

From: s22(1)(a)(ii)
Sent: Friday, 31 May 2024 4:16 PM
To: s22(1)(a)(ii)
Cc: Lopez, Margaret; Broadcasting and Gambling Regulation Section
Subject: FW: EAP note [SEC=OFFICIAL]
Attachments: EAP - TLC - The Lottery Office note (17-May-24).pdf

Follow Up Flag: Follow up
Flag Status: Flagged

OFFICIAL

Hi s22(1)(a)

As mentioned, please see attached the EAP note that was the basis for the AFR articles.

s47F was happy for this to go to you.

Regards
 Andrew

s22(1)(a)(ii)

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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 respects to Elders past and present and to all Aboriginal and Torres Strait Islanders.*

OFFICIAL

From: s47F
Sent: Wednesday, 29 May 2024 4:45 PM
To: s22(1)(a)(ii)
Subject: EAP note

Hi s22(1)(a)(ii)

As per our discussion, we have a copy of the EAP note referred to in the unhelpful article today and we are authorised to pass it on to the Department for your internal use and background.

Please find attached as requested.

s47F



s47F

Head of Government Relations

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Make flexibility work! If you receive an email from me outside of regular business hours, I'm sending it at a time that suits me. I'm not expecting you to read or reply until your regular working hours.

The Lottery Corporation would like to acknowledge the Traditional Custodians and First Peoples of Australia. We acknowledge that our offices, retail outlets and venues operate on these lands. As our nation and organisation continues our journey towards reconciliation, it is with great respect we acknowledge all Elders past and present. We acknowledge the inextricable link First Peoples of Australia have with the land past, present and future.

FRIDAY, 17 MAY 2024

Stock Focus

The Lottery Corporation (TLC-ASX)

E&P

TLC - a deep dive into their only real competitor 'The Lottery Office'

Recommendation: Positive

Last price AUD5.15
Valuation AUD6.00

TSR

Upside to valuation	16.5%
Dividend yield	3.2%
Expected total SH return	19.8%

TLC-ASX share price history

Source: E&P Research, IRESS



Trading Data

Last price	AUD5.15
Valuation	AUD6.00
12 month range	AUD3.92 - AUD5.32
Market cap (\$m)	\$10,973
Shares outstanding (m)	2,225.8
Free float (%)	100.0
12 month return (historical)	14.4%

Earnings revisions

	FY24	% chg	FY25	% chg
Revenue	3,941.9	5.3%	3,931.9	3.5%
EBITDA	835.6	8.7%	835.7	7.1%
Adj. EPS	19.6	18.0%	18.3	9.6%
DPS	0.2	0.0%	0.2	0.0%
Val	AUD6.00	0.0%		

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One of the major questions we get asked repeatedly by investors is whether the only real competition for The Lottery Corporation's (TLC) domestic games - The Lottery Office (TLO) - has had any material impact on TLC's sales.

To this end Sam Bradshaw conducted a deeper investigation of TLO to try and discover more about their operations and revenue scale. This note is a deep-dive on TLO as a result. TLO offer Australian's the opportunity to indirectly play in some of world's largest lotteries such as the US Powerball & US Mega Millions. We believe we have tracked down the exact workings of their US operations, which we believe would form the majority of their business.

We cover off on the following TLO topics in this report:

US Operation overview:

- We believe TLO purchase their matched tickets via an Oregon retailer called 'The Pit Stop Sports Bar & Grill'.
- This affiliate is the clear #1 retailer in a state of around ~4,000 venues.
- TLO's size therefore looks like it grew considerably in CY22 in-line with a significant advertising push.
- We estimate that TLO represents anywhere from 2.2% to 4.4% of Australian digital lottery sales or 1.0% to 2.0% total Australian lotteries sales from any platform.
- We believe there is some evidence of a relationship between TLC's large jackpot games and TLO revenues. However, for now this appears to mainly impact TLO rather than TLC.
- Previously in 2018, a similar business to TLO was instructed to cease selling Mega Millions tickets in Canada.

Basic Overview of TLO business and offerings in Australia:

- For those less familiar with TLO's business, we explain extensively their Australian offering, and some of the business strategies and tactics they have adopted to try to scale in Australia.

We retain our Positive recommendation and \$6.00/sh valuation on TLC and make no changes to our forecasts at this time.

Earnings Forecasts

Yr to Jun (AUD)	23A	24E	25E	26E
EBITDA	713.7	835.6	835.7	900.7
Adjusted Net Profit	265.3	435.7	408.0	455.1
Adj. EPS (c)	11.9	19.6	18.3	20.4
PER (x)	41.4	25.2	26.9	24.1
Yield (%)	3.0	3.2	3.2	3.2
EV/EBITDA (x)	18.2	15.1	15.0	13.7
Valuation (blended)				AUD6.00

Source: E&P Research

US Operation

Core premises and process

Through a mixture of trawling through various levels of USA lottery data, as well as other search methods and deduction, we believe that we have been able to establish the following details regarding The Lottery Office's (TLO) USA ticket purchasing:

- TLO purchase their matched tickets for the US Powerball & US Mega Millions out of Oregon;
- Given that lottery tickets cannot be purchased online in Oregon, TLO must purchase tickets via a registered retailer;
- The likely affiliate retailer is a restaurant named 'The Pit Stop Sports Bar & Grill' in Beaverton (we note that the identity of this affiliate has been corroborated in a recent article in the Oregon Live newspaper);
- As the business operates more traditionally as a sports bar rather than a high-volume lottery ticket seller, we believe that the vast majority if not 100% of the tickets sold at this sports bar relate to purchases by TLO (they self-describe as the "Best BBQ in town! Daily food & drink specials. 30 TVs inside and on the patio with most sports packages throughout the year. Karaoke Fri & Sat 9 pm to 1:00 am. Live trivia Wed. at 7 pm. Free Texas Hold'em games Thursday at 6:30 pm and Sun 5 pm").

In this section we will run through some of the key evidence that has led us to this conclusion, starting with pictures of the venue. The pictures below show the business that we believe is the venue that TLO purchases all its matching US tickets from, which definitively looks more like a Sports Bar rather than a traditional lottery outlet.

Exhibit 1 - TLO Courier Affiliate - The Pit Stop Sports Bar & BBQ Grill



Source: Google Images

Exhibit 2 - TLO Courier Affiliate - The Pit Stop Sports Bar & BBQ Grill



Source: Google Images

Exhibit 3 - TLO Courier Affiliate - The Pit Stop Sports Bar & BBQ Grill



Source: Google Images

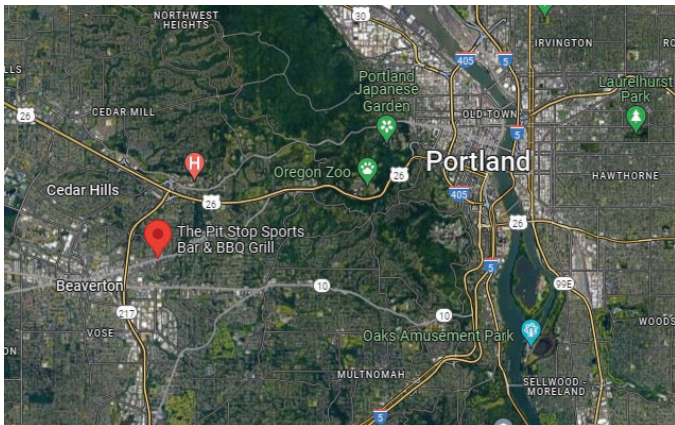
Exhibit 4 - TLO Courier Affiliate - The Pit Stop Sports Bar & BBQ Grill



Source: Google Images

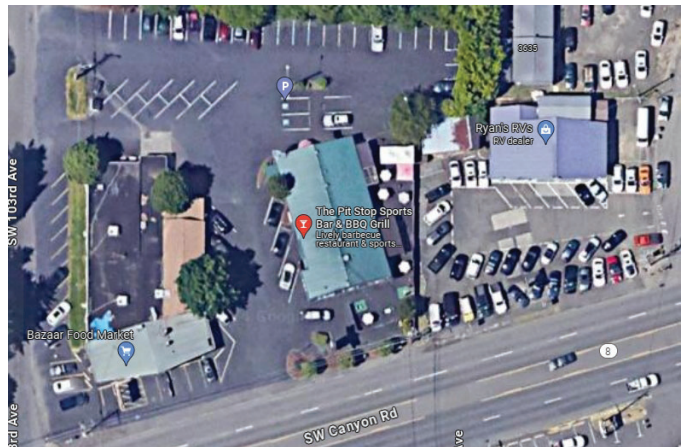
The establishment is approximately 6.1 miles west of Portland and connected by the SW Sunset Hwy. It would be considered by most to be a medium-sized establishment that is not a particularly high-traffic volume area of the city.

Exhibit 5 - TLO Courier Affiliate - The Pit Stop Sports Bar & BBQ Grill



Source: Google Maps

Exhibit 6 - TLO Courier Affiliate - The Pit Stop Sports Bar & BBQ Grill



Source: Google Maps

Size of Operation

Despite The Pit Stop's location and core business leaning more toward hospitality, it was the largest seller of lottery tickets in Oregon by a considerable margin in CY23, with \$20.178m in sales. The next three largest establishments were also very large at above \$5m. All of these top four establishments are believed to be affiliated with overseas retailers, sometimes known as courier services, and deriving the bulk of their lottery ticket sales volumes from selling to overseas retailers. Three of these establishments would traditionally be considered bars or restaurants and one a board game store.

Although they only make up just 4 out of 3,296 total retailers within the state, they account for 13.3% of the total lottery sales. When you look at their sales by game, they skew incredibly highly towards Powerball & Mega Millions, for which they account for 25.6% of total sales in the state. To put in perspective how much of an outlier the TLO affiliate is (ie. The Pit Stop Sports Bar & BBQ Grill), their total sales are over 50x larger than Oregon's 99th percentile retailer, with Powerball and Mega Millions 107x/85x larger respectively. This is illustrated in the table below with data from Oregon Lottery which shows the top 10 lottery ticket retailers in Oregon in order, then shows the volume of sales by percentile in terms of store ticket value sold.

Exhibit 7 - Largest Oregon Lottery Retailers by Game - CY23

Retailers	City	Powerball	Mega Millions	Megabucks	Keno	Other	Total
Businesses							
The Pit Stop Sports Bar & BBQ Grill	Beaverton	\$13,046,995	\$7,110,193	\$1,113	\$19,123	\$615	\$20,178,039
Produce Row Cafe	Portland	\$6,916,936	\$420,915	\$188,202	\$0	\$5	\$7,526,058
Independent Sports Bar & Grill	Portland	\$6,025,551	\$1,488	\$252	\$9,764	\$30	\$6,037,085
Winners Corner	Portland	\$2,666,091	\$1,798,724	\$1,246,441	\$238	\$162,386	\$5,873,880
7-Eleven #29539	Milwaukie	\$110,631	\$72,769	\$63,746	\$437,650	\$25,213	\$710,009
Dede's Cafe	Hillsboro	\$16,759	\$11,283	\$8,851	\$597,659	\$4,549	\$639,101
Foxy's 3	Portland	\$4,095	\$3,332	\$5,567	\$615,140	\$2,449	\$630,583
Fred Meyer #694	Clackamas	\$221,555	\$156,288	\$102,295	\$80,413	\$30,077	\$590,628
Fred Meyer #00035	Beaverton	\$186,729	\$131,226	\$93,084	\$139,095	\$29,998	\$580,132
Safeway #1231	Clackamas	\$200,266	\$144,114	\$98,892	\$50,517	\$24,639	\$518,428
Percentiles							
50th Percentile		\$5,371	\$4,004	\$2,780	\$12,330	\$611	\$43,131
95th Percentile		\$65,938	\$46,807	\$31,527	\$101,439	\$10,120	\$218,250
99th Percentile		\$122,206	\$83,960	\$62,325	\$200,325	\$25,149	\$391,643
The Pit Stop Sports Bar & BBQ Grill vs.							
50th Percentile		2,429.2x	1,776.0x	0.4x	1.6x	1.0x	467.8x
95th Percentile		197.9x	151.9x	0.0x	0.2x	0.1x	92.5x
99th Percentile		106.8x	84.7x	0.0x	0.1x	0.0x	51.5x

Source: Oregon Lottery, E&P Estimates

The practical reality of this operation is staggering when put into context. The Pit Stop is printing a combined 1,150 Powerball & Mega Millions tickets per hour if the process occurs 24 hours a day, 365 days per year. In contrast, the median retailer sells just 0.5 ticket per hour of these games.

Exhibit 8 - Oregon Lottery Retailers Tickets Sold/Printed per Hour - CY23

Business Name	Powerball	Mega Millions	Megabucks	Lucky Lines	Win for Life
The Pit Stop Sports Bar & BBQ Grill	744.7	405.8	0.1	0.0	0.0
50th Percentile	0.3	0.2	0.3	0.0	0.0
95th Percentile	3.8	2.7	3.6	0.1	0.3
99th Percentile	7.0	4.8	7.1	0.3	0.7

Source: Oregon Lottery, E&P Estimates

The Pit Stop hasn't always been an operator of such scale. In 2018 their total lottery sales were a modest \$29,390, 85.2% of which was from Keno. This total revenue was ranked in the 43rd percentile in the state - and for clarification the larger jackpot games Powerball and Mega Millions were operating and available for sale in Oregon at the time. Since then, their sales have increased on an exponential level and will reach record highs in CY24 if year-to-date sales are annualized for the full CY24. If examined on a weekly basis, ticket sales show high volatility and appear to be driven by the corresponding jackpot size at the time.

Exhibit 9 - The Pit Stop Sports Bar & BBQ Grill Lottery Sales by Game & Year (US\$m)

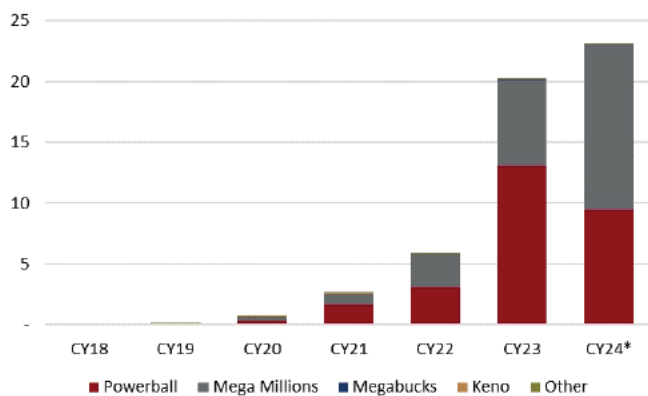
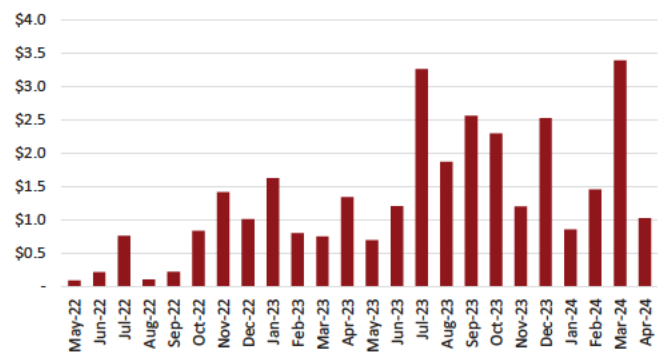


Exhibit 10 - The Pit Stop Sports Bar & BBQ Grill Lottery Sales by Month (US\$m)



Source: Oregon Lottery, E&P Estimates

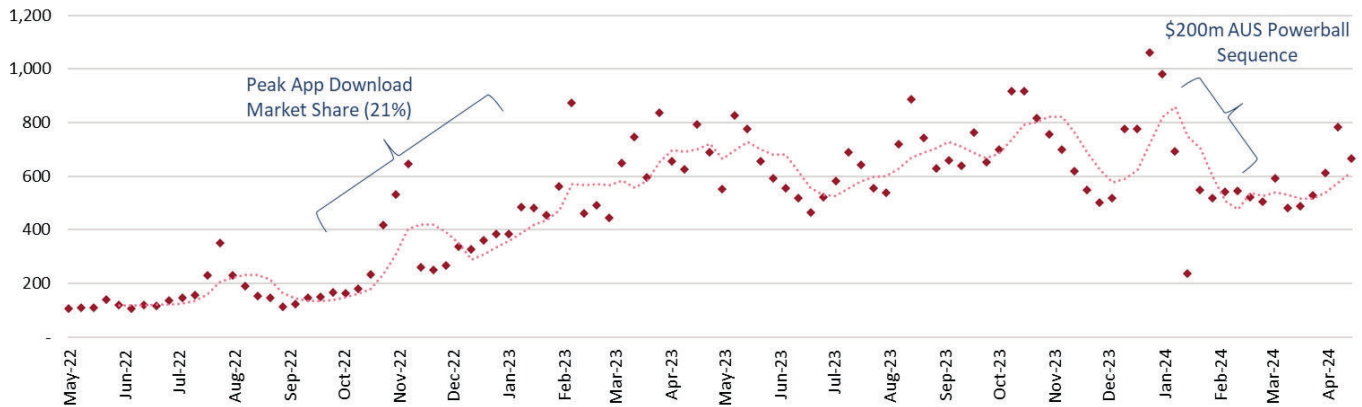
Source: Oregon Lottery, E&P Estimates. Note: CY24* sales are year-to-date annualised

One thing we focus on heavily for TLC is to look at like-for-like jackpot entries. This ignores short-term jackpot randomness and therefore determines the underlying strength of lottery sales. For the US games, this analysis is a little more tricky, as their game rules foster a lack of consistent jackpot sequences. However, the chart below attempts to partially solve this problem by simply dividing The Pit Stop's weekly sales, by the average size of the US Powerball & Mega Millions jackpots throughout the week. We observe the following key elements:

- Sales over the past 14 months are considerably higher than they were 2 years ago.
- The moving average line started gaining considerable momentum in the Dec-22 quarter. This is the same quarter where TLO had its largest market share of app downloads (21%).
- The decline in Nov-23 also lines up with a relative decline in app downloads.
- The next decline shortly after in Jan-24 corresponds with the Australian Powerball sequence that finished with the \$200m draw.

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Exhibit 11 - The Pit Stop Sports Bar & BBQ Grill Lottery Weekly Sales divided by the US Powerball & Mega Millions Jackpots (US\$m)



Source: Oregon Lottery, US Powerball, US Mega Millions, E&P Estimates. Note: US Jackpots are the average combined size throughout the given week.

Market Size vs. TLC

If we gross up the revenue from The Pit Stop to account for TLO's margins, we can estimate their total market share in Australia. We suspect the majority of ticket purchases are for the two US draws. These games typically have the largest jackpot offerings, which is TLO's main competitive aspect vs. TLC. They are also the most marketed games on TV, radio & social media. Hypothetically, if the US games made up 50% of TLO's total sales, then TLO's market share of digital lottery sales in Australia would be 4.36% and their total share via any platform is 1.94%. At an absolute minimum (100% US Sales), TLO's digital/total Australian lottery share would be 2.23%/0.98%.

We note the figures that analyze potential Australian market share below presume that The Pit Stop's volumes are 100% attributable to TLO, and then from their make assumptions about the proportion of TLO sales from US lotteries.

Exhibit 12 - The Lottery Office Market Share - CY23

TLO SIZE				TLO DIGITAL MARKET SHARE			TLO TOTAL MARKET SHARE		
US Ticket Sales (US\$)	US Ticket Sales (A\$)	US as a % of Total Sales	Total TLO Sales (A\$)	TLC Digital Sales (incl comm.)	Lottery West Digital Sales (incl comm.)	TLO Market Share - Digital	TLC Total Sales (incl comm.)	Lottery West Total Sales (incl comm.)	TLO Market Share - Total
20,178,039	70,623,137	100%	70,623,137	2,793,991,522	303,296,560	2.23%	7,153,956,735	1,222,970,000	0.98%
20,178,039	70,623,137	90%	78,470,152	2,793,991,522	303,296,560	2.47%	7,153,956,735	1,222,970,000	1.08%
20,178,039	70,623,137	80%	88,278,921	2,793,991,522	303,296,560	2.77%	7,153,956,735	1,222,970,000	1.22%
20,178,039	70,623,137	70%	100,890,195	2,793,991,522	303,296,560	3.15%	7,153,956,735	1,222,970,000	1.39%
20,178,039	70,623,137	60%	117,705,228	2,793,991,522	303,296,560	3.66%	7,153,956,735	1,222,970,000	1.62%
20,178,039	70,623,137	50%	141,246,273	2,793,991,522	303,296,560	4.36%	7,153,956,735	1,222,970,000	1.94%

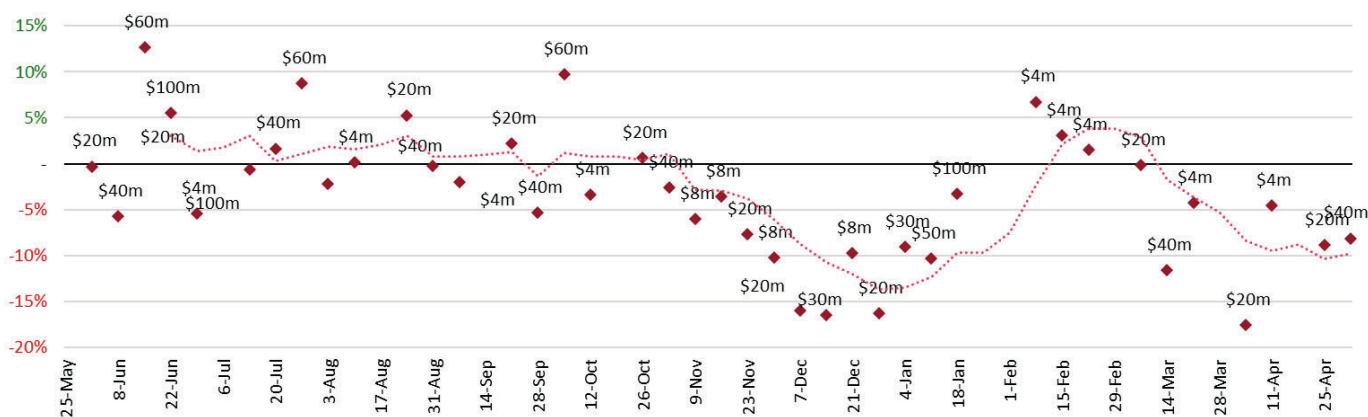
Source: Company Data, Oregon Lottery, LotteryWest, E&P Estimates. Note: LotteryWest Data is for FY23

No significant evidence of TLO cannibalising TLC yet

Below is a chart that we previously introduced in Powerball or Bust. The initial concept was to explore the impact that the May-23 game change had on like-for-like jackpot (LFL) entries for Powerball (PBL). As a quick refresher, the game change had no impact on the division-one odds, but did increase the subscription price by 10c and was accompanied by a +2% increase in retailer commission. Overall, the impact was a +11.34% increase in a PBL ticket price.

We had previously forecast a minor decline in LFL entries due to a combination of: (i) higher entry price for the same division-one prize, (ii) increased performance from Oz Lotto causing some cannibalization; and (iii) macroeconomic impacts such as the rising cost of living. Initially, LFL entries appeared to remain robust, with no evidence of consumer resistance to higher prices. However, in late October, LFL entries began to deteriorate relative to their pre game change levels. LFL entries then saw a remarkable recovery in Feb-24 following the record \$200m draw before declining again.

Exhibit 13 - Change in Powerball Like-for-Like Jackpot Entries post May-23 game change vs. the 12 months pre game-change

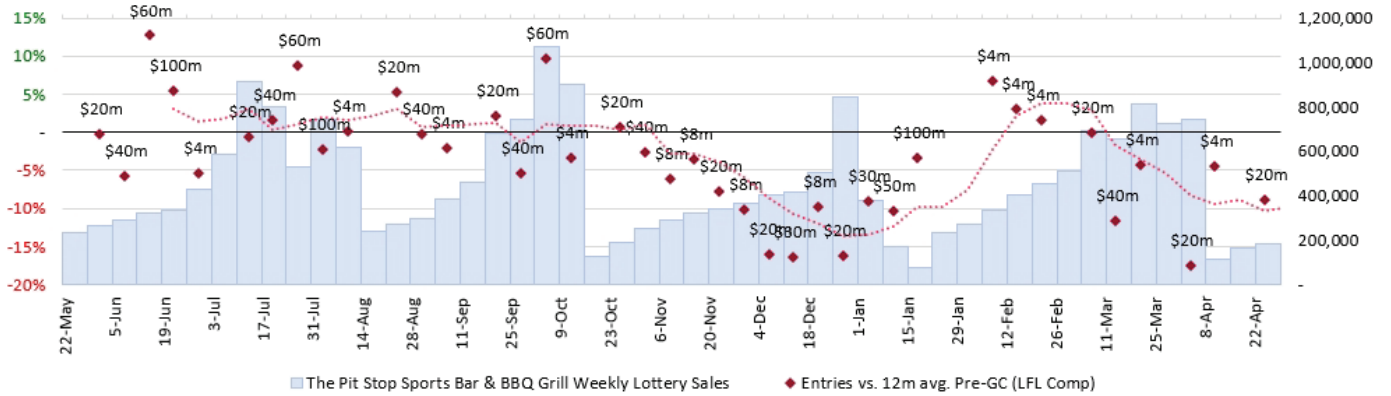


Source: Company Data, E&P Estimates. Note: excludes jackpots with fewer than two data points in the prior period. Comments are like-for-like jackpot size.

There was speculation in the market that the root cause of this decline may be the impact of cannibalisation from TLO. We note that if TLO was to cannibalize any Australian game, it would most likely come from Powerball. This is because TLO players are likely attracted to high-risk high-reward games with large jackpots. The chart below has the same LFL entries changes as above but includes the corresponding lottery sales from The Pit Stop throughout the week. We can see that the Powerball weakness that peaked at the end of CY23 does line up with a spike in The Pit Stop sales. However, there were multiple other spikes of The Pit Stop sales that did not appear to show any material relationship with Australian Powerball LFL entries at all. This overall indicates a lack of significant relationship between TLC's like for like entries and any purchase volumes with TLO so far.

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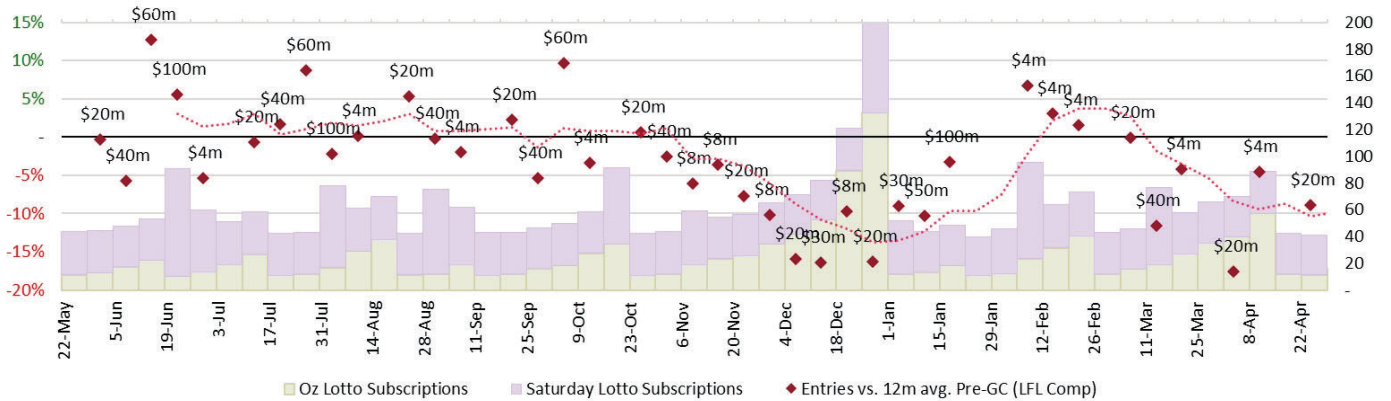
Exhibit 14 - Change in Powerball Like-for-Like Jackpot Entries post May-23 game change vs. the 12 months pre game-change (LHS), The Pit Stop Sports Bar & BBQ Grill Weekly Lotteries Sales (RHS, US\$)



Source: Company Data, Oregon Lottery, E&P Estimates.

Below is the same chart, but we have replaced The Pit Stop sales with Australia's Oz Lotto & Saturday Lotto subscriptions. This chart shows that the decline that peaked at the end of CY23 could arguably be more related to cannibalisation from other Australian games instead. At the time, Oz Lotto was experiencing a 10-week long \$90m sequence and Saturday Lotto was marketing their \$30m Megadraw on NYE.

Exhibit 15 - Change in Powerball Like-for-Like Jackpot Entries post May-23 game change vs. the 12 months pre game-change (LHS), Australian Subscriptions (RHS, A\$m)



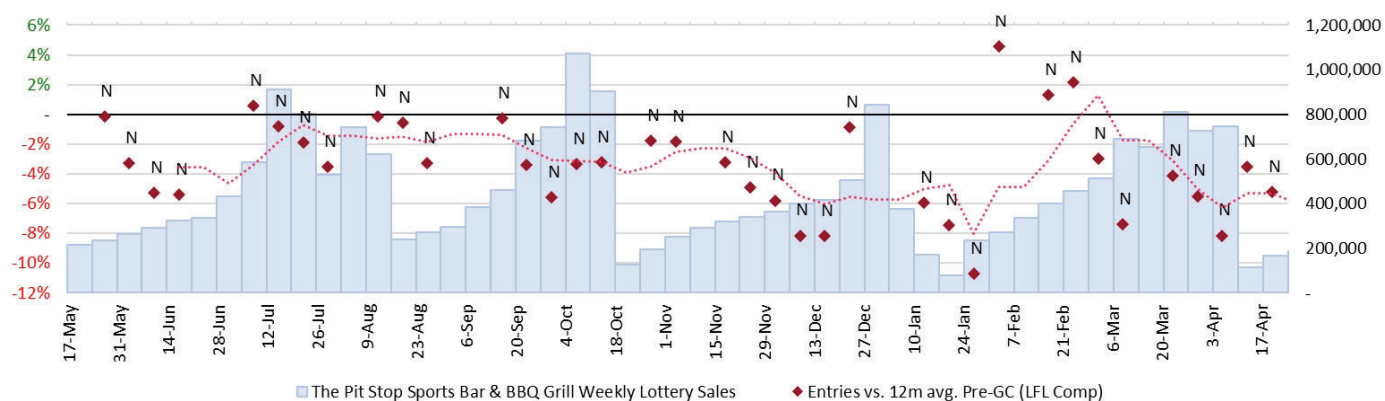
Source: Company Data, E&P Estimates

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When looking for the root source of potential cannibalisation, we believe the best demonstration of this exercise would be to use Saturday Lotto's normal draws instead. Saturday Lotto is the 2nd largest game in TLC's portfolio and the normal draws offer the best look at LFL strength given: (i) they are highly frequent, (ii) they aren't subject to sequence acceleration and (iii) they haven't had a game change for a while. The charts below represent the same charts as above but for these Saturday Lotto normal draws.

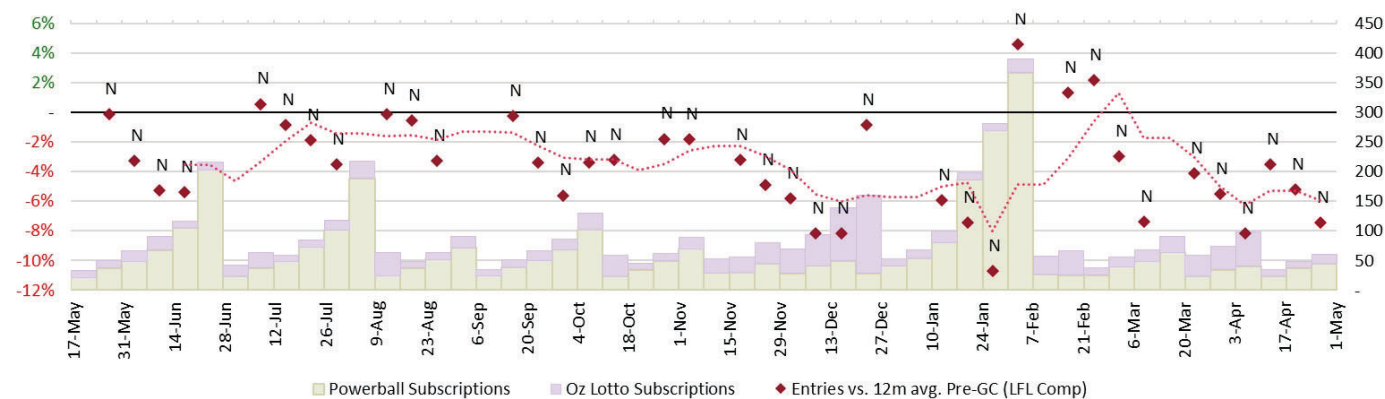
We believe that if you compare the two charts below, LFL entries appear much more impacted by other Australian games rather than TLO's sales volumes. If you look particularly at the 2nd chart, the first two months of normal draw sales have two distinct downward trendlines. These coincide almost perfectly with back-to-back \$100m Powerball sequences. The reason there is no marker within the week of the actual \$100m Powerball draws is because TLC scheduled Superdraws on the Saturdays immediately after to try and capitalize on the momentum. However, an interesting trend happens to LFL entries when there are normal draws on these spikes. These instances actually perform quite well, particularly highlighted by the normal draw two days after the \$200m Powerball draw. In this instance, we believe that rather than causing cannibalisation, the draw benefits from: (i) the considerable marketing TLC receives, (ii) new players that have downloaded the app, and (iii) player reinvestment of lower-division winnings.

Exhibit 16 - Change in Saturday Lotto Like-for-Like Jackpot Entries post Powerball May-23 game change vs. the 12 months pre game-change (LHS), The Pit Stop Sports Bar & BBQ Grill Weekly Lotteries Sales (RHS, US\$)



Source: Company Data, Oregon Lottery, E&P Estimates.

Exhibit 17 - Change in Saturday Lotto Like-for-Like Jackpot Entries post Powerball May-23 game change vs. the 12 months pre game-change (LHS), Australian Subscriptions (RHS, A\$m)

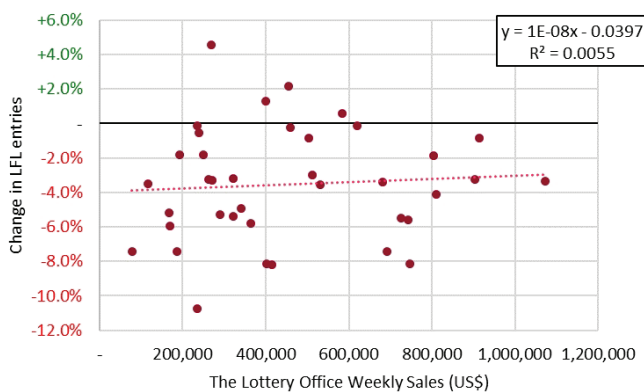


Source: Company Data, E&P Estimates

If we plot these two above charts on a scatter plot instead of across a time series, we can observe mixed relationships. The chart on the left shows no material relationship between TLO sales and LFL entries. However, the right (which excludes the \$200m Powerball draw) shows that Saturday Lotto draws have a much stronger relationship with the surrounding Powerball & Oz Lotto draws.

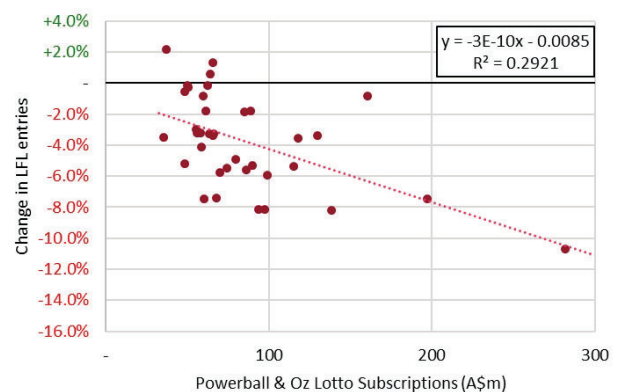
Given this data, we believe that if cannibalisation does exist for TLC, it is much more likely to be internally within the existing portfolio of Australian games. However, this doesn't mean that we believe that there is no relationship between TLO sales and Australian LFL entries. We previously mentioned how The Pit Stop sales declined immediately following the Australian \$200m Powerball draw. It stands to reason that if TLC sales could impact overseas courier sales, then there is the potential for an impact the other way. The difference is that the scale of Australian sales means that cannibalisation is more obvious in the data one way. Or put otherwise, the limited number of TLO customers may well change their purchasing habits based on what draws are available locally vs internationally, but they are a small enough number (and/or don't change habits that much) that it isn't showing up in the overall TLC volumes.

Exhibit 18 - Change in Saturday Lotto Like-for-Like Jackpot Entries post Powerball May-23 game change vs. the 12 months pre game-change based on the size of The Pit Stop Sports Bar & BBQ Grill Weekly Lotteries Sales



Source: Company Data, Oregon Lottery, E&P Estimates.

Exhibit 19 - Change in Saturday Lotto Like-for-Like Jackpot Entries post Powerball May-23 game change vs. the 12 months pre game-change based on the size of Australian Powerball & Oz Lotto Weekly Subscriptions - ex 200m Powerball Draw



Source: Company Data, E&P Estimates.

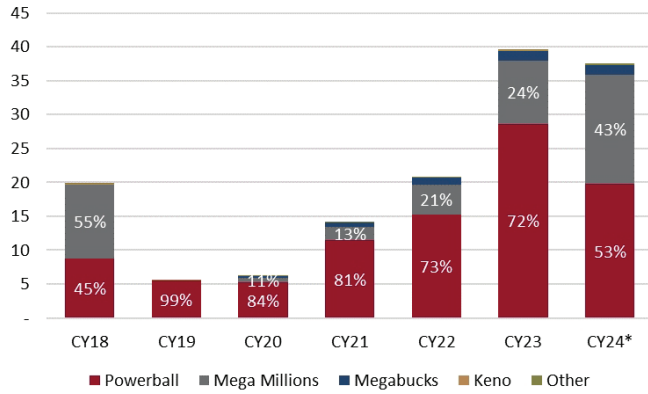
Mega Millions Case Study

The courier services that operate out of Oregon have been around since around 2016. However, some couriers that offer an analogous service to TLO faced various speed bumps in offering products in specific jurisdictions.

In September 2018, the director of Loto-Quebec complained to the Mega Millions consortium about the 'theLotto', namely their sale of Mega Millions tickets to customers in Canada. Soon after, the consortium issued a new rule that would prohibit state lottery directors from knowingly permitting the sale, resale, or transfer of tickets outside their jurisdiction. Mega Millions Group director Gordon Medenica told the Oregon Lottery to cease such sales and that "Failure to comply with this warning may lead to other sanctions, including suspension from participating in Mega Millions." Oregon Lottery complied and theLotto stopped selling Mega Millions to Canadians at the end of CY18.

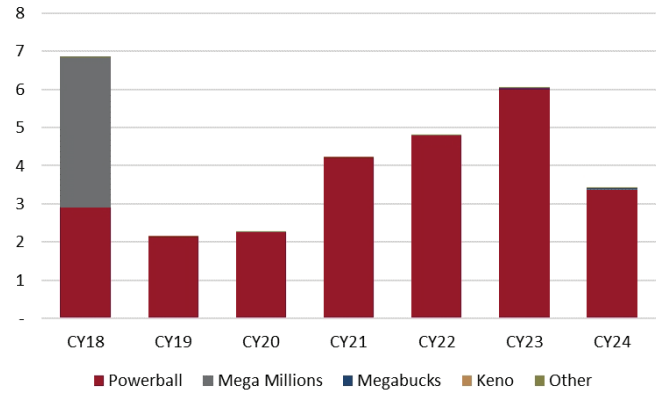
In the charts below we show the impact this instruction had on Oregon lottery couriers. Per E&P estimates, Mega Millions accounted for 55% of courier sales in CY18, before becoming negligible in CY19. Since then, Mega Millions sales from couriers have increased again. This is not necessarily a breach of theLotto's instruction to cease reselling lottery tickets to players in Canadian jurisdictions. Instead, it is a combination of: (i) different courier operations, (ii) courier sales to players in different jurisdictions, or (iii) a different courier process from a legal standpoint. For example, the Independent Sports Bar & Grill was the largest Oregon lottery retailer in CY18. However, the majority of their Mega Millions sales ceased in CY19 and are yet to recover.

Exhibit 20 - Oregon Lottery Retailers Revenue by Game - Identified Couriers only



Source: Oregon Lottery, E&P Estimates

Exhibit 21 - Independent Sports Bar & Grill Lottery Revenue by Game



Source: Oregon Lottery, E&P Estimates

Recently a spokesperson for the Oregon Lottery, stated that these types of courier sales are a grey area. Oregon Lottery believes they are operating within the rules, but is open to guidance from the Legislature, voters, or Mega Millions & Powerball consortiums. The official added that the Oregon Lottery would stop these operations if told to stop. Other instances of this have occurred in other states such as Ohio. In 2022, theLotter Australia was also issued a cease-and-desist order by the Illinois Lottery acting on behalf of the Mega Millions Consortium. TheLotter complied with this order. We note that as of today, players can still play the game 'US MegaLuck 'via theLotter Australia, the matched game of the US Mega Millions.

Released under the FOI Act 1982 by the Minister for Communications

The Lottery Office Business Overview

Product Offering

TLO allows customers to indirectly play overseas lotteries. They currently offer eight games across various US & European jurisdictions. Whenever a player purchases a ticket to a TLO draw, TLO will purchase a matching entry in the equivalent overseas draw. Should an entrant be eligible for an overseas prize, TLO will then pay an equivalent amount of the net winnings after taxes.

Customers also have the option to play various bonus features within the matched games. The most prevalent one is likely the 'Multiplier' for US Powerball & Mega Millions, whereby any lower division winnings are multiplied by 2x - 10x based on the result of a drawing from a separate pool. Additional bonus features include the 'Reintegro' & 'Joker' for La Primitiva and the ability to play as part of a syndicate. However, TLO does not offer all promotions available to local players, such as the 'SuperStar' feature in SuperEnalotto.

Exhibit 22 - The Lottery Office Product Offering

<p>HIGH DEMAND</p> <p>USA Mega Lotto® \$393 Million*</p> <p>Play now</p> <p>Closes in: 3 days, 16 hrs</p>	<p>JACKPOT ALERT</p> <p>European Millions® \$272 Million*</p> <p>Play now</p> <p>Closes in: 3 days, 6 hrs</p>	<p>JACKPOT ALERT</p> <p>USA Power Lotto® \$228 Million*</p> <p>Play now</p> <p>Closes in: 16 hrs, 16 mins</p>	<p>JACKPOT ALERT</p> <p>Italian Super Jackpot® \$156 Million*</p> <p>Play now</p> <p>Closes in: 6 hrs, 16 mins</p>
<p>European Jackpot™ \$28 Million*</p> <p>Play now</p> <p>Closes in: 3 days, 6 hrs</p>	<p>La Primitiva \$19 Million*</p> <p>Play now</p> <p>Closes in: 6 hrs, 16 mins</p>	<p>UK Lotto \$14 Million*</p> <p>Play now</p> <p>Closes in: 6 hrs, 16 mins</p>	<p>Irish Lotto \$4 Million*</p> <p>Play now</p> <p>Closes in: 6 hrs, 16 mins</p>

Source: Company Website

Advertised Jackpots

TLO advertises the jackpot that can be won in Australian dollars. For most of the European games in the portfolio, this is largely true. However, for the US games, the actual net-win players will receive is significantly lower. In the US, the jackpot advertised is actually the prize that can be won in an annuity format. It is calculated from an underlying cash value that is significantly lower. The annuity has 30 payments over 29 years (incl. upfront payment) and grows at 5% p.a. The annuity price is determined via a competitive bid. Winners of the division-one prize can choose between either the annuity option or the up-front lump sum cash option. Despite the advertised jackpot being the annuity amount, nearly all winners choose the cash option. In fact, since 2010 only 2 US Powerball winners have chosen the annuity option vs. 143 winners who chose the cash option (there were another 2 wins that went unclaimed).

The advertised jackpots also don't include the impact of taxes. Lottery winnings are not subject to any Australian tax, but there are both US federal and US state taxes required. The federal tax rate that is paid as a non-resident winner is 30% on payouts above USD \$600. There are 27 countries that are exempt from US gambling winnings taxation, but somewhat surprisingly Australia is not one of them.

Exhibit 23 - Countries Exempt from US Gambling Tax



Source: BrightTax

State taxes vary based on the jurisdiction, but are 8% for TLO winnings of US\$1,500 and above. The tax rate described matches the state of Oregon, which happens to have the equal 4th highest lottery tax rate of any US jurisdiction. Of the US Powerball jackpots that were won in CY23, the advertised jackpots on TLO's website were anywhere from 2.89x to 3.59x higher than the actual upfront cash prize that a player would have received after deducting the applicable taxes.

Exhibit 24 - The Lottery Office US Powerball Jackpots - CY23

DATE	US JACKPOT VALUE				FX RATES	AUS JACKPOT VIA TLO		
	Annuity Prize	Cash Prize	US Tax	Net Cash Prize	TLO	TLO Advertised	TLO Net (Cash)	Multiple
	USD	USD	USD	USD	AUD-USD	AUD	AUD	x
11-Oct-23	1,725,000,000	774,100,000	294,158,000	479,942,000	0.6414	2,689,447,500	748,277,572	3.59x
19-Jul-23	1,000,000,000	558,055,095	212,060,936	345,994,159	0.6771	1,476,800,000	510,964,174	2.89x
19-Apr-23	251,000,000	134,669,327	51,174,344	83,494,983	0.6715	373,814,300	124,349,078	3.01x
4-Mar-23	161,000,000	82,652,621	31,407,996	51,244,625	0.6765	237,974,100	75,744,681	3.14x
6-Feb-23	747,000,000	407,204,980	154,737,893	252,467,088	0.6884	1,085,166,900	366,758,939	2.96x

Source: Company Data, Oregon Lottery, US Powerball, E&P Estimates

Margins

From a margin perspective, TLO is effectively indifferent to whether a player actually wins or not. All prizes are funded by purchasing matching tickets in the foreign draws, rather than via revenue or insurance. Although TLO takes no commission on winnings, they do charge a significant premium for their services, relative to the cost of purchasing a ticket locally. This is typically around 55-65% subject to exchange rates. TLO's website states the markup covers the cost of the matching overseas lottery ticket, GST, a charity amount, and administration costs.

We do note that TLO's current license was signed in 2014 and lasts for 10 years meaning it will expire soon. Similar internet gaming licenses issued in the Northern Territory have since been signed by competitors at higher tax rates. Therefore, we believe it is possible that TLO's margins may be somewhat diluted in the near future.

Exhibit 25 - The Lottery Office Margins by Game

Matched Overseas Game		US Powerball	US Mega Millions	Euro Millions	Euro Jackpot	Super Enalotto	UK Lotto	Irish Lotto	La Primitiva
TLO purchase Location		Oregon	Oregon	Austria	Germany	Italy	UK	Ireland	Spain
TLO Total Cost in Local Currency	US\$/€/£	\$2.00	\$2.00	2.50 €	2.00 €	1.00 €	£2.00	2.00 €	1.00 €
TLO Exchange Rate	X/AUD	1.5305	1.5305	1.6460	1.6460	1.6460	1.9182	1.6466	1.6460
TLO Total Cost in AUD	A\$	\$3.06	\$3.06	\$4.12	\$3.29	\$1.65	\$3.84	\$3.29	\$1.65
TLO Customer Ticket Price	A\$	\$7.00	\$7.00	\$9.50	\$7.50	\$4.75	\$9.65	\$8.45	\$3.70
Margin	A\$	\$3.94	\$3.94	\$5.39	\$4.21	\$3.10	\$5.81	\$5.16	\$2.05
Margin	%	+56.3%	+56.3%	+56.7%	+56.1%	+65.3%	+60.2%	+61.0%	+55.5%

Source: Company Data, Various Lottery Operators & Governments, E&P Estimates

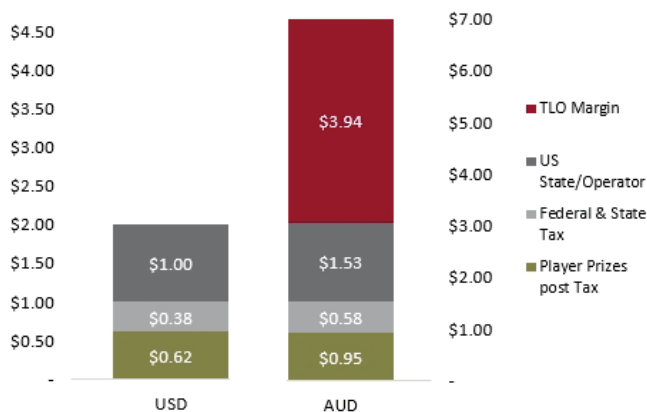
Return to Player

Players should also be aware that they are ineligible for certain bonuses or promotions that local players may benefit from. An example of this is EuroMillions. The game is played across 9 countries and each entry must contribute €2.20/£1.74/CHF3.00 towards the game (note prizes will eventually be adjusted to reflect current exchange rates to ensure fair contribution/payouts). However, operators tend to charge a ticket price higher than the underlying EuroMillions entrance fee and include a non-optional entry for an additional local game. For example, in the UK, each ticket costs £2.50, with £1.74 allocated to EuroMillions and £0.76 allocated to a separate game called 'UK Millionaire Maker'. It is not possible to play UK Millionaire Maker without playing EuroMillions and vice-versa. Ireland has a similar offering with a total ticket price of €2.50, of which €0.30 is allocated towards one 'Ireland Only Raffle' ticket. Other instances include 'My Million' in France, '2 Chance' in Switzerland, 'My Bonus' in Belgium, 'El Millon' in Spain & 'M1lhão' in Portugal.

TLO purchases matching EuroMillions tickets out of Austria, which has a bonus/non-optional game called the 'Austria Bonus'. It is essentially a raffle with a chance to win a prize of €100,000 or sometimes more during promotional draws. TLO states that "Some promotional prizes that may be offered by the Lottery Operator to ticket holders within the Lottery Operator's country are excluded from the prizes that can be won by The Lottery Office players. The Divisional prizes listed above are the valid prizes offered by The Lottery Office." The list of prizes does not include the Austria Bonus, implying that TLO swallows the bonus if won by one of the matched tickets. Additional examples of this include the '€3 Daily Million Quick Pick with Plus' in Irish Lotto and the 'Millionaire Lotto Raffle' in UK Lotto.

Below we show the theoretical return to player after accounting for ineligible prizes, local taxes, government/operator take, and TLO's margin (assuming full tax impacts). In the US, the highest taxing jurisdiction of TLO's portfolio, the theoretical return to player is only ~13.6% (subject to FX rates), with the European games closer to 20%. This is despite the underlying games having legislated prize payouts of 50-60%. We do note that although this system yields a significant margin advantage for TLO relative to TLC, it does reduce the potential for players to reinvest winnings.

Exhibit 26 - Theoretical Return to Player and TLO Markup - US Powerball & US Mega Millions



Source: Company Data, US Powerball, US Mega Millions, Oregon Lotter, E&P Estimates. Note: Margins TLO margin will fluctuate based on AUD/USD exchange rate. Assume prizes >\$1,500.

Exhibit 27 - Theoretical Return to Player vs. TLC by Game

Game	Return to Player	vs. TLC
US Powerball	13.6%	0.2537x
US Mega Millions	13.6%	0.2537x
EuroMillions	19.1%	0.3567x
EuroJackpot	21.9%	0.4108x
SuperEnalotto	16.6%	0.3113x
UKLotto	19.9%	0.3720x
IrishLotto	19.5%	0.3642x
La Primitiva	19.6%	0.3664x
TLC Bloc Games	53.4%	

Source: Company Data, Various Lottery Operators & Governments, E&P Estimates. Note: Prizes assume full tax impact in the US, Italy & Spain. TLC includes retailer commissions. TLC bloc games include Powerball, Oz Lotto, Saturday Lotto, Weekday Windfall & SFL.

Customer Acquisition

Brand Presence & Partnerships

If you have watched free-to-air TV or listened to the radio over the past two years, chances are you have heard of The Lottery Office given the prevalence of ads they have run. Recently they have expanded their marketing strategy to include corporate partnerships, namely Venues NSW & the NRL team Gold Coast Titans. The Venues NSW deal is a three-year partnership to sponsor the Allianz Stadium & SCG. The announcement of the partnership included an exclusive offer for fans to scan a QR code in-stadium and enjoy their first entry ticket free. Their ability to offer promos at a decent scale is a distinct advantage that TLO has over TLC, given the regulatory constraints and significant margin differential.

Exhibit 28 - The Lottery Office Sponsorship of the Sydney Cricket Ground



Source: Google Images

Exhibit 29 - The Lottery Office Sponsorship of the Gold Coast Titans



Source: Google Images

As is the case with online wagering & online casinos, TLO also has numerous affiliate lottery information websites that supply player leads. These leads are typically compensated with a proportion of net revenue the player generates in perpetuity, with industry feedback indicating that take rates can be up to 50%.

Retail Battleground

TLO has also partnered with ~1,500 Australian newsagents. Not only does this grow their player base, it also improves their relationships with key stakeholders in a highly regulated industry. Players cannot directly purchase TLO tickets via these registered retailers, but can deposit funds into their accounts by paying over the counter via a platform called Blueshyft. Retailers are then eligible for commissions based on the net revenue TLO received from players that were registered in-store. In order to be eligible for these commissions, retailers must bring in a minimum of one new depositing player per month.

Exhibit 30 - The Lottery Office Retailer Commission Rates

Commission Rates

Based on Monthly Net Gaming Revenue (AUD)

Percentage Paid	Net Revenue Band Limit
18%	\$ 1 - \$6000
22%	\$6001 - \$10,000
<u>By Negotiation</u>	<u>Over \$10,000</u>

Source: Company Data

We note that these commission rates are calculated using net gaming revenue, not the subscription price as is the case for TLC. According to TLO's retailer agreement, net gaming revenue is defined as "the price paid by our customers for our lottery service less the following expenses:"

- The cost of prize money for a relevant lottery draw and in the case of matching lotteries that cost will be the total cost to us for the purchase of the matching nominated lottery ticket
- All gaming tax and Goods and Services Tax (GST) payable on the relevant transaction
- Payment processing costs such as credit card costs that are averaged each quarter based on overall charges
- Any charity component that is applied to the ticket cost paid by the customer
- Any bonuses used by players
- Chargeback & chargeback fees

Based on these deductions, we believe that the actual commissions on total sales that the majority of retailers would receive would be between 7% to 12%. Relative to TLC's digital platform, these commissions appear to be similar at the lower end, but higher in the majority of cases. We believe this is not a reflection of TLC attempting to reduce retailer costs, but more a function of the significant margin advantage TLO has, as TLC's licenses include state taxes that are typically 70%+ of player loss.

However, we do note that TLC's in-store retail commissions are 12.3% for the majority of the portfolio (excl. fees). And as such if there was direct cannibalisation by overseas jackpots from TLC's retailer commissions, then retailers may adversely be affected on a net basis. From a collective perspective, retailers may be better off negotiating as a collective. But individually, there is no reason that retailers cannot service both online lottery products. Practically speaking, this would represent the game theory situation known as the 'Prisoners Dilemma'. It is also quite possible that: (a) TLO is growing the lotteries market with new products, (b) online commissions are actually more valuable after accounting for staff costs, (c) players may sign up to TLO regardless, and (d) players buy lottery tickets from the multiple outlets. Furthermore, some retailers may now be sensing that digital lottery sales are inevitable and therefore maximize their own commissions by any means.

TLC had historically structured its retailer commissions around in-store sales only. In 2019, TLC (or Tabcorp pre-demergers) launched a new omni-channel program that offered retailers a proportion of online sales from customers registered to corresponding retail stores. There were two main components to this: (a) a 1% commission for all digital spend by an online customer if they were signed up to their store, and (b) a 0% to 2% commission of the digital sales in a retailers' jurisdiction, based on their performance in that jurisdiction and their proportion of retail sales in that jurisdiction. The performance metrics are largely to do with compliance metrics, hence the vast majority of retailers would have been capable of earning an average of 3% of digital sales on eligible player spend.

At the time of launching this program, TLC's digital penetration had just reached 23.5% of total sales. Lottery retailers were becoming increasingly disgruntled at the loss of in-store commissions migrating online and were particularly displeased with any marketing of TLC that would promote their digital channel. In Australia, newsagents represent a disproportionate amount of the total lottery retailers relative to overseas, whereby petrol stations, supermarkets, convenience stores, pharmacies, and post offices play a larger role. These stores are not as dependent on lottery sales for an overall proportion of their revenue, with lottery tickets often considered complementary to another purchase item. In 2018, a survey from the Australian Lottery and Newsagents' Association (ALNA) found that 20% of lottery retailers earn between 30% to 60% of their revenue from lottery commissions, and 18% earn more than 60% from lotteries.

Exhibit 31 - ALNA Survey of Members - % of Overall Store Sales from Lottery Commissions

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%

Source: ALNA

Prior to the launch of this program, TLC had been engaged in a multi-year public battle with synthetic lottery operator Lottoland. This was headlined by the campaign "Lottoland's gotta go!". Throughout this campaign, TLC sponsored ALNA, which represented roughly 2,000 out of 4,000 lottery retailers in Australia. ALNA was the main public voice in the media campaigning for politicians to ban synthetic lotteries.

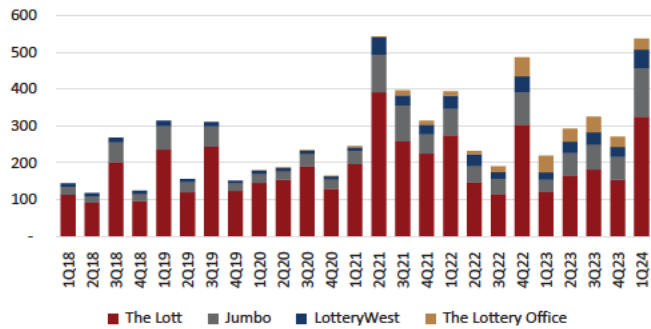
In order to garner support, Lottoland proposed a partnership with newsagents, whereby it would ask registered members to nominate their newsagent, who would then receive 10% of every bet the customer makes with Lottoland. Later on, Lottoland increased their offer to 20%, in a desperate attempt to gain allies as a ban on synthetic lotteries closed in. However, not all lottery retail unions agreed with ALNA's stance. The Newsagents Association of NSW and ACT Ltd (NANA) were much more receptive to Lottoland, as was the Victorian Association for Newsagents (VANA). VANA had already agreed to a similar deal with Zeal Network's synthetic lottery business called 'MyLotto24'. At the time, these two unions represented ~460 & ~400 newsagents respectively.

Fast-forward to 2023 and digital migration is now approaching 40%. TLC is seeing a similar situation whereby a lottery-themed company is attempting to coexist online and utilize retailers to sign up players. Potentially sensing greater competition, TLC once again increased its omni-channel commission rates. The sign-up bonus rate increased from 1% to 3% and the digital commission rate increased from 2% to 4% for the green-rated stores. It should also be noted that in both instances where TLC increased their omni-channel commissions to retailers, the in-store commission rates also increased.

App Downloads

Below we show the volume and market share of Australian lottery app downloads. Volumes are significantly skewed by the size of the division-one jackpots available within the specific periods. Hence, the latest spike in 1Q24 reflects the \$200m Australian Powerball draw in February. TLO started generating app downloads in Mar-20 and peaked in overall share in 1Q23 with 21%, the same quarter as the record \$2bn US Powerball jackpot. Since then, TLO's market share has considerably slowed down, with their 1Q24 share of 6% likely impacted by the \$200m Australian draw.

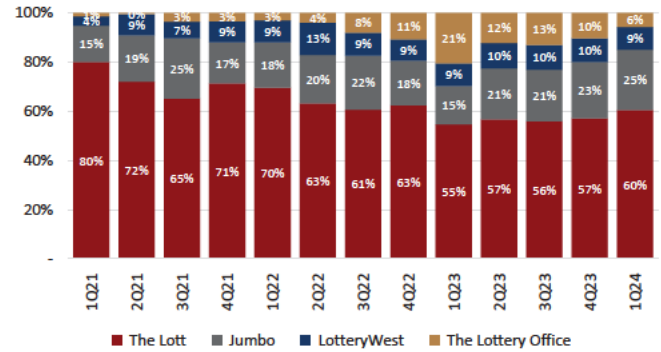
Exhibit 32 - Australian Lotteries App Downloads (000's)



Source: AppMagic, E&P Estimates. Note: data includes IOS & Google

stores, excludes non-mobile channels

Exhibit 33 - Australian Lotteries App Downloads Market Share

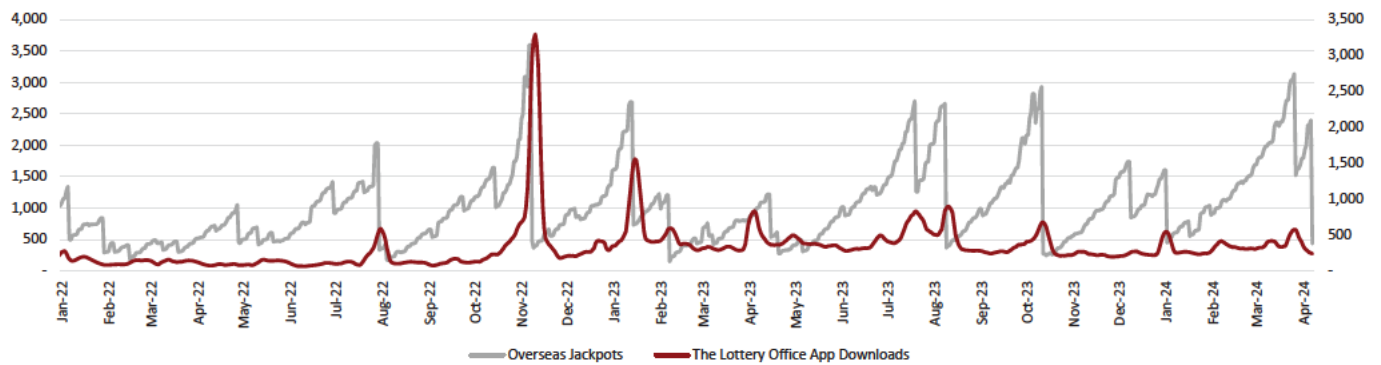


Source: AppMagic, E&P Estimates. Note: data includes IOS & Google

stores, excludes non-mobile channels

Below we demonstrate the relationship between the major TLO jackpot amounts and the volume of TLO app downloads. We can see that since the Nov-22 peak 18 months ago, overseas jackpots have still had numerous spikes. However, TLO downloads have been significantly lower on a relative basis. Although a potential sign of a mature market, we believe this is more likely due to a pullback in marketing spend from TLO.

Exhibit 34 - The Lottery Office App Downloads (LHS, 7-Day Moving Average) vs. Major International Jackpot Offerings (RHS, A\$bn.)



Source: AppMagic, E&P Estimates. Note: data includes IOS & Google stores, excludes non-mobile channels. International jackpots include US Powerball, US Mega Millions, EuroMillions & Eurojackpot. International jackpot values are the advertised amount.

Released under the FOI Act 1982 by the Minister for Communications

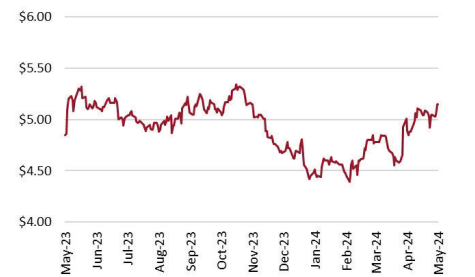
The Lottery Corporation, Positive, VALUATION AUD6.00

EAP CORE DRIVERS

- Household disposable income and population growth driving gambling spend.
- Product innovation in lotteries games.
- Online migration impacting revenue growth and margins.

INVESTMENT THESIS

- Sales growth driven by: (i) strong customer acquisition during Covid-19; and (ii) recent and future game changes.
- Higher margins as sales migrate online, with online sales EBITDA margins more than double that of retail.
- Capital management initiatives given significant FCF generation whilst being under the target gearing range.



FINANCIAL SUMMARY

The Lottery Corporation As at:	17/05/2024	TLC-ASX Recommendation: Positive				Share Price: AUD5.15					
Year end	Jun	2023A	2024E	2025E	2026E	Year end	Jun	2023A	2024E	2025E	2026E
INCOME STATEMENT						FINANCING CASH FLOWS					
Total Operating Income/Revenue	3,513.6	3,941.9	3,931.9	4,176.4		Proceeds from Borrowings	0.0	135.0	0.0	0.0	
EBITDA	713.7	835.6	835.7	900.7		Net Proceeds Issue/Buyback of Securities	(10.3)	(18.9)	0.0	0.0	
D&A	(98.2)	(111.5)	(116.7)	(114.0)		Distributions	(197.1)	(294.7)	(356.1)	(356.1)	
EBIT	615.5	724.1	719.0	786.6		Total Financing Cash Flow	(217.0)	(183.6)	(356.1)	(356.1)	
Net Interest Expense	(121.9)	(121.2)	(136.2)	(136.5)		Net Change in Cash	118.3	485.7	79.8	203.5	
PBT	387.0	576.4	582.8	650.2		Free Cashflow	376.9	688.4	435.9	559.6	
Tax expense	(121.7)	(140.7)	(174.8)	(195.1)		Year end	Jun	2023A	2024E	2025E	2026E
NPAT attributable to s'hers	265.3	435.7	408.0	455.1		PER SHARE DATA					
Adjusted Net Profit	265.3	435.7	408.0	455.1		EPS - Adjusted (cents)	11.9	19.6	18.3	20.4	
Year end	Jun	2023A	2024E	2025E	2026E	DPS (cents)	0.2	0.2	0.2	0.2	
BALANCE SHEET						Cash Flow Per Share (cents/share)	16.9	30.9	19.6	25.1	
Assets						Book Value (\$/sh)	11.9	17.5	19.8	24.2	
Current Receivables	41.8	90.4	87.7	92.7		NTA Per Share (\$/sh)	(121.6)	(114.1)	(109.4)	(102.8)	
Other Current Assets	450.1	330.3	330.3	330.3		Year end	Jun	2023A	2024E	2025E	2026E
Total Current Assets	926.4	1,340.9	1,418.0	1,626.4		ANALYSIS					
Property Plant & Equipment	147	144	138	135		EBITDA Margin (%)	20.3	21.2	21.3	21.6	
Intangibles	2,971.4	2,927.1	2,875.3	2,826.9		EBIT Margin (%)	17.5	18.4	18.3	18.8	
Other Non-Current Assets	275.4	210.7	210.7	210.7		Net Profit Margin (%)	7.6	11.1	10.4	10.9	
Total Non-Current Assets	3,444.5	3,465.3	3,407.6	3,356.3		Capital Employed	2,290.1	2,005.0	1,977.1	1,871.6	
Total Assets (BS)	4,370.9	4,806.3	4,825.6	4,982.7		Return on Capital Employed (%)	26.7	33.7	36.1	40.9	
Liabilities						EBITDA/Capital Employed (%)	31.0	38.9	42.0	46.8	
Total Current liabilities	3,518.2	3,820.8	3,788.2	3,847.3		ROE %	104.5	133.4	98.4	92.9	
Total Non-Current Liabilities	587.9	597.0	597.0	597.0		Net Debt/Equity (%)	764.8	416.1	349.0	247.2	
Total Liabilities	4,106	4,418	4,385	4,444		Net Debt/Net Debt & Equity (%)	88.4	80.6	77.7	71.2	
Total Shareholders' Equity	264.8	388.5	440.4	539.4		Net Debt/EBITDA (x)	2.8	1.9	1.8	1.5	
Net Assets	264.8	388.5	440.4	538.4		Net Interest Cover (x)	5.0	6.0	5.3	5.8	
Net Tangible Assets	(2,706.6)	(2,538.6)	(2,434.9)	(2,287.5)		GOCF/EBITDA (%)	1.0	1.2	1.0	1.1	
Book Value	264.8	388.5	440.4	539.4		Total Capex/Sales (%)	2.3	1.5	1.5	1.5	
Year end	Jun	2023A	2024E	2025E	2026E	Working Capital/Sales (%)	(0.2)	(0.3)	(0.3)	(0.3)	
OPERATING CASH FLOWS						D&A/PP&E (%)	66.8	77.6	84.7	84.6	
EBITDA	704.6	887.9	835.7	900.7		EV/EBITDA (x)	18.2	15.1	15.0	13.7	
Change in Working Capital	0.0	130.5	(29.8)	53.1		BLENDED VALUATION					
Other Operating Cashflow	0.0	37.1	0.0	0.0		Valuation - DCF	6.00	100.0%			
Gross Operating Cash Flow	704.6	1,055.6	805.9	953.8		Valuation - Capitalisation of Earnings	0.00	0.0%			
Net interest paid	(117.2)	(116.7)	(136.2)	(136.5)		Valuation - PER	0.00	0.0%			
Tax Paid	(130.9)	(191.0)	(174.8)	(195.1)		Valuation - SOTP	0.00				
Net Operating Cash Flows	456.5	747.8	494.9	622.2		Valuation	AUD6.00				
Investing Cash Flows											
Purchase of PP&E	(79.6)	(59.5)	(59.0)	(62.6)							
Other Investing Cashflows	(41.6)	(19.1)	0.0	0.0							
Total Investing CashFlow	(121.2)	(78.6)	(59.0)	(62.6)							

Source: Company data, E&P estimates

RESEARCH RECOMMENDATION DEFINITIONS

Positive	Stock is expected to outperform the S&P/ASX 200 over the coming 24 months.
Neutral	Stock expected to perform in line with the S&P/ASX 200 over the coming 24 months.
Negative	Stock is expected to underperform the S&P/ASX 200 over the coming 24 months.
Speculative Buy	Stock has limited history from which to derive a fundamental investment view or its prospects are highly dependent on event risk, e.g. Successful exploration, scientific breakthrough, high commodity prices, regulatory change, etc. Consequently, the stock is considered a high-risk investment which may be prone to high volatility in share price movements, have a greater risk of capital loss and/or the stock may have low liquidity.
Suspended	Stock is temporarily suspended due to compliance with applicable regulatory and/or E&P policies in circumstances where E&P is acting in an advisory capacity.
Not Rated	Stock is not included in our investment research universe.

Research Criteria Definitions

Recommendations are primarily determined with reference to how a stock ranks relative to the S&P/ASX 200 on the following criteria:

Valuation	Composite of Rolling 12-month prospective multiples and discounted cash flow (DCF), or DCF for resource stocks.
Earnings Outlook	Forecast 2-year EPS growth.
Earnings Momentum	Percentage change in the current consensus EPS estimate for the stock (rolling 1-year forward basis) over the consensus EPS estimate for the stock 3 months ago.
Shareholder Returns	Composite of forecast ROE (rolling 1-year forward basis) and the percentage change in ROE over 2 years.
Debt Servicing Capacity	Rolling 12-month EBIT Interest Cover ratio.
Cyclical Risk	Qualitative assessment of the 2-year outlook for a stock/industry's profit cycle.
Industry Quality	Qualitative assessment of an industry's growth/returns potential and company specific management capability.
Financial Transparency	If we don't understand it, we won't recommend it.

For stocks where Evans and Partners does not generate its own forecasts, Bloomberg consensus data is used. Analysts can introduce other factors when determining their recommendation, with any material factors stated in the written research where appropriate.

RESEARCH			
s47F	Managing Director, Head of Research Managing Director Managing Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Executive Director Associate Director Associate Associate Associate Associate Analyst Analyst	Transport, Infra, Waste, Packaging Technology Small Caps Energy Small Caps Banks Consumer Wealth Telco, Media Healthcare Healthcare Building Materials Small Caps Technology, Media, Telco Consumer Energy Gaming Healthcare Media, Telco	s47F
SALES AND TRADING (AUSTRALIA)			
s47F	Managing Director Managing Director Managing Director / Senior Advisor Managing Director Executive Director Executive Director Executive Director Executive Director Executive Director Director Director Associate Director Associate Director Associate Director Associate	Head of Institutional Equities Head of Sales Trading Institutional Equities Sales Institutional Equities Sales Institutional Equities Sales Institutional Equities Sales Institutional Equities Sales Sales Trader Head of Corporate Access Head of International Sales Trading Fixed Income Institutional DTR Institutional Operator Institutional Middle Office Corporate Access Specialist Team Assistant - Equities	s47F
INSTITUTIONAL SALES (HONG KONG)			
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FIXED INCOME			
s47F	Executive Director Associate Director Associate	Head of Fixed Income Bond Desk Associate Fixed Income	s47F
CORPORATE ACCESS			
s47F	Executive Director Associate Associate	Head of Corporate Access Corporate Access Specialist Corporate Access Specialist Team Assistant - Equities	s47F
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Security	Nature of relationship
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AYU	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
BST	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Ltd, has provided advisory services to the company in the last 12 months, for which it received a fee.
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CGUN	The Investment Manager (IM) of Claremont Global Fund (Fund), and Evans and Partners Pty Ltd (EAP) are wholly owned subsidiaries of E&P Financial Group Limited (E&P) and related bodies corporate. The IM will receive fees for services provided to the Fund. The Portfolio Managers of the Fund are employees of E&P and/or its related bodies corporate. Each individual receives remuneration from E&P and/or its related entities.
EXP	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Ltd, is currently providing advisory services to the company, for which it may receive a fee.
EYE	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
GBP	An employee of Evans and Partners Pty Ltd is a non-executive director of Global Petroleum Limited.
GCI	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
HUB	The Issuer has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Accordingly, Evans and Partners Pty Ltd may be restricted from giving sellers advice in respect to a sale of this security.
IMM	Evans and Partners Pty Ltd is a related entity of E&P Financial Group Limited (E&P). An independent member of the E&P Investment Committee is a Non-Executive Director of Immutep Limited.
JDO	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
LE.US	A director of E&P Financial Group Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Lands' End Inc.
MAQ	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Ltd, has been appointed Co-Lead Manager to an offering of securities of the company or its affiliates, for which it will receive a fee.
MOT	E&P Corporate Advisory Pty Limited, a related entity of Evans and Partners Pty Ltd, has been appointed Joint Lead Manager to an offering of securities of the company or its affiliates, for which it will receive a fee.
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From: s47F <s47F@thelotterycorporation.com>
Sent: Friday, 5 July 2024 6:28 PM
To: s22(1)(a)(ii)
Cc: s47F
Subject: RE: Leave (8/7-23/7) and The Lottery Corporation contact during my absence [SEC=OFFICIAL]

Thanks s22(1)(a)(ii)

I will – much warmer parts of the world await.

Chat when I return.

s47F



s47F
 Head of Government Relations

Mobile s47F
 Email s47F@thelotterycorporation.com

Level 29, 680 George Street, Sydney NSW 2000
[Website](#) • [LinkedIn](#) • [Twitter](#)

From: s22(1)(a)(ii)
Sent: Friday, July 5, 2024 6:27 PM
To: s47F
Cc: s47F
Subject: Re: Leave (8/7-23/7) and The Lottery Corporation contact during my absence [SEC=OFFICIAL]

OFFICIAL

Hi s47F

Thanks for letting me know and for providing s47F details.

Have a great trip!

Cheers
 s22(1)(a)

OFFICIAL

From: s47F "s47F" <s47F@thelotterycorporation.com>
Date: Friday, 5 July 2024 at 6:18:59 pm

To: "s22(1)(a)(ii) <s22(1)(a)(ii)@mo.communications.gov.au>
Cc: "s47F" <s47F@thelotterycorporation.com>
Subject: Leave (8/7-23/7) and The Lottery Corporation contact during my absence

Hi s22(1)(a)(ii)

I hope that you are well.

I am writing to let you know that I am off overseas from Monday 8 July and I will be back on deck on Wednesday 24 July.

While I am away, please feel free to contact s47F, General Manager Corporate Affairs, on s47F or via email at s47F@thelotterycorporation.com if you need anything.

Kind regards,

s47F



s47F

Head of Government Relations

Mobile s47F

Email s47F@thelotterycorporation.com

Level 29, 680 George Street, Sydney NSW 2000

[Website](#) • [LinkedIn](#) • [Twitter](#)

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From: Lopez, Margaret
Sent: Monday, 15 July 2024 4:53 PM
To: s22(1)(a)(ii)
Cc: Rafizadeh, Shervin; Gannon, Bridget; s22(1)(a)(ii) s22(1)(a)(ii)
Subject: FW: Online keno review - all stakeholders contacted [SEC=OFFICIAL]
Attachments: Online Keno and Foreign Matched Lotteries Review – Stakeholder Consultation Tracker.docx

OFFICIAL

Hi s22(1)(a)

Please note all stakeholders in our consultation list (see attached) have been sent the consultation paper for the online keno review.

Many thanks,

Margaret Lopez

Assistant Secretary • Media Industry and Sustainability • Online Safety, Media and Platforms

Margaret.Lopez@communications.gov.au

P +61 2 6136 s22(1)(a) • M +61 s22(1)(a)(ii)

GPO Box 594 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 respects to Elders past and present and to all Aboriginal and Torres Strait Islanders.*

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Online Keno and Foreign Matched Lotteries Review – Stakeholder Consultation Tracker

Stakeholder	Paper sent? Y/N	Acknowledged receipt? Y/N	Date submission received	Comments
The Lottery Corporation	Y	Y		
The Lottery Office (owned by Global Players Network Pty Ltd)	Y	Y		
Lotterywest (WA Government lottery operator)	Y			
Lottoland Australia	Y	Y		
TheLotter Australia (owned by Gaineroo Pty Ltd)	Y			
LottoHQ (owned by Multi-Media Lotteries Pty Ltd)	Y			
LottoGo (owned by Annexio Australia)	Y			
Responsible Wagering Australia (members: Sportsbet, Points Bet, Ladbrokes/Neds/Entain; Bet365; Betfair Exchange and UniBet)	Y	Y		
Tabcorp	Y	Y		
Australian Hotels Association (CEO Stephen Ferguson)	Y			
Clubs NSW	Y	Y		
Australian Lottery and Newsagents Association	Y	Y		
The National Lotteries and Newsagents Association	Y			
Alliance for Gambling Reform	Y			
Voices for Gambling Reform				
Financial Counselling Australia	Y			
Wesley Mission	Y			
Aboriginal Drug and Alcohol Council South Australia	Y			
Victorian Arabic Social Services	Y			
Uniting Church Australia Synod of Victoria and Tasmania	Y			
Relationships Australia	Y			
Australian Council of Social Services	Y			
Fundraising Institute Australia	Y			
Australian Institute of Family Studies – Australian Gambling Research Centre	Y			

OFFICIAL

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Stakeholder	Paper sent? Y/N	Acknowledged receipt? Y/N	Date submission received	Comments
Central Queensland University – Experimental Gambling Laboratory	Y			
University of Sydney – Gambling Treatment and Research Clinic	Y			
Gambling and Social Determinants Unit, School of Public Health and Preventative Medicine, Monash University	Y			
Queensland Office of Liquor and Gaming Regulation	Y	Y		
New South Wales Liquor & Gaming NSW	Y	Y		
Victoria Justice and Community Safety - Gaming and Liquor Regulation Group	Y			
Northern Territory	Y			
Australian Capital Territory	Y			
Western Australia	Y			
South Australia	Y			
Tasmania	Y			
ACMA	Y			
DSS	Y			
PM&C	Y			
Treasury	Y	Y		
AFP	Y			
AGD / AUSTRAC	Y			
Sports Integrity	Y	Y		

OFFICIAL

From: s22(1)(a)(ii)
Sent: Wednesday, 17 July 2024 3:36 PM
To: s22(1)(a)(ii); s22(1)(a)(ii); s22(1)(a)(ii)
Cc: Lopez, Margaret
Subject: RE: Review into the impact of online keno and foreign-matched lotteries [SEC=OFFICIAL]

OFFICIAL

Thanks s22(1)(a) We'll update our stakeholder database for FCA and forward the consultation pack.

Cheers
s22(1)(a)(ii)

OFFICIAL

From: s22(1)(a)(ii)
Sent: Wednesday, 17 July 2024 3:32 PM
To: s22(1)(a)(ii); s22(1)(a)(ii); s22(1)(a)(ii)
Cc: Lopez, Margaret
Subject: RE: Review into the impact of online keno and foreign-matched lotteries [SEC=OFFICIAL]

OFFICIAL

Hi s22(1)(a)(ii)

That's great, thanks.

In terms of FCA, s47F is on extended leave and the previous CEO has left the organisation.

Please send the pack to:

- s47F
- s47F

I spoke with s47F today and he will look out for it coming through.

Cheers
s22(1)(a)

OFFICIAL

From: s22(1)(a)(ii) <s22(1)(a)(ii)@INFRASTRUCTURE.gov.au>
Sent: Wednesday, 17 July 2024 3:24 PM
To: s22(1)(a)(ii) <s22(1)(a)(ii)@mo.communications.gov.au>; s22(1)(a)(ii) <s22(1)(a)(ii)@INFRASTRUCTURE.gov.au>; s22(1)(a)(ii) <s22(1)(a)(ii)@INFRASTRUCTURE.gov.au>
Cc: Lopez, Margaret <Margaret.Lopez@communications.gov.au>
Subject: RE: Review into the impact of online keno and foreign-matched lotteries [SEC=OFFICIAL]

OFFICIAL

Hi s22(1)(a)

Thanks for sending through contact details for the Newsagents Association of NSW & ACT Limited. We will forward the Issues Paper to s47F.

We sent the consultation pack to s47F s47F:

Thanks s22(1)(a)(ii)

s22(1)(a)(ii) Assistant Director - Broadcasting and Gambling Regulation Section Media Industry and Sustainability Branch Online Safety, Media and Platforms Division s22(1)(a)(ii) infrastructure.gov.au P +61 2 6136 s22(1)(a) GPO Box 594 Canberra, ACT 2601 s22(1)(a)(ii)

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From: s22(1)(a)(ii) <s22(1)(a)(ii)@mo.communications.gov.au> Sent: Wednesday, 17 July 2024 3:18 PM To: s22(1)(a)(ii) <s22(1)(a)(ii)@INFRASTRUCTURE.gov.au>; s22(1)(a)(ii) <s22(1)(a)(ii)@INFRASTRUCTURE.gov.au>; s22(1)(a)(ii) <s22(1)(a)(ii)@INFRASTRUCTURE.gov.au> Cc: Lopez, Margaret <Margaret.Lopez@communications.gov.au> Subject: RE: Review into the impact of online keno and foreign-matched lotteries [SEC=OFFICIAL]

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Also, can I just check which email address was used for Financial Counselling Australia?

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From: s22(1)(a)(ii) Sent: Wednesday, 17 July 2024 3:01 PM To: s22(1)(a)(ii) <s22(1)(a)(ii)@INFRASTRUCTURE.gov.au>; s22(1)(a)(ii)

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<s22(1)(a)(ii) [REDACTED] INFRASTRUCTURE.gov.au>; s22(1)(a)(ii) [REDACTED] <s22(1)(a)(ii) [REDACTED] INFRASTRUCTURE.gov.au>

Cc: Lopez, Margaret <Margaret.Lopez@communications.gov.au>

Subject: FW: Review into the impact of online keno and foreign-matched lotteries [SEC=OFFICIAL]

OFFICIAL

Hi Team

Please see the below email.

I've just spoken with s47F [REDACTED]

His association (NANA) is no longer affiliated with the Australian Lottery and Newsagents Association (ALNA) and therefore the interests of members in NSW and the ACT would not be captured in any submission they make.

Accordingly, I have agreed for NANA to be provided with an opportunity to engage in the review process.

Could you please email the materials to Ian and copy me in?

Thanks

s22(1)(a)

s22(1)(a)(ii) | Adviser

Office of the Hon Michelle Rowland MP

Minister for Communications

Federal Member for Greenway

M: s22(1)(a)(ii) [REDACTED]

E: s22(1)(a)(ii) [REDACTED] mo.communications.gov.au

OFFICIAL

From: s47F [REDACTED] s47F [REDACTED] nana.com.au

Sent: Wednesday, 17 July 2024 2:34 PM

To: Minister.Rowland.MO <Minister.Rowland@MO.COMMUNICATIONS.gov.au>

Subject: RE: Review into the impact of online keno and foreign-matched lotteries [SEC=OFFICIAL]

Thanks for your response.

The Newsagents Association of NSW and ACT Ltd is the primary representative body for newsagents in NSW and the ACT.

Newsagents were highlighted as a group to be consulted on the issues paper.

We believe as the primary industry representative for newsagents in NSW and the ACT we should be given the opportunity to review the issues paper and participate in any consultation process.

If necessary, we can discuss this with the Minister's office. I may be contacted on the numbers shown below.

Alternately, please provide a contact name and number and I will contact that person.

s47F [REDACTED]

The Newsagents Association of NSW and ACT Ltd (NANA)



M: s47F

Postal Address:
PO Box 393
Bundanoon NSW 2578

www.nana.com.au



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From: Minister.Rowland.MO <Minister.Rowland@MO.COMMUNICATIONS.gov.au>

Sent: Wednesday, July 17, 2024 1:58 PM

To: s47F; s47F; nana.com.au

Subject: RE: Review into the impact of online keno and foreign-matched lotteries [SEC=OFFICIAL]

OFFICIAL

Good afternoon

The Government is conducting targeted consultation as part of the review into the regulation of online keno and foreign-matched lotteries, and will seek input from:

- harm minimisation advocates
- community and charity peak bodies
- academics
- States and Territories
- newsagents and;
- the wagering industry.

The Issues Paper released on 15 July has been directly provided to identified stakeholders who will assist the Government as part of this process.

Regards

Office of the Hon Michelle Rowland MP
Minister for Communications
Suite M1.41, Parliament House, Canberra ACT 2600

*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 respects to Elders past and present and to all Aboriginal and Torres Strait Islanders.*

OFFICIAL

From: s47F s47F @nana.com.au
Sent: Wednesday, 17 July 2024 11:00 AM
To: Minister.Rowland.MO <Minister.Rowland@MO.COMMUNICATIONS.gov.au>
Subject: Review into the impact of online keno and foreign-matched lotteries

Please provide a copy of the issues paper which has been issued.

s47F

The Newsagents Association of NSW and ACT Ltd (NANA)



M: s47F

Postal Address:
PO Box 393
Bundanoon NSW 2578

www.nana.com.au



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FOI

From: Gambling, Online
Sent: Wednesday, 17 July 2024 4:00 PM
To: s47F nana.com.au
Cc: Gambling, Online; s22(1)(a)(ii)
Subject: Consultation - Review into online keno and foreign matched lotteries [SEC=OFFICIAL:Sensitive]
Attachments: Issues Paper - Review into online keno and foreign matched lotteries (July 2024).docx

OFFICIAL:Sensitive

Hi s47F

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the department) seeks your feedback on a review into the regulation of online keno and foreign matched lotteries.

The department commenced targeted consultation with stakeholders today, following the Hon Michelle Rowland MP, Minister for Communication's announcement of the review in a [media release](#) this morning.

The attached Issues Paper provides background information and specific questions to help inform this review.

Submissions should be sent to the department's Online Gambling inbox: Online.gambling@communications.gov.au, or to the GPO Box address listed in the Issues Paper by **COB Monday 26 August 2024**.

Please note: The Issues Paper has been circulated on a strictly confidential and limited basis, and should be given appropriate protection. If you wish to disclose, or discuss the contents of the Paper to any third party, prior written permission from the department must be obtained.

If you have any queries, please contact s22(1)(a)(ii) 02 6136 s22(1)(a)(ii) or s22(1)(a)(ii) on 02 6136 s22(1)(a)(ii) or by replying to this email at Online.gambling@communications.gov.au

We have had previous issues with emails going to junk email or blocked. We ask that you please confirm receipt of this email so that we know you have received the Issues Paper.

The department looks forward to your engagement on this matter.

Regards,

Broadcasting and Gambling Regulation Section

Media Industry & Sustainability Branch
 Department of Infrastructure, Transport, Regional Development, Communications and the Arts
Online.Gambling@communications.gov.au
 GPO Box 594 Canberra, ACT 2601

Department of Infrastructure, Transport, Regional Development, Communications and the Arts
CONNECTING AUSTRALIANS • ENRICHING COMMUNITIES • EMPOWERING REGIONS

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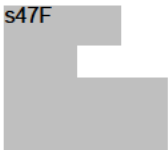
I would like to acknowledge the traditional custodians of this land on which we meet, work and live. I recognise and respect their continuing connection to the land, waters and communities. I pay my respects to Elders past and present and to all Aboriginal and Torres Strait Islanders.

Released under the FOI Act 1982 by the Minister for Communications

FOI

From: s47F s47F nana.com.au>
Sent: Wednesday, 17 July 2024 4:20 PM
To: Gambling, Online
Cc: Gambling, Online; s22(1)(a)(ii)
Subject: Re: Consultation - Review into online keno and foreign matched lotteries
 [SEC=OFFICIAL:Sensitive]
Attachments: image002.png

Received. Confidentiality noted.

s47F


From: Gambling, Online
Sent: Wednesday, July 17, 2024 3:59:48 PM
To: s47F nana.com.au
Cc: Gambling, Online ; s22(1)(a)(ii)
Subject: Consultation - Review into online keno and foreign matched lotteries [SEC=OFFICIAL:Sensitive]
OFFICIAL:Sensitive

Hi s47F

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the department) seeks your feedback on a review into the regulation of online keno and foreign matched lotteries. The department commenced targeted consultation with stakeholders today, following the Hon Michelle Rowland MP, Minister for Communication's announcement of the review in a [media release](#) this morning. The attached Issues Paper provides background information and specific questions to help inform this review. Submissions should be sent to the department's Online Gambling inbox: Online.gambling@communications.gov.au, or to the GPO Box address listed in the Issues Paper by **COB Monday 26 August 2024**.

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OFFICIAL:Sensitive

Released under the FOI Act 1982 by the Minister for Communications

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