
Reports

AUSTRALIA MARKET





Australia

Long-term love-hate relationship

Australia's love affair with gambling is nothing new. Most Australian adults participate in gambling activities at least once a year and the average Australian gambler spends an estimated \$1,000 a year. With almost 200,000 'pokie' slot machines located in some 2,000 clubs and over 3,000 pubs and taverns, the country has more slots per person than almost any other country.

According to a 'Household, Income and Labour Dynamics in Australia' (HILDA) report in 2017 some 6.8 million or 39 per cent of Australian adults gamble in a typical month spending an estimated \$8.6bn. Lotteries are the most popular form of gambling, followed by instant tickets, EGMs (pokies), race betting and then sports betting.

With such a huge gambling market there are consistently calls to monitor the sector and concerns over gambling addiction issues.

Online betting is hugely popular in Australia and is enjoying a growth rate of around 15 per cent per year. It is not illegal for Australians to bet on offshore sites but it is illegal for companies to provide certain gambling services to Australians without a licence.

The online sector is governed by the Interactive Gambling Act of 2001 which prohibits all interactive gambling with the exception of licensed wagering, racing and sports betting and lotteries. Operators with licenses in a particular state or territory can provide services to all Australian residents so long as they comply with the Act.

ONLINE CHANGES

Earlier this year new rules to protect young people and vulnerable gamblers were introduced by the Minister for Families and Social Services, Paul Fletcher MP. These measures are part of the National Consumer Protection Framework for Online Wagering

This is a set of standard minimum protections for online gamblers which online wagering providers must adhere to. It was launched in

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Essential information and facts about Australia:

Capital	Canberra
Total Area	7,741,220sq.km
Population	23,470,145
Median age	38.8 years
Religion	Protestant (23%), Roman Catholic (22.6%)
Ethnic Groups	English (26%), Australian (25%)
Languages	English (72%) and others.
Currency	Australian dollars (AUD)
Government type	Parliamentary democracy
Chief of State	Queen Elizabeth II (since 1952) represented by Governor General Sir Peter Cosgrove (since 2014)
Head of Government	Prime Minister Scott Morrison (since 2018). Liberal Party.
Elections	Monarch is hereditary. Leader of majority party of majority coalition is sworn in as Prime Minister.
Unemployment	5 per cent
Tourism	Around 9.2 million annual visitors



The new rules say online wagering companies must now take a maximum of 14 days to verify the eligibility of new online wagering consumers rather than the previous 90 days which will help reduce the risk of underage or self excluded participants gambling online. After a year the verification process will be assessed with the aim of bringing it down to 72 hours.

response to the 2015 Review of Illegal Offshore Wagering.

It was said in a 2015 review of illegal offshore wagering that some \$1.4bn was gambled online whilst Australians were losing between \$64m and \$400m each year betting on illegal offshore sites.

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The National Framework builds on other changes the Liberal Government has implemented including stopping illegal offshore providers, restricting advertising and prohibiting lines of credit for online wagering and links between payday lenders and online wagering operators.

The government is encouraging all states and territories to progress their legislation to enable full implementation as soon as possible.

Paul Fletcher MP estimates some one million people in Australia have online gambling accounts (about 2.5 million accounts) and says close to 25 per cent of those are at risk of gambling addiction problems.

The 10 measures to be enforced across all jurisdictions include:

- Prohibition of lines of credit. Since February 2018 online wagering service providers have been prohibited from offering or providing credit to people who gamble on their site or app.
- Payday lenders – Since February 2018 payday lending for online wagering has been restricted to protect consumers.
- Customer verification – online wagering providers have to verify customer identity within 14 days of registration instead of the previous 90 day rule.
- Restrictions on inducements – Online



TABCORP REVENUES PER DIVISION

DIVISION	REVENUES FY18	REVENUES FY17	CHANGE
Wagering & Media	\$2,186.1m	\$1,873.0m	16.7 per cent
Lotteries & Keno	\$1,390.7m	\$212.7m	100 per cent
Gaming Services Business	\$249.7m	\$143.9m	73.5 per cent
TOTAL	\$3,828.7m	\$2,234.1m	

wagering providers will be prohibited from offering any credit, voucher or reward as an incentive to open an account or for referrals.

- Account closure – Providers will have to offer a simple easy-to-find accessible way of closing or cancelling their online wagering account.
- Voluntary opt-out pre-commitment scheme – this will enable consumers to easily monitor and manage their gambling by setting their own deposit limits.
- Activity statements – providers will be required to send consumers activity

statements so they can track and monitor their online spending.

- Consistent gambling message – Providers have to use the same message about risk and potential harm from gambling in their advertising and marketing and websites.
- Staff training – Staff involved in online wagering will be trained in responsible service of online wagering.
- National self exclusion register – a simple online registration process required for those who wish to exclude themselves from interactive wagering.

The measures were introduced from November last year and will be implemented progressively over the following 18 months.

It is expected to reach some 130 wagering service providers in Australia and apply to around 2.5 million active online wagering account holders.

Meanwhile in June last year a bill was passed by the Australian parliament to amend the Interactive Gambling Act 2001 to prohibit the provision of online lottery betting and keno betting services in Australia.

Lottery betting involves betting on the outcome

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There has been a huge issue with provider Lottoland over the last few year with opposition and lobbying across the sectors. The argument being lottery betting services do not contribute to the state or territory government revenues whilst affecting some 4,000 small businesses which rely on the lotteries for a massive chunk of their revenues.

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LOTTERY AND SPORTS

The Australian wagering landscape is split mainly into four groups – TAB operators (totalisator and fixed odds), corporate bookmakers, on-course bookmakers and betting exchanges.

TabCorp's history dates back to the arrival of the lotteries in Australia which were launched back in the late 1800s when George Adams, who had arrived in Australia from England, organised the first Tattersalls public sweep on the Sydney Cup in 1881. When Sweeps were banned in NSW he then moved to Brisbane and then onto Tasmania when he was invited to organise a lottery when the Tasmanian government passed a legislation to permit public lotteries and tickets.

In 1904 Adams died but the estate continued to operate as Tattersall. Today Tattersall (The Lott) operates across all Australian states and territories except Western Australia.

Since December 2017 the Tatts Group has been a member of the TabCorp Group and has four brands – The Lott (lotteries and keno), TAB (wagering), MAX (Gaming) and George2 (Charitable Gaming).

TabCorp has more than three million registered



WAGERING AND RACING TURNOVER BY STATE (TAB AND BOOKMAKER)

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	TOTAL
Thoroughbred	\$4.1bn	\$2.9bn	\$1.5bn	\$470.6m	\$1.09bn	\$244m	\$123.8m	\$9.1bn	\$19.5bn
Harness	\$566.8m	\$493.2m	\$184.2m	\$67.2m	\$256.7m	\$48.4m	\$14.2m	\$13.5m	\$1.64bn
Greyhound	\$1.2bn	\$925.3m	\$336.2m	\$114.3m	\$539.3m	\$81.4m	\$30.5m	\$27.7m	\$3.26bn
Sports	\$1.04bn	\$639.5m	\$192.2m	\$71.6m	\$160.5m	\$75m	\$25.6m	\$9.02bn	\$11.2bn
TOTAL	\$6.9bn	\$4.9bn	\$2.2bn	\$723.8m	\$2.05bn	\$448.8m	\$194.3m	\$18.1bn	\$35.69bn

CAPS ON EGMS BY VENUE AND JURISDICTION

	ACT	NSW	NT	QLD	SA	TAS	VIC
Clubs	No limit by venue	No limit by venue	55	300	40	40	105
Hotels	No limit by venue	30	20	45*	40	30	–**
Statewide cap	–	Yes***	–	Yes	Yes	Yes	Yes

* Depending on whether Category 1 or 2 venue

** Statewide cap of 13,868 EGMS with no operator having an interest in more than 35 per cent of hotel machine entitlements

*** Cap based on local statistical areas.



customers with a total of 9,000 plus venues in Australia. The group saw \$3.8bn (a 71.4 per cent increase on the previous year) in revenues for the year 2018 and a net profit after tax of \$28.7m.

The company decommissioned two businesses last year Luxbet and UK licensed online wagering and gaming business Sun Bets – both saw big losses for the company.

Meanwhile TabCorp has invested in the digital customer experience and its digital sector saw a growth in turnover of 16 per cent with new products such as TAB Multiplier, whilst the company has plans to boost its UBET business across digital and retail channels.

TabCorp's Lotteries and Keno sector basically unites Australia's five official lotteries run by Tatts (Tattersall's Sweeps Pty Ltd), Tatts NT (Tatts

across clubs, hotels and TABs in Victoria, Queensland, South Australia and ACT and in clubs and hotels in NSW.

The Lotteries and Keno sector saw FY18 revenues of \$1.39bn and an EBITDA of \$255.6m. Lotteries has over 2.9 million registered digital customers and the digital sector accounts for 17.7 per cent of all lottery sales. Keno meanwhile has 58,000 digital customers and digital sales account for 3.8 per cent.

In April last year an updated Powerball game was launched offering bigger jackpots and Keno Mega Millions was also launched in Queensland with the game due to launch in Victoria this year.

At the beginning of the year TabCorp increased its marketing and bonus-bet offers in a bid to attract new customers in the face of fierce

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NT Lotteries Pty Ltd), NSW Lotteries (NSW Lotteries Corporation Pty Ltd), Golden Casket (Golden Casket Lottery Corporation Ltd) and SA Lotteries (Tatts Lotteries SA Pty Ltd) under one banner.

Games include Monday, Wednesday and Saturday Lotto, Powerball, Oz Lotto, Set for Life, Lucky Lotteries, Instant Scratch-Its, Super 66, Lotto Strike and Keno (SA only).

The lottery can be accessed via 4,000 retail outlets, online at thelott.com or via a mobile app. Keno is distributed across 3,600 venues

competition from online bookmaker rivals. In February it announced a slump in the wagering division and after years of subdued marketing has ramped up its efforts ahead of a wave of new state based taxes which took effect on January 1.

TabCorp is still going through a transition period to merge its national operations with the Tatts Group which is expected to continue until 2020.

The Wagering and Media Business includes Totalisator and fixed odds betting, a network of TAB and UBET agencies, hotels and clubs and

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Australia has a new Point of Consumption tax which will apply to bookmakers and the rate varies in each state and is generally between eight and 15 per cent. TabCorp has been pushing for the new tax across Australia arguing the need for a 'level playing field' given online only bookmakers are mostly licensed in the lower tax rate region of the Northern Territory and have paid considerably less tax than TABs.

on-course operations in Victoria, NSW, Queensland, South Australia, Tasmania, NT and ACT; wagering channels, Trakside (computer simulated racing product in Victoria, NSW and ACT), international wagering via Premier Gateway International and three SKY racing TV channels.

TAB Wagering offer pari-mutuel and fixed price betting on thoroughbred, harness and greyhound racing plus on various other sports from AFL, NRL, Rugby Union, Soccer and Cricket.

Revenue in FY18 amounted to \$2.18bn with an EBITDA of \$396.9m. TAB's investment in the digital sector saw digital turnover increase by 16.3 per cent to \$5.07bn compared to retail turnover at \$6.03bn (down 3.3 per cent).

The divisions involve SUPERTAB operated in Victoria, ACT and Western Australia plus NSW TAB in NSW and UBET in Queensland, South

Australia, Tasmania and Northern Territory.

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The Gaming Service Business division brings together MAX and MAXtech covering various gaming products and services. Maxgaming was founded in 1998 and is the largest Licensed Monitoring Operator in the world. The UK based slots division Talarius was sold to Novomatic in 2016 and the sector was re-branded to MAX and MAXtech (previously Maxgaming and Bytecraft).

MAX offers gaming venues a range of products and operates in NSW, Queensland and the NT and venue services nationwide. They currently monitor over 130,000 machines in Australia and gaming venue loyalty system with over 350 venues using their products.

TabCorp Gaming Solutions (TGS) operates across Victoria and NSW and provides a mix of gaming expertise whilst the eBet business provides gaming and promotional management systems. MaxTech provides a mix of services from logistics to maintenance. FY18 revenues were \$249.7m for the sector with an EBITDA of \$121.8m.



EGM & CASINO DATA PER STATE 2016-2017

CATEGORY	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
EGMs (total)	4,552	94,303	2,318	46,911	13,138	3,560	28,993	2,402
Casinos	0**	1,500	916	4,024	928	1,185	2,628	2,402
Clubs	4,502	69,885	818	23,637	1,789	127	12,748	0
Hotels	50	22,918	584	19,250	10,421	2,248	13,617	0
EGM turnover	\$2.06bn	\$80.3bn	\$990.4m	\$24.7bn	\$7.59bn	n/a	\$28.4bn	-
EGM per capita turnover	\$6.5bn	\$13.2bn	\$5.4bn	\$6.6bn	\$5.6bn	n/a	\$5.8bn	-
EGM – total expenditure	\$168.7m	\$6.18bn	\$92.6m	\$2.2bn	\$680.2m	\$110.3m	\$2.6bn	-
Govt revenue from EGMs*	\$33.4m	\$1.53bn	\$31.1m	\$780m	\$264.8m	\$30.4m	\$977m	-
Casino turnover	\$155m	n/a	\$998.9m	\$7.5bn	n/a	n/a	\$11.8bn	\$3.5bn
Casino per capita turnover	\$490.3m	n/a	\$5.4bn	\$2.01bn	n/a	n/a	\$2.4bn	\$1.7bn
Casino – total expenditure	\$34.4m	\$1.54bn	\$97.1m	\$715.8m	\$135.5m	\$84.3m	\$1.55m	\$622.8m
Govt revenue from casinos	\$2.7m	\$256.5m	\$21m	\$104m	\$17.4m	\$18.7m	\$207.6m	\$61.8m

*some states include Keno data with EGMs

** casino didn't have slot at this point.

RACING AND BETTING

Thoroughbred racing is one of Australia's oldest sports but also a major economic activity and supports over 70,000 jobs.

Racing Australia consists of six state and two territory racing authorities and covers 385 racing clubs and 382 racing tracks across the nation which held more than 19,000 races last year of which almost 17,000 were TAB Races (the remaining 2,400 were non TAB races). There were over 2,200 TAB race meetings in Australia last year and 444 non TAB meetings. There are a total of 418 bookmakers in Australia.

Total gambling turnover for the wagering and racing sector amounted to \$35.6bn in 2017/18 divided between:

- Total wagering for thoroughbred sector amounted to \$19.5bn last year broken down between \$9.69bn from bookmakers and TAB total of \$9.8bn (\$311.9m from Tote on-course bets; \$3.03bn from TAB retail; \$2.13bn from TAB phone and internet and \$4.37bn from fixed odds bets)
- Greyhound wagering turnover was \$3.2bn
- Harness wagering turnover was \$1.64bn.

- Sports wagering turnover was \$11.2bn divided between \$2.22bn TAB (\$1.05bn via TAB retail; \$187.5m via phone; \$979.3m via internet) and \$9bn via bookmakers.

Meanwhile Betfair Australia is the Australian arm of the web betting exchange Betfair. Established in 2005 it operates Australia's only betting exchange under a Tasmania gaming licence. Since August 2014 Betfair Australasia has been 100 per cent owned by Crown Resorts and provides access for Australian and New Zealand customers to the betting exchange.

The betting exchange is owned by Paddy Power



A study by the Centre for International Economics in 2018 estimated that gaming machines contributed \$8.32bn to the Australian economy and employs 46,660 people whilst tax revenue for state and commonwealth governments was \$5.5bn.

Betfair and enables customers from all over the world to bet against each other offering a different aspect to that of fixed odds or totalisator operations.

Crown's wagering and online social gaming operations also include DGN Games which is 85 per cent owned by Crown and Chill Gaming, a 50/50 venture between Crown and New Gaming to focus on innovation and developing new entertainment products.

Last year CrownBet and William Hill Australia merged to form BetEasy following the news in February last year that Canadian giant The Stars Group acquired a 62 per cent stake in CrownBet from Crown Resorts. In the summer CrownBet then acquired William Hill Australia for \$300m

and the merger is set to produce the country's third largest sports betting operator after TabCorp and Sportsbet.

THE 'POKIES'

Electronic Gaming Machines (EGMs) are colloquially known as 'pokies' in Australia and are located in pubs/taverns, clubs and hotels across all jurisdictions in Australia (except for Western Australia where they are only permitted in the casinos).

There around 195,000 EGMs in Australia of which 13,500 are in the 13 casinos, 113,500 in some 2,000 clubs and almost 70,000 in 3,000 plus hotels.

Most states set a cap on the number of EGMs

that are operational whilst minimum RTP is set at between 85 and 87 per cent on average depending on the state. Some states come with a \$5 maximum bet and others \$10 for club/hotel EGMs.

A study by the Centre for International Economics in 2018 estimated that gaming machines contributed \$8.32bn to the Australian economy and employs 46,660 people whilst tax revenue for state and commonwealth governments was \$5.5bn. Player expenditure on EGMs in the Australia has increased exceptionally over the last 20 years from around \$8.2bn in 1996 to \$12.6bn in 2017.

NSW has the largest number of EGMs where there is approximately one EGM per 62 people.



TOTAL GAMBLING TURNOVER PER STATE PER CATEGORY 2016-17

CATEGORY	ACT	NSW	NT	QLD	SA	TAS	VIC	WA	AUST
Gaming (total)	\$2.27bn	\$82.2bn	\$2.14bn	\$33.7bn	\$8.03bn	\$90.4m	\$41.6bn	\$4.40bn	\$174.6bn
Casino	\$155m	-	\$998m	\$7.53bn	-	-	\$11.8bn	\$3.5bn	\$24bn
EGMs	\$2.06bn	\$80.3bn	\$990m	\$24.7bn	\$7.5bn	-	\$28.4bn	-	\$144.2bn
Instant Lottery	\$4.6m	\$118.2m	\$4.09m	\$183.1m	\$33.1m	\$11.5m	\$57.9m	\$96m	\$508.8m
Online gaming	-	-	\$0.005m	-	-	-	-	-	\$0.005m
Keno	\$13.3m	\$646.1m	\$47.7m	\$404.7m	\$108.5m	-	\$97.5m	-	\$1.31bn
Lotteries	\$1.18m	\$117.4m	-	-	-	\$0.608m	-	-	\$119.2m
Lotto	\$40.5m	\$1.06bn	\$102m	\$844m	\$293.5m	\$78m	\$1.2bn	\$730.2m	\$4.34bn
Minor Gaming	-	-	-	-	-	-	-	\$79.8m	\$79.8m
Pools	\$0.096m	\$4.2m	\$0.222m	\$2.4m	\$0.645m	\$0.196m	\$2.3m	\$1m	\$11.3m
Racing (total)	\$99.7m	\$6.2bn	\$10.6bn	\$2.02bn	\$646m	\$376.2m	\$2.51bn	\$1.35bn	\$23.8bn
Off-course bookmaker	-	-	-	-	\$4.7m	-	-	-	\$4.7m
On-course bookmaker	\$1.5m	\$561.8m	\$10.5bn	-	\$14.1m	\$0.851m	-	\$19.9m	\$11.17bn
On-course totalisator	\$1.9m	\$48.2m	\$5.2m	-	-	\$5.9m	\$151.2m	\$27.2m	\$239.8m
TAB	\$96.2m	\$5.59bn	\$63.2m	\$2.02bn	\$627m	\$369.5m	\$2.3bn	\$1.3bn	\$12.4bn
Sports Betting (total)	\$62.7m	\$1.29bn	\$5.56bn	\$164.9m	\$69.1m	\$58.7m	\$2.2bn	\$687.5m	\$10.10bn
Bookmaker FixedOdds	-	\$284.8m	\$5.56bn	-	\$0.722m	-	-	\$0.030m	\$5.84bn
Bookmaker pools	-	-	-	-	-	-	-	-	-
TAB fixed odds	\$62.7m	\$992.9m	-	\$163.3m	\$68.3m	\$58.7m	\$2.2bn	\$685.9m	\$4.23bn
TAB Tote	-	\$14.6m	-	\$1.6m	\$0.021m	\$0.003m	\$6.2m	\$1.6m	\$24.1m
TOTAL	\$2.44bn	\$89.7bn	\$18.35bn	\$35.92bn	\$8.74bn	\$525.5m	\$46.3bn	\$6.4bn	\$208.6bn



Australian Capital Territory

The Australian Capital Territory houses Canberra, Australia's capital, built between Sydney and Melbourne in the early 20th century. The federal district's forest, farmland and nature reserves earn Canberra its nickname, the "Bush Capital." The city's focal point is Lake Burley Griffin, filled with sailboats and kayaks. On opposite shores are the grand Australian War Memorial and the massive, strikingly modern Parliament House.

The ACT Gambling and Racing Commission is an independent statutory authority responsible for the gambling and racing sector and was established under the Gambling and Racing Control Act 1999. Other legislation includes the Casino Control Act 2006 and Gaming Machine Act 2004. Total gambling revenue for the year end 2018 amounted to \$53.204m.

● **Lottery** – this is governed by the Lotteries Act 1964 and provides a range of lottery activities from raffles, Housie and trade promotion lotteries. The main lottery is operated by Tatts.

● **Betting** – the race and sports bookmaker sector is regulated by the Race and Sports Bookmaking Act 2001. By the end of 2018 there were 10 bookmaker licences. In April 2018 there was a ban on greyhound racing in ACT although breeding and training is still permitted. For horse racing ACT has one club – Canberra Racecourse which is also known as Thoroughbred Park – which is one of the most modern racetracks in Australia. There are two race tracks here – a turf course and the all weather Acton Track. The track is operated by Canberra Racing Club with around 25 meetings per year.

In 2014 TabCorp was issued with an exclusive licence by the ACT government for the totalisator licence. The acquisition of ACTTAB

was completed by TabCorp Holdings for \$105.5m and TabCorp was issued with a 50 year exclusive totalisator licence, sports bookmaking licence for 15 years (extendable to 50 years) and ongoing approval to offer Keno and Trackside products.

Online Gambling is governed via the ACT Interactive Gambling Act of 1998. However the Australian government's Interactive Gambling Act of 2001 prohibits Australian companies from offering online gaming services to Australian residents which overrides state and territory laws.

The Act does however regulate online wagering services and those based in ACT must hold an ACT Sports Bookmaking licence.

● **EGMs** – are regulated and licensed via the Gaming Machine Act 2004, Gaming Machine Regulations 2004 and the Gambling and Racing Control Regulation of 2002.

Back in 2015 amendments to the 2004 Act were introduced as part of the ACT government's gaming machine reform package. The changes saw an open market trading scheme introduced for gaming machine authorisations with a new licensing and authorisation framework and a phased reduction in the number of gaming machines in the territory.

The idea was to allow licensees who want to reduce their reliance on gaming machine revenue or move out of gaming completely able to trade their authorisations to operate individual machines.

The plan was to reduce machines via two phases – the first for every four authorisations traded, one is forfeited and removed from operation which was expected to take up to three years. The total number of authorisations could not exceed the number of gaming machines in ACT.

Phase 2 meant clubs with 20 or more authorisations had to surrender authorisations on a pro-rata basis to meet the new maximum ratio of 15 gaming machines per 1,000 adults.

The scheme resulted in a reduction in the



The Casino (Electronic Gaming) Act of 2017 was introduced in May last year and permitted the operation of machines in the casino including fully automated table games. Previously slots were not allowed but the casino now has permission to operate up to 60 fully automated table games and 200 poker machines.

number of machines from 5,022 to 4,283 by the end of 2018.

There are now 31 licensees in ACT with 50 authorisation certificates to operate machines of which 45 are for Clubs (Class C) and five are for Hotels and Taverns (Class B).

Meanwhile in November last year the Gaming Legislation Amendment Bill was introduced which introduced the Pathway to 4,000 gaming machines – a plan to reduce the number of EGMs further to 4,000 by the year 2020. This would be achieved by a two step approach – voluntary and compulsory surrender of authorisations. Voluntary surrender notices had to be submitted by January 2019 whilst compulsory surrender took place in April 2019 and again in April 2020.

- **Casinos** – there is one casino in ACT which is

Casino Canberra located in Glebe Park in the city's Central Business District (CBD). The casino was recently sold to Blue Whale Entertainment for \$32m giving ownership to Blue Whale owner Michael Gu, who is Chief Executive of iProsperity investment group and a shareholder in SB&G Group (owner of IHG and Crowne Plaza hotels).

There is a Crowne Plaza adjacent to the Canberra casino whilst in July last year SB&G announced plans to build a Holiday Inn Express next to the Crowne Plaza.

The casino was owned by Hong Kong billionaire Tony Fung of Aquis who bought the casino from Casinos Austria for \$6.5m in 2014.

It seems Aquis has been frustrated with its inability to progress with its \$307m redevelopment project for Canberra's CBD area

where the casino is located. The integrated entertainment precinct was launched to reinvigorate the city South area with a leisure and nightlife precinct which included the refurbishment of the casino plus new five star hotel, luxury villas, restaurants, spa, shopping mall and nightclub and bars.

The government quashed the plans for this project late last year although they did agree to allow the casino to have 200 poker machines (although they requested 500 machines) which previously was not permitted, but also imposed tough new bit limits and taxes on machines.

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Casino operating revenue for year ending 2017 amounted to \$26.1m although the casino reported a loss of \$13.8m following on from a loss in 2016 of \$7.7m.



New South Wales

New South Wales is a southeastern Australian state, distinguished by its coastal cities and national parks. Sydney, its capital, is home to iconic structures such as the Sydney Opera House and Harbour Bridge. Inland are the rugged Blue Mountains, rainforests and outback towns where opals are mined. Along the coastline are long surfing beaches. The Hunter Valley region, in the north, has dozens of wineries.



The Liquor & Gaming NSW department is responsible for the regulation of the gaming sector in NSW and is governed by the Casino Control Act 1992, Gaming Machines Act 2001 and Registered Clubs Act 1976. The L&GNSW launched a Strategic Plan for 2017-19 to improve governance structure and responsible gambling schemes.

● **Betting** – Wagering on sport, racing and betting in NSW is conducted by TAB which is licensed under the Totalisator Act of 1997 and the Betting and Racing Act 1998. TAB is the exclusive provider of off-course retail betting services in NSW. Betting service providers in NSW can operate on racecourses and are licensed by the racing controlling bodies.

Horse racing in NSW is governed by Racing NSW which comprises of 100 professional clubs, 27 amateur clubs and 116 race tracks. Racing NSW was established under the Thoroughbred Racing Act of 1996 and divided into three thoroughbred racing sectors – Provincial Racing Association of NSW which comprises of five race clubs in the Sydney area; Racing NSW Country and Metropolitan Clubs which runs via five Australian Turf Clubs, City Tattersall's Club and Tattersall's Club.

Thoroughbred racing wagering was up by 13 per cent last year to almost \$3.5bn whilst all racing

wagering reached \$5.45bn. There are 171 bookmakers in NSW and 38 sports betting licences.

● **EGMs** – Of the 195,000 EGMs in Australia, NSW operates just under half. It's the king of the states in terms of pokie machines and capital expenditure on the pokies in NSW is higher than in any other Australian state. NSW was the first state to introduce slots into community clubs and they arrived back in 1956.

Last year a new Centralised Monitoring System was introduced for all EGMs to monitor activity and data collection which was awarded to MaxGaming. Meanwhile there was also a reform package to cap EGMs at their current level in 'high risk' areas.

There are two types of licences available for the operation of gaming machines which operate under the Gaming Machine Act 2001:

1) A Hotel Gaming Licence in the form of Gaming Machine Entitlements (GMEs) and Poker Machine Permits (PMPs). There must be one GME and/or PMP for each gaming machine at the hotel. The threshold is limited by floor space and hotels can have up to a maximum of 30 slots and if they have more than 10 they must be in a separate hotel gaming room. Hotels pay tax when gaming machine profits exceed \$50,000 per quarter.

2) Club Gaming Licence in the form of GMEs. Operators must have one GME for each machine and the threshold is also limited to floor space. Clubs only pay tax when gaming machine profits exceed \$250,000 per quarter (\$1m per year).

Data shows there are 1,100 Clubs in NSW and almost 70,000 gaming machines. Net Profit for the first six months of 2018 period was \$1.94bn.

There are 1,460 hotels with 22,600 EGMs and net profit for the first six months of 2018 was \$1.16bn. There are also 1,500 slots in the casinos.

● **Casinos** – The casinos operate under the Casino Control Act 1992 and there is one casino



open in Sydney – The Star Casino and a second due to open in two years – Crown Casino.

The Star Casino is operated by The Star Entertainment Group (formerly known as Echo Entertainment Group) which also operates two other Queensland casinos – The Star Gold Coast and the Treasury Brisbane. The group has also recently acquired the Sheraton Grand Mirage on the Gold Coast in a joint venture and manages the Gold Coast Convention and Exhibition Centre.

The Star Sydney licence was originally awarded to Sydney Harbour Casino Pty Ltd back in 1994 and the casino licence continues until 2093 and includes an exclusivity arrangement in NSW for a single casino until November 2019.

The Star is a huge entertainment centre with 600 room hotel, restaurants and bars and the casino has over 200 table games and 1,500 slots.

The Sydney casino saw gross revenues last year of \$1.73bn (\$1.16bn domestic and \$571.4m VIP) and an EBITDA of \$285m. EGM revenue was up by 9.8 per cent.

Crown Resorts is currently constructing a casino/hotel in Barangaroo, Sydney which is due to open in 2021 at a gross project cost of around \$2.2bn. Unlike the Star it will only operate with VIP restrictions and is due to include 350 rooms and apartments on 75 floors at over 271 metres tall will be the city's tallest building.

The hotel has seen almost \$1bn in capital works projects spent on it or in process, including the completion of the new hotel club lounge plus plans for 1,000 hotel and residential rooms with the construction of a tower to be operated by The Ritz Carlton and additional food, beverage and retail facilities.

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The proposal for the six star luxury resort was presented back in 2012 and the plan is to lure Chinese high rollers by taking advantage of a new streamlined visa proposal for Chinese

citizens. Crown already operates the resorts Crown Melbourne and Crown Perth. It is estimated that the Crown Sydney will have around 125 VIP gaming tables initially. The question is whether it will encourage market growth or merely take visitors from the Star. Some fear revenue at the Crown Melbourne will diminish once Sydney becomes a two-casino town.

In 2018 China overtook New Zealand for the first time to become Australia's largest inbound visitor market. There were around 1.39 million Chinese visitors to Australia during the year ending February 2018, an increase of 13.2 per cent.

James Packer has fought continuously to bring the Crown tower to life, most recently battling against the Barangaroo Delivery Authority to protect the tower's harbour view.



Victoria

A state in south-eastern Australia. Victoria is Australia's smallest mainland state and its second-most populous state (after New South Wales) overall, making it the most densely populated state in Australia. Most of its population lives concentrated in the area surrounding Port Phillip Bay, which includes the metropolitan area of its state capital and largest city, Melbourne, Australia's second-largest city.

A Point of Consumption Tax (PoCT) was introduced in the state in January 2019 and applies to the net wagering revenue derived from all wagering and betting activity by customers in Victoria. A single eight per cent tax rate will now apply to all bet types. The PoCT will apply to operators whose annual net wagering revenue exceeds a \$1m tax free threshold.

The Victoria Commission for Gambling and Liquor Regulation (VCGLR) is the authority which regulates the state's gambling and liquor industries. It operates under the Gambling Regulation Act 2003 (which was amended in 2017), the Casino Control Act 1991, the Casino Management Agreement Act of 1993 and the Racing Act of 1958.

- **Lottery** – operated by Tatts it is known as Tattslotto and has been in existence since 1972. Previously (since 2008) Intralot had a licence to operate scratchcards but pulled its Keno and scratchcard business in 2014 transferring the licence to the Tatts Group. Meanwhile there are some 620 keno outlets.

- **Betting** – the VCGLR oversees some 740 wagering and betting agents. Wagering and betting has been provided by TabCorp since 2012 to conduct on-course and off-course wagering and betting on racing, sports and other approved events. TAB operates some 639 licensed venues and 92 retail agencies plus there are 182 registered sole trader bookmakers, 45 bookmaking partnerships and four bookmaking companies in Victoria.

Victoria is considered the home of racing in Australia with such international races like the Melbourne Cup. The governing bodies are Racing Victoria (thoroughbred racing), Harness Racing Victoria and Greyhound Racing Victoria.

Racing Victoria Limited was established in 2001 and holds around 550 races annually and the principal club is Victoria Racing Club at Flemington. The Victorian Racing Industry (VRI) generates around \$2.8bn annually for the Victorian economy. TabCorp began a 50/50 joint venture with the VRI in 2012.

There are some 67 thoroughbred racing tracks and around 1.3 billion attendances. Total revenue was \$424m last year whilst total wagering amounted to \$6.39bn. Pari-mutuel betting accounts for 30 per cent of all domestic Victorian thoroughbred racing turnover.

Wagering tax in 2017 amounted to \$54.1m (3.3 per cent of all gambling tax revenue in Victoria) which is paid into hospital and charity funds.

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This could have a negative impact on profits although the government aims to review this tax after 18 months.

Meanwhile Victoria is being urged to consider a revamp of its wagering industry to permit more than one company to operate retail betting shops. Led by Paddy Power Betfair the company argues that competition leads to greater consumer choice and product innovation.

At the moment only TabCorp holds the Victorian government's 12 year wagering licence and is permitted to run pari-mutuel and fixed odds betting and off-course retail betting across the state via TAB shops and pub terminals. The company has the exclusive licence to run retail betting in all states except Western Australia.

Paddy Power Betfair has expressed an interest in bidding for the Victorian wagering licence up for renewal in 2024.

- **EGMs** – With a Labour win in the November 2018 Victoria elections, the state legislated a new 20 year licensing deal to come into effect in 2022 despite resistance from the opposing Green party who are keen to scrap pokie machines completely.

However the machines, first introduced into the state in 1991 under the Labour government, added around \$1.1bn to state coffers last year and are a key source of revenue.

There is a capped number of 30,000 EGMs across 500 or so gaming venues. Of the 30,000 there are some 2,628 allocated to the Melbourne Casino whilst the remaining 27,372 are allocated to clubs and hotels (with a 50:50 split approximately).

The regional caps were first introduced in 2001 and there are currently 25 purpose defined regions with specific caps whilst municipal limits were introduced in 2009 and cover almost all municipal areas in the state at a ratio of 10 gaming machines per 1,000 adults.

Meanwhile clubs cannot hold more than 840 club gaming machine entitlements and no single approved venue can have more than 105 entitlements, whilst no operator or organisation

can have an interest in more than 35 per cent of hotel gaming machine entitlements.

Amendments have been made to the Gambling Regulation Act in 2017 and will apply from 2022. The reforms include:

- Replacing the current 10 year term with a 20 year licensing term and requiring operators to make two payments – the first in 2022 and another in 2032.
- Giving venue operators the chance to acquire post 2022 entitlements up to the number of entitlements they held in July 2017 through an administrative allocation process (not competitive).
- Increasing the maximum number of entitlements held by club venue operator from 420 to 840.
- Adjusting the 50:50 rule to facilitate the allocation of unused club entitlements to the hotel sector.
- Making changes to the taxation system by replacing the current three tax brackets with four brackets with a higher rate applying to the top bracket.

Meanwhile Intralot Australia (IGS) has the single EGM monitoring licence for providing the state with the remote monitoring and the YourPlay system that controls the VLTs across the hotels and clubs in Victoria.

- **Casino** – Crown Melbourne Ltd was opened in 1997 and is Australia's largest casino with three hotels, function rooms, 70 restaurants and some 40 retail outlets and entertainment facilities. The licence runs until 2050 and it is permitted to operate 2,628 EGMs and 540 table games.

The casino resort currently has three hotels – Crown Towers with 481 rooms, Crown Metropal with 658 rooms and Crown Promenade with 465 rooms.

Crown Melbourne is located at Southbank and is one of three casinos in Australia operated by Crown Resorts, the other two being Crown Perth and the soon to open Crown Sydney in Barangaroo. The Crown Melbourne Casino saw revenues of \$2.27bn and EBITDA was \$645m.

Crown, and its joint venture partner Schiavello Group, were granted planning permission in 2017 to construct the proposed One Queensbridge project which will include a fourth hotel project – a 388 room six star hotel with 700 luxury apartments which would be connected to Crown Melbourne via a sculptured pedestrianised bridge.

The project is worth around \$1.8bn but there are problems with funding arrangements. Crown Resorts' request in March to delay the start of development was turned down and the company is now looking at options for the skyscraper.

Meanwhile the sixth casino review was completed last year concluding that Crown Melbourne remains a suitable operator for the casino licence.



Western Australia

Western Australia, covering the entire western third of the country, is made up mostly of the arid Outback. Its population is concentrated in its fertile southwest corner, home to the Margaret River wine region and the riverside capital, Perth. In the far north, the Kimberley region is home to ancient Aboriginal rock art, the Bungle Bungle sandstone domes and Broome, with Cable Beach camels and a pearling industry.

The department of Racing, Gaming and Liquor (RGL) is responsible for the gambling sector in this state and provides licensing for casinos, gaming and the betting industries. The legislations covering the sectors including the Betting Control Act 1954, Casino Control Act 1984 and Gaming and Betting Act 1985.

• **Lottery** – LotteryWest was established in 1932 and runs the lottery in Western Australia and operates under the Lotteries Commission Act of 1990.

There are various games from Lotto, Powerball, Soccer Pools and scratch n win and tickets can be bought via 500 plus retailers, the app or online.

Lottery sales in 2018 amounted to \$855m of which the Saturday Lotto saw the biggest share with \$313.9m followed by Powerball \$160.6m, Oz Lotto with \$145.9m, Scratch n Win \$107m, Monday and Wednesday Lotto \$58.4m and Set

for Life \$52.4m with the remainder on other games. Online sales represent 9.5 per cent of sales.

• **Betting** – In 2003 the state government restructured the racing industry governance system in WA and merged the Western Australian Turf Club, Western Australian Trotting Association and Western Australian Greyhound Racing Authority alongside the off-course betting activities of TAB, into a single controlling authority known as Racing and Wagering Western Australia (RWAA).

The RWAA has the responsibility for off-course

wagering functions trading as the TAB with more than 330 TAB retail outlets in the state.

Overall revenues last year were \$404.7m which includes \$321.5m from wagering, \$58.4m from WA Race Bets Levy and \$24.8m from other items.

There are a total of 54 race clubs in WA which between them conduct 875 race meetings annually. There are 37 thoroughbred clubs (one metropolitan and 36 regional), 14 harness clubs and one greyhound club (with three venues).

The Western Australian Turf Club, now operating as Perth Racing, was founded in 1852 and manages two tracks – Ascot Racecourse and Belmont Park and is Western Australia's only metropolitan thoroughbred club and hosts a total of around 90 meetings per season.

Ascot is the summer venue and Belmont is the winter venue. Belmont is located closer to Perth's central business district and has recently undergone redevelopment works.

On-course totalisator sales have been dropping in Perth, from \$31.6m in 2014 to \$19m last year



mainly due to the rise in off-course corporate bookmakers and on-course punters migrating from tote products to fixed odds betting and also the use of mobile devices to make wagers.

Attendance at the race tracks amounted to 153,476 last year with 50 race meetings at Ascot and 38 at Belmont. Total revenue for the club was \$76.2m last year.

The racing sector is governed by the Racing Control Act 1954 and the Racing Bets Levy Act 2009. In July last year changes to the Racing Bets Levy Regulations came into effect and brought in new levy rates. There are 28 active bookmaker licences.

Meanwhile in WA there are plans to privatise the state owned WA TAB betting agency and Paddy Power Betfair is said to be one of three main bidders for the licence which also could include TabCorp and BetEasy.

There is a rumoured price tag of \$500m and it is thought TabCorp is the mostly logical contender as it is operational in all states except WA. With no keno or pokies in the state, wagering is the main gambling option.

There are some 89 TAB retailers in WA at the moment which are mostly 50 per cent owned by two different owners (120 small business owners) who have a licence from the RWWA to operate the agencies. The agencies were sold off by TAB WA in the 1980s in a scheme similar to a franchise system.

- **EGMs** – there are no EGMs or Keno permitted in WA except in the casino.

- **Casino** – There is just one casino in WA. The Crown Perth opened in 1985 and is Western Australia's premier integrated resort with gaming and conference facilities. The resort has three hotels including the newly opened Crown

Towers with 500 rooms, Crown Metropol with 397 rooms and Crown Promenade with 291 rooms.

There are also spa, pools, restaurant and bars facilities and a 2,300 seat theatre. The casino has approval for 2,500 EGMs and 350 gaming tables. The casino saw about 7.9 million visitors last year.

Crown Perth revenues last year were \$844.5m, up 1.7 per cent with the main gaming floor down 2.1 per cent, VIP program play down 5.8 per cent and non gaming up 12.5 per cent mainly due to a full year impact of Crown Towers which opened at the end of 2016. EBITDA was \$248.8m.

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Queensland's Office of Liquor and Gaming Regulation (OLGR) regulates the gambling sectors in the state under the Gaming Machine Act 1991, Casino Control Act 1982 and Wagering Act 1998. There was a total of \$4.06bn gambled in the Queensland market last year.

- **Lottery** – The first Golden Casket lottery was conducted in 1917 and the operation was taken over by the Queensland government until 2007 when they sold off Golden Casket to Tattersall's Ltd and it is now a brand under The Lott operated by the Tatts Group. The Lotteries Act was introduced in 1997 whilst total expenditure on the lotteries amounted to \$432.9m last year.
- **Betting** – Horse and dog racing in the state is governed by Racing Queensland and the principal club is Brisbane Racing Club formed by a merger between Queensland Turf Club and Brisbane Turf Club. The Racing Act 2002 governs the sector for thoroughbred, harness and greyhound racing.

There are 130 clubs and 119 racecourses across the state and the industry contributed some \$1.2bn last year to the economy.

Total attendances reached 847,833 with over 12,000 races last year. Wagering revenue amounted to \$253.3m of which thoroughbred

racing saw \$195.2m, Greyhound \$37.2m and harness \$20.8m.

The sector has been impacted negatively by UBET declining returns and the closure of Eagle Farm racetrack for upgrading and maintenance and inclement weather. Racing Queensland now plans to invest over \$100m over the next five years as part of an infrastructure plan to modernise facilities.

It also plans to achieve certain objectives such as growth of total revenue by five per cent by 2020 via the Strategic Plan FY18–21.

At the beginning of 2018 Racing Queensland implemented the Minimum Bet Limits for all off-course wagering operators (not betting exchanges) which applies to fixed odds bets on thoroughbred racing in the state.

In 1962 TAB began to provide legal off-course betting and in 1999 TAB Queensland was privatised. Total expenditure for the wagering

sector amounted to \$350.5m last year. Keno/TAB expenditure amounted to \$97.9m last year.

- **EGMs** – Legalised in 1992 there are some 42,230 EGMs operational (January 2019) and 45,807 approved EGMs which are regulated under the Gaming Machine Act 1991. Licences are issued to existing liquor licensees who wish to provide gaming machines and since 2001 there is a statewide cap on the total number of gaming machines which can be operated in hotels and clubs alongside a reallocation scheme to allow the trade of gaming machines.

In the club sector the scheme manages a total cap of 24,660 club operated gaming machine entitlements. One entitlement represents the clubs ability to operate one gaming machine. Clubs were given a number of entitlements and can now trade with other clubs. There are 23,025 operational EGMs in January 2019 and 406 clubs.

From 2014 clubs were able to apply for up to 300 gaming machines at a single premises whilst a club with two licensed premises can apply for a maximum of 450 gaming machines while three



Queensland

Queensland is an Australian state covering the continent's northeast, with a coastline stretching nearly 7,000km. Its offshore Great Barrier Reef, the world's largest coral reef system, hosts thousands of marine species. The city of Cairns is a gateway to the reef and tropical Daintree Rainforest. The capital, Brisbane, is flanked by the surfing beaches of the Gold and Sunshine Coasts.

All EGMs must be connected to an electronic monitoring system (EMS) using the QCOM protocol. Gaming providers in the NT, Tasmania, Victoria and New Zealand have also adopted this system. The latest system is QCOM3. Total expenditure for the EGM sector amounted to \$2.3bn last year.

or more premises can apply for 500 gaming machines (provided the maximum per location is 300).

In the hotel a licensee must obtain an operating authority for each gaming machine and these are available via tenders divided into three regions – South East, Coastal and Western. There were 19,207 operational EGMs (January 2019) and 21,147 approved EGMs. There are some 718 operational hotel sites.

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- **Casino** – this sector is governed by the Casino Control Act 1982 and there are five licensed casinos in Queensland, four are operational.

The Star Gold Coast (formerly known as Conrad Jupiters) opened on the Gold Coast in 1985 and was Queensland's first casino. Since 2017 it has been operated by the Star Entertainment Group

and has 1,616 slots and 70 gaming tables. It has undergone a huge refurbishment programme including a new luxury hotel The Darling and refurbishment of the Star Grand hotel. A new suite, New Dorsett Hotel, is due to be completed by 2022.

The Treasury Brisbane opened in Brisbane in 1995 and is also operated by Star Entertainment Group. It has 1,598 slots, 79 table games and 212 electronic table games.

The Ville Resort Casino in Townsville opened in 1986 and has just undergone a \$43m redevelopment. The property has 194 hotel rooms whilst the casino has 370 slots and more than 20 gaming tables. It was once operated by Echo Entertainment (now Star Entertainment) and was sold in 2014 to Colonial Leisure Group so Star could concentrate on the revamp of its Gold Coast and Brisbane casinos.

Reef Hotel Casino opened in Cairns in 1996 and has 500 slots and 37 table games. It is operated by Casinos International and Accor (Pullman Hotels).

Meanwhile Star Entertainment Group is the

company behind the fifth casino licence. Queen's Wharf Brisbane, which is not yet operational but has had a licence since 2016 for 2,500 EGMs. When this casino opens the Treasury Casino will close.

Star Entertainment with joint venture partners Chow Tai Fook Enterprises and Far East Consortium are involved in the \$3.6bn redevelopment of Queen's Wharf in Brisbane which is due to open in 2022.

The development covers 12 hectares of existing state owned land and will be the largest private development in Queensland. It will provide an integrated resort with casino, five hotels, 50 bars and restaurants, 2,000 apartments and retail outlets.

A pedestrian bridge will connect the resort with the existing South Bank Parklands on the opposite side of the Brisbane River. Meanwhile Star has also acquired the Sheraton Grand Mirage on the Gold Coast and manages the Gold Coast Convention and Exhibition Centre on behalf of the Queensland government. Total expenditure for the casino sector amounted to \$805.8m last year.

Since December last year all regulatory and policy functions, which were previously the responsibility of the Independent Gambling Authority, are now undertaken by the Consumer and Business Services (CBS) which is a division of the government's Attorney General's Department. The move was part of a broad package of reforms to the state gambling sector which saw various changes including: the implementation of the Consumer Protection Framework for Online Wagering, Self Exclusion barring process; Advertising and Responsible Gambling codes of practice; and Trading of Gaming Machine Entitlements. Legislation is covered by the Casino Act 1997, Gaming Machines Act 1992 and Authorised Betting Operations Act 2000.

- **Lottery** – South Australia became the last state to introduce state run lotteries in 1965 and the State Lotteries Act was enacted in 1966. Lotto was introduced in 1973 followed by instant lotteries in 1978. In 2012 Tatts Lotteries was appointed to conduct public lotteries in SA. There are some 570 lottery outlets in the state.

- **Betting** – this sector is governed by the Authorised Betting Operations Act (ABO) 2000 and Racing Act 2000. The major betting operation licence is held by UBET (Tatts Group) and there are around 336 UBET PoS outlets.

There is also fixed odds via licensed bookmakers (around 27 licences for interstate betting operators) and on-course betting at licensed racing clubs. There are around 44 on-course totalisator licences.

The first organised race meeting was held in Adelaide in 1838 and South Australia introduced the first on-course totalisator in 1879. By 1933 off-course betting shops were legalised.

The racing controlling bodies are Thoroughbred Racing SA, Harness Racing SA and Greyhound Racing SA and the SA racing industry generates more than \$400m in economic benefits for the state. Attendance figures are around 515,000.

There are a total of 42 racing clubs and 38 racetracks with over 770 race meetings and 6,700 races per year. Total wagering turnover in SA was \$117m.

Thoroughbred Racing is assisted by the state's 24 provincial and country clubs plus the principal thoroughbred club – South Australian Jockey Club – which races at Morphettville and conducts the Adelaide metropolitan races. There are also 11 Harness racing clubs and six Greyhound clubs.

- **EGMs** – The Gaming Machines Act 1992 governs this sector and saw the arrival of EGMs in hotels and clubs. In the year 2000 the SA government announced a free trade on EGM numbers and gaming machine entitlements can be purchased, sold or moved between venues under certain conditions.

All gaming machines are monitored electronically by the Independent Gaming Corporation (IGC) and there is a statewide cap of 13,081 gaming machine entitlements.

There are 524 active gaming machine licences of which 439 are hotels, 52 clubs and 33 other circumstances. Each licence has an authorisation for an approved number of machines and the maximum is 40.

There are around 12,300 EGMs in total currently in operation and total net gambling revenue is around \$682m last year – the first increase since 2014.

In 2017 all EGMs in SA (except those in prescribed premium gaming areas of the casino) were limited to a \$5 maximum bet (previously \$10). From this year EGMs also have to be capable of displaying on-screen messages connected to an automated risk monitoring system.

EGM expenditure accounts for the majority of gambling spend although sports betting and race wagering represents the largest interactive gambling markets.

- **Casino** – the SA casino sector is governed by the Casino Act 1997. Adelaide Casino opened in 1985 and spans two floors of a historic Railway Station building on the river banks. It was authorised to operate casino style EGMs in 1991.

Adelaide Casino was purchased by SkyCity Entertainment Group and re-branded in 2000 and has undergone several refurbishments including the more recent \$330m expansion which began last year for a 12 storey tower, which will be a new entertainment destination with hotel, retail and restaurants. It is due to be completed by 2020.

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SkyCity based in Auckland also operates four casinos in New Zealand and has recently sold its Darwin Casino in the Northern Territory to concentrate on the New Zealand casinos and Adelaide expansion.

Gaming revenue for the Adelaide casino last year was \$174m. It has a total number of 917 machines with a licence for 1,500 slots and 200 table games maximum. Visitors reached around 1.7 million annually.





South Australia

South Australia is a state in the southern central part of Australia. It covers some of the most arid parts of the country. With a total land area of 983,482 square kilometres (379,725 sq mi), it is the fourth-largest of Australia's states and territories by area, and fifth largest by population. It has a total of 1.7 million people, with more than 77 per cent of South Australians living in the capital, Adelaide





Northern Territory

The Northern Territory is an Australian territory in the central and central northern regions of Australia. It shares borders with Western Australia to the west, South Australia to the south, and Queensland to the east. To the north, the territory looks out to the Timor Sea, the Arafura Sea and the Gulf of Carpentaria, including Western New Guinea. With a population of only 246,700, it is the least-populous of Australia's eight states and major territories

The Northern Territory's gambling sector is governed by the NT government Department of Business (Gambling and Licensing department) and covers all sectors from casinos, racing, EGMs, online game and racing. Laws governing the sectors include The Gaming Control Act 2015, Racing and Bet Act 2017 and Gaming Machine Act 2017 and Totalisator Licensing and Regulation Act 2017. Total gambling turnover in the NT is around \$18bn.

- **Lottery** – this is operated via TattsLotto. There are also three types of lotteries – foreign, community and trade – which can be operated in the territory offering raffles, bingo, lotto etc.

- **Betting** – There is thoroughbred and greyhound racing in the NT. Thoroughbred Racing NT oversees all aspects of horse racing in the territory and is represented by principal club Darwin Turf Club (Fannie Bay Racecourse) whilst other clubs include Alice Springs Turf Club (Pioneer Park) and country tracks in Adelaide River, Katherine Turf Club and Tennant Creek Racing Club. There are around 70 meetings at Darwin and Alice Springs per year.

Thoroughbred Racing is regulated by the Northern Territory Racing Commission which was established under the Racing and Betting Act.

There is only one greyhound race track based at Winnellie Park in Darwin and the Darwin Greyhound Association is responsible for this sector.

There are 22 sports bookmakers and betting exchange operators licensed in the NT. All on-

course and on-premises betting operates under a single totalisator licence which was awarded to UBET NT (part of the Tatts Group) in 2015.

This gives UBET the exclusive right to operate a totalisator in the territory and conduct retail betting on racing and sports through totalisator. At the moment UBET has seven retail shop front agencies and three permanent on-course outlets at Frannie Bay, Pioneer Park and Winnellie Park plus 40 outlets across the state in clubs, hotels and casinos. UBET 'pools' with Queensland, South Australia and Tasmania, whilst betting exchange wagering is permitted in the NT.

- **EGMs** – these are in operation in licensed pubs, clubs, hotels and casinos in Darwin and Alice Springs. There is a limit to the number of EGMs permitted in pubs and clubs and the cap is set at 1,734 whilst only venues with a liquor licence can operate machines. The venues are restricted to 20 EGMs for a hotel liquor licence and up to 55 machines for those with a club liquor licence. Gaming machines in the casinos do not have a cap limit.

- **Casino** – There are two landbased casinos in

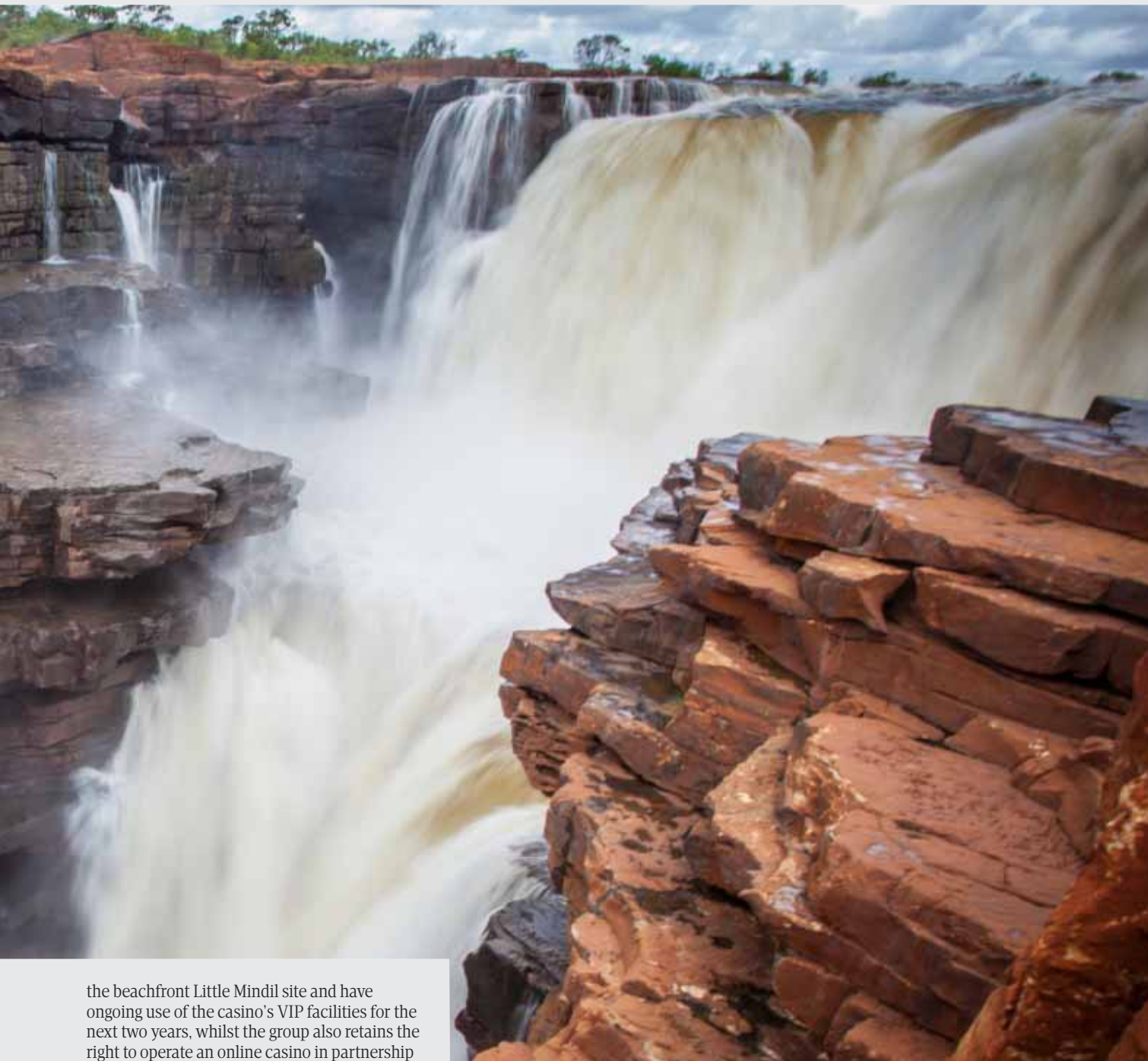
NT. SkyCity, Darwin operates under an operator's agreement with the government that runs until 2031 with an option for a further five year extension. The casino is also licensed to operate NT Keno throughout hotels and clubs in the territory.

SkyCity acquired ownership of the Darwin casino and hotel from MGM Grand in 2004 and re-branded the property. At the end of last year SkyCity agreed the sale of the casino to Delaware North for \$188m.

The casino operates 36 tables and 630 slots with no legislative cap. There are some four restaurants and five bars at the five star beachfront resort which boasts 152 luxury rooms, villas and suites. The resort is nestled on 30 acres of tropical gardens and is Darwin's only five star beachfront resort.

Gaming revenue for the Darwin casino in 2018 was \$118m. The sale comes as SkyCity is now focusing its attentions on its New Zealand home market and expanding casino facilities in Adelaide.

The agreement will see SkyCity continue to own



the beachfront Little Mindil site and have ongoing use of the casino's VIP facilities for the next two years, whilst the group also retains the right to operate an online casino in partnership with Delaware North if a licence is granted in the future. SkyCity will continue to run the operations until the sale is approved.

Earlier this year Delaware North acquired two Brisbane area pubs and gaming venues expanding the company's business into the gaming and entertainment industry.

They are currently involved in the catering and hospitality sectors in Australia and in the US the company owns or operates 12 casinos and gaming venues.

The second casino, Lasseters is located in Alice Springs and also runs under an operator's agreement with the NT government until 2031 with a five year extension option.

The casino has over 300 EGMs, table games and TAB and Keno in its sports lounge plus the new Diamond Lounge VIP area. The casino is part of the Crowne Plaza Alice Springs and was re-branded in 2016 after a franchise agreement

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with InterContinental Hotel Group. There are four restaurants and four bars, nightclub and convention hall, health club and spa.

It was originally constructed in 1981 and now has 205 rooms with an additional 60 hotel rooms and the Convention Centre was added in 2002.

Lasseters International Holdings was set up in 2004 and today also owns the Golden Door

health and spa retreat in Hunter Valley, NSW and has various property development plans in Malaysia.

NT Keno is run on the property under licence from SkyCity Darwin. Lasseters Hotel Casino saw revenues last year of \$44.8m.

The two casinos have exclusivity whilst total casino gambling turnover amounted to \$998.9m last year.

Gambling in Tasmania is regulated by the Gaming Control Act 1993 and the Tasmanian Liquor and Gaming Commission via the Tasmanian government's Treasury and Finance department. Total expenditure for the gaming sector in 2018 was \$258m and legislation is governed by the Gaming Control Act 1993 and Racing Regulation Act 2004.

- **Lottery** – Lotteries – there are no providers of major lotteries in Tasmania but Tattersalls Sweeps (Victoria) and Golden Casket Lottery (Queensland) both offer their products in Tasmania. There are 92 official outlets which provide lottery sales. The lotteries in the state generated around \$30.6m in state lottery taxes in 2017.

- **Betting** – activities that fall under a Tasmanian Gaming Licence include sports betting, simulated gaming, betting exchange, race wagering, totalisator and major lotteries. The Gaming Control Act does not provide for the conduct of online poker or other internet based

gaming (except those mentioned).

Totalisator and fixed odds betting is offered in Tasmania via TAB (previously known as Tote Tasmania), a subsidiary of TabCorp and there are 20 totalisator agents listed.

The Tatts Group combined with TabCorp Ltd at the end of December 2017 and Betfair surrendered its Tasmanian licence in November 2016 and moved its operations to the Northern Territory. Racing in Tasmania covers thoroughbred, harness and greyhound. Thoroughbred is governed by the Tasmanian Thoroughbred Racing Club and TasRacing is the

principal racing authority set up in 2009.

There are seven harness clubs, four thoroughbred clubs and three greyhound clubs.

Wagering turnover increased by 12 per cent in 2018 to \$576m divided between thoroughbred with \$242m, harness \$96m and greyhound \$238m. There were 555 thoroughbred races last year, 694 harness and 1,602 greyhound.

The racing industry contributes around \$100m annually to the Tasmanian economy.

- **EGMs** – a licensed Premises Gaming Licence permits an entity to operate keno and gaming machines in a licensed venue such as hotel or club. There is a total cap of 3,680 EGMs (casinos and clubs/hotels) with a maximum of 30 slots per hotel and 40 per club permitted.



There are a total of 279 gambling premises of which there are 99 premises with gaming machines, 165 with Keno, 138 with UBET and 89 with lottery. There are some 2,345 EGMs in hotels and clubs (cap of 2,500).

Taxes for gaming machines are set at 25.88 per cent of annual gross profit plus an additional four per cent Community Support Levy for EGMs in hotels and clubs.

Total player expenditure for EGMs in clubs and hotels amounted to \$137m (EGMs \$106m with the remainder Keno).

Player usage of pokie machines is down and since 2013 there has been a decline in the number of players who have participated in slots play. In 2017 there were calls for a ban on EGMs in pubs and clubs but the recommendation was quashed although there have been demands for a reduction in numbers.

- **Casinos** – there are two casino operator

licences issued – Wrest Point Hotel Casino in Sandy Bay and Country Club Casino in Prospect.

Wrest Point Casino in Hobart comprises of three hotels and located on the water front overlooking the river Derwent. Wrest Point Tower is Tasmania's tallest building and home to the Point Revolving restaurant.

After a referendum to open a casino on the island, Wrest Point Hotel and Casino then became Australia's first legal casino when it officially opened in 1973. It was operated by the Federal Group and paved the way for new investment, increased flights and a boom in tourism. The casino has more than 650 gaming machines and has 24 table games total.

Country Club Casino and Resort was developed also in 1982 on the rural fringe of Launceston and would become Australia's first resort style casino development. It is nestled among 300 acres of parkland and lakes and comes with a golf course and 200 rooms and villas, five

restaurants and four bars. Both casinos are operated by Federal Hotels group which is a Tasmanian company dealing in tourism and entertainment. The company is a privately owned family group who established Network Gaming in 1989 to manage the distribution of gaming machine and TAS keno throughout pubs and clubs on the island.

The company announced its partnership with VOS Construction in 2010 to operate MACq01 which opened in 2017 and became Australia's first storytelling hotel on the waterfront

There are a total of 1,182 casino slots in operation whilst there is also gaming onboard the two Spirit of Tasmania vessels which travel across the Bass Strait between Tasmania and Melbourne. EGMs are offered via the gaming Lounge with a total of 36 in operation.

Total expenditure for the casinos in Tasmania in 2018 was \$81.1m with gaming machines \$68.9m and table gaming \$9.4m and keno \$2.7m.



Tasmania

Tasmania is an island state of Australia. It is located 240 km to the south of the Australian mainland. The state encompasses the main island of Tasmania, the 26th-largest island in the world, and the surrounding 334 islands. The state has a population of around 526,700. Just over forty percent of the population resides in the Greater Hobart precinct, which forms the metropolitan area of the capital and largest city, Hobart

