed sports bookmaker Lottoland, does not actually take place in Australia, nor does it involve entities that are licensed or regulated in Australia.

All synthetic lotteries, lack the consumer protections and regulations that official lotteries have, yet they want to operate in the lottery space while promoting products that resemble gambling products of the highest risk (pokies).

Without positive change the potential harm of synthetic lotteries will increase as operators seek to provide more and more instant games (*the instant nature of it makes it more addictive with a higher risk of harm*).

Dangerous outcomes for Australia

There are a number of strong ethical and social responsibility reasons for governments who care about the local community and about small business, to want to consider addressing lotto betting.

Our members report that consumers are potentially being ripped off, confused and misled, and we have heard of examples of older more vulnerable Australians spending large amounts of money on overseas lottery bets through automated credit card payments. These users thought they were actually entering an Australian lottery, and the automatic payments made on their credit cards caused them financial difficulty.

The model is proliferating quickly with a number of new entrants. The lack of consumer protections makes synthetic lotteries high risk of harm, and the model encourages problem gambling. And it also comes at a significant cost to state taxes, and to local family-run small businesses – that employ locally, pay Australian taxes and support the local community.

NT-licensed sports bookmaker Lottoland talks about itself as a ‘disruptor’ which is generally viewed as a positive term. Broadly it captures a claim that there is nothing new here, but rather it’s an online sales model for a traditional product. This is not true, as the relationship between their product and existing pool-based lotteries is a fiction. Essentially, it’s a fake ‘lotto’ and nothing more than a wagering product that hijacks the random numbers generated by lottery operators and uses them with no context to acquire customers and bets. Without the real lotteries and their draws, they wouldn’t be able to offer their product. This is not ‘disruption’ as they would like you to believe. Rather it is a hijack that operates outside of consumer protections, and it confuses consumers and governments alike.

In the UK, Lottoland already offers online betting on casino games, scratch cards, ‘instant win games’, and slots, **adding even more instantaneous response and convenience to an already instant and easy form of high risk gambling**. Consumers are lured in by free demos of what is described as “fully interactive” games that “are as entertaining as they are lucrative”.

See <https://www.lottoland.co.uk/magazine/scratchcards-instant-win-casino-games.html>

Is this what’s next for Australia?

Taxation

The aggressive marketing undertaken by synthetic lottery bookmakers, is in large part funded by fat margins. These are only possible as Australian taxpayers are potentially being ripped off, as these companies do not have to pay state lottery taxes like real lotteries.

This is subsidising advertising and sponsorships at stadiums and major events, and with the borderless nature of online wagering, this also means they are avoiding any financial obligation to gambling support services that are supported by real lotteries. It is a major issue that online wagering companies like these seem to have very few obligations to support the consumers they may hurt.

Australian Government revenue could also be adversely affected by betting on lottery outcomes. The ability to bet on lottery outcomes poses a significant threat to \$1.365 Billion (FY17) of State Government lottery taxes and ultimately Australian Government revenue, and it will have flow-on effects to the provision of essential services to all Australians.

This should be of concern to all Australians, as the small amount of tax these synthetic lottery betting operators (*all of which are currently licensed in NT*) are paying, only amounts to a small sum of tax to the NT government. Synthetic lotteries, also known as fake lotteries, are not contributing to any state lottery tax revenue streams and in fact are luring consumers away from these regulated lotteries that do contribute to state tax revenue.

The Australian lotteries system has been built on fair taxation that returns a substantial dividend to the community. **Approximately 25% of the price of every official lottery ticket sold across Australia is paid in state lottery taxes, which amount to well over a \$1 Billion dollars annually to the community.** Synthetic lotteries are cannibalising State revenues from regulated lottery draws, which are used for hospitals, roads and charities.

Synthetic lottery operators have argued for a Point of Consumption Tax (POCT) for all synthetic lottery sales in response to mounting pressure about their insignificant tax contributions. But in the case of NT-licensed sports bookmaker Lottoland, for example, this would mean they would pay only one fifth of what regulated lottery draws pay state governments in lottery taxes on each ticket.

To illustrate this point, they have said that they operate on a margin of around 30%, and based on a 15% point of consumption tax on their profits as has been proposed in WA, they would actually only pay approximately 5% tax on sales, or one fifth of the approx. 25% of what a newsagent contributes in state taxes on every official lottery ticket they sell.

NT-licensed sports bookmaker Lottoland have said they anticipate paying only \$50million spread across every state over the next five years. This compares to the \$1.35 billion nationally paid in just one year by official lotteries in state taxes. Over five years that would be approximately \$6-7 billion, so **Lottoland would be contributing less than 1% compared to official lotteries.**

This is in addition to NT-licensed sports bookmaker Lottoland being based overseas in the tax haven of Gibraltar, where their bets are being sent to. So it is questionable how much corporate tax they will ultimately pay.

A history of damage to Australian businesses

There are over 4000 small businesses operating as lottery retailers in Australia and together they employ over 15,000 people and they contribute through their lottery sales to funding raised for critical community services and infrastructure.

Synthetic lotteries are hurting newsagents and other lottery retailers across the country who are mostly mum and dad operators and have their houses on the line as collateral for their businesses.

The incomes of our member businesses are heavily reliant on the sale of official state licensed lottery tickets. For the average newsagent/lottery retailer, up to 30% of their income comes from lottery commissions, and in some cases, this is up to 100% of their revenue.

A recent survey of our members demonstrates this:

What percentage (%) of overall sales is your gross lottery commissions? (Note: Gross commissions before fees & charges)	Up to 30%	30%-60%	60% +
% of respondents in each category	62%	20%	18%

These small businesses are tightly bound to regulation through state lottery acts, state lottery licences, and through their franchise agreements. As such, they have no levers to pull to respond to an online betting contingency that freely seeks to mimic state pool lotteries yet doesn't operate on a level playing field.

The recent NT Government regulatory changes (*to prohibit lottery betting on Australian lotteries*) appear to have had no impact, with lottery customers still expressing confusion in our stores and being attracted to the big jackpot \$100 Million+ style of offers promoted by lotto betting operators.

Lotto betting companies have also responded to these changes by further ramping up their advertising on overseas lottery draws in Australia, as we saw during the Melbourne Cup week and over the Australian Open this year, with a specific focus on high jackpot amounts, despite it being questionable whether consumers can actually win these amounts in reality.

Synthetic lotteries have a history of targeting and hurting these Australian businesses by misleading their customers and targeting their lottery draws and lottery brand. They operate on the methodology that it is easier to beg for forgiveness than to do the right thing from the start.

Operators have attracted criticism because they have allowed consumers to be misled by using almost identical branding and product names to official lotteries. In fact, NT-licensed sports

bookmaker Lottoland has faced legal action and a court order for misusing official lotteries trademarks, and **it has admitted that it markets its business as close to IP replication as it can**. You only need to count the number of times the word 'lotto' has been used in comparison to the word 'betting' on its website at various times over the last two years to see why people are being misled.

And that is not counting the business names of these synthetic lottery schemes, which have the word Lotto in it. Or the online betting form they have used that actually looked like a lottery ticket. And so on.

NT-licensed sports bookmaker Lottoland in particular has always attempted to siphon customers from newsagents. Its very first advertisement was set in a newsagency and was denigrating to newsagents. Television interviews with Luke Brill, CEO, have been conducted in front of newsagents with a likely aim of getting customers to believe they are selling the same product

Our members' investment in their lottery business and in expensive shop fits that they must complete at regular intervals is being massively devalued by these misleading products that are harming Australians.

Winnings not the advertised amount

Australian consumers are at risk of being misled as to the value of winnings payable from betting on lottery outcomes, where the value of winnings that the consumers may actually take home could be significantly less than the promoted winnings.

ALNA members report that customers are often alarmed when they find out that in a range of circumstances they cannot actually win the large jackpots that are on offer and being promoted by these schemes. Once they understand the Terms and Conditions they realise that they have been misled.

By way of an example to demonstrate this point, NT-licensed sports bookmaker Lottoland last year promoted that consumers could win \$820 Million on the US Powerball.

They make statements in their ads like *'Don't settle for less'*. However, their Terms and Conditions provide that if a consumer were to correctly guess the winning US Powerball numbers, the winnings (as advertised) would be:

- i. subject to a 35% reduction (to take into account US taxes that would otherwise be payable if the consumer entered the US Powerball);
- ii. subject to a 40% discount if the EU Lotto elects (in its absolute discretion) to pay the winnings in a lump sum (the winnings would otherwise be paid as a 30-year annuity);
and
- iii. reduced as though it were split amongst the number of actual winners of the US Powerball plus the NT-licensed sports bookmaker Lottoland consumer, to put the Lottoland consumer in the position as though it was an actual participant in the US Powerball.

This is confusing and most Australian are unaware that they might win far less than the advertised amount.

The following clip ran on Channel 7, <https://www.youtube.com/watch?v=9aYk8HoKue8> and was also promoted through Lottoland's website as well. It further demonstrates how consumers and media outlets are being misled by this model. For instance, it references a "Lottoland Jackpot" and states it is a 'draw', and has a banner saying 'Lottoland draw could reach one Billion', when in fact it is being offered by a bookmaker and is not a real lottery draw jackpot at all.

In this instance, it was not at all clear that an Australian consumer could not possibly win \$820 Million. A formal complaint was lodged with Channel 7 through Free TV Australia about this. However, other TV ads by NT-licensed sports bookmaker Lottoland are also not implicitly clear that an Australian consumer cannot actually win the advertised Jackpot prize for some overseas lotteries.

The risk is that consumers could walk away with significantly less than what was initially promoted or than they had understandably expected if they won.

The Australian lotteries system by comparison is built on guaranteed prize pools. If you buy a ticket in an Australian lottery draw, the prize money is sitting in the lottery reserve pool to be won if your numbers come up. For example, when you win an official lottery from an Australian newsagent, you receive the advertised amount. if you win \$80 million, you know you are getting \$80 million. However, with synthetic lotteries some winners **might not win the advertised amount.**

NT-licensed sports bookmaker Lottoland says that all prizes, including jackpots, are fully underwritten by leading global insurance companies. (*Backed by 'a layered proprietary hedging structure, including a physical hedge, insurance companies, insurance linked securities and self-retention'* (source NOAH Conference 2016 - <https://www.noah-conference.com/company/lottoland-com/>)).

The model typically used to underpin such ventures is an insurance contract. This is a potentially risky sophisticated hedged insurance structure, where the premium is based on the probability of any wagerer winning a major prize. This requires significant prudential oversight: whereas other wagering businesses, such as sports gambling are able to manage a book to limit losses, the exposure is effectively uncapped. This is like a financial market hedging product.

The question is, what prudential oversight is there for this model and does the Northern Territory Government, which has issued the licence(s) for lotto betting operators, have the necessary skills to understand and manage the risks with this type of complex layered financial hedging product?

Are there in fact risks for Australian consumers?

Lotto betting is a national concern

The lottery betting model is proliferating quickly, and it comes at significant cost to Australian consumers, state taxes, and local family-run small businesses – that employ locally, pay Australian taxes and support the local community.

We are urging the Australian Government to sensibly adopt a non-discriminatory blanket prohibition on betting on lottery outcomes.

Betting on the outcome of lotteries is already not an approved betting contingency in South Australia, so lotto betting schemes cannot accept bets there. The UK government has recently moved to close further loopholes in their Gambling Act, to ensure betting on lottery outcomes is prohibited. This came after a consultation period, citing their wish to protect returns to good causes and to prevent consumer confusion. This position was supported by the majority of consultation respondents and is an example of the need for effective action here.

(<https://totallygaming.com/news/lottery/uk-government-bans-third-party-betting-euromillions>)

A number of Australian State Governments have also announced that they will be taking steps to ban synthetic lotteries.

However, there is scope to do this more effectively by the Australian Government using its online and communications powers, and passing a minor amendment to the *Interactive Gambling Act 2001*.

Under the *Interactive Gambling Act 2001*, the Australian Government has the ability to prohibit betting on lottery outcomes across the country.

Existing prohibitions in the *Act* restrict online pokies, the online sale of a scratchy, and games of chance, as well as betting on the outcome of a scratch lottery or other instant lottery. The government also sensibly acted most recently to ban online poker and in-play sports betting. And betting on the outcome of lotteries is another loophole that needs to be addressed specifically and quickly.

We believe that this was always the intent of the *Act* under excluded lottery services, but there is a loophole that needs to be closed by specifically listing 'betting on the outcome of a lottery'. If it is illegal to sell a scratchy online, or bet on the outcome of an instant lottery and play a poker machine online, it should also be illegal to bet on the outcomes of a lottery draw online.

The Australian Lottery and Newsagents' Association (ALNA) appreciates the opportunity to bring to your attention the concerns of our members, and also our concerns for the broad national damage that synthetic lotteries can cause. And we welcome further discussion on bringing an effective solution.

s22

From: Callachor, Thomas <Thomas.Callachor@tabcorp.com.au>
Sent: Thursday, 8 March 2018 5:01 PM
To: s22
Cc: Gambling, Online; s22; Beck, Cameron
Subject: RE: Impacts on lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]
Attachments: Tabcorp Letter to Department of Communications - 8 March 2018.pdf; Attachment B - ACCC.pdf; Attachment C - ACMA.pdf
Categories: Purple Category

Hi s22

Please find attached Tabcorp's response to the below request. We are grateful for the opportunity to provide a response.

Please do not hesitate to contact me should you have any queries.

Tom

TOM CALLACHOR
 GENERAL MANAGER
 GOVERNMENT & INDUSTRY RELATIONS
 OFFICE OF THE CEO

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 Sydney NSW 2000

Tabcorp

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From: s22
Sent: Wednesday, 7 March 2018 2:27 PM
To: Callachor, Thomas
Subject: RE: Impacts on lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

For Official Use Only

Hi Tom,

Looks like my email from the Online Gambling mailbox got filtered again... but yes, it's ok.

s22

From: Callachor, Thomas [<mailto:Thomas.Callachor@tabcorp.com.au>]
Sent: Wednesday, 7 March 2018 2:25 PM
To: s22
Subject: FW: Impacts on lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

FYI – is this ok?

From: Callachor, Thomas
Sent: Wednesday, 7 March 2018 2:00 PM
To: 'Gambling, Online' <Online.Gambling@communications.gov.au>
Cc: s22
Subject: RE: Impacts on lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

Hi s22

Am I able to be given an extension until cob tomorrow to make this submission?

I hope to have it completed sooner, but I think I will struggle to get something useful to you by cob today.

My apologies for any inconvenience.

Many thanks,

Tom

TOM CALLACHOR GENERAL MANAGER GOVERNMENT & INDUSTRY RELATIONS OFFICE OF THE CEO	
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From: Gambling, Online [<mailto:Online.Gambling@communications.gov.au>]
Sent: Monday, 5 March 2018 11:10 AM
To: Callachor, Thomas <Thomas.Callachor@tabcorp.com.au>

Cc: s22

Subject: Impacts on lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

For Official Use Only

Dear Mr Callachor,

The Department of Communications and the Arts (the Department) notes that there have been concerns raised regarding the impacts of keno and lottery betting on State taxation revenues and small businesses in Australia. Many of these concerns have been reported in the media and were the centre of campaigns conducted in 2017.

The Northern Territory, where the majority of lottery betting services (known also as ‘synthetic lotteries’) are licensed, determined that the betting on the outcome of Australian-based lotteries should not be permitted, and from 30 November 2017 prohibited its licensed operators from providing these services.

The Department is interested to seek any information on the impacts of keno and lottery betting in Australia.

To assist us with this process, we are seeking information that you may be able to provide on:

- The impacts of keno and lottery betting services on Australian lottery draws. Note the Department has access to published information on the *Lottoland’s Gotta Go* campaign website.
- Impacts of recent NT Government regulatory changes (to prohibit lottery betting on Australian lotteries) and whether there has been any net benefit to AHA members.
- Any further comments you believe may be relevant.

Please note that this email has been prepared for consultation purposes only and does not indicate the Commonwealth’s commitment to any course of action.

Please provide your feedback or nil comment by **Wednesday 7 March 2018**.

If you have any queries or wish to discuss, please contact me or s22 on s22 or by replying to this email.

Regards



s22

Senior Policy Officer / Online Content & Gambling / Content & Copyright
Department of Communications and the Arts

ps22

s22

2 Phillip Law Street, Canberra ACT 2601
GPO Box 2154 Canberra, ACT 2601

communications.gov.au / @CommsAu
arts.gov.au / @artsculturegov

I would like to acknowledge the traditional custodians of this land on which we meet, work and live. I recognise and respect their continuing connection to the land, waters and communities. I pay my respect to Elders past and present and to all Aboriginal and Torres Strait Islanders.

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6 March 2018

The Relevant Officer
Australian Competition and Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601

Dear Sir/Madam

Formal Complaint – Lottoland

Tabcorp Holdings Limited (**Tabcorp**) submit this letter as a formal complaint regarding the operations of online gambling company, Lottoland Australia Pty Ltd (**Lottoland**).

Section 18 of the Australian Consumer Law (as set out in Schedule 2 of the *Competition and Consumer Act 2010*) prohibits a person, in trade or commerce, from engaging in conduct that is misleading or deceptive or is likely to mislead or deceive.

In that regard, Tabcorp has serious concerns that recent advertising and marketing campaigns of Lottoland are in breach of the Australian Consumer Law on the basis that the campaigns are misleading or deceptive to consumers or are likely to mislead or deceive consumers.

Our complaint is made on the basis of the following matters:

- Lottoland misrepresenting that consumers will receive a full lottery payout prize as advertised in relation to a particular lottery draw; and
- Lottoland misleadingly implying that it is a lottery and keno operator when in fact it is offering a bookmaker service.

Further, we also have strong reservations as to the integrity of Lottoland's business model. In our view, the model does not have the same regulatory oversight as Australian domestic lotteries and Keno licensees. As such, the requisite level of consumer protection, particularly in respect of paying out prizes, does not apply to Lottoland offers as it does with lottery and keno operators.

The ACCC should take appropriate steps to investigate these matters raised.

1. Lottoland's advertising is likely to mislead consumers

Lottoland holds a sports bookmaker licence issued by the Northern Territory Racing Commission (**NTRC**). Lottoland is authorised under this particular licence to provide online betting services to Australian customers on the outcome of international lotteries or keno draws. We note that Lottoland was recently prohibited (by the NTRC) from taking bets from consumers on the outcome of Australian domestic lotteries.

Despite not being a lottery or keno operator, Lottoland only includes a minor disclaimer on its website alerting consumers to this fact. In many circumstances, this disclaimer is not legible or fails to appear within advertising collateral. Further, words such as "draw", "jackpot", "pick", "watch the draw live" and images of lotto balls and game cards are often used by Lottoland on their website and within advertising material, creating an overall misleading impression that consumers are entering into a lottery or keno draw and not placing a bet on the outcome of the particular lottery.

2. Misrepresentation in relation to prize payouts

Lottoland is failing to clearly communicate with consumers by misleading consumers into believing that they will receive the full jackpot payout prize if successful when placing a bet on the outcome of a particular lottery or keno draw. In that regard, we have outlined below an example of Lottoland engaging in such conduct.

US Power Ball - \$1.1 Special Jackpot Offer

The screenshot shows the Lottoland website interface. At the top, there are navigation links for 'All Lotteries', 'Daily Lotteries', 'US Power', 'Keno 24/7', 'Syndicates', 'Promotions', 'Blog', and 'What is Lotto Betting?'. A green navigation bar contains the Lottoland logo, a 'KING OF JACKPOTS' badge, and a 'Sign in / Sign up' button. Below the navigation is a large promotional banner for the US Powerball. The banner features a football player in a stadium and text that reads 'JACKED UP! SUPER BOWL SPECIAL JACKPOT \$1.1 Billion*'. Below the main banner are smaller promotional tiles for Swedish Lotto (\$29 million), World Millions (\$50 million), and Friday Lotto (\$32 million).

The asterisk displayed in the above graphic alongside the "\$1.1 Billion Special Jackpot" offer is traceable to a disclaimer at the bottom of the Lottoland website which is outlined below.

* Divisions 1 to 3 for bets on the US Powerball and US MegaMillions are subjected to a 38% reduction, whilst Division 1 bets are paid out as 30 year annuity or discounted lump sum as per T&C's. US Powerball is not connected to the Australian Powerball. Divisions 1 to 3 for bets on SuperEnalotto are subject to 12% reduction as per T&C's.

This disclaimer, despite being in very small font, states that Divisions 1 to 3 bets on the US Powerball and US MegaMillions are subject to a 38% payout reduction, whilst Division 1 bets are paid out as a 30 year annuity or discount lump sum as per Lottoland's terms and conditions. In our view, the average consumer is likely to believe that upon reading the advertisement graphic identified above, they will receive a payout of \$1.1 billion should they successfully bet on the outcome of this particular lottery. Alarming, in accordance with Lottoland's terms and conditions, a winning consumer would be paid an amount significantly less than the prize amount advertised and have this reduced amount paid out as a 30 year annuity. These terms are material conditions attaching to the promotion offered by Lottoland and in our view are hidden at the footer of the Lottoland website. It is pertinent to note that there is no further disclaimer or explanation provided on the Lottoland website in relation to the prize payable should a consumer successfully bet on the outcome of this advertised lottery.

The Lottoland prize payouts are also subject to additional monetary deductions, which are only disclosed within clause 11 of Lottoland's Terms and Conditions (<https://www.lottoland.com.au/terms>) as outlined below.

"The Winnings payable in respect of each Lottoland Winning Bet in a Type A Prize Category (as defined in the table in 11.1., for example Prize Category 1 in EuroMillions) will depend on the number of the Underlying Lottery Winning Tickets in that Prize Category, the number of Lottoland Winning Bets in that Prize Category, the payable Prize by the Underlying Lottery Operator for the Underlying Lottery Winning Tickets in that Prize Category as well as the Underlying Lottery Jackpot in that Prize Category."

"The Player is primarily responsible for correct payment of taxes, duties and levies. In the event that Lottoland is required to pay any taxes, duties or levies directly to the regulatory authorities of a country in respect of a Player's winnings, then it shall be entitled to deduct those from the Player's Account or claim them from the Player accordingly."

"Any third party bank and payment processing charges and fees are borne by the Player and Lottoland is entitled to debit the Player Account accordingly. This also applies to foreign exchange charges"

The same terms outlined above appear to apply to the all of the prize payouts across the most high-value overseas lotteries advertised by Lottoland on their website, including EuroMillions, EuroJackpot, MegaMillions, PowerBall and German Lotto.

3. Lottoland fails to meet consumer protection principles and regulatory expectations

We are concerned that information regarding the details of Lottoland's business model are not available to Australian consumers. Unlike Lottoland offers, traditional lotteries and keno licensees have guaranteed prize pools funded by the revenue raised from the sale of lottery and keno tickets which are bound by strict terms and conditions and robust regulations.

A recent article by Ben Butler published on 29 Jan 2018 in *The Australian* (**Article**), outlined a concerning business model implemented by Lottoland in an attempt to cover its liability against paying out large jackpot prizes. Lottoland stated within the Article that it would not be able to cover the payout of enormous jackpots, such as \$US1.5 billion Powerball payout last year. Further, Lottoland's spokesperson acknowledged that in such cases, to ensure its ability to pay out its liability, the company simply buys physical tickets in the specific lotteries as a way to mitigate its payout risk. This overly simplistic approach to risk management exposures Australian consumers to a potential risk that Lottoland will fail to pay prizes won by consumers.

In light of the issues outlined above, we request that the ACCC investigates the conduct of Lottoland.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'SEAN HUGHES', with a long horizontal flourish extending to the right.

SEAN HUGHES
Group General Counsel

6 March 2018

Ms Nerida O'Loughlin
 Chair
 Australian Communications and Media Authority
 PO BOX Q500
 Queen Victoria Building NSW 1230

Attn: Manager, Interactive Gambling Taskforce

By email: info@acma.gov.au

Dear Ms O'Loughlin

Tabcorp complaint under the *Interactive Gambling Act 2001 (Cth)* (IGA)

In line with a similar complaint raised by Tatts Group Limited (**Tatts**) (reference ACMA2017/792-1) on 11 September 2017, Tabcorp wishes to make a complaint in relation to services provided by Lottoland Australia Pty Ltd (**Lottoland**). In our view, these services are in breach of the IGA.

By way of background, in December 2017, Tabcorp completed its acquisition of Tatts resulting in Tatts becoming a wholly-owned subsidiary of Tabcorp. As a result of this acquisition, Tabcorp is now in possession of the complaint made by King & Wood Mallesons on behalf of Tatts (as referred to above) and the response received from the Australian Communications Media Authority (**ACMA**) in relation to that complaint (**ACMA's Response**).

Tabcorp has reviewed ACMA's Response and in particular its finding that "betting on the outcome of the lottery is a permitted form of 'excluded wagering service'". In order for ACMA to reach this conclusion, ACMA had to satisfy itself that "betting on the outcome of the lottery is an excluded wagering service" within the meaning of sub-sections 8A(1) to 8A(5) and that no relevant exemptions set out in sub-sections 8A(5)(b) to 8A(5)(c), apply. For the reasons discussed below, Tabcorp disagrees with this analysis and requests that ACMA reconsider its position.

Lottoland service is not "an excluded wagering service"

Section 5(3) of the IGA sets out a number of services that are not prohibited interactive gambling services, within the meaning of section 5 of the IGA. One of these is an "excluded wagering service"¹, as defined in section 8A of the IGA.

Pursuant to section 8A, an excluded wagering service is (in summary):

- o a service to the extent to which it relates to betting on a horse race, a harness race, a greyhound race or a sporting event²; or
- o a service to the extent to which it relates to betting on an event, a series of events, or a contingency, which does not relate to the events above.³

¹ IGA, section 5(3)(aa)

² IGA, section 8A(1) and Section 8A (3)

³ IGA, section 8A (5)

Services provided by Lottoland do not relate to betting on racing or sporting events, therefore it is not an excluded wagering service on that basis. Further, the IGA does not define the terms “event” or “contingency”, therefore these terms must be interpreted in accordance with their ordinary meaning within the context of the IGA.

The Oxford English dictionary defines these terms as follows:

- **Event:** “the (actual or contemplated) fact of anything happening; the occurrence of”.
- **Contingency:** “the quality or condition of being contingent. The condition of being liable to happen or not in the future; uncertainty of occurrence or incidence”.

The above definition of “event” makes it clear that the service provided by Lottoland, could not be described as a service relating to betting on “the actual or contemplated fact”. Further, our review of the legislative materials indicates that the Parliament did not contemplate for the service provided by Lottoland to fall within the meaning of the word “contingency” as it is used for the purpose of section 8A(5)(a).

The Final Report 2012, Review of the Interactive Gambling Act 2001, published by the Department of Broadband, Communications and the Digital Economy, suggests that the meaning of the word “contingency” contemplated by the Parliament refers to “novelty bets” rather than interactive gambling services:

“... which can include wagering on non-sporting events. Such novelty bets provide consumers with the opportunity to gamble on the outcome of events such elections, or as recently publicised, the punctuality of public transport networks.”

Further, Tabcorp refers to the *Interactive Gambling (Moratorium) Act 2000*, which, although no longer in force, is relevant to the extent that it contained an exemption to the definition of “exclude wagering service”, specifically with “a service relating to betting on the outcome of a lottery” (subclause 5(3B)).

The Revised Explanatory Memorandum to the Interactive Gambling (Moratorium) Act 2000, stated:

Subclause 5(3B) provides that a service that relates to betting on the conduct or outcome of a lottery or game is not an excluded service under paragraph 5(3)(ab). This means that a wagering services on a game or lottery does not come within the exemption in paragraph 5(3)(ab). For example, an interactive gambling service which involved a bet on the outcome of the spin of a virtual roulette wheel would not come under paragraph 5(3)(ab) and would not be an excluded service for the purpose of the moratorium. This ensures that services which are properly characterised as interactive gaming or lottery services do not come within the exemption provided in paragraph 5(3)(ab).

In further support of Tabcorp’s position, we refer to subsection 8A(5)(c) of the IGA, which specifically carves out services such as “conduct or supply of scratch lottery or instant lottery and service relating on the outcome of betting on a scratch lottery or instant lottery” from the definition of “excluded wagering services”, as being the high-risk type of online gambling:

[This] reflects Government concerns that electronic forms of instant lottery products offer a potential avenue for ‘instant’ gambling which is not unlike Internet-based poker machines, and therefore should be banned by the Bill⁴.

The Government’s concern does not extend to traditional types of lottery, therefore services for the conduct of a lottery or supply of lottery tickets are excluded from the definition of the prohibited gambling service⁵.

In view of the above discussion, Tabcorp submits that the service provided by Lottoland is not covered by an “excluded wagering service” exemption.

Lottoland service relates to betting on the outcome of a game of chance

If ACMA confirms its previous position, that Lottoland does provide an “excluded wagering service” on the basis that its service relates to betting on an event, a series of events, or a contingency, this exemption would not apply, as the service provided by Lottoland relates to “betting on the outcome of game of chance or of mixed chance and skill”, within the meaning of section 8A(3)(e).

To this effect, we refer to and restate the position referred to in Tatts’ complaint letter in relation to this point, in particular:

- The Oxford English dictionary defines lottery as “a situation whose success or outcome is governed by chance”.

⁴The Supplementary Explanatory Memorandum to the Interactive Gambling Bill 2001

⁵IGA, section 8

- o The *Public Lotteries Act* (NSW), defines “a public lottery” as being any lottery, “including a game of chance (including a game such as a lottery or draw)”.
- o Australian and international case law lends its support to the proposition that “lottery is a game of chance”:

*R v Eames*⁶:

“A lottery is a game of chance. A roulette table, which will hardly be said not to be an instrument of gaming, is, after all, only an instrument of deciding a lottery; it is or should be purely a matter of chance where the ball will stop”

*Automatic Totalisator Ltd v Federal Commission of Taxation*⁷:

“It is well settled that the word “lottery” imports a distribution by chance and nothing but chance”

*State v Shorts*⁸:

“A lottery...is a game of chance; a distribution of prizes by chance”.

Conclusion

In light of the above, Tabcorp submits that Lottoland does not provide an excluded wagering service within the meaning of section 8A of the IGA. We would welcome the opportunity to meet with ACMA to discuss our position further if that would assist.

Please do not hesitate to contact our office if you require any further information in relation to our complaint.

We look forward to hearing from you.

Yours sincerely,



SEAN HUGHES
Group General Counsel

⁶(1885) 6 LR (NSW) 118

⁷(1920) 27 CLR 513

⁸(1868) 32 NJL 398

s22

From: Josh Landis <JLandis@clubsnsw.com.au>
Sent: Friday, 2 March 2018 11:48 AM
To: s22
Subject: RE: Impacts on lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

Thanks s22

Josh Landis
 Executive Manager – Public Affairs
 ClubsNSW / ClubsAustralia
 Direct: 02 9268 3004
 Mobile: 0429 208 061
 Email: jlandis@clubsnsw.com.au



THE REGISTERED CLUBS ASSOCIATION OF NSW
 LEVEL 8, 51 DRUITT STREET, SYDNEY NSW 2000.
 P: +61 2 9268 3000 F: +61 2 9268 3066
www.clubsnsw.com.au



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From: s22
Sent: Friday, 2 March 2018 11:47 AM
To: Ceo AHA ; Gambling, Online
Cc: Josh Landis ; s22
Subject: RE: Impacts on lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

For Official Use Only

Thank you, Stephen.

I'll update our contact list to ensure Josh is included in future communications.

s22

From: Ceo AHA [<mailto:ceo@aha.org.au>]
Sent: Friday, 2 March 2018 11:45 AM
To: Gambling, Online <Online.Gambling@communications.gov.au>

Cc: J Landis <jlandis@clubsnsw.com.au>; s22

Subject: RE: Impacts on lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

s22

As discussed, Josh Landis would be interested in this matter.

Josh is copied to this email.

Stephen

From: Gambling, Online [mailto:Online.Gambling@communications.gov.au]

Sent: Thursday, 1 March 2018 4:03 PM

To: ceo@aha.org.au

Cc: s22

Subject: Impacts on lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

For Official Use Only

Dear Mr Ferguson,

The Department of Communications and the Arts (the Department) notes that there have been concerns raised regarding the impacts of keno and lottery betting on State taxation revenues and small businesses in Australia. Many of these concerns have been reported in the media and were the centre of campaigns conducted in 2017.

The Northern Territory, where the majority of lottery betting services (known also as 'synthetic lotteries') are licensed, determined that the betting on the outcome of Australian-based lotteries should not be permitted, and from 30 November 2017 prohibited its licensed operators from providing these services.

The Department is interested to seek any information on the impacts of keno and lottery betting in Australia.

To assist us with this process, we are seeking information that you may be able to provide on:

- The impacts of keno and lottery betting services on Australian lottery draws and AHA members. Note the Department has access to published information on the *Lottoland's Gotta Go* campaign website.
- Impacts of recent NT Government regulatory changes (to prohibit lottery betting on Australian lotteries) and whether there has been any net benefit to AHA members.
- Any further comments you believe may be relevant.

Please note that this email has been prepared for consultation purposes only and does not indicate the Commonwealth's commitment to any course of action.

Please provide your feedback or nil comment by **Wednesday 7 March 2018**.

If you have any queries or wish to discuss, please contact me or s22 on s22 or by replying to this email.

Regards



s22

Senior Policy Officer / Online Content & Gambling / Content & Copyright
Department of Communications and the Arts

Ps22

s22

2 Phillip Law Street, Canberra ACT 2601
GPO Box 2154 Canberra, ACT 2601

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s22

From: Alec James s47F
Sent: Friday, 9 March 2018 11:55 AM
To: s22
Cc: Mark Beecroft; 'rosemary.gojanovich@dlgsc.wa.gov.au'; s22; Ioannis Gerothanasis
Subject: FW: Impacts of lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

Dear s22

Mark Beecroft, Director Strategic Regulation Racing, Gaming and Liquor (WA) Division has referred your request for information, relating to the impact of lottery betting services in WA, to Lotterywest.

In response to this request, we provide the following information and comments on the basis of being 'commercial in confidence'

The Lotteries Commission, trading as Lotterywest (**Lotterywest**), is a body corporate constituted by section 5 of the Lotteries (Control) Act 1954 (WA) and continued in existence under section 4 of the Lotteries Commission Act 1990 (WA) (LC Act). Lotterywest is an agent of the Crown in right of the State of Western Australia (section 5 LC Act). Lotterywest is responsible to the Western Australian Premier as the relevant Government Minister.

Lotterywest conducts lotteries in Western Australia and performs other functions vested in it by the LC Act (section 6(1) LC Act). Lotterywest distributes the proceeds it receives from the conduct of its lotteries to the Western Australian community in accordance with the LC Act, providing for the support of public health services, the arts and sports organisations. Unique to Australian lottery agencies, Lotterywest also directly distributes a range of grants to Western Australian charitable and community groups in accordance with the LC Act.

Lotterywest wishes for the following to be taken into consideration in relation to the current status and potential for further proliferation of lottery betting:

Impact to state taxes and Western Australians

With the proliferation of licenced 'lottery betting services' now operating in Australia and with the potential for more entrants obtaining licences in the future, Lotterywest estimates that it is quite possible for its sales to be adversely impacted by s47G or more year on year by lottery betting services. This could easily equate to s47G or more per year in lost lottery sales and a reduction of s47G or more per year in Lotterywest grants and funding to the WA community.

Last financial year (2016/17) approximately 92% of Lotterywest's sales were sourced through Lotterywest's retailers which are predominantly small businesses. If s47G of sales were to be lost to lottery betting services, this could equate to a loss of earnings totalling about s47G for the 500 businesses who operate as Lotterywest retailers. This further disadvantages and financially adversely impacts these businesses that employ more than 1,500 people at a time when they are already experiencing reduced margins and increased financial pressures as a result of adverse economic conditions and operating environment.

s42

In addition to the above, it is an undisputable fact that lottery betting service propositions are surrounded by a myriad of fine prints [i.e. in relation to prizes and returns to players] and are inherently characterised by a degree of confusion or misunderstanding by players on how they operate. Lotterywest has reason to believe that the inherent lack of transparency is also in contravention to the spirit and operating environment as intended to be set by the IGA.

Remaining at your disposal for any further queries.

Regards

Alec James
Senior Manager, Business Research and Development
Lotterywest
tel: s47F
mbl: s47F
(Please note: I am not usually in the office on Mondays)

From: Mark Beecroft [mailto:mark.beecroft@dlgsc.wa.gov.au]
Sent: Thursday, 1 March 2018 7:45 AM
To: Alec James
Subject: FW: Impacts of lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

Hi Alec

I hope this email finds you well.

Would you be in a position to respond the request below from the Commonwealth. If so, I will let them know accordingly.

Kind regards

Mark

Mark Beecroft
Director Strategic Regulation
Racing, Gaming and Liquor (WA) Division

Department of Local Government, Sport and Cultural Industries
Gordon Stephenson House, 140 William St, PERTH WA 6000
Tel: (08) 65514881 | Mob: 0434325642
Email: mark.beecroft@dlgsc.wa.gov.au
Web: www.dlgsc.wa.gov.au



From: Gambling, Online [mailto:Online.Gambling@communications.gov.au]
Sent: Thursday, 1 March 2018 6:55 AM
To: Mark Beecroft <mark.beecroft@dlgsc.wa.gov.au>
Cc: Rosemary Gojanovich <rosemary.gojanovich@dlgsc.wa.gov.au>; s22
s22
Subject: Impacts of lottery betting services in Australia - For response by 7 March 2018 [DLM=For-Official-Use-Only]

For Official Use Only

Dear Mr Beecroft,

The Department of Communications and the Arts (the Department) notes that there have been concerns raised regarding the impacts of lottery betting on State taxation revenues and small businesses in Australia. Many of these concerns have been reported in the media and were the centre of campaigns conducted in 2017.

The Northern Territory, where the majority of lottery betting services (known also as 'synthetic lotteries') are licensed, determined that the betting on the outcome of Australian-based lotteries should not be permitted, and from 30 November 2017 prohibited its licensed operators from providing these services.

The Department is interested to seek any information on the impacts of lottery betting in Australia.

To assist us with this process, we are seeking information that you may be able to provide on:

- The financial impact (actual or projected) of lottery betting services on State taxation collections through official lottery draws;
- The financial impact (actual or projected) of lottery betting services on small business including newsagencies, official lottery agents and other small businesses operating in your jurisdiction;
- Impacts of recent regulatory changes implemented by the Northern Territory Government (to prohibit lottery betting services on Australian lotteries) in your jurisdiction.
 - Has the continued availability of lottery betting services on *foreign* lotteries impacted tax revenue in your jurisdiction?
- Any further relevant data or information you have on this issue.

Please note that this email has been prepared for consultation purposes only and does not indicate the Commonwealth's commitment to any course of action.

Please provide your feedback or nil comment by **Wednesday 7 March 2018**.

If you have any queries or wish to discuss, please contact me or s22 on s22 or by replying to this email.

Regards



s22

Senior Policy Officer / Online Content & Gambling / Content & Copyright
Department of Communications and the Arts

Ps22

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2 Phillip Law Street, Canberra ACT 2601
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Our new Department combines the:

- Department of Local Government
- Department of Sport and Recreation
- Department of Culture and the Arts
- Department of Racing, Gaming and Liquor
- Office of Multicultural Interests
- Aboriginal History Research Unit (formerly with Department of Aboriginal Affairs).

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A promotional banner for Lotterywest. On the left, a red and white motorcycle is parked on a grassy area. The background shows a city skyline at sunset. The text in the center reads "SAT 24 MAR" and "\$20 MILLION SUPERDRAW". To the right, there is a red button that says "Play now" and "or visit us in-store". The Lotterywest logo is on the far right, along with the address: "38 Station Street, Subiaco Western Australia 6008", "Locked Bag 66, Subiaco Western Australia 6904", and "T: 133 777".

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v1.0

s22

From: s22
Sent: Thursday, 15 March 2018 2:09 PM
To: Ben Kearney; Gambling, Online
Cc: Adam Joy
Subject: RE: Additional information on Lotto betting [SEC=UNCLASSIFIED]

Security Classification:
UNCLASSIFIED

UNCLASSIFIED

Dear Ben,

Thank you for the articles. I will definitely have a read.

Kind regards,

s22

From: Ben Kearney [mailto:ben@alna.net.au]
Sent: Thursday, 15 March 2018 11:59 AM
To: Gambling, Online ; s22
Cc: Adam Joy
Subject: Additional information on Lotto betting

Dear s22

Subsequent to our feedback provided to you last week, there have been two interesting articles come out on lotto betting that may be relevant to your inquiries, the first (attached) is related to the withdrawal by Apple of a prominent Lotto betting App, the second below relates to the tax arrangements in NT of a lotto betting online bookmaker.

<https://www.theaustralian.com.au/business/margin-call/victorias-a-good-bet-for-conroys-crew/news-story/2f1c98f3398e3998fb3ce05d3d1714c2>

I hope these are of assistance with your inquiries.

Kind regards
Ben

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