

Ladbrokes.com.au

15 February 2016

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

By email: ec.sen@aph.gov.au

Dear Secretary

INTERACTIVE GAMBLING AMENDMENT (SPORTS BETTING REFORM) BILL 2015

We refer to the call for submissions in respect of the Interactive Gambling Amendment (Sports Betting Reform) Bill 2015 (**the Bill**). Thank you for the opportunity to participate.

Our submission is made up of the following sections:

1. About Ladbrokes;
2. Australian wagering and gambling landscape;
3. Online consumption of goods and services;
4. Problem gambling;
5. Ladbrokes approach to responsible gambling;
6. O'Farrell Review; and
7. Consideration of the measures proposed in the Bill.

1. ABOUT LADBROKES

Listed on the UK stock exchange, Ladbrokes PLC is a wagering and gaming business that has been in operation for over 120 years. Ladbrokes PLC operates about 2,700 retail outlets in the UK, Ireland, Belgium and Spain, and in addition to this, Ladbrokes has digital operations in numerous other jurisdictions including Australia.

A snapshot of the Australian business is as follows:

- Ladbrokes Australia (**Ladbrokes**) launched in September 2013 commensurate with the acquisition of the Brisbane based business bookmaker.com.au. Subsequent to that acquisition, assets of the Betstar business were purchased in April 2014.

- There are 200 staff in our Brisbane head office and we also have representatives in most states and territories.
- We are one of the largest corporate bookmakers in Australia, placed either third largest (based on a gross win metric) or fourth largest (based on a turnover metric).
- We are licensed and regulated by the Norfolk Island Gaming Authority.
- We accept wagers from our customers online (website and app) and via the phone.
- We also offer 'Cash In' points at 1,000 newsagents Australia wide.

2. AUSTRALIAN WAGERING AND GAMBLING LANDSCAPE

TABs

It is important to make a few comments about the Australian wagering and gambling landscape.

The TABs have been progressively privatized in all states and territories (other than WA at the current point in time), resulting in the following operators at the retail level:

Table 1

Operator	Owner	Jurisdictions	Types of venues
Tabcorp	ASX-listed	NSW, VIC, ACT	Retail shops, pubs, clubs
UBet (part of Tatts Group)	ASX-listed	QLD, SA, NT, Tas	Retail shops, pubs, clubs
Racing and Wagering WA (RWWA)	Government (but may be sold soon ¹)	WA	Retail shops, pubs, clubs

In the retail environment, each of the above operators:

- have 'retail exclusivity' in their respective jurisdictions, which essentially means they are the only operator that can accept a bet in a retail environment;
- offer self-service betting terminals in all of their venues, that is, retail shops, pubs and clubs;
- allow their customers to bet anonymously, that is, do not require their customers to have a betting account; and
- offer in-play betting on sport to their customers over-the counter and via self-service terminals and digital devices.

UBet permits its customers to place in-play bets on sports using a tablet computer within a retail shop, pub or club. These tablets allow customers to place in-play bets on that tablet computer

¹ Williams (12 February 2016) 'WA fires starting gun on \$1b TAB sell-off' The Age (Available at: <http://www.theage.com.au/business/wa-fires-starting-gun-on-1b-tab-selloff-20160212-qmsl2c.html>)

(anonymously) anywhere within (or nearby) that retail shop, pub or club. Tabcorp have indicated they will also introduce in-play betting on sports in digital devices in their retail shops, pubs and clubs, in addition to offering this bet type on self-service betting terminals in their retail shops, pubs and clubs.

Each of Tabcorp, UBet and RWWA also offer betting online (website and app) and via telephone.

Corporate Bookmakers

Corporate Bookmakers such as Ladbrokes, operate predominantly online. Corporate bookmakers must be licensed and regulated by an Australian state or territory, and are subject to the Australian Consumer Law and the *Interactive Gambling Act 2001* (Cth) (**IGA**), amongst other Commonwealth and State laws.

Corporate Bookmakers are prohibited from offering online in-play betting on sports under the IGA, although in-play betting on sports is permitted via the telephone. Over the course of the last 9 months, most of the corporate bookmakers have implemented a feature to facilitate the placement of an in-play bet on sports using synthesized voice and a telephone call from within their website and apps, in order to be compliant with the telephone betting exemption in the IGA.

Like the TABs, Corporate Bookmakers pay substantial product (or racefield fees) to each of the Australian sporting and racing bodies under a Product Fee and Integrity Agreement. These fees are used by the sporting and racing bodies to cover integrity costs of the events, and contribute to prize money and other operating costs.

Illegal Offshore Wagering Operators

Like Corporate Bookmakers, Illegal Offshore Wagering Operators operate online. But unlike Corporate Bookmakers, Illegal Offshore Operators are not licensed in an Australian state or territory and do not pay product and racefield fees to Australian sporting and racing bodies. Furthermore, Illegal Offshore Wagering Operators may not comply with other Australian laws in other ways, in particular, many Illegal Offshore Wagering Operators offer online in-play betting on sports in contravention of the IGA.

Statistics & Trends - Wagering

Based on an analysis of financial reports for the TABs and Corporate Bookmakers (and cross-referenced to the data available from H2 Gambling Capital data as at 4 January 2016), we extrapolate the below snapshot the Australian wagering industry for the 2014 calendar year:²

Table 2

	Online turnover \$b	Phone turnover \$b	Retail turnover \$b	On-course turnover \$b	Total turnover \$b	Online market share \$b	Total market share \$b
TABs	\$4.88 b	\$0.87 b	\$10.40 b	\$1.19 b	\$17.34 b	33.5%	60.7%
Corporate Bookmakers	\$9.71 b	\$1.48 b	\$0 b	\$0 b	\$11.23 b	66.5%	39.3%
TOTAL	\$14.59 b	\$2.35 b	\$10.40 b	\$1.19 b	\$28.57 b		
Channel split	51.1%	8.2%	36.4%	4.2%			

H2 Gambling Capital³ estimates that in 2014, the gross win for wagers placed with Illegal Offshore Wagering Operators was \$0.40 billion, increasing to \$0.48 billion in 2015 and \$0.51 billion in 2016. If we gross these figures up using an industry standard 10% gross win rate, the turnover figures as set out in Table 3.

Table 3

	Gross Win \$b	Estimated turnover @ 10% gross win \$b
2014	\$0.396 b	\$3.96 b
2015	\$0.482 b	\$4.82 b
2016	\$0.507 b	\$5.07 b

By revising Table 2 to incorporate the Illegal Offshore Wagering Operators, we extrapolate that the total Australian wagering market looks something like Table 4.

² H2 Gambling Capital (2015) 'H2 Australia 4-1-16' (Available at: <http://h2gc.com/>).

³ H2 Gambling Capital (2015) 'H2 Australia 4-1-16' (Available at: <http://h2gc.com/>).

Table 4

	Online turnover \$b	Phone turnover \$b	Retail turnover \$b	On-course turnover \$b	Total turnover \$b	Online market share \$b	Total market share \$b
TABs	\$4.88 b	\$0.87 b	\$10.40 b	\$1.19 b	\$17.34b	26.3%	53.3%
Corporate Bookmakers	\$9.71 b	\$1.48 b	\$0	\$0	\$11.23 b	52.4%	34.5%
Illegal Offshore Operators	\$3.95 b	\$0 b	\$0	\$0	\$3.95 b	21.3%	12.1%
TOTAL	\$18.54 b	\$2.35 b	\$10.40 b	\$1.19 b	\$32.52 b		
Channel split	57.0%	7.2%	32.0%	3.7%			

Conclusions that we can draw from the above information include:

- The TABs remain the largest operators, due to their retail exclusivity. Therefore, the TABs have a vested interest in opposing the legalisation of on-line in-play.⁴
- Without monopoly protection in the online space, the TABs are less competitive than the Corporate Bookmakers who have greater online market share than the TABs.
- The Illegal Offshore Wagering Operators have a substantial share of the Australian wagering market. Australian punters are willing to bet with Illegal Offshore Wagering Operators to access wagering products that appeal to them.
- Overall, consumers prefer wagering online with a 57% share of the market.

Statistics and Trends – Interactive Gambling

Interactive gambling includes:

- online wagering (which is legal when the operator holds a licence in an Australian state or territory);
- online purchase of lottery tickets (legal when the operator holds a lotteries licence in each state/territory);
- online casino games such as roulette (prohibited by the IGA);
- online pokie machines (prohibited by the IGA);
- online poker and blackjack (prohibited by the IGA); and
- online in-play betting on sports (prohibited by the IGA).

Interactive gambling operators are comprised of:

- (Legal) Onshore Operators – who are appropriately licensed and offer online wagering or online purchase of lottery tickets; and

⁴ Wallace (8 February 2016) 'Gambling Giants step up lobbying to bring down in-play betting' The Australian (Available at: - <http://www.theaustralian.com.au/news/nation/gambling-giants-step-up-lobbying-to-bring-down-inplay-betting/news-story/4e0569960fd702adb432eb2118f8ebcb>).

- (Illegal) Offshore Operators – who are not licensed and offer any or all of the above products.

Australian's interactive gambling losses are set out in Table 5.⁵

Table 5

A\$m	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015e	2016e	2017e
Racing	251.9	282.8	303.6	374.5	465.4	541.0	617.0	691.5	728.0	748.1	761.1	770.5
Sport	114.9	71.5	67.7	100.3	157.4	186.7	214.4	253.7	397.4	482.5	522.8	539.5
<i>Total Onshore Interactive Betting</i>	<i>366.8</i>	<i>354.3</i>	<i>371.2</i>	<i>474.9</i>	<i>622.8</i>	<i>727.7</i>	<i>831.4</i>	<i>945.2</i>	<i>1,125.4</i>	<i>1,230.6</i>	<i>1,283.9</i>	<i>1,309.9</i>
Gaming	14.8	6.8	3.8	0.8								
Lottery	62.6	76.1	102.1	118.4	127.0	131.9	159.8	190.4	173.9	184.0	195.7	207.8
Total Onshore Operator	444.1	437.2	477.1	594.0	749.7	859.6	991.2	1,135.6	1,299.3	1,414.6	1,479.6	1,517.8
Betting	125.0	150.2	162.7	184.1	218.5	259.2	297.2	340.1	395.9	482.0	507.4	588.5
Casino	303.3	329.5	360.4	368.7	393.5	410.5	438.0	468.3	541.9	634.2	737.7	811.2
Poker	116.1	152.1	193.4	201.3	232.2	253.8	259.4	264.5	238.7	210.3	201.6	196.2
Other Gaming (Inc Bingo)	21.6	27.9	35.7	37.5	45.9	63.1	80.3	95.8	151.0	134.6	163.6	181.1
Total Offshore Interactive (I)	566.0	659.8	752.2	791.6	890.1	986.6	1,074.9	1,168.7	1,327.5	1,461.1	1,610.2	1,777.0
Total Australia Player Intera	1,010.1	1,097.0	1,229.3	1,385.6	1,639.8	1,846.2	2,066.1	2,304.3	2,626.8	2,875.6	3,089.9	3,294.8
<i>% Onshore</i>	<i>44.0%</i>	<i>39.3%</i>	<i>38.8%</i>	<i>42.9%</i>	<i>45.7%</i>	<i>46.6%</i>	<i>48.0%</i>	<i>49.3%</i>	<i>49.5%</i>	<i>49.2%</i>	<i>47.3%</i>	<i>46.1%</i>
Betting			15.8	22.7	45.6	108.0	213.6	339.2	605.4	748.9	853.8	979.6
Gaming			5.7	8.1	13.2	34.9	60.7	104.8	178.9	218.7	280.8	339.8
Lottery												
Total Mobile Gross Win (Included in Interactive)			21.4	30.8	58.8	143.0	274.2	444.0	764.4	967.6	1,134.6	1,319.4
<i>% of Interactive Mobile</i>			<i>1.7%</i>	<i>2.2%</i>	<i>3.6%</i>	<i>7.7%</i>	<i>13.3%</i>	<i>19.3%</i>	<i>29.3%</i>	<i>33.6%</i>	<i>36.7%</i>	<i>40.0%</i>

The Department of Social Services states that:

It is estimated that offshore wagering is a \$1 billion annual illegal business in Australia. A presentation in April 2015 to the United Nations Congress on Crime Prevention and Criminal Justice, estimated the global sports betting market to be worth up to \$3 trillion and that the illegal amount is estimated at around 90 per cent of that sum.⁶

However, the \$1 billion outlined by the Department of Social Services may reflect only the player loss (rather than the actual turnover) and it may still underestimate the amount that Australian residents wager with Illegal Offshore Operators – because there is no accurate way of measuring this.

⁵ H2 Gambling Capital (2015) 'H2 Australia 4-1-16' (Available at: <http://h2gc.com/>).

⁶ Department of Social Services, Review – Impact of Illegal Offshore Wagering – Terms of Reference (Available at: https://www.dss.gov.au/sites/default/files/documents/09_2015/terms_of_reference_-_illegal_offshore_wagering_review_0.pdf).

Conclusions that we can draw from the above information include:

- Over the 10 years from 2006 – 2016, Australians have more than tripled their interactive gambling spend:
 - Interactive gambling with (legal) onshore operators increased by 235%; and
 - Interactive gambling with (illegal) offshore operators increased by 185%.
- Australians are gambling more with (illegal) Offshore Interactive Gambling Operators than they are with (legal) Onshore Interactive Gambling Operators.
- Australians are willing to gamble with (illegal) Offshore Interactive Gambling Operators to access products that appeal to them, including online in-play wagering on sports.
- With interactive gambling, there is a definite shift toward mobile devices at the expense of desktop devices. (Although not apparent from the above statistics, wagering via mobile device now accounts for over 70% of Ladbrokes' wagering turnover.)

Statistics and Trends – Total Gambling

Table 6 below sets out a summary of total consumer spend on all forms of gambling over the period 2006 – 2017.⁷

Table 6

A\$m	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015e	2016e	2017e
Total Betting	17,971.0	19,755.4	20,220.6	21,708.4	22,690.2	28,580.1	23,814.7	24,554.7	30,871.8	32,183.3	33,086.3	33,721.5
Total Gaming	130,660.5	135,752.6	134,778.6	141,353.2	140,941.3	148,871.1	154,451.4	154,694.5	157,544.8	159,015.1	161,500.8	164,319.9
Total Lotteries	3,908.7	4,058.7	4,403.0	4,753.6	4,741.3	4,330.0	4,802.9	5,231.3	4,826.5	4,789.1	4,796.1	4,812.2
Total Gambling	152,540.2	159,566.8	159,402.1	167,815.2	168,372.7	181,781.2	183,069.0	184,480.5	193,243.1	195,987.4	199,383.3	202,853.6

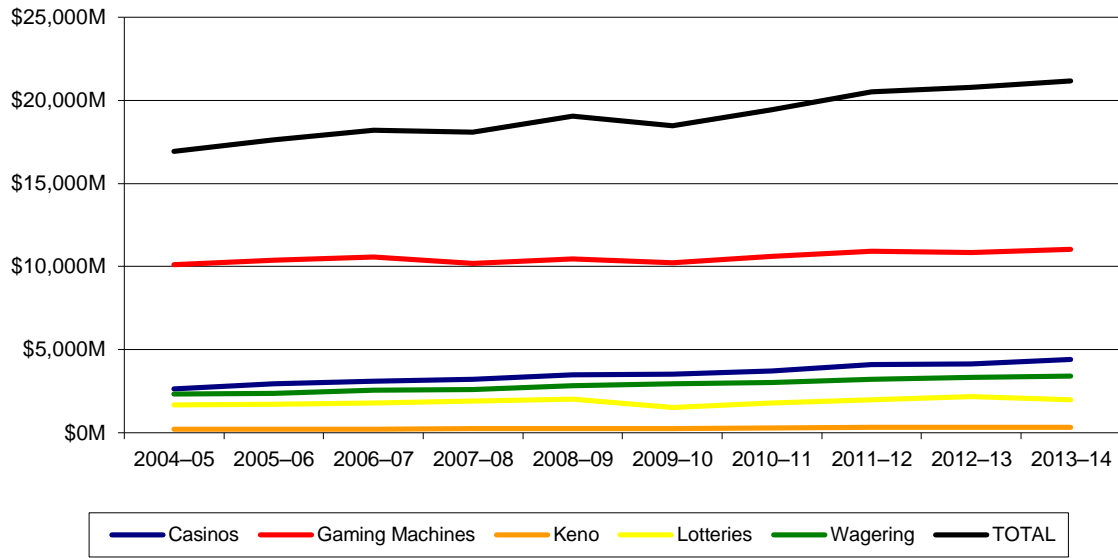
The graphs below⁸ set out:

- Graph 1: Consumer spend on gambling – total and by type
- Graph 2: Consumer spend on gambling – total and by type (real dollars)
- Graph 3: Consumer spend on gambling – total and by type (per capita)
- Graph 4: Consumer spend on gambling – total and by type (per capita and in real dollars)
- Graph 5: Consumer spend on gambling – total and by type (as a % of household disposable income)

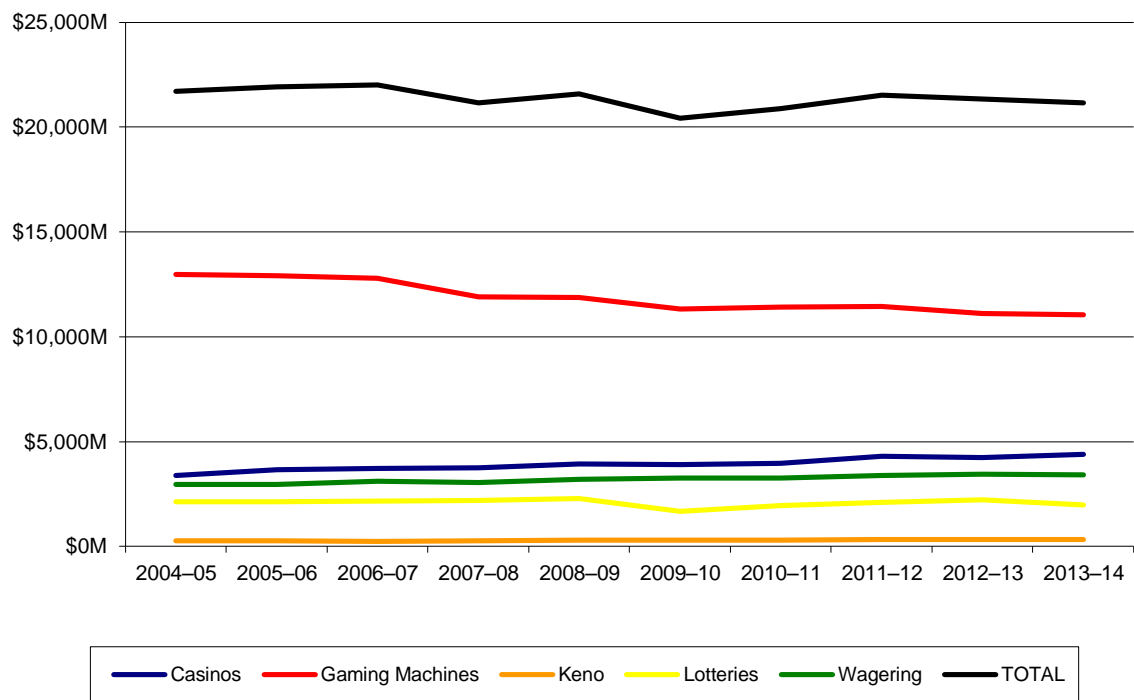
⁷ H2 Gambling Capital (2015) 'H2 Australia 4-1-16' (Available at: <http://h2gc.com/>).

⁸ Australasian Gaming Council 2014-2015 (Available at: <https://www.austgamingcouncil.org.au/>).

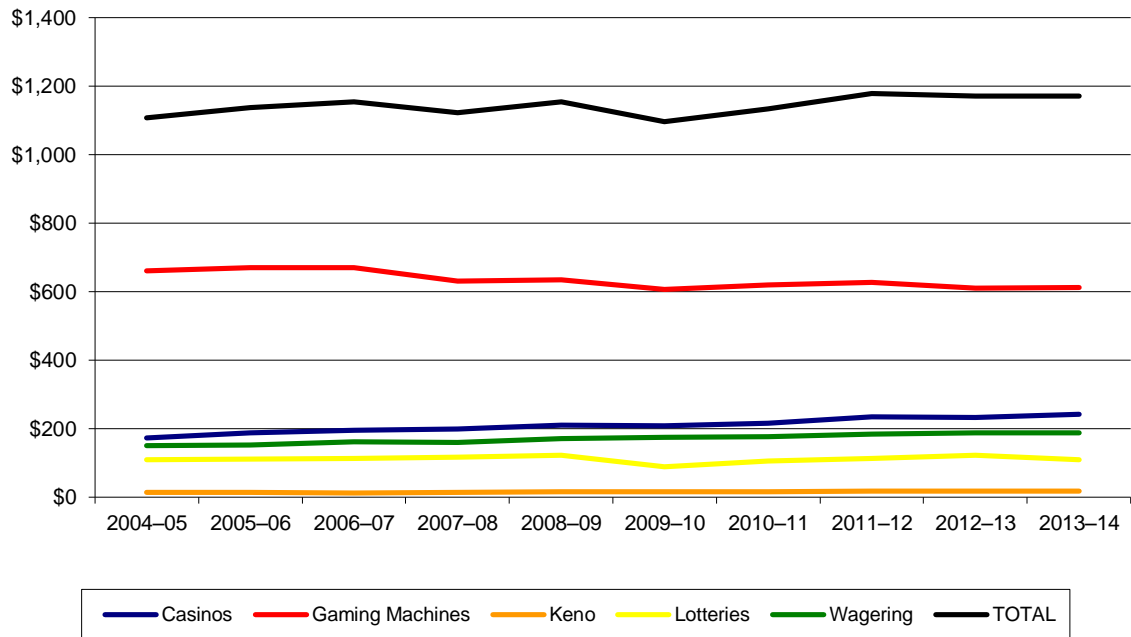
Graph 1: Consumer spend on gambling – total and by type



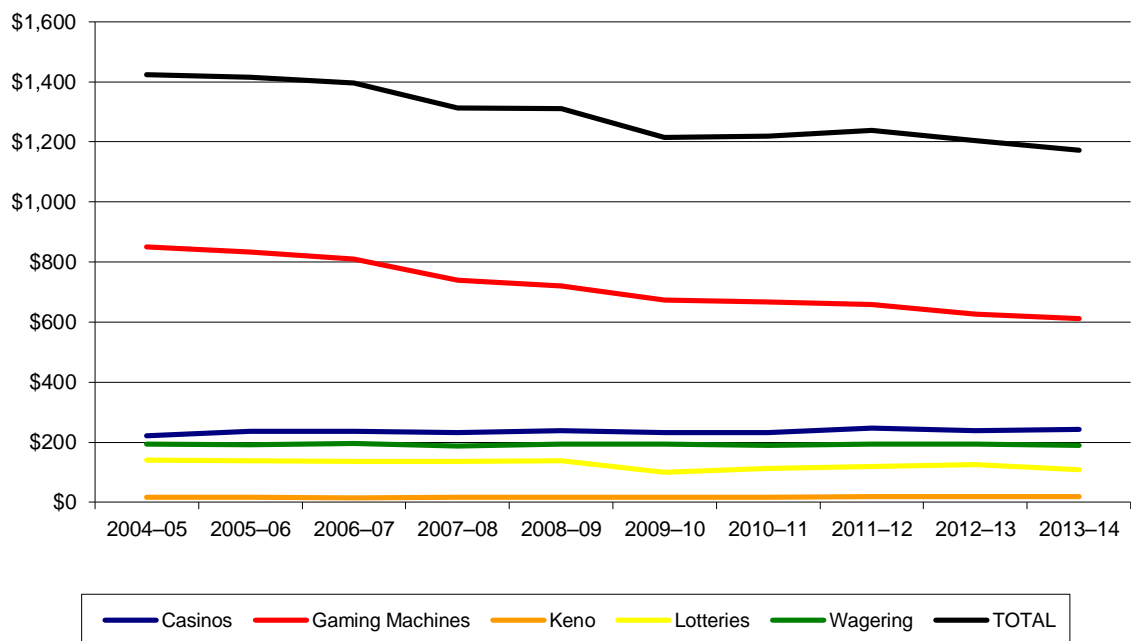
Graph 2: Consumer spend on gambling – total and by type (real dollars)



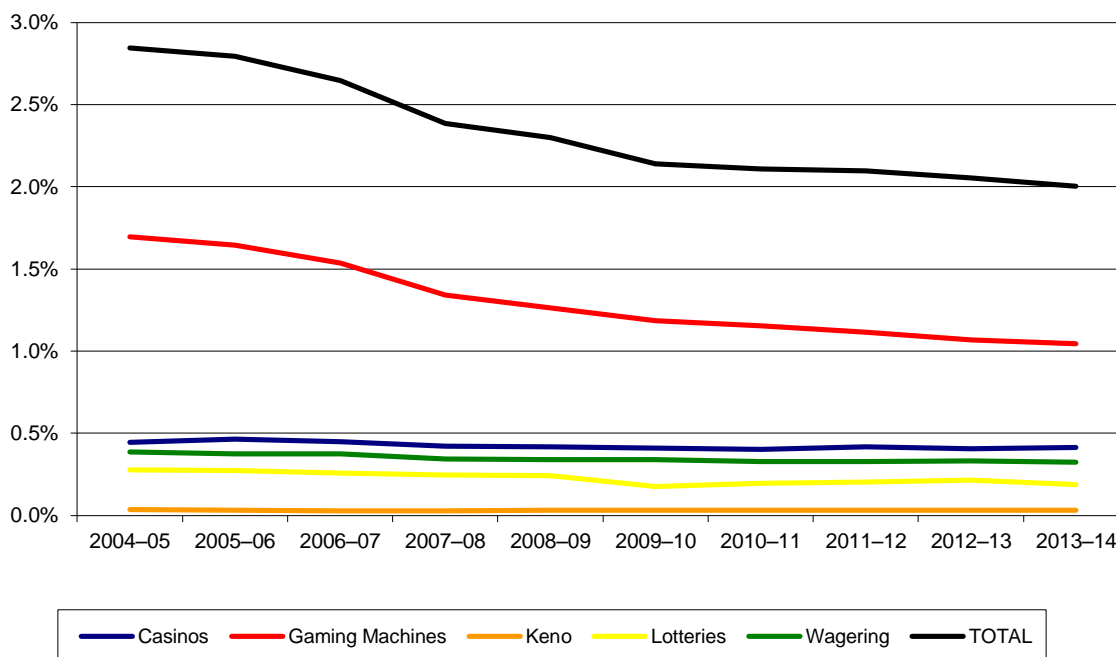
Graph 3: Consumer spend on gambling – total and by type (per capita)



Graph 4: Consumer spend on gambling – total and by type (per capita and in real dollars)



Graph 5: Consumer spend on gambling – total and by type (as a % of household disposable income)



Conclusions that we can draw from the above information include:

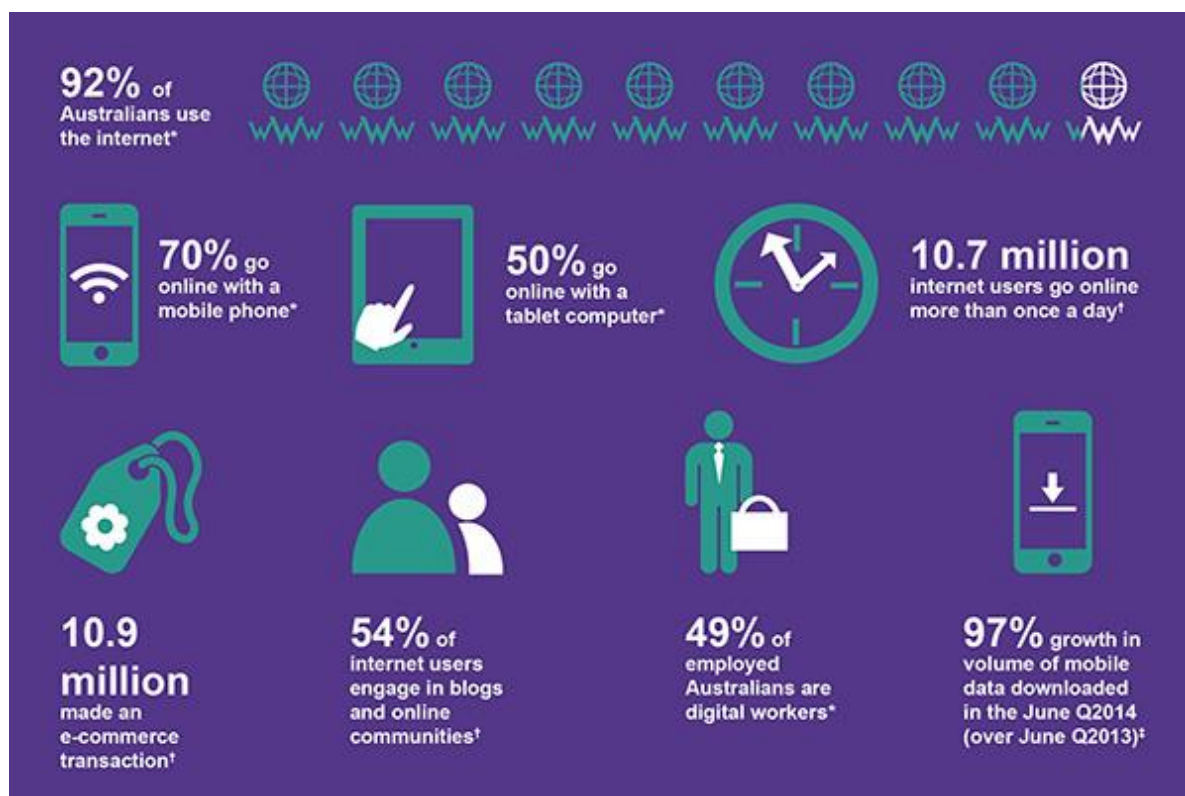
- Total gambling spend over the last 10 years has remained static (in real dollars).
- Total gambling spend per capita over the last 10 years has fallen (in real dollars).
- Total gambling spend per capita as a proportion of disposable income has fallen over the last 10 years.
- Of total gambling spend, gaming machines account for over 50%. Therefore, the gaming machine owners and operators have a vested interest in opposing the legalisation of on-line in-play betting on sports.⁹
- Of total gambling spend in 2014:
 - Total wagering accounts for 16.0% of total gambling (with an upward trend).
 - Total interactive wagering (legal and illegal) accounts for 9.6% of total gambling (with an upward trend).
 - (Legal) onshore interactive wagering accounts for 7.5% of total gambling (with an upward trend off a low base).
- Consumers are not gambling more, but they are shifting to online gambling as their preferred manner of gambling.
- Consumers are willing to gamble with offshore operators if they can access products that appeal to them.

⁹ Wallace (8 February 2016) 'Gambling Giants step up lobbying to bring down in-play betting' The Australian (Available at: <http://www.theaustralian.com.au/news/nation/gambling-giants-step-up-lobbying-to-bring-down-inplay-betting/news-story/4e0569960fd702adb432eb2118f8ebcb>).

3. ONLINE CONSUMPTION OF GOODS AND SERVICES

The trends revealed from the analysis of wagering and gambling are typical of broader consumer preferences. The Australian Communications and Media Authority published the infographic at Diagram 1, which provides a snapshot of digital life in Australia in 2014.¹⁰

Diagram 1



An analysis of online shopping trends also reveals substantial year on year growth, and growth that substantially outstrips growth in bricks and mortar retailing. This analysis is set out in Table 7.

¹⁰ Australian Communications and Media Authority (2015) 'Australians Embrace a Digital Life' (Available at: <http://www.acma.gov.au/theACMA/engage-blogs/engage-blogs/researchacma/Australians-embrace-a-digital-life>).

Table 7

	Online sales \$b	YOY Growth	% of retail spend	Retail sales¹¹ \$b	YOY Growth
2011	\$10.5 b ¹²	29.0%	4.9%	\$248.9 billion	2.5% ¹³
2012	\$12.8 billion ¹⁴	21.9%	5.8%	\$257.5 b	3.5%
2013	\$14.7 billion ¹⁵	14.8%	6.5%	\$265.9b	3.3%
2014	\$16.4 billion ¹⁶	11.6%	6.8%	\$280.2	5.4%
2015	\$19.1 billion ¹⁷	16.5%	6.6%	\$292.8	4.5%

However, it is too simplistic to separate any activity into online and not-online, when in fact there is a complex interaction between the two, and in many respects, there is simply one multi-channel marketplace encompassing both online and bricks and mortar retailers. Having gathered information about products and services that interest them either online or in a bricks and mortar retail outlet, consumers transact (and expect to be able to transact in our modern digital economy) wherever, however and whenever it is most convenient for them to transact at the time that they wish to transact, which is increasingly online.

In their 2015 report title Digital Influence in Australian Retail, Deloitte represent the complex interaction between digital influencers in the infographic set out in Diagram 2.¹⁸ The interaction occurs simultaneously from digital to in-store, as it does from in-store to digital.

¹¹ Australian Bureau of Statistics (2016) 'Retail Turnover, By Industry Group – Time Series Spreadsheet' (Available at: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/8501.0Dec%202015?OpenDocument>).

¹² National Australia Bank (2012) 'NAB Online Retail Sales Index: Indepth report: January 2010 – January 2012' (Available at: <http://business.nab.com.au/wp-content/uploads/2014/06/norsi-jan-2010.pdf>).

¹³ National Australia Bank (2013) 'NAB Online Retail Sales Index: Monthly update – December 2012' (Available: <http://business.nab.com.au/online-retail-sales-index-monthly-update-december-2012-2762/>).

¹⁴ National Australia Bank (2013) 'NAB Online Retail Sales Index: Monthly update – December 2012' (Available: <http://business.nab.com.au/online-retail-sales-index-monthly-update-december-2012-2762/>).

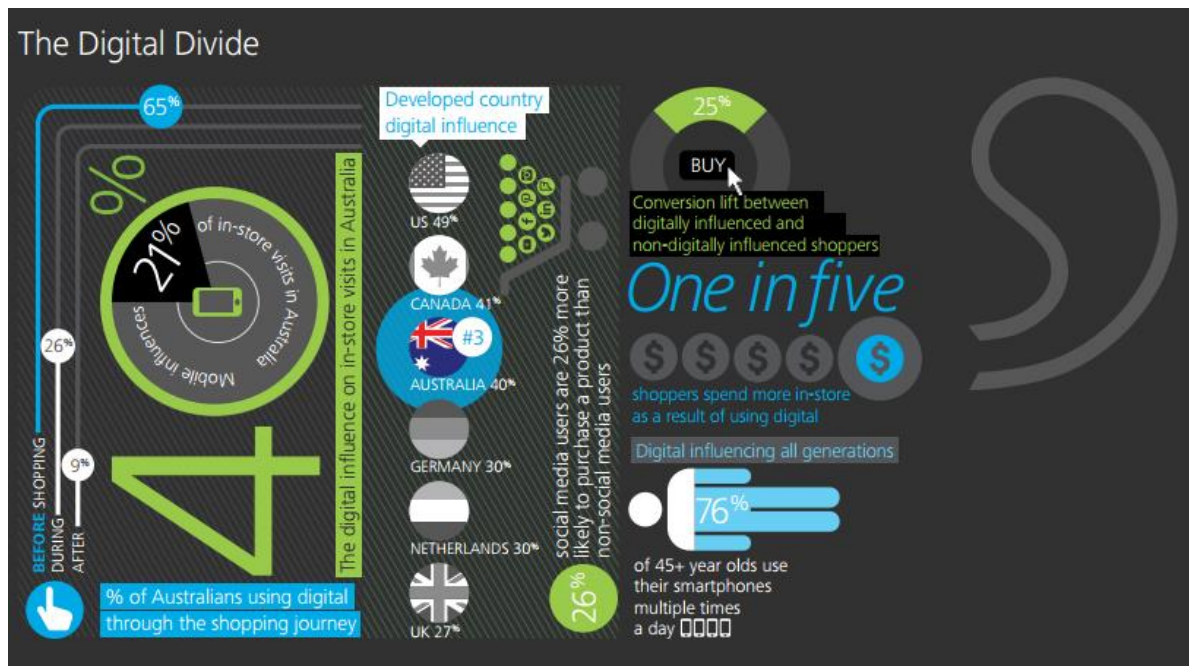
¹⁵ National Australia Bank (2014) 'NAB Online Retail Sales Index: Monthly update – December 2013' (Available: <http://business.nab.com.au/wp-content/uploads/2014/02/online-retail-sales-index-12-2013.pdf>).

¹⁶ National Australia Bank (2015) 'NAB Online Retail Sales Index: Monthly update – December 2014' (Available: <http://business.nab.com.au/wp-content/uploads/2015/02/nab-online-retail-sales-index-december-2014-pdf.pdf>).

¹⁷ National Australia Bank (2016) 'NAB Online Retail Sales Index: Monthly update – December 2015' (Available: <http://business.nab.com.au/wp-content/uploads/2016/02/NAB-Online-Retail-Sales-Index-DEC-15.pdf>).

¹⁸ Deloitte (2015) 'Navigating the New Digital Divide – Digital Influence in Australian Retail' (Available at: <http://www2.deloitte.com/au/en/pages/technology/articles/digital-divide.html>).

Diagram 2



Consumers expect to be able to access the same products online as they can at a bricks and mortar retail outlet. Interactive gambling is one of the only (if not the only) examples where there is a law prohibiting online activities (for example in-play wagering on sports) that is legal in a retail environment. Bearing in mind the complex interplay between consumers being influenced by products in the retail environment, the current prohibition against on-line in-play betting on sports is driving those consumers to wagering with (illegal) Offshore Operators to access the same products they can access at a retail TAB, pub or club, including via a self-service terminal or tablet.

4. PROBLEM GAMBLING

The Findings from the Victorian Prevalence Study has shown that the prevalence of problem gambling from 2008 to 2014 has remained stagnant at around 0.7% of the population, which is set out in Graph 6 below.¹⁹ The prevalence of problem gamblers is also under 1% of the population according to prevalence studies conducted in all other Australian jurisdiction.²⁰ A 2014 report commission by Gambling Research Australia concluded that:

Despite substantial increases in interactive gambling availability and expenditure, national prevalence estimates of problem gambling have not significantly changed in recent years.²¹

¹⁹ Victorian Responsible Gambling Foundation (2014) 'Study of Gambling Health in Victoria – Findings from the Victoria Prevalence Study' at 59 (Available at: https://www.responsiblegambling.vic.gov.au/_data/assets/pdf_file/0018/25551/Study_of_gambling_and_health_in_Victoria.pdf).

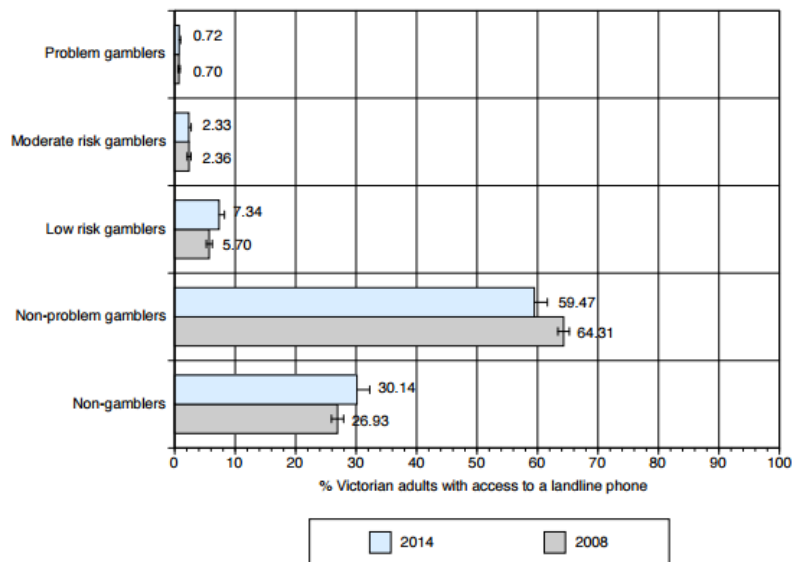
²⁰ Victorian Responsible Gambling Foundation (2014) 'Study of Gambling Health in Victoria – Findings from the Victoria Prevalence Study' at 60 (Available at: https://www.responsiblegambling.vic.gov.au/_data/assets/pdf_file/0018/25551/Study_of_gambling_and_health_in_Victoria.pdf).

²¹ Hing et al. 'Interactive Gambling' (March 2014) Gambling Research Australia at 40 (Available at: <http://www.gamblingresearch.org.au/resources/6482d5fa-f068-41e5-921f-facd4f10365e/interactive+gambling.pdf>).

Graph 6

Figure 11. Prevalence of problem gambling in Victoria – Weighted results for Victorian adults with landline phone access from 2008 to 2014 (N=13,396 for 2014 results, N=15,000 for 2008 results; June–November, 2014; July–October, 2008)

[Mobile only respondents excluded to enable a 2014 versus 2008 comparison]



There is conflicting information as to whether the prevalence of problem gambling is higher for interactive gamblers than it is for non-interactive gamblers, even when factoring all forms of interactive gambling including wagering with (legal) onshore operators such as Ladbrokes, wagering with (illegal) offshore operators and other forms of interactive gambling such as online poker, pokies and casino games.

A 2012 survey of 6,682 Australian gamblers suggested that interactive gamblers were no more likely to be classified as problem gamblers.²² On the other hand, the 2014 Gambling Research Australia report found that there is an increased prevalence of problem gambling amongst interactive gamblers²³ but went on to cite multiple studies as authority for the proposition that:

‘when controlling for the number of gambling activities, interactive gambling participation actually decreased the likelihood of problem gambling.’²⁴

Furthermore, the 2014 Gambling Research Australia report does not draw a causal link between interactive gambling and problem gambling, stating that:

‘Despite the apparent relationship between interactive gambling and problem gambling, studies have failed to establish a causal connection and evidence of the direction of

²² Gainsbury et al., (2012) ‘A digital revolution: Comparison of demographic profiles, attitudes and gambling behaviour of Internet and non-Internet gamblers’ Computers in Human Behaviour 28 at 1388-1398 (Available at: http://epubs.scu.edu.au/tourism_pubs/972/).

²³ Hing et al. (2014) ‘Interactive Gambling’ Gambling Research Australia at 93 (Available at: <http://www.gamblingresearch.org.au/resources/6482d5fa-f068-41e5-921f-facd4f10365e/interactive+gambling.pdf>).

²⁴ Hing et al. (2014) ‘Interactive Gambling’ Gambling Research Australia at 40 (Available at: <http://www.gamblingresearch.org.au/resources/6482d5fa-f068-41e5-921f-facd4f10365e/interactive+gambling.pdf>).

*causality is inconclusive, that is, whether interactive gambling causes problems or whether problem gamblers are attracted to interactive gambling.*²⁵

The 2014 Gambling Research Australia report shows overwhelmingly that the form of gambling that contributed most to problem gambling is electronic gaming machines (both online and land-based) regardless of whether the person is an interactive gambler or not.²⁶ The 2014 Gambling Research Report also shows overwhelmingly that the form of gambling medium that contributed most to problem gambling is land-based or venue-based gambling²⁷, where (unlike online wagering) the gambling is likely to be anonymous (that is, not account-based) and without the option of pre-commitment limits and self-exclusion mechanisms. This is set out in Table 8.

Table 8

Table 4.14: Gambling medium that has contributed most to gambling problems among interactive and non-interactive moderate risk and problem gamblers (1st response only, weighted N = 136)

Form of gambling	Interactive gamblers		Non-interactive gamblers	
	N	%	N	%
Internet via computer/laptop	27	26.22	3	9.09
Internet via mobile/smart phone	12	11.65	0	0.00
Internet via other portable device	0	0.00	0	0.00
Interactive television	0	0.00	0	0.00
Land-based or venue-based gambling	60	58.25	28	84.85
Betting via telephone	4	3.88	2	6.06

Note: Weighted by product of design and post-stratification weights. The weights were normed so that total N = 136. There were also three (two interactive and 1 non-interactive gambler) gamblers who stated that they did not know and 23 (12 interactive and eleven non-interactive) gamblers who said no one medium had contributed the most to their problems (unweighted figures).

Source: F2a.

The link between gambling advertising and problem gambling is also not conclusive, with a 2014 study concluding that the impact of gambling advertising on the prevalence of problem gambling is relatively small, and that there is no clear indication of higher problem gambling rates in various jurisdictions around the world that have also seen an increase in gambling advertising.²⁸ The 2014 Gambling Research Australia report states that:

'Findings from this literature review suggest that the advertising of wagering, particularly promotion of sports betting during sporting events, has raised substantial community opposition and concerns for its potentially detrimental impacts on vulnerable people,

²⁵ Hing et al. (2014) 'Interactive Gambling' Gambling Research Australia at 44 (Available at:

<http://www.gamblingresearch.org.au/resources/6482d5fa-f068-41e5-921f-facd4f10365e/interactive+gambling.pdf>).

²⁶ Victorian Responsible Gambling Foundation (2014) 'Study of Gambling Health in Victoria – Findings from the Victoria Prevalence Study' at 96 (Available at: https://www.responsiblegambling.vic.gov.au/_data/assets/pdf_file/0018/25551/Study_of_gambling_and_health_in_Victoria.pdf).

²⁷ Victorian Responsible Gambling Foundation (2014) 'Study of Gambling Health in Victoria – Findings from the Victoria Prevalence Study' at 97 (Available at: https://www.responsiblegambling.vic.gov.au/_data/assets/pdf_file/0018/25551/Study_of_gambling_and_health_in_Victoria.pdf).

²⁸ Binde, P. (2014) 'Gambling advertising: A critical research review' London Responsible Gambling Trust. (Available at: http://www.responsiblegamblingtrust.org.uk/user_uploads/binde_rgt_report_gambling_advertising_2014_final_color_115p.pdf).

*particularly amongst youth, young males, and problem gamblers. Some evidence suggests that wagering advertising is increasingly contributing to gambling participation and gambling problems in Australia; however, a direct causal link between exposure to advertising and gambling participation and gambling problems has not been shown.*²⁹

The conclusions from these statistics can be summarised as follows:

- Despite the increase in sports betting, interactive gambling and gambling advertising over the last 10 years, the prevalence of problem gambling in the general population has not increased.
- There is conflicting information about whether the prevalence of problem gambling is higher amongst online gamblers, however it is more likely than not that problem gamblers become online gamblers rather than vice versa.
- Given its unique attribute of mandatory account-based activity, (legal) online wagering (with an operator who is licensed and offers appropriate harm minimisation measures) is uniquely placed to be part of the solution to reduce the prevalence of problem gambling.

5. LADBROKES APPROACH TO RESPONSIBLE GAMBLING

Ladbrokes takes responsible gambling and harm minimization seriously. We have a range of measures in place to encourage responsible gambling, prevent problem gambling and assist consumers who may experience a gambling problem. These include:

- A [Responsible Gambling Policy](#) is available on our websites, which includes the contact information for appropriate support services.
- Self-exclusion, whereby a customer can exclude from wagering with us permanently or for a period of time. If a customer self-excludes, they are referred to appropriate support services.
- Pre-commitment limits, where a customer can pre-commit to a dollar amount limit (per day, week or month) that they can deposit to their wagering account. All customers are prompted to consider setting a pre-commitment limit at account sign up, and periodically thereafter.
- All staff receive responsible gambling training at induction, and refresher training is provided at least every 2 years.
- Transaction monitoring is in place to identify changes in transacting and betting patterns. Customers are contacted to discuss significant changes in patterns.
- All marketing and advertising contains responsible gambling messages, in compliance with various state and territory laws.

²⁹ Hing et al. (2015) 'Marketing of Sports Betting and Racing' Gambling Research Australia at 53 (Available at: <http://www.gamblingresearch.org.au/resources/071d1081-3ee4-474a-98d1-944701ca229a/gramarketingofsbandrb.pdf>)

Ladbrokes has engaged with important stakeholder groups including Financial Counselling Australia in response to their recent report³⁰ to understand the perspective of vulnerable consumers and look at appropriate preventative measures. Ladbrokes acknowledges and thanks Financial Counselling Australia for providing an insight into some serious issues which have occurred historically with other wagering operators.

Furthermore, Ladbrokes supports the implementation of a multi-operator self-exclusion scheme, and has proposed to its industry peers a workable model for such a scheme which is operated by and for industry on a self-regulatory basis – refer Appendix A. Although there has been resistance from certain parts of the industry, it is likely that such a scheme will shortly proceed to pilot for operators licensed in Norfolk Island - with the support of the Norfolk Island Gaming Authority.

6. O'FARRELL REVIEW

You will no doubt be aware that the O'Farrell Review into Illegal Offshore Operators handed its report to the Commonwealth Government in late December 2015. Because the issues with respect to the Bill have considerable overlap with those of the O'Farrell Review, we include here a summary of our submission to the O'Farrell Review.

Summary of our Submission to the O'Farrell Review

Movement to digital consumption of products and services is ubiquitous across industries. The wagering industry is no different. The overall level of consumption of wagering products per capita by Australian consumers has not increased over the last decade, whereas the mode of consumption has changed, that is, consumers have moved from consumption in a retail environment to digital consumption. It follows that a proportion of these consumers will move from wagering in the retail environment to wagering online with illegal offshore operators.

There have been few examples where prohibition or practical measures to prevent leakage to illegal offshore operators have been effective, for example, IP blocking and payment blocking. To be effective, any measures to address leakage to illegal offshore operators must include:

1. Measures that foster platform neutrality; and
2. Measures that allow onshore operators to provide a compelling product to Australian consumers; and

³⁰ Financial Counselling Australia (2015) 'Duds, Mugs and the A-list' (Available at: <http://www.financialcounselingaustralia.org.au/getattachment/Corporate/Home/FINAL-PDF-Duds,-Mugs-and-the-A-List-The-Impact-of-Uncontrolled-Sports-Betting-low-res.pdf>)

3. Measures that allow onshore operators (especially the digital operators) to compete (from the perspective of both price and product offering) with all other operators including the illegal offshore operators and the TABs.

To this end, we recommend that:

1. Racing and sporting bodies must be made more accountable for the racefield and product fees that they charge to operators (because these fees directly cause the pricing / odds of onshore operators to be less favourable than that of illegal offshore operators who do not pay these fees.)
2. Online in play wagering on sports must be legalised to prevent betting consumers seeking access to this product offering from illegal offshore operators.
3. Account-based wagering must be made mandatory to ensure that appropriate harm minimization and consumer protection measures can be provided to all customers and minimize the risk of money-laundering and terrorism funding.

7. CONSIDERATION OF THE MEASURES PROPOSED IN THE BILL

We now turn to considering the proposed measures contained in the Bill.

National regulation and a new national regulator

Ladbrokes is licensed and regulated by the Norfolk Island Gaming Authority, and is subject to the IGA and the Australian Consumer Law, and the various state and territory gambling legislation.

Ladbrokes supports the continuation of the Norfolk Island Gaming Authority, but also supports the establishment of a national gambling regulator that:

- i. regulates all types of gambling on a platform neutral basis (in-venue, online and phone gambling); and
- ii. regulates racing and sporting bodies and in particular, regulates and provides a dispute resolution mechanism in respect of product and racefield fees and oversees integrity issues in racing and sport.

i. Platform Neutrality

Unless gambling is regulated on a platform neutral basis, consumers (and in particular problem gamblers) will simply move to the channel that permits them to purchase the gambling product that they wish to acquire, be that (legal) onshore operators, (illegal) offshore operators or in-venue operators as outlined in Section 2 of this submission.

ii. Regulation of Product and Racefield Fees

Ladbrokes supports the appropriate regulation of sports and sports betting, and in particular, any measure aimed at improving the integrity of both. This benefits all stakeholders, not the least of which are the sports-loving public and betting consumers.

However, in the interests of all stakeholders and in particular the interests of the betting consumer, we do have some reservation about the potential imbalance in bargaining power and lack of accountability that may be involved in respect of racing and sports bodies dealings with licensed wagering operators such as Ladbrokes, and in particular their unfettered capacity to increase the product fees they charge.

The odds that a betting consumer receives are to a very large extent determined by the cost base of the operator. Whilst onshore operators contribute racefield and product fees (under compulsion of law due to requirements to have product fee and integrity agreements in place with all sporting and racing bodies), illegal offshore operators escape paying these fees. Because these fees constitute some 30% of the gross win or revenue of onshore operators, the impact of these fees renders onshore operators at a significant disadvantage to illegal offshore operators from a pricing perspective.

This issue is exacerbated by factors including:

1. Onshore operators cover the full cost of integrity for racing and sporting bodies racing and sporting bodies, thereby subsidising the direct and indirect integrity costs associated with the illegal offshore operators; and
2. Racing and sporting bodies have a virtually unfettered power to increase the level of these fees.

In respect of the second point, it is our view that there should be regulatory oversight and a statutory review mechanism for all racefield fees and product fees, to ensure that these fees are charged at an appropriate level so as to reduce leakage to illegal offshore operators. Two examples of where such a mechanism may operate to benefit consumers are set out below.

Racing Victoria Limited recently reported a record \$50 million profit whilst at the same time levying a racefield fee that is higher than at any time in the past.

In 2015, the National Rugby League moved from a revenue model to a turnover model in 2015, the impact of which was to increase the product fee we paid them by approximately 400% year on year (despite the fact that the sporting body's 2014 annual report shows that the aggregate product fees received by it from the wagering industry increased by over 22% in 2014 as a result of natural growth, whilst at their same time their integrity related costs increased by only 6%). The NRL imposed this onerous fee increase essentially on a take it or leave it basis with no reasonable explanation or justification for such an exorbitant and sudden increase.

We are now experiencing the ARU moving to an identical model that the NRL implemented in 2015, and other sports are likely to follow suit.

Just as onshore operators are regulated in our dealings with our customers (that is, betting consumers), an appropriate and proportionate regulation of racing and sporting bodies in their dealings with licensed betting service providers will benefit all stakeholders, and in particular the betting consumer.

The imposition of onerous product fees (or other conditions) on onshore operators inevitably impacts the returns paid to betting consumers, and detrimentally impacts the value for money that betting consumers receive. This is analogous to decreasing the quality of the product that the end consumer receives and/or increasing the price that the end consumer pays. In either situation, consumer protection is undermined and it is the betting consumer who suffers. The many thousands of betting consumers who choose to spend their leisure time watching sport and engaging in a recreational wager will suffer genuine disadvantage if product fees increase significantly.

This can and does have the impact of deterring the betting consumer from wagering with licensed onshore operators who pay product fees and contribute to the integrity of sports and sports betting, and drive the betting consumer to illegal offshore operators who do not pay product fees at all or may not be concerned about integrity issues or harm minimisation for betting consumers who may be vulnerable to problem gambling.

Racing and sports bodies are, in effect, monopoly suppliers of the events under their auspices. Wagering operators are faced with the very real prospect that they either accept the terms and conditions (including the fee) proposed by the body, or reject the terms and conditions proposed by that body and not offer betting products on those events. There is no scope for genuine negotiation.

In the interests of all stakeholders, and in particular the interests of the betting consumer, we are concerned about:

1. the market power of the racing/sporting bodies in respect of their dealings with wagering operators;
2. the imbalance in bargaining position between the racing/sporting bodies and wagering operators with respect to these agreements and the fees imposed, particularly given there is a statutory obligation on the wagering operator to have an agreement in place with the racing/sporting body; and
3. the conduct of the racing/sporting bodies during negotiations with wagering operators; and
4. the general lack of accountability and transparency of the racing/sporting bodies in dealing with wagering operators around fees and other terms of the agreements; and
5. the fact that a fee increase or change in fee structure by one racing/sporting body is often replicated by other racing/sporting bodies.

In our view, it is contrary to good public policy, consumer protection and the avoidance of public detriment for a racing/sporting body (or any supplier) to have unfettered power to charge excessive fees, and for that racing/sporting body to simply instruct the onshore wagering operator to pass excessive fee increases directly through to betting consumers.

To achieve some accountability with respect to the product fees (and other terms and conditions) in dealings between sports controlling bodies and licensed betting service providers, we recommend that the fees charged by the racing and sporting bodies must be appropriately regulated, and at the very least, a review mechanism similar to that included in section 4.5.24 of the *Gambling Regulation Act 2003* (VIC) be incorporated into a national framework (or each the state-based frameworks).

As mentioned earlier, the product fees charged by racing and sporting bodies has a very real impact on the betting consumer, as these fees comprise about 30% of the revenue of onshore operators, whereas illegal offshore operators escape paying these fees. In our view, racing and sports bodies should:

- a) determine their fees in a manner that is transparent, fair, and accountable;
- b) determine their fees in a manner that is linked to the value of the product they provide; and
- c) be prevented from disproportionately increasing their fees from one year to the next.

To this end, we strongly recommend that the regulation to product and racefield fees be more transparent and accountable, and that a statutory review mechanism be implemented and made available to a licensed onshore operator that has exhausted all reasonable attempts to reach agreement, with the racing/sporting body. Such a mechanism exists under section 4.5 of the *Gambling Regulation Act 2003* (VIC) for sports governing bodies with respect to sporting events in Victoria only, but this mechanism is the only one of its type. There are no equivalent mechanisms in

other jurisdictions or for racing bodies. This leaves wagering operators at the whim of the racing and sporting bodies, and at significant risk of losing customers to offshore operators.

Mandatory pre-commitment

Ladbrokes currently offers voluntary pre-commitment to all of its customers, and prompts all customers to consider setting a pre-commitment limit at account sign up and periodically thereafter.

Ladbrokes supports voluntary pre-commitment limits (and other responsible gambling measures such as the national self-exclusion scheme) and recommends that all wagering and gambling (regardless of platform) should be account-based, thereby offering the facility to offer pre-commitment limits across any channel. Ladbrokes supports voluntary pre-commitment with a mandatory prompt to customers to set a limit or choose not to across all wagering and gambling, across all platforms. To implement this, all wagering and gambling must be account based, otherwise consumers (and problem gamblers in particular) will shift to a different platform as outlined in Sections 2, 3 and 4 of this submission.

Currently a punter can wager in a retail outlet, pub or club anonymously. In addition to the responsible gambling concerns, this significantly increases the risk of money-laundering as there is no way to track the activities of these individuals or grounds. Tabcorp is currently involved in litigation with AUSTRAC around its deficiencies in respect of its measures to prevent money laundering, which indicates that the risk of deficiencies to preventing money-laundering activities for its non-account customers is likely to be significant, and perhaps more significant than previously imagined.³¹

The only way to provide appropriate harm minimization (such as pre-commitment limits and a national or industry-wide self-exclusion scheme) is to ensure that all wagering is account based.

National self-exclusion scheme (managed by regulator)

Ladbrokes currently offers stand-alone self-exclusion and is moving toward piloting a limited multi-operator self-exclusion scheme – refer section 4 of this submission and Appendix 1.

Ladbrokes supports a national self-exclusion scheme, managed by either a regulator or industry but again stresses that for such a scheme to be genuinely beneficial for problem gamblers, it must be deployed on a platform neutral basis so that problem gamblers, having excluded, cannot move from one channel to another.

³¹ Williams (22 July 2015) 'Tabcorp faces 'dirty money' claims' Sydney Morning Herald (Available at: <http://www.smh.com.au/business/tabcorp-faces-dirty-money-claims-20150722-gihqp0.html>).

Mandatory manual ID verification

Ladbrokes currently offers manual identification verification as a backup to electronic identification verification. Ladbrokes does not support this proposed measure as it duplicates existing requirements under the *Anti-Money Laundering and Counter—Terrorism Financing Act 2006* (Cth) which permit us to conduct electronic ID verification.

Prohibition on credit

Ladbrokes responsibly offers credit to select customers, after undertaking a credit check and a due diligence process.

Ladbrokes does not support a prohibition on credit but is amenable to additional regulation such as the new due diligence requirements being implemented in South Australia. As an alternative, Ladbrokes would not oppose a requirement that operators wishing to offer credit be required to hold an Australian Credit Licence and comply with the various requirements under the *National Consumer Credit Protection Act 2006* (Cth) and National Credit Code.

Prohibition on inducements

Ladbrokes currently advertises and markets its products in compliance with state and territory gambling laws. Ladbrokes supports consistent national regulation rather than fragmented state-based gambling advertising laws (which differ in their treatment of inducements), so long as this is reasonable regulation that does not manifestly protect that incumbent TAB in that jurisdiction and promotes responsible competition amongst operators. To this end, Ladbrokes does not support prohibiting promotion of product price, benefits and features such as Best Tote + 20% or Cash Back for 2nd or 3rd, as these types of promotions encourage healthy competition and innovation.

Prohibition on micro-betting (micro-betting defined broadly to include online and telephone in play betting)

Ladbrokes does not offer ball by ball wagering, nor online in-play betting on sports. Ladbrokes offers in-play on sports by telephone - traditional phone calls (from a landline or mobile) and our LivePlay feature.

Ladbrokes strongly recommends that in-play betting on sports (other than ball by ball micro-betting) via all methods (online, telephone and in-venue) be permitted. Ladbrokes is of the view that the sporting bodies should be given the autonomy to determine which contingencies pose an acceptable and unacceptable integrity risk, so long as the same regulations are applied across all platforms (online, telephone and in-venue).

Australia is one of the only countries that has a prohibition against online in play wagering on sports. When it was enacted in 2001, the spirit and intent of the IGA was to prevent highly repetitive and addictive gambling which can be associated with certain forms of gambling. The UK experience with online in play wagering on sports has shown that online in play on sports has not resulted in an increase in the prevalence of problem gambling,³² and does not otherwise require 'special regulatory treatment'.³³

It is highly anomalous that a punter can lawfully wager in-play on a sporting event in a retail outlet including a pub or a club, whereas they are not permitted to do so online. This line becomes significantly more blurred because the TABs offer products that are the equivalent of online in-play wagering (and may in fact be online in-play products under the IGA), such as:

1. Tabcorp permitting punters to wager in play on sports via a self- service betting terminal in a retail outlet, pub or club; and
2. UBet permitting punters to wager in play on sports via a tablet computer or a self-service betting terminal in a retail outlet, pub or club.

Naturally as these punters who have been permitted to wager in-play on sports in a retail environment join the ubiquitous shift toward digital consumption, they will naturally seek to find an operator that offers online in-play in sports, which is currently limited to the illegal offshore operators. For this reason, online in-play wagering on sports must be legalized.

Mandatory staff training

Ladbrokes currently train staff on responsible gambling at induction, and periodically thereafter. Ladbrokes supports staff training being compulsory.

Mandatory account statements

Ladbrokes' customers can access account statements within their account at any time. Ladbrokes provides statements to customers upon request or where there is a legal requirement. Ladbrokes supports statements being made available to all customers electronically.

We support this, so long as statements can be provided to customers electronically.

³² United Kingdom Gambling Commission (2009) 'In-running (in-play) betting: position paper' at 3.42 (Available at: <http://www.gamblingcommission.gov.uk/pdf/In-running%20betting%20position%20paper%20-%20March%202009.pdf>).

³³ United Kingdom Gambling Commission (2009) 'In-running (in-play) betting: position paper' at 2.2 (Available at: <http://www.gamblingcommission.gov.uk/pdf/In-running%20betting%20position%20paper%20-%20March%202009.pdf>).

Prohibition around selling marketing lists

Ladbrokes does not sell marketing lists, and has a range of steps in place to prevent this occurring. Ladbrokes supports this being enshrined in legislation, even though this is most likely already prohibited under the *Privacy Act 1988* (Cth) and the Australian Privacy Principles.

No TV Advertising during G Classified programs or sporting events

Ladbrokes complies with the FreeTV Code, which prevents:

- advertising during G programs between 6.00 – 8.30am and 4.00 – 7.00pm
- advertising during children’s programming between 5.00am – 8.30pm
- advertising live odds during a sporting event.

Ladbrokes does not support the move to a more restrictive requirement that prevents advertising during any G program and during all sporting events. As demonstrated in section 4 of this submission, there is no established causal link between wagering advertising and problem gambling.

8. SUMMARY & CONCLUSION

Ladbrokes thanks the Committee Secretary and the Committee for the opportunity to contribute to the discussion concerning the appropriate regulation of wagering and gambling in Australia.

A summary of our key points and recommendations is as follows:

1. Gambling consumers (including those vulnerable to problem gambling) can and do move between channels to acquire the products that they desire. These channels include in-venue, telephone, online (with legal onshore licensed operators) and online (with illegal offshore operators).
2. For any national regulatory framework to be effective, it must:
 - be applied in a consistent and platform neutral manner so consumers receive the benefit of harm minimization and consumer protection measures regardless of the channel in which they gamble; and
 - ensure that Australian consumers have access to compelling and competitive products from legal onshore operators across all channels (including online).
3. To achieve the objective at item 2 above, we recommend that:
 - online in-play wagering on sports should be legalized.
 - a new National Regulator should hold racing and sporting bodies to account for the racefield and product fees that they charge to operators (because these fees directly impact the pricing / odds of wagering products).

- account-based gambling across all channels should be mandatory to ensure that appropriate harm minimization and consumer protection measures can be provided to all customers and reduce the risk of money-laundering and terrorism financing.

Please do not hesitate to contact me if I can provide further information or clarify any of the information contained in this submission.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P Brown', written in a cursive style.

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APPENDIX A

Discussion Paper – Self Exclusion Scheme

The purpose of this paper is to generate discussion about an industry led and managed self-exclusion scheme (SES) for online bookmakers (and potentially other gambling operators), with the view to form a working group comprised of industry representatives.

Current State of Affairs

All bookmakers are required under their licence to have a self-exclusion mechanism. These mechanisms operate in isolation, and require the consumer to complete the self-exclusion process directly with the operator. If a consumer wishes to self-exclude with multiple operators, they need to complete the self-exclusion process of each operator.

The Problem

If a consumer self-excludes with one operator, it is possible and likely that they continue to wager with another. There is currently no efficient mechanism for a consumer to self-exclude from wagering with multiple operators, and on the flip side, no mechanism for an operator to determine if a customer has self-excluded with other operators.

Proposed Model for a SES

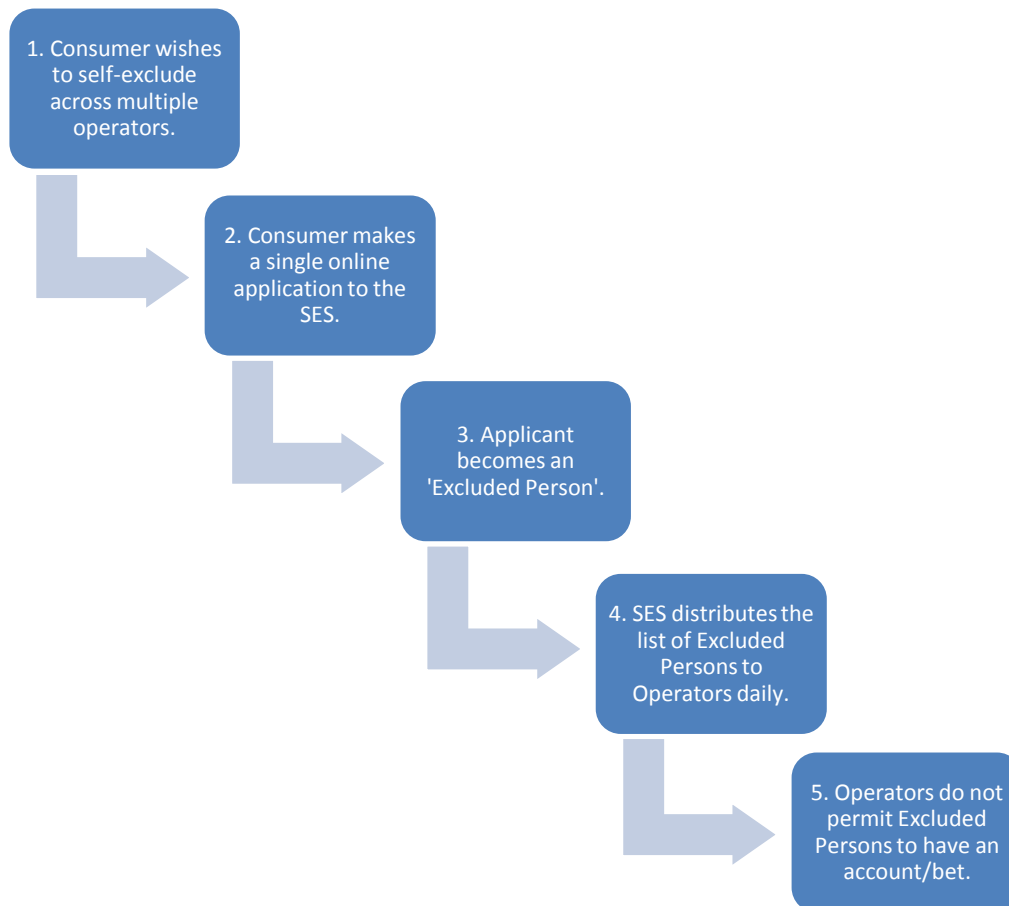
There are several models (and variations of models) that an SES could take. To assist and expedite the discussion process, a simple summary of a proposed model for an SES is set out below and a more detailed proposal is contained in **Annexure 1**. Whilst this appears to be a workable model (particularly from a Privacy law perspective), the model can be changed if that is the consensus.

The proposed model involves a new entity (SES Host) overseeing, managing and hosting the SES. Operators who wish to participate in the SES enter into an SES Operator Agreement with the SES Host. The SES Operator Agreement includes the obligations that an operator would have toward an Excluded Person, which are:

- to close accounts and avoid opening accounts;
- to avoid direct marketing; and
- privacy obligations.

Consumers apply to the SES to become an Excluded Person via an online application form. If the application is verified, limited identification information for the Excluded Person is distributed to those Operators who have entered into an SES Operator Agreement with the SES Host.

A different model to the proposed model would involve Operators washing identification information for new customers against a central register of Excluded Persons. There are benefits and drawbacks to both models. It is also possible that a pilot SES could adopt one model, which can be tested and subsequently changed if necessary.



Benefits of a SES

The benefits of a SES include:

- protection for consumers who are vulnerable to gambling problems;
- efficient and cost-effective mechanism for industry to offer self-exclusion and manage the process;
- may reduce problems that operators have with some difficult and problematic customers;
- provides a vehicle for operators to share information to avoid problem gamblers;
- reputation and brand trust;
- provides an example of industry self-regulation that can be used in PR and lobbying activities;
- potentially avoids the imposition of additional regulation; and

- provides a platform on which to build relationships with stakeholders who may currently be viewed as anti-gambling (eg. community groups, public interest groups and politicians) and change some of the negative dialogue about the online wagering industry.

Other Schemes

There are other schemes in place in the gambling industry that could be reviewed and assessed by the working group. Some examples include:

- Clubs NSW Multi-Venue Exclusion Scheme – see [here](#)
- New Jersey Self Exclusion Program (for Casinos and internet gaming) – see [here](#)
- UK Self Enrolment National Self-Exclusion tool – see [here](#)

There are also schemes in other industries that could be reviewed and assessed. Some examples include:

- National Hardship Register – see [here](#)
- Australian Fraud Bureau – see [here](#)
- Australian credit reporting system – see [here](#)

Next Steps

As stated at the outset, the aim of this discussion paper is to generate interest in the formation of a working group. The working group would refine a model to pilot.

APPENDIX B

The Proposed Measures – Current Measures and View on the Proposed Measures

Proposed measure	Current Measures	Our view
National regulation and a new national regulator	Ladbrokes is licensed and regulated by the Norfolk Island Gaming Authority, and is subject to the IGA and Australian Consumer Law, and the various state and territory wagering legislation.	Ladbrokes supports the continuation of the Norfolk Island Gaming Authority, but also supports the establishment of a national gambling regulator that regulates gambling on a platform neutral basis (in-venue, online and phone gambling) and regulates racing and sporting bodies and in particular, regulates and provides a dispute resolution mechanism in respect of product fees and racefield fees charged by all sporting and racing bodies.
Mandatory pre-commitment	Ladbrokes offers voluntary pre-commitment to all of its customers, and provides all customers the option to set a pre-commitment limits at account sign up and periodically thereafter.	Ladbrokes recommends that all wagering and gambling (regardless of platform) should be account-based, thereby offering the facility to offer pre-commitment limits across any channel. Ladbrokes supports voluntary pre-commitment with a mandatory prompt to customers to set a limit or choose not to.
National self-exclusion scheme (managed by regulator)	Ladbrokes offers stand-alone self-exclusion and is moving toward piloting a limited multi-operator self-exclusion scheme.	Ladbrokes supports a national self-exclusion scheme, managed by either a regulator or industry.
Mandatory manual ID verification	Ladbrokes currently offers manual identification verification as a backup to electronic identification verification.	Ladbrokes does not support this. This duplicates AML requirements which permit us to conduct electronic ID verification.
Prohibition on credit	Ladbrokes responsibly offers credit to select customers, after undertaking a credit check and a due diligence process.	Ladbrokes does not support a prohibition but is amenable to additional regulation such as the new due diligence requirements being implemented in South Australia.
Prohibition on inducements	Ladbrokes advertises and markets its products in compliance with state and territory gambling laws.	Ladbrokes supports consistent national regulation rather than fragmented state-based gambling advertising laws (which differ in their treatment of inducements), so long as this is reasonable regulation that does not manifestly protect that incumbent TAB in that jurisdiction and promotes responsible competition amongst operators. To this end, Ladbrokes does not support prohibiting promotion of product price, benefits and features such as Best Tote + 20% or Cash Back for 2nd or 3rd, as these types of promotions encourage healthy competition and innovation.
Prohibition on micro-betting (micro-betting defined broadly to include online and telephone in play betting)	Ladbrokes does not offer ball by ball wagering, nor online in-play on sports. Ladbrokes offers in-play on sports by telephone, including traditional calls and our LivePlay feature.	Ladbrokes strongly recommends that in-play betting (other than ball by ball micro-betting) via all methods (online, telephone and in-venue) be permitted. Ladbrokes is of the view that the sporting bodies should be given the autonomy to determine which contingencies pose an acceptable integrity risk to permit ball by ball micro-betting, so long as the same regulations are applied across all platforms (online, telephone and in-venue).

Mandatory staff training	Ladbrokes currently train staff on responsible gambling at induction, and periodically thereafter.	Ladbrokes supports this.
Mandatory account statements	Customers can access account statements within their account at any time. Ladbrokes provides statements to customers upon request or where there is a legal requirement to provide it on a regular basis.	Ladbrokes supports statements being made available to all customers electronically.
Prohibition around selling marketing lists	Ladbrokes does not sell marketing lists, and has a range of steps in place to prevent this occurring.	Ladbrokes supports this.
No TV Advertising (on Free to Air and Pay TV) during G Classified programs or sporting events	Ladbrokes complies with the FreeTV Code, which prevents: <ul style="list-style-type: none"> - advertising during G programs between 6.00 – 8.30am and 4.00 – 7.00pm - advertising during children's programming between 5.00am – 8.30pm - advertising live odds during a sporting event. 	Ladbrokes does not support this. Ladbrokes supports the FreeTV Code.