



**Tab Limited's submission to the
Review of Harm Minimisation
Measures by IPART**

November 2003

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Executive Summary

The Issue

- At the request of the Minister for Gaming and Racing, the Hon Grant McBride MP, the Independent Pricing and Regulatory Tribunal (IPART) is conducting a review of gambling harm minimisation measures.
- Tab Limited (Tab) submits that the responsible gambling measures previously introduced by the New South Wales Government for wagering activities have been very effective in curbing problem gambling issues in this sector of gambling.

Current Situation

- There is a clear distinction between wagering and gaming. Wagering involves betting on live events, primarily racing and sports. A key element is the dissemination of information to a customer well before an event. The customer has the opportunity to study the information before making an investment. It is a skill-based decision rather than the chance factor based on a random generated result generally associated with gaming.
- Wagering turnover has grown only slowly over the last decade and has not experienced the substantial turnover increases of gaming. It is relevant that the Productivity Commission report of November 1999 identified that less than 12% of people involved in gambling participate in wagering activities. Customer growth in wagering remains marginal. As a consequence harm minimization strategies for wagering require a different emphasis than those applied to gaming.
- Tab has been at the forefront in adopting and implementing responsible gambling programs in addition to complying with government regulations. It has taken a proactive stance and is committed to further development of harm minimisation controls. Tab continues to explore and implement initiatives to address problem gambling issues and to present and market its products in line with community expectations.

Our Recommendations

- Tab welcomes this review and submits that wagering measures introduced by the Government to date are consistent with achieving their objectives.
- Tab considers that it already has appropriate programs and procedures in place above and beyond those required by Government to control advertising, effectively provide harm minimisation information to customers and self-exclusion programs where appropriate.

Further Assistance

- Tab is one of the largest wagering operators in the world and has over its almost 40 year history achieved a widely acknowledged reputation for operational integrity and strong links / contributions to the community, government and the racing industry within New South Wales.
- The company has been energetic in supporting harm minimisation measures to address problem gambling issues and as such would be both willing and qualified to provide further detailed information to IPART in respect of the matters raised in our submission.

We thank you for the opportunity to participate in this review.

Warren Wilson
Managing Director

About Tab Limited

Tab was established in 1964 as the Totalizator Agency Board, a NSW statutory authority constituted under the *Totalizator (Off-Course Betting) Act 1964 (NSW)*, to conduct off-course totalizator wagering in NSW.

Initially the Totalizator Agency Board conducted wagering only on thoroughbred, harness and greyhound racing. However, in 1983 the product range was expanded to include totalizator wagering on a limited number of sporting events, primarily rugby league matches.

In 1997, the NSW Government announced its intention to privatise the Totalizator Agency Board. As part of the privatisation process:

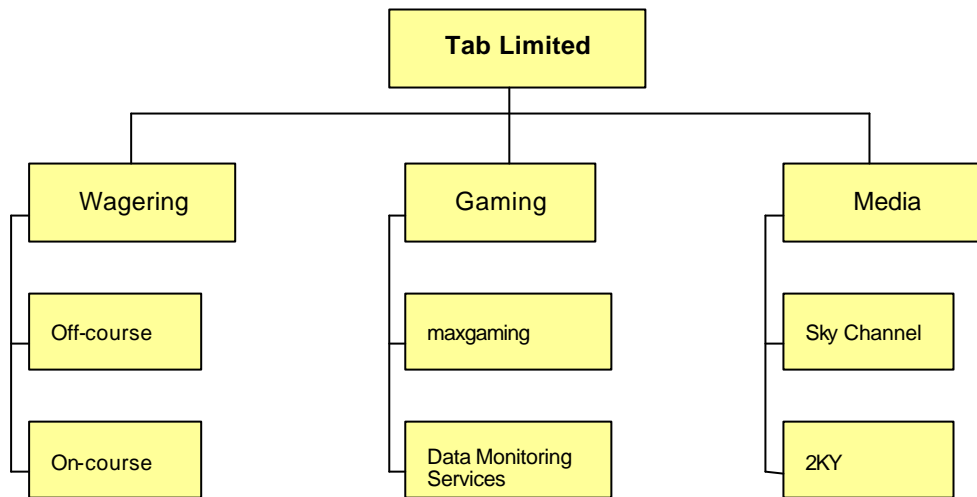
- The legislative regime applicable to wagering in NSW was fundamentally changed with the introduction of the *Totalizator Act 1997 (NSW)* and the repeal of the *Totalizator (Off-Course Betting) Act 1964 (NSW)*;
- Tab was required to enter into a commercial agreement with the NSW racing industry in order to fund that industry; and
- Tab was granted licences to monitor gaming machines in NSW hotels and registered clubs on behalf of the NSW Government through a “Centralised Monitoring System” (also known as the CMS), to operate a linked jackpot system for gaming machines in NSW hotels and in NSW registered clubs across multiple venues, and to own, supply and finance gaming machines in NSW hotels.

On 25 February 1998, the Totalizator Agency Board was corporatised and became Tab Limited, a company registered under the Corporations Law, in accordance with the *Totalizator Agency Board Privatisation Act 1997 (NSW)*.

Tab was privatised by way of a public float and listed on the Australian Stock Exchange in June 1998. It has approximately 240,000 shareholders.

Tab has approximately 2,000 full time and permanent part time employees.

Tab's business is organised as follows:



Wagering

Tab conducts:

- Totalizator wagering on Australian and international racing and on the National Rugby League competition;
- Fixed-odds wagering on a range of sporting events approved by the NSW Government including rugby league, cricket, soccer, rugby union, golf, tennis, boxing, Australian rules football, motor sports and basketball; and
- Fixed-odds wagering on certain major racing events.

Wagering Distribution Channels

Agencies: 324 dedicated retail outlets operated by commissioned Agents who employ their own staff. The Agent transacts business on behalf of the company for which the Agent receives a fixed fee and variable commission based on turnover.

PubTABs: The provision of facilities in approximately 1,000 hotels throughout NSW, which receive a commission based on turnover.

ClubTAB s: The provision of facilities in approximately 600 registered Clubs in New South Wales, which receive a commission based on turnover.

PhoneTAB : Telephone Wagering services (commenced in 1965) are currently provided to more than 200,000 registered account holders. Customers are able to place bets, using funds pre-deposited in their Accounts, via a telephone operator at our 650 seat call centre, 420 port automated key pad system, or 1,000 port automated Natural Language Speech Recognition system (Tabatha).

NetTAB: Tab was one of the first organisations in the world to offer totalizator wagering through the internet. The two wagering internet sites www.racetab.com.au and www.sportstab.com.au are available to the general public for information services and to account holders (only) for actual betting. Tab has approximately 75,000 registered customers.

Oncourse : Tab is the only provider of oncourse totalizator facilities in New South Wales and operates at over 175 racetracks across the State.

Gaming

Tab's gaming division consists of the maxgaming and the Data Monitoring Services (DMS) business units.

Maxgaming is responsible for three 15-year exclusive gaming licences:

- To provide Statewide Linked Jackpots to NSW registered clubs across multiple venues;
- To provide Statewide Linked Jackpots to NSW hotels across multiple venues; and
- Machine investments (supplying gaming machines to hotels in NSW).

Maxgaming provides inter-venue linked jackpots to NSW registered clubs and hotels under the brands Maximillions, The Stash, Dollar Dazzler, Bullionaire and Lasseter's Loot. These linked jackpot products compete with intra-venue links, which are offered to registered clubs and hotels by a range of suppliers.

Approximately 27,000 gaming machines in the State are connected to intra-venue linked jackpot products, which thus have a far greater penetration than Tab's inter-venue linked jackpot products (which are connected to approximately 2,300 gaming machines in total).

Tab has also been granted a 15 year exclusive licence by the NSW Government to operate a centralised monitoring system for all gaming machines in registered clubs and hotels throughout the state.

To fulfil these obligations, Tab established a business unit called Data Monitoring Services (DMS), which ensures the integrity and security of the metered data of gaming machines. DMS monitors over 100,000 gaming machines in more than 3,150 venues across the State. A monthly fee per machine is charged by DMS for these services.

The level of the fee was set by the NSW Minister for Gaming and Racing following consultation with the NSW Independent Pricing and Regulatory Tribunal.

Tab's DMS business unit also operates Quickchange Instant Authorisation, which is an online facility for granting gaming machine and device authorisations.

Media

Tab Limited's media division consists of a satellite television service, Sky Channel Pty Limited (**Sky Channel**), and a radio broadcaster, 2KY Broadcasters Pty Ltd (**2KY**).

Sky Channel telecasts race meetings and other sporting events throughout Australia and internationally by satellite television. Sky Channel covers over 120 race meetings per week from around Australia and broadcasts approximately 55,000 races each year.

Sky Channel divides its business into the following business units:

- Sky Channel (Commercial Operations);
- Sky International;
- Sky Racing (Domestic Pay TV);
- Sky Media Sales;
- Sky Racing Productions; and
- Sky Business TV.

Through Sky Channel (Commercial Operations), Sky Channel telecasts thoroughbred, harness and greyhound racing to commercial outlets such as hotels, registered clubs and TAB agencies, seven days a week. Sky Channel also telecasts other sporting entertainment, including major boxing events, to commercial outlets.

Sky Channel has arrangements to supply Australian racing telecasts to countries around the world via its Sky International business unit.

Sky Racing is Sky Channel's domestic pay television channel. Sky Racing is available on the pay TV carriers Foxtel, Optus, Austar, and Neighborhood Cable.

Sky Media Sales sells advertising across Sky Channel, Sky Racing and 2KY Racing Radio.

Sky Racing Productions operates a fleet of outside broadcast vans to produce on-course and Sky television coverage of race meetings from various race clubs in New South Wales. The operation currently covers 405 race meetings each year, and also provides facilities and crews for over 120 meetings annually .

Sky Business TV provides the use of Sky Channel's satellite technology and production facilities for a range of applications including broadcast presentations and video conferencing.

Sky Channel purchased 2KY Racing Radio in 2001. 2KY is a radio broadcaster of Australian racing events. It has a commercial radio broadcasting licence in Sydney and an extensive narrowcast network throughout NSW. In an average week 2KY broadcasts over 120 race meetings incorporating the three codes of racing (thoroughbred, harness and greyhounds).

Tab Limited and the NSW Racing Industry

Tab remains one of the few gambling organisations in Australia whose mainstream business is Wagering.

The vast bulk of the company's revenues are derived directly from its wagering business operating on government-prescribed racing and sports events. The revenues of the Sky Channel subsidiary are also indirectly linked to the provision of wagering services.

Integral to our business is Tab's strong links to the NSW Racing Industry. For many years Tab has provided the bulk of the funding which enables the staging of racing meetings throughout NSW.

In the year ended 30 June 2003, that funding – some \$203 million - represented more than 80 per cent of the funding of the NSW racing industry. It is worth noting that the NSW Government does not provide any direct funding to the NSW Racing Industry. Tab funding to the racing industry indirectly employs more than 50,000 full and part-time workers.

The Harm Minimisation Landscape and Tab Limited

Tab has had a corporate responsible gambling program in place since 1997. In that year, as the then Totalizator Agency Board of New South Wales, the organisation commissioned the Australian Institute of Gambling Research to undertake research of problem gambling issues and develop a program for the company.

On 2 November 1999 the NSW Government introduced its Harm Minimisation legislation. Subsequent amendments to wagering and gaming legislation continued until April 2002.

As a result of these legislative changes, Tab's activities are strictly regulated under a number of NSW instruments including the Totalizator Amendment (Responsible Gambling) Regulation 2001 (subsequently incorporated into the Totalizator Act, 1997).

This regulation places restrictions on advertising, promotions and inducements as well as requiring the provision of specific customer related information for wagering products plus the inclusion of the G Line signage on all advertising and betting tickets.

(See Annexure A – a chronology of responsible gambling activity at Tab).

Tab was an early advocate of harm minimisation strategies. It worked directly with the industry and the Government to address the issues in advance of the introduction of mandatory requirements.

The commissioning in 1997 of the Australian Gambling Institute of Research to provide advice on the content and introduction of a harm minimisation program underlines the company's support for such initiatives.

One significant example of Tab's initiative in this area is that the wagering division began to publish the G Line message on betting tickets in November 2000 – some six months prior to the commencement date of the regulation.

Tab unilaterally introduced daily deposit limits for account sales customers using the telephone and on-line, and offered self-exclusion in this part of the wagering environment.

Due to Tab's presence in the marketplace, the Government has over a period of time, imposed more rigorous requirements such as the necessity to provide responsible gambling customer information (brochures, tent cards) in all outlets.

Responsible Gambling

Tab is committed to responsible gambling and is doing much to address problem gambling.

The cornerstone document of the program, Tab Limited's Community Commitment Code, was approved by the Tab Limited Board in May 2000.

The program was developed in consultation with leading academics (the Australian Centre for Gambling Research) and was approved by the NSW Minister for Gaming and Racing.

In addition to providing information and practical help to customers requiring advice and assistance, Tab participates in various external advisory boards and committees. These include the National Advisory Body on Gambling and the Australian Gaming Council.

Tab's Managing Director is a direct participant as a Board member on both of these bodies.

Tab also provides direct funding for the employment of a full time problem gambling counsellor at the highly credentialed NSW addiction rehabilitation centre, Odyssey House.

Specific measures are also made available to wagering account holders in terms of their ability to request self selected spending and access limits being placed on their accounts.

In this way a customer can request that (for example) a betting limit of \$50 per week is placed on their account, after which the Tab system will refuse to process further bets. Alternatively customers may exclude or limit their use of credit cards to make deposits into their betting account, or may request total exclusion from re-opening a betting account for a fixed period.

Such measures enhance the account customer's ability to closely monitor and control their Tab wagering activity.

Tab continues to work with the industry and the NSW Government to develop appropriate self-help measures in its retail environment, ideally including a workable self-exclusion scheme.

The difference Between Wagering and Gaming

To better understand harm minimisation issues, Tab submits that it is necessary to differentiate between gaming and wagering.

The NSW Government has historically treated gaming and wagering as two distinct forms of entertainment services. Policy formulation in these areas is separated and there has been no intermingling or assimilation of functions through legislation.

The IPART review – Report to Government: Inquiry into Gaming in NSW, November, 1998 - made distinctions between Wagering and Gaming.

Tab considers that the distinction does not go far enough in properly identifying the difference between the two.

Wagering involves betting on the outcome of live events, primarily racing (thoroughbreds, greyhounds and harness), and national and international sporting events.

Tab submits that wagering requires a level of skill and research, whereby placing a bet generally involves an informed and educated selection.

The basis of wagering is choice, not playing every game available.

Wagering represents under 12 per cent of the total gambling spend in Australia.

Wagering growth in Australian over the past five years has remained flat at 0.5 per cent. Indeed, total expenditure on racing betting has fallen as a percentage of Household Disposable Income in this period

Wagering is also subject to extensive regulation and heavy taxation by the State Government.

A snapshot of Tab's wagering activities and customer transactions is as follows:

- Some 5,500 race meetings per annum held in Australia and overseas are available for betting through Tab's totalizator and fixed odds services.
- SportsTAB fixed odds sports wagering commenced in July 1998 and is now approved to offer betting on 24 domestic and international sports.
- Totalizator sports wagering is also offered on the National Rugby League (NRL) competition via "FootyTAB" products.
- In total, more than 480 million individual transactions were made through Tab's wagering network during the last financial year equating to total sales of approximately \$4.6 billion.

- The average bet size equated to approximately \$10 per transaction.
- Tab's estimated 450,000 wagering customers each invest an average \$170 per week at an average loss/spend of \$29 per customer per week.

Gaming involves the playing of electronic gaming machines, casino operations, lotteries, Lotto and Keno.

Gaming dominates Australian gambling, both in terms of turnover and revenue. In 2001-2002, gaming comprised 88.6 per cent of total gambling turnover in Australia and 86.7 per cent of total gambling expenditure.

Gaming has grown 6 per cent a year over the past five years -12 times the wagering rate increase of 0.5 per cent in the same period.

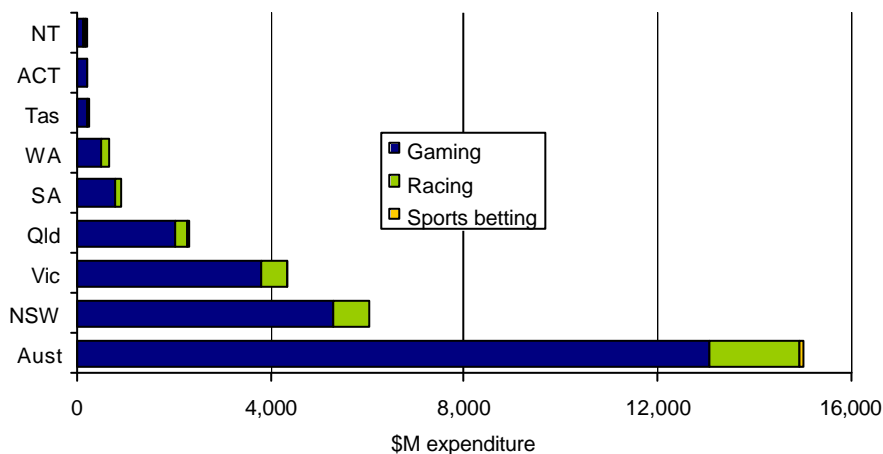
Gaming, by its very nature, lends itself to repetitive, impulsive decision-making, which could put problem gamblers at greater risk.

The Federal Government's Productivity Commission Report (1999) found that problem gambling affected upwards of 2 per cent of the Australian adult population.

The Report indicated the majority of problem gamblers were associated with gaming activities.

Figure 1 shows the current breakdown of expenditure by jurisdiction and by broad type of gambling and indicates a broadly similar pattern of gambling expenditure, with gaming dominant in each jurisdiction.

Figure 1: Gambling expenditure in Australia: 2001-02



Source: Tasmanian Gaming Commission, Australian Gambling Statistics 1975-76 to 2001-02.

The Reality and Effect of Advertising Restrictions

Wagering v. Gaming

The Government has introduced restrictions on Gaming promotional activities in terms of customer related outdoor, print and electronic advertising.

Controls on Wagering advertising, in our view, mean messages are more directly targeted at wagering customers rather than the community at large, and are socially responsible.

The G-Line message is on all printed materials published by Tab Wagering.

For example, the G-Line message appears in the TAB Form section of the Daily Telegraph seven days a week.

Additionally each betting ticket prints the G-Line message. There are approximately 400 million tickets printed each year. This is a continuous and high volume method of reinforcing harm minimisation messages.

Tab advertising largely concentrates on alerting the availability of a TAB service in a venue. It is more a branding exercise than direct inducement.

Gaming advertising is now restricted to within venues, trade related publications/journals and trade shows.

Such restrictions have not been enforced upon wagering. Tab is the only operator of a wagering licence in NSW and as detailed below, its advertising strategies are implemented with our corporate responsibilities to the fore and in the spirit of problem gambling controls.

How advertising is undertaken by Tab in the current environment

Tab has curbed its advertising campaign substantially since the adoption of harm minimisation strategies. It undertakes a "low profile" strategy when launching promotions and its advertising is pitched to customers in a responsible manner by using simple messages without innuendo and refrains from any overt "bait advertising".

All advertising is "bench tested" via an internal review panel before launching into the marketplace so that all compliance issues are addressed. As stated above, each piece of advertising and information service carries the G-Line message

Restrained use of assets - not to saturate the market with product information

Tab has the use of key broadcast assets, primarily Sky Channel and the 2KY radio network.

These assets are first and foremost racing information services. They are not positioned or utilised to promote wagering products.

Tab acknowledges the level of familiarity and heritage the company has in the marketplace. It is proud of the high degree of integrity built up around its operations since their inception almost 40 years ago.

The company is conscious at all times of community concerns about problem gambling and chooses not to participate in irresponsible advertising campaigns.

Branding/ integrity/probity base – indicator of high value / government approved organisation

Tab values its position in the marketplace as a responsible provider of Wagering services and a firm advocate of harm minimisation strategies.

The company remains one of the most government regulated organisations in Australia. Willingly, and as a Government-approved licence holder, Tab complies with all licence conditions and other legislative requirements.

The wagering brand has stood the test of time. It was introduced by the NSW Government in 1964 to guide the public on legal and regulated wagering.

In the subsequent 40 years the brand has been accepted by the general community as a symbol for fair trading, good corporate governance and corporate social responsibility.

The brand bespeaks integrity in wagering.

Community Affiliations

Tab wagering operations are actively involved with supporting charities and community bodies as well as racing and sporting organisations.

Organisations such as the Children's Cancer Institute Australia, the Australian Paralympic Committee, the NSW Community Disaster Relief Fund and the Returned and Services League are beneficiaries of Tab support throughout its retail network and direct corporate sponsorship programs.

Summary

Tab has demonstrated since 1997 that it is earnest in its approach to achieve optimum levels of protection for customers, and tackle head-on the incidence of problem gambling issues.

It has maintained a vibrant program that reflects the community's concerns that problem gambling can cause a multitude of social and personal issues.

Tab submits that there is already in place a substantial legislative framework in the Wagering environment, which is bolstered by Tab's own robust responsible gambling program to facilitate harm minimisation issues when identified by its various distribution channels.

Tab is committed to remaining in the forefront of industry efforts to curb problem gambling and surpass community standards on this important issue.

To this end, the company continues to investigate additional practical initiatives. Some of these are outlined in Annexure B.

ANNEXURE A

TIMELINE OF TAB LIMITED RESPONSIBLE GAMBLING INITIATIVES SINCE 1999		
INITIATIVE (Tab initiative in bold)	DATE OF INTRODUCTION	REASON FOR INTRODUCTION
Gambling Legislation Amendment (Responsible Gambling) Act 1999	10 December 1999	Government driven to lay the foundation for ongoing reform of harm minimisation issues.
Australian Gaming Council	June 2000	Tab a foundation member – represented by Managing Director
Publication of G Line information in “The Player” Magazine	September 2000	In anticipation of Government regulations.
Started publishing G-Line Information on bet tickets	November 2000	In advance of Government regulations
Compiled a Directory of Counselling Services	February 2001	As part of Responsible Gambling Program.
Totalizator Amendment (Responsible Gambling) Regulation 2000	2 February 2001	Required Tab Limited to place G-Line signs in all outlets, on advertising, provide brochure information, prevent inducements. Permanent signage also placed on totalisator facilities at all metropolitan and provincial racecourses and mobile totalisators even though not mandatory.
Responsible Wagering Launch	23 May 2001	Release of wagering information brochures by the Minister for Gaming and Racing.
Introduced Self-Exclusion techniques for Account Sales Customers	July 2001	Ability to set daily betting limits, credit card restrictions and account closures, which are actioned by Account sales customers.
Responsible Gambling site on the Internet	September 2001	Launching of site on the Tab Limited internet site
Release of Community Commitment Code	October 2001	Initiative of Tab Board, foundation stone of the responsible wagering framework.
Totalizator Amendment (Gambling Signage) Regulation 2001	May 2001	Requirement to place G-Line message on all betting tickets – Off Course and On Course; and to amend the G-Line wording.
Responsible Gambling Training Program	November 2001	Program developed to raise staff awareness by the delivery of internal and external training specific to the topic.

TIMELINE OF TAB LIMITED RESPONSIBLE GAMBLING INITIATIVES SINCE 1999

INITIATIVE (Tab initiative in bold)	DATE OF INTRODUCTION	REASON FOR INTRODUCTION
Responsible Gaming Training (External)	November 2001 – ongoing	Requirement for all Executives, Senior Managers and all staff within the Gaming Division to attend the full day Responsible Gaming Course.
National Advisory Body on Gambling	November 2001	Managing Director represents Tab Limited on this body
Odyssey House sponsorship	February 2002	Funding of a gambling counsellor for a three year period.

ANNEXURE B

INITIATIVES BEING INVESTIGATED BY TAB LIMITED TO EXPAND ITS RESPONSIBLE GAMBLING PROGRAM

INITIATIVE	Comment
G-Line sign or responsible gambling message on correspondence to customers (emails to account customers etc).	Re-enforcing commitment to responsible gambling.
Advertising to display – Tab supports problem gambling initiatives – develop a number of “pull through” message banners	Devise a campaign for various media channels to carry the message
Gratuities - not to accepted by staff (outlets and licensed premises)	Develop a policy/procedure so that all venues adhere to this initiative – include as a contractual requirement
Signage in outlets – don't leave children unattended	Sending a message that Tab cares for the welfare of the younger community
G-Line message on Tabtext / other channels e.g. 2KY, Sky Channel	Expand the exposure of government requirements – not just the basics as required under the legislation
G-Line message on Eureka terminal – especially in self-service mode	As above
Self help strategies for problem gamblers	Update current literature (e.g. Responsible Gambling brochures) to highlight responsible wagering involvement
Support strategies for family members – provide information through various channels – outlets, internet, selective advertising (local/regional newspapers)	Send distinct awareness messages to families, partners or close friends who are or could be potentially affected by problem gambling issues