Reports

Strewth

AUSTRALIA

Some say there's a big problem with gambling in Australia because an Australian will "bet on two flies crawling up a wall." Others say it's because there's a pokie machine available on every corner.



An estimated 39 per cent of Australian adults are regular gamblers with more than A\$225bn spent on gambling annually – almost 70 per cent of this is paid into pokie machines alone. But behind its lucrative and thriving façade and a \$6.5bn stimulus for the government, comes a chain reaction of rising problem gambling issues and money laundering allegations.

Although Australia is said to home less than half a per cent of the world's population it has 20 per cent of the world's gaming machines. And some 80 per cent of these are housed outside of casinos. There are almost 193,000 pokies across the country, of which 179,000 are operated in clubs and hotels compared to 13,500 in the casinos. There is one machine for every 101

Although Australia is said to home less than half a per cent of the world's population it has 20 per cent of the world's gaming machines. And some 80 per cent of these are housed outside of casinos. There are almost 193,000 pokies across the country, of which 179,000 are operated in clubs and hotels compared to 13,500 in the casinos.

Australians. As such the country has the world's highest average in terms of gambling losses with around \$1,000 per adult lost via gambling each year, whilst studies say gambling problems have doubled over the last 10 years.

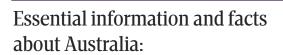
Electronic Gaming Machines (EGMs) are colloquially known as 'pokies' in Australia and they first began to appear in Australia in the 1930s

By 1956 they had grown so quickly in numbers the authorities in New South Wales were the first to legalise them in the clubs. They proved extremely popular, and clubs saw a huge boom in income and in turn they expanded and invested in more pokie machines.



Reports

AUSTRALIA MARKET REPORT



Capital Total Area Population Median age Religion Canberra 7,741,220sq.km 26,141,369 37.5 years

Protestant (23%), Roman Catholic (22.6%)

Ethnic Groups Languages Currency Government type Chief of State

English (36%), Australian (33%) English (72%) and others. Australian dollars (AUD) Federal parliamentary democracy King Charles III (since September 2022) represented by governor general David Hurley (since July

2019).

Head of Government

Elections

(since May 2022)
President elected by popular vote for five-year term (eligible for second term). Next election
October 2024. Prime Minister nominated by Parliament.
3.5% (August 2022)

1.5 million (July 2021-July 2022)

Prime Minister Anthony Albanese

Unemployment
Tourism
Casinos
Total EGMs
EGMs in casinos
EGMs in clubs
EGMs in hotels
Lottery outlets
Bookmakers
TAB outlets

192,768 13,542 110,000 69,220 4,343 433 4.442

All forms of gambling are permitted in the eight different states and territories with a few exceptions such as Western Australia which only permits EGMs and Keno in its casino whilst EGMs are only permitted in hotels and clubs in Australian Capital Territory (not in the casino).

Meanwhile Australia is the third largest casino market in the Asia Pacific region with a gambling turnover of \$26.2bn and gambling expenditure of \$4.8bn in 2019.

There are currently 14 casino licences issued and these are typically issued through a tender process run by the state.

The first casino to open in Australia was Wrest Point Hotel Casino in Hobart (Tasmania) in 1973.

By 1986 eight casinos had opened across the country and a further six by 1996. The three main casino companies are Crown Resorts, Star Entertainment Group and SkyCity Entertainment.

SPORTS BETTING

Prior to 2001 sports betting in Australia was a little chaotic with little oversight. The Gambling Act of 2001 changed that and only those companies with a licence could offer sports betting services and the whole sector was regulated.

Retail wagering is generally offered by the state and territory Totalisator Agency Boards (TABs) giving them relative exclusivity. TAB offer

Casinos, pubs and hotels in NSW were allowed to install pokes in the mid-1990s and other states and territories, eager for a slice of the economic rewards, also approved the machines.

Australians lost more than \$25bn on gambling in 2018/19, of which half of that went on the pokies (\$12.7bn). The pokies bring in a turnover of more than \$153.5bn annually almost 70 per cent of the total gambling turnover in Australia.

There's no single statute regulating gambling activities in Australia and each state or territory regulates the sector within each of their respective jurisdictions. A series of federal laws cover certain aspects of gambling, such as the Interactive Gambling Act of 2001 which governs online gambling services.

P43 WIRE / PULSE / INSIGHT / REPORTS



wagering via retail outlets, racecourses or terminals in hotels and clubs.

TABs were first established between 1961 and 1985 and offer a range of wagering products from fixed odds betting on races and sports and pari-mutual wagering. TAB is conducted via retail outlets or using internet and phone services. The major TAB operator is Tabcorp and there are over 4,442 TAB retail outlets in Australia and 433 bookmakers across Australia.

Total wagering expenditure amounted to \$4.47bn in 2019 made up of sports betting expenditure with \$961m and racing expenditure of \$3.5bn. There are 40 sports betting providers licensed in Australia which includes online TABs and corporate bookmakers.

There are currently investigations in this sector as AUSTRAC is assessing the compliance of Sportsbet and Hillside under the anti-money laundering and counter terrorism financing act. The investigation is the result of an extensive supervisory campaign that assessed entities within the corporate bookmaker sector and follows the recent investigation into Entain which began in September 2022.

THE ONLINE SECTOR

Online wagering began in Australia in the mid-1990s when Centrebet became the first Australian based operator to offer online sports betting in 1996.

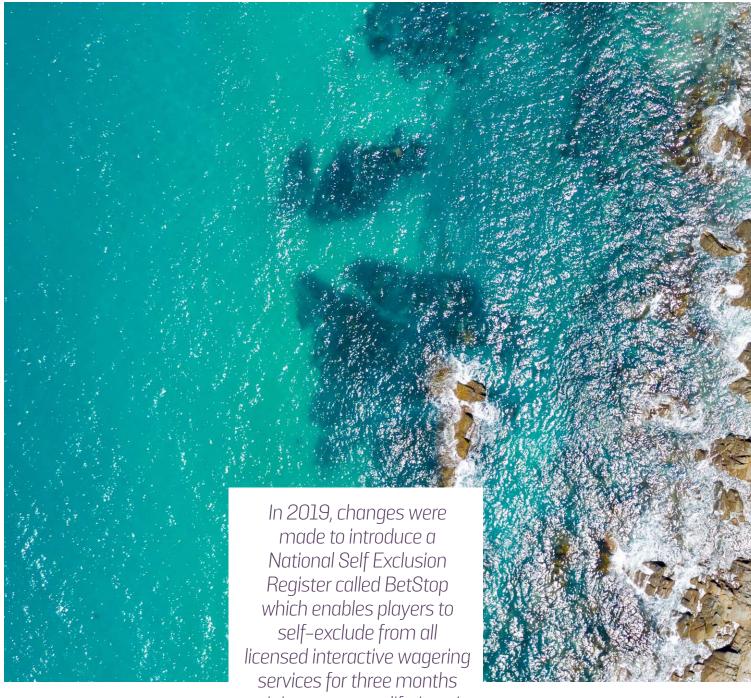
Online gambling is today the fastest growing

gambling sector in Australia at a rate of around 15 per cent annually, despite the fact it is limited in terms of game offer.

Growth in digital wagering in Australia grew by 215 per cent in 2020 mostly due to the Covid situation. Spending in online gambling in Victoria and New South Wales post-Covid grew by 329 per cent according to research by credit bureau Illion.

Online gambling is regulated by the Interactive Gambling Act (IGA) 2001 which sets rules for operators offering gambling or advertising gambling services and covers all online services via website, Apps or telephone.

Under the IGA only Australian licensed lottery



and wagering operators (race and sports betting) are permitted to offer their products via the internet. Prohibited online products include casino gaming and online EGM gaming with real money.

Some 65 per cent of online gambling providers in Australia are bookmakers, following by wagering 28 per cent, lottery six per cent and betting exchange one per cent.

Retail wagering licensees, corporate bookmakers, on-course bookmakers and other licensed betting operators can offer online betting whilst it is illegal to offer certain online services in Australia including:

- Online casinos, poker and slots.
- Online instant lotteries ie: scratchies.
- In-play sports betting on live sports events.
- Sport betting service without an Australian licence.

minimum up to a lifetime. It also enables operators to find out if their customers are registered with BetStop.

• Betting on the outcome of a lottery.

The Australian Communications and Media Authority (ACMA) which monitors compliance of the online gambling laws in Australia provides a list of licensed TABs, corporate bookmakers and betting exchanges which are licensed for online betting and also a list of licensed oncourse bookmakers providing online betting.

In 2019, changes were made to introduce a National Self Exclusion Register called BetStop which enables players to self-exclude from all licensed interactive wagering services for three months minimum up to a lifetime. It also enables operators to find out if their customers are registered with BetStop.

Due to delays with Covid the register isn't yet up and running. However, it will be an improvement on the current disjointed approach which requires people that want to self-exclude to contact multiple operators. The new system is a 'one stop shop' service covering all betting operators.

It will prevent operators from offering any service such as promotions or advertising and prevent players from placing a bet or opening a new account. Licensees face large penalties for any breach. In June 2021 ACMA announced it had partnered with Big Village (formerly known as Engine Australia) to set up the register. Engine previously developed the UK's GAMSTOP system.

Meanwhile there is an ongoing battle to liberalise online poker in Australia by several lobby groups and businesses on the basis it is a game of skill.

Despite the fact poker is permissible to those holding a licence from the ACMA, licences for



foreign based gambling operators have been almost impossible to obtain. Penalties and fines are high and quick to be dished out.

A harsh crackdown means big operators such as 888, PartyPoker and Pokerstars have all left the Australian market.

A bill to amend the federal online law to allow for regulated online poker was submitted but Covid put a halt to any negotiations at the time.

A GENERAL OVERVIEW

It's been a tough few years for Australians. In September 2020 the country confirmed the economy was in recession for the first time in 30 vears due to repercussions of the Covid pandemic and GDP fell by seven per cent in June 2020 quarter. However, since December 2020 the country has been recovering with this year seeing a 4.2 per cent growth in GDP with a 2.5 per cent growth estimated for 2023.

Covid highlighted education inequalities and

during Covid highlighted and caused issues for many employees.

also took its toll on young businesses whilst more recently severe flooding in several states is adding to the financial demands on the government. Meanwhile inflation, an increase in shipping costs, strains on global supply chains and labour shortages are all issues.

House prices have increased by 39 per cent over the last two years and it is said that 6.5 per cent of employed people have more than one job to cover the rising costs of living.

A post-pandemic phenomenon known as the Great Resignation hit Australia in 2021 when 10 per cent of the Australian work force quit their jobs (around 1.3 million) due to the demands that working during Covid highlighted and caused issues for many employees.

The unemployment rate was around 3.5 per cent in August 2022 and there's been an increase in job ads as there are also staff shortages.

KPMG has forecast the unemployment rate will rise to 4.5 per cent in 2023 due to the impact of high inflation, higher interest rates and falling wages resulting in the loss of up to 150,000 jobs.

Tourism is a major player for the Australian economy, with domestic and international tourism spend totalling \$122bn in 2018/19. During that year Australia generated \$60.8bn in direct tourism GDP and employs around five per cent of the Australia workforce.

Covid of course had a huge impact on travel. The majority of visitors into Australia usually come from New Zealand, India, UK, Singapore and the

When Covid hit the Australian government first responded by placing travel restrictions on those travelling to Australia from mainland China which began on Feb I 2020. Restrictions on

Reports AUSTRALIA MARKET REPORT

other countries followed and by March 20 2020 all overseas travel was banned bar a few exceptions. Arrivals into Australia in April 2020 amounted to 0.02 million compared to April 2019 with 1.67m.

In the last 12 months (July 2021 to July 2022) there were a total of almost 1.5 million visitors to Australia – a decrease of 84 per cent compared to year ending July 2019. Total expenditure amounted to \$9.6m (a 700 per cent increase on the previous year) whilst the average spend per night was around \$120.

By comparison in 2019 pre-Covid there were 8.7 million visitors to Australia with an expenditure of \$45.4bn and an average spend per night of \$165

Visitor figures are slowly creeping back up the scale although rates have still not yet returned to pre-Covid levels. International travel began to resume in November 2021 and fully opened in February 2022.

July 2022 saw 326,000 visitors which although a drop of 59 per cent compared to July 2019 was a 1639 per cent increase on July 2021.

In January 2019, there were more than 2,165 flights per week into Australia. In January 2022 there were just over 400 and by August this year this had risen to 1,100 from 52 cities with around 1,570 scheduled for December 2022.

In October this year Tourism Australia launched a global campaign called 'Come and say G'day'

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to boost the return of visitors. Armed with the new face of tourism, a souvenir kangaroo called Ruby who has been brought to life with CGI animation, the billboard campaign is the next instalment of the 'There's nothing like Australia' campaign.

The aim is to encourage people to plan and book their trip Down Under and remind travellers of the country's iconic destinations and friendly faces.

The 'There's nothing like Australia' campaign was initially launched in 2010. It has been much

more effective than the 2006 \$180m campaign dubbed 'Where the bloody hell are you?' – which was eventually banned in the UK and pulled from the air in 2008 after being criticised for being inappropriate.

There has been some division over the Ruby kangaroo character with many criticising the new campaign as bland and clichéd whilst other have claimed it's hypocritical due to the commercial killing of kangaroos issue. Some say an international celebrity like 'shrimp on the Barbie' Paul Hogan would have worked better.

During Covid, Australians were encouraged to 'Holiday here this Year' as a \$9m Epic Holidays campaign was launched to promote domestic tourism when international tourism dwindled.

Some 55 years ago when the Australian Tourist Commission was established Australia attracted 220,000 annual overseas visitors contributing \$74m

ATC later became Tourism Australia, which was created in 2004 by the Tourism Australia Act after four existing tourism organisations were merged together.





AUSTRALIA GAMBLING FINANCIAL DATA 2018/19

| GAMING | TURNOVER | SPEND PER CAPITA | TOTAL SPEND | TAXES |
|-----------------------|-----------|------------------|-------------|----------|
| | | | | |
| Casinos | \$26.23bn | \$247.98 | \$4.85bn | €684.5m |
| EGMs (not in casinos) | €153.5bn | \$649.23 | \$12.7bn | \$3.93bn |
| Keno | \$1.34bn | \$17.90 | \$350.6m | n/a |
| Lotteries | \$6.45bn | \$133.41 | \$2.58bn | \$1.74bn |
| Raffles, bingo | \$75m | \$0.04 | \$32.7m | \$0.837m |
| Racing | \$26.9bn | \$179.15 | \$3.5bn | \$182.9m |
| Sports betting | \$11.1bn | \$49.07 | \$961.1m | \$21.15m |
| TOTAL | \$225.7bn | \$1,276.78 | \$25bn | \$6.56bn |

REPORTS

AUSTRALIAN CAPITAL TERRITORY

THE CASINO

There is just one casino in Australian Capital Territory. The Casino Canberra is located in Glebe Park in the city's Central Business District and offers accommodation through its partnership with Crowne Plaza which sits adjacent to the casino

The casino is currently operated by Tony Fung's Aquis Entertainment who in July this year agreed to sell the casino for \$63m to NSW-based Iris Capital.

This comes as welcome news to Aquis, which was due to sell the casino back in 2019 to Blue Whale Entertainment for \$32m until the deal fell through after the company failed to obtain approvals from the ACT Gambling and Racing Commission.

The casino failed to get its ambitious \$330m redevelopment plan off the ground, which

subsidiary Aquis Canberra after trumping a \$58.2m bid by Capital Leisure and Entertainment who tried to acquire the company in September. The sale is conditional based on regulatory approval.

The casino reported a profit of \$798,200 in 2020 reversing a \$3.9m loss the previous year. However, 2021 genereated a \$470,000 loss due to Covid closures.

THE POKIES

Pokies in ACT were legalised in clubs in 1976. Bars in the state can operate a maximum of two Class B (draw poker) EGMs whilst hotels with 12 or more units of accommodation can operate a maximum of 10 Class B EGMs whilst those with less can operate only two machines. There is no venue cap for club venues.

As of June 2022, there were 31 EGM licensees (26

Casino Canberra was bought by Tony Fung back in 2014 from Casinos Austria for \$6.5m who received a licence from the ACT government to operate the newly built casino in 1982.

The casino opened in 1992 at a temporary location and moved to its official location in 1994.

Casino Canberra

included a controversial proposal to redevelop the casino precinct with luxury hotels, high end shopping, bars, cafes, and convention centre.

The casino resort project was refused after the government said laws to limit land available for further gambling development made it difficult for the plans to progress. A conditional approval to operate EGMs as part of the redevelopment has also fallen by the wayside due to COVID and lack of talks with the government.

The casino has apparently struggled financially in recent years and it is said Casino Canberra has one of the smallest gambling turnovers in the country and is the only casino not allowed to operate slots.

It was bought by Tony Fung back in 2014 from Casinos Austria for \$6.5m, who had received a licence from the ACT government to operate the newly built casino in 1982. The casino opened in 1992 at a temporary location and moved to its official location in 1994.

The decision to not permit pokies was down to the influence of Canberra's clubs and pubs who thought that the casino operating slots would threaten the revenue of other establishments.

Aquis submitted a request to install up to 500 slots back in 2015 and the government introduced a counter offer of 200 slots and 60 EGMs, although Aquis balked at this reduced offer.

Under the recent buyout announcement, Iris Capital will buy 100 per cent of the shares in clubs and five hotels), 48 licensed venues, 3,863 EGM authorisations and 3,646 EGMs in operation. This is compared to more than 5,000 EGMs in 2015.

In August 2018, the ACT government tabled the Pathway to 4,000 gaming machines scheme to reduce the number of slots in the state to 4,000 by the year 2020. This was via a two-step approach both voluntary and compulsory surrender of gaming machine authorisations with various incentives introduced.

Applicants for voluntary surrender had to submit their application by January 2019 whilst compulsory took place in April 2019 and April 2020.

The Gaming Machine Surrender Incentive programme was re-established in March 2022 to support Canberra's community clubs whilst reducing harm caused by EGMs. The aim is to now reduce the number of pokies to 3,500.

Meanwhile there is a proposal in place to cap pokie bet limits to \$5 and \$100 credit limits via a proposed Central Monitoring System introduction.

The changes to the regulations were outlined in a discussion paper released by the Minister of Gaming, Shane Rattenbury in April. It is estimated some 44,000 Canberra residents are affected by gambling harm with around \$2bn spent on pokies annually.

At the moment individual pokie bets are capped at

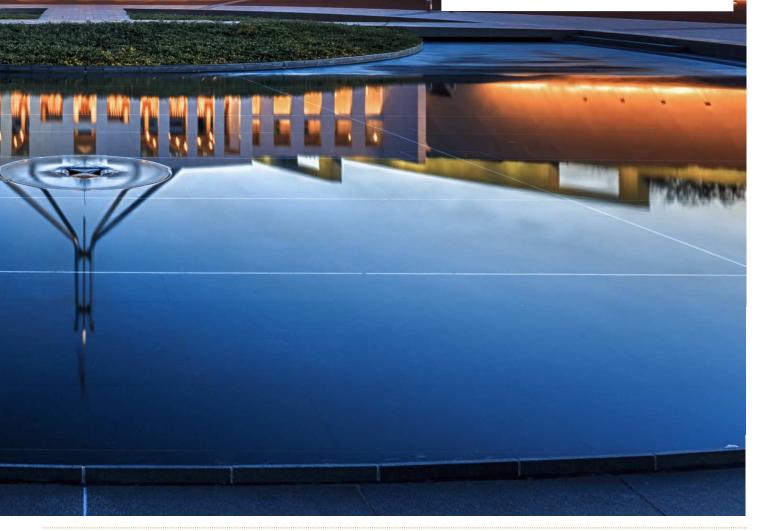




Australian Capital Territory

The ACT Gambling and Racing Commission is an independent body responsible 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. The commission regulates the activities of casinos, EGMs, lotteries, racing, betting, and interactive gambling.



AUSTRALIAN CAPITAL TERRITORY

ACT is the only state in Australia, bar Western Australia, to not have a Central Monitoring System. The government has estimated it will cost between \$11m and \$18m to install a CMS and it is undecided who will pay, although it is anticipated the government and a monthly fee for operators will cover the costs.

Australian Capital Territory Commission

\$10 with no legislated credit limit. In practice however machines have a credit limit of either \$10,000, \$7,500 or \$5,000.

To reduce the cap limit to \$5 will halve the amount a person can theoretically lose in one hour of play down to \$6,000. The new credit limit will also introduce breaks in play to enable a person to reconsider if they wish to continue playing.

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It is considered the most economical way to action the change as physically changing the 3,600 plus machines in the state could cost up to \$73m however the clubs are fighting back against the proposals.

Last year (year ending June 2022) the government saw \$59m in gambling taxation—an increase of 21 per cent on the previous year. Some 48 per cent of this amount (\$28.3m) comes from EGM machines.

Meanwhile, the ACT commission introduced the Strategy for Gambling Harm Prevention in the ACT 2019–2024 aiming for further research, support services, education, and monitoring.

A survey in 2019 claimed 14 per cent of Canberra adults experience harm from their own or someone else's gambling in the 12 months prior to the survey.

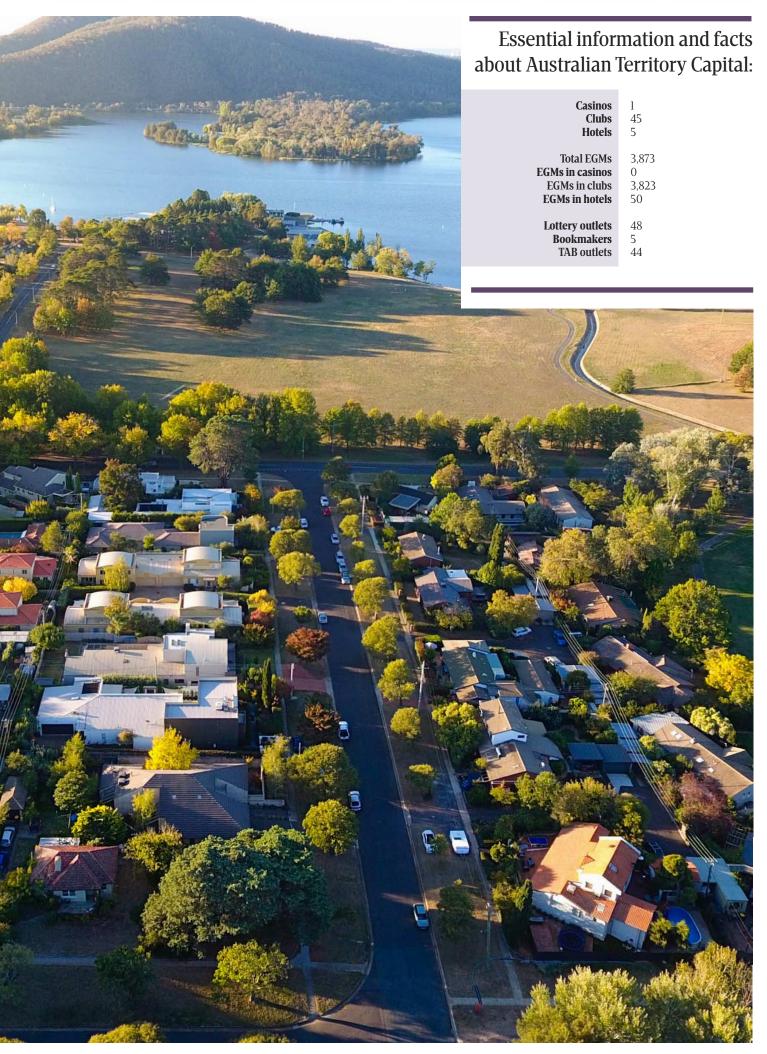
The programme provided a media focused Gambling Harm Awareness Week held in October annually, new ACT Gamblers Exclusion data base and support services via the ACT Gambling Support Service.

Meanwhile in ACT there are currently five race bookmaking licences issued and two agent licences and one sports bookmaking licence.

The lottery 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 Tabcorp (The Lott-NSW Lotteries) with 48 lottery outlets.



| CATEGORY | TURNOVER | TOTAL GAMBLING EXPENDITURE | PER CAPITA EXPENDITURE |
|------------------------|----------|-------------------------------|---------------------------|
| GAMING | \$2.24bn | \$228.4m | \$693.53 |
| EGM | \$1.98bn | \$166.9m | \$506.9 |
| Casino | \$125.3m | \$25.6m | \$77.95 |
| Instant Lottery | \$4.7m | \$1.74m | \$5.28 |
| Keno | \$71.1m | \$11.2m | \$34.2 |
| Lotteries | \$4.7m | \$1.65m | \$5.02 |
| Lotto | \$52.8m | \$21.1m | \$64.18 |
| SPORTS BETTING | \$104.9m | _ | _ |
| Bookmaker fixed odds | | - | _ |
| Bookmaker pool betting | _ | - | _ |
| TAB Fixed odds | \$104.9m | - | _ |
| TAB Tote odds | - | - | - |
| RACING | \$87.4m | \$16.9m | \$51.31 |
| Off course bookmaker | _ | - | - |
| On course bookmaker | \$0.79m | \$0.04m | \$0.13 |
| On course totalisator | \$1.1m | \$0.20m | \$0.61 |
| TAB | \$85.5m | \$16.6m | \$50.56 |
| TOTAL | \$2.43bn | \$245.3m | \$744.84 |



REPORTS NEW SOUTH WALES

The Star Sydney is home to the 600 room Darling luxury Forbes 5–Star rated hotel and features the \$100m Star Event Centre, the Sydney Lyric which was opened in 1997 and a 2,000 seater theatre. The Star also has restaurants and bars and the casino has over 200 table games and 1,500 slots.

Star Sydney Casino

THE CASINOS

There are now two casinos open in NSW following the recent opening of the Crown Sydney which joins the Star Sydney which opened back in 1995.

The Star Sydney Casino is operated by The Star Entertainment Group which also operates two other Queensland casinos, The Star Gold Coast and the Treasury Brisbane, whilst the company also operates the Gold Coast Convention and Exhibition Centre.

The Star Sydney is home to the 600 room Darling luxury Forbes 5-Star rated hotel and features the \$100m Star Event Centre, the Sydney Lyric which was opened in 1997 and a 2,000 seater theatre. The Star also has restaurants and bars and the casino has over 200 table games and 1,500 slots.

In 2020 the NSW government introduced the Pyrmont Peninsula Place Strategy to provide a 20 year plan to encourage intensive development on the Pyrmont Peninsula, west of Sydney's CBD.

Part of this plan recently approved a controversial 105 metre high six star hotel, a new theatre and a rooftop dining and event space at the Star Casino. Other plans include development of a Pyrmont Metro station and Indigenous residential college at the University of Technology.

Plans to redevelop the Pyrmont area began in 2019 when the state refused The Star's earlier \$530m proposal for a 66-storey casino tower. Many residents have objected to the current tower plans due to concerns over the building height.

The Star says the new entertainment venues will bring in visitors and help with recovery after Covid whilst the development aims to create 23,000 new jobs and 4,000 new homes in the area over the next 20 years.

However, in October the Star's licence to operate the Sydney casino was suspended indefinitely and the group was fined the maximum penalty of \$100m after an inquiry into the casino operations found allegations of money laundering, fraud and criminal activity.

A new manager, Nicholas Weeks has been installed to oversee the continued running and 'clean up' the casino, until it can be determined whether The Star can rectify its "wrongdoings" and prove it is fit to hold a licence.

The findings were exposed via the Bell Review, which began in October 2021 after the ILGA called for an inquiry into the casino. The report was presented in August 2022 and the NSW Independent Casino Commission headed by Chief Commissioner Philip Crawford was appointed as regulator of casinos in NSW. The commission will now look at the Star's longer term future.

The decision to keep the casino open related to the 8,000 employees who would have lost their jobs had the casino closed down whilst the casino sees around 18 million guests annually.

There is concern now for the Star group and its lenders and some 75,000 shareholders. Around 30 managers and board members have left the casino and a new Chief Executive, Robert Cook, took over in mid October.

The Star Sydney is the group's highest earning casino with a GGR last year (year ending June 2022) of \$781m. Covid closures which ran from July to October 2021 had a significant impact. In 2021 the GGR was \$828.2m – down 29 per cent on the previous year.

Meanwhile, NSW's second casino, the Crown Sydney, reopened its door in August less than two years after it was also deemed unfit to hold a gaming licence.

The VIP only casino has 220 tables across the Crystal Room and 30 private salons on the Mahogany floor. The Star Sydney managed to retain exclusive rights to offer slots in the casino market alongside a new 20 year flat tax structure from July 2021.

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Star Sydney Casino





REPORTS

NEW SOUTH WALES

In November 2020, Crown Resorts was investigated by the ILGA after Crown Resorts admitted to money laundering via VIP accounts at other Crown venues in other states. Crown Sydney casino was blocked from opening a month later and a conditional licence to open was finally granted in June 2022.

Crown Resorts Sydney

In November 2020 Crown Resorts was investigated by the ILGA after Crown Resorts admitted to money laundering via VIP accounts at other Crown venues in other states. Crown Sydney casino was blocked from opening a month later and a conditional licence to open was finally granted in June 2022.

The \$2bn casino on Sydney's Barangaroo Point is the brainchild of James Packer who launched his project to build an iconic resort designed for Chinese high rollers a decade ago.

But as Crown Melbourne and Crown Perth underwent inquiries resulting in various resignations of directors, the James Packer backed company was sold to US private equity firm Blackstone Group for \$8.9bn

THE POKIES

New South Wales is the king of the pokies in terms of numbers and capita expenditure and was the first state to introduce slots into community clubs and they arrived in the country back in 1956.

The pokies are covered under the Gaming Machines Act 2001 and each hotel or registered club must have a gaming machine entitlement for each gaming machine on the premises. There is an overall state cap set at 99,000. In addition there is a limit of the maximum number of machines a hotel can operate.

There are two types of licences for slots in NSW:

1. Hotel Gaming Licences which are in the form of Gaming Machine Entitlements (GMEs) and Poker Machine Permits (PMP). There must be one GME and/or one PMP for each gaming machine at the hotel whilst a threshold defines the maximum number of GMEs and PMPs. A hotel can have up to 30 gaming machines depending on floor space and if there's more than 10 they must have a separate Hotel Gaming Room. Hotels pay gaming machine tax quarterly and only after the first \$50,000 (33 per cent) scaling up to 50 per cent on profit over \$1.25m.

2. Club Gaming Licences which are in the form of GMEs and each club needs one GME per gaming machine. A club GME is limited by floor space. Clubs pay tax when profits exceed \$250,000 quarterly (28.05 per cent) to 26.55 per cent for profits over \$5m

Data for 2019 shows 68,676 gaming machines in clubs, 22,612 in hotels and 1,500 in the casino. There were 1.102 clubs and 1.390 hotels.

As of June 2021 there were 87,696 authorised gaming machines with 65,145 club licences and 22,551 hotel licences.

NSW government revenue from gambling amounted to \$2.4bn in 2019 of which \$1.68bn came from EGMs and Keno; \$243.5m from the casino and €469.9m from Lotteries.

Meanwhile the NSW Crime Commission (NSWCC) began a review of slot machines at the end of 2021 following reports that criminals launder as much as \$1bn through the machines in the NSW state. Tickets on pokies under \$5,000 claimed are anonymous whilst there is no tally on how much money is put through a machine or the amount won or lost.

The NSWCC has made eight recommendations to reform the sector including a mandatory cashless system and data network for EGMs.

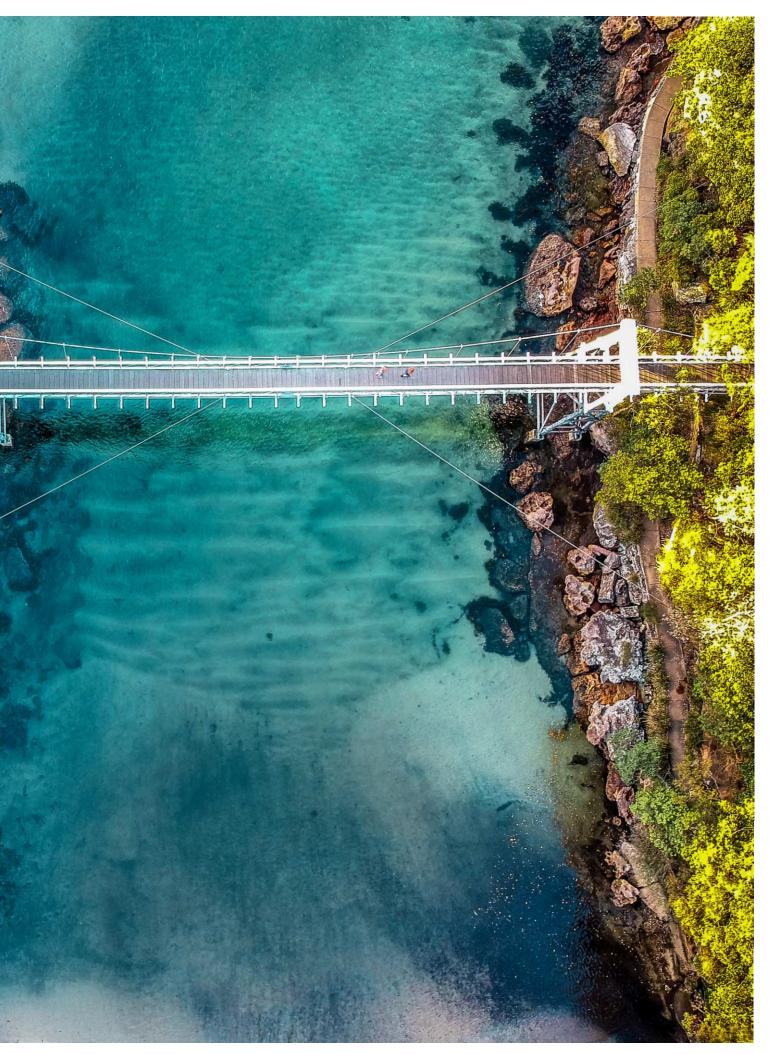
The Commission has suggested reducing credit limits in clubs whilst ClubsNSW, a group representing bars and clubs, has introduced a draft version of its Gaming Code of Practice to encourage members to become more proactive in preventing money laundering. It would give clubs the ability to block a customer from gambling or bar them permanently if the need arises whilst additional training for employees would be introduced. ClubsNSW supports digital payments (debit card/smartphone) but says they prefer this to be optional.

Commissioner Michael Barnes said: "It is a deeply

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New South Wales Crime Commission





NEW SOUTH WALES

A cashless gaming trial is underway at Wests Group's New Lambton venue in Newcastle with up to 200 members signed up to use the digital technology (Prime Wallet), developed by Aristocrat Gaming. This enables players to transfer money directly from their gaming wallet to the machine.

The West Group

concerning peculiarity that in the largely cashless digital economy in which we live that gambling in NSW pubs and clubs remains a \$95bn a year information black hole. Clearly that cannot be allowed to continue."

A three month cashless gaming trial is now underway at Wests Group's New Lambton venue in Newcastle with up to 200 members signed up to use the digital technology (Prime Wallet), developed by Aristocrat Gaming, which has been installed on 36 gaming machines using Bluetooth to connect player's mobile phone and the machine. This enables the players to transfer money directly from their gaming wallet to the machine.

The wallet can be used to fund gaming play and players can set their own spending or time limits, access real time spending data and take a break or self exclude from gambling plus access other responsible gaming tools and services. Players cannot load funds into the gaming wallet from the gaming floor.

The contentious cashless gaming card system is being pushed by NSW Premier Dominic Perrottet despite the fact he has little support from his cabinet or the state opposition, who are hesitant about installing anything which may affect the pokie industry, a staple gambling diet, which has fed Australian coffers for years.

Three other manufacturers have been approved for cashless technology however in October the NSW state delayed its clubs reform bill and therefore the cashless card gambling is in limbo.

Meanwhile, wagering on sports, racing and betting events in NSW is conducted by TAB licensed under the Totalisator Act 1997 and is the exclusive provider of off-course retail betting services in NSW.

There are two licensing lottery operators in NSW – NSW Lotteries Corporation (subsidiary of Tabcorp) which conducts games such as Lotto, Lotto Strike, Oz Lotto, Powerball, Soccer Pools, scratchcards – and Keno (also a subsidiary of Tabcorp) and Club Keno Holding as joint licensees operating Keno.



| NEW SOUTH WALES 201 | 8/19 DAIA | | |
|----------------------------|-----------|-------------------------------|---------------------------|
| CATEGORY | TURNOVER | TOTAL GAMBLING EXPENDITURE | PER CAPITA EXPENDITURE |
| GAMING | \$88.46bn | \$8.8bn | \$1,404 |
| EGM | \$86.03bn | \$6.5bn | \$1,041 |
| Casino | n/a | \$1.4bn | \$224 |
| Instant Lottery | \$104.2m | \$36.2m | €5.79 |
| Keno | \$611.6m | \$151.3m | €24.14 |
| Lotteries | \$274.3m | \$103.1m | €16.45 |
| Lotto | \$1.44bn | \$576.1m | €91.91 |
| SPORTS BETTING | \$1.61bn | \$172.3m | \$27.49 |
| Bookmaker fixed odds | \$520.4m | \$28.6m | \$4.57 |
| Bookmaker pool betting | _ | <u>-</u> | <u>-</u> |
| TAB Fixed odds | \$1.07bn | \$140.5m | \$22.41 |
| TAB Tote odds | \$12.7m | \$3.1m | \$0.51 |
| RACING | \$6.49bn | \$990.9m | \$158 |
| Off course bookmaker | _ | - | - |
| On course bookmaker | \$720m | \$39.6m | \$6.32 |
| On course totalisator | \$36.7m | \$6.4m | \$1.02 |
| TAB | \$5.7bn | \$944.9m | \$150.7 |
| TOTAL | \$96.56bn | \$9.96bn | \$1.58bn |

Essential information and facts about New South Wales:

Casinos Clubs Hotels

Total EGMs EGMs in casinos EGMs in clubs EGMs in hotels

1,500 68,676 22,612

92,788

1,102 1,390

Lottery outlets Bookmakers TAB outlets

1,297 120 1,992



REPORTS

NORTHERN TERRITORY

Irish Capital owns the Lasseters Casino and is in the final stages of purchasing Casino Canberra in Australian Capital Territory. A request earlier this year submitted to the NT government by Iris for a further 60 EGMs, to be installed in bars and other locations in Alice Springs, has been refused.

Lasseters Casino

THE CASINOS

There are two casinos in the Northern Territory.

The Mindil Beach Casino and Resort located in Darwin which opened in 1979 and was the second casino at the time to open in Australia. The licence will expire in 2031 with an extension option for a further five years. The casino operates 41 table games and 676 slots and the casino is also licensed to operate NT Keno throughout the hotels and clubs in the territory.

Formerly known as SkyCity Darwin the five star resort is set in 30 acres of tropical gardens alongside the Arafura Sea. It was renamed in 2019 when Delaware North acquired the casino from SkyCity for \$188m to add the property to its portfolio of resort properties operating across North America and Australia.

The Lasseters Casino, meanwhile, opened in 1982 in Alice Springs with a licence expiration of 2031, although an application to extend can be made from 2026. The casino operates 22 table games and 307 slots whilst Keno is run at the casino under licence from Mindil.

It is operated by Irish Capital, one of Australia's largest privately owned property and hospitality groups with some 30 pubs and 20 hotels in Australia. Iris is also in the final stages of purchasing Casino Canberra in Australian Capital Territory

Iris bought out the casino in 2021 from Lasseters International Holdings group for \$105m. The resort, which includes 205 rooms operated by Intercontinental Hotel Group, is due to undergo a \$100m makeover which includes adding a further 230 rooms

A request earlier this year submitted to the NT government by Iris for a further 60 EGMs to be installed in bars and other locations in Alice Springs, has been refused however.

The company has been investing recently in Alice Springs after purchasing several hospitality properties in the city. This apparently follows a deal with the government to maintain a tax rate of 15 per cent on slot revenue until 2032.

But after public complaints, officials not only pulled the request, but have also placed a moratorium on its licensing procedure for any gaming machines in hotels and pubs across Alice Springs.

The state has suspended its entire licensing programme for new slots and wants to re-evaluate its licensing process, meaning no new applications until possibly June next year. Casinos bring in around \$92.4m in revenue (2019 data).

THE POKIES

The moratorium is part of a government wide policy reform to help curb an increase in gambling related harm. A call for gambling reform in the territory has been introduced after reports stating the social cost of gambling in the NT rose to more than \$190m per year.

Some recommendations include a return to coins only at slot venues and a credit limit of \$100 for pokies instead of \$1,000, reducing the number of pokies in pubs and clubs and the set up of more gambling support services and staff at venues. The report was finalised last year.

EGMs were legalised in the Northern Territory in 2014 and approval for the operation of EGMs is applied for via the Director of Gaming Control and pokies can be located in licensed pubs, clubs, hotels and the two casinos.

In 2016 a territory wide cap on machines of 1,852 was introduced followed by a reduction in 2018 to 1,734 and then more recently in 2021 reducing the cap to 1,699. EGMs in the two casinos are not included in the cap limit.

Today, there are 46 hotels and 22 clubs operating

The social cost of gambling in the NT rose to more than \$190m per year, prompting recommendations that include a return to coins-only at slot venues and a credit limit of \$100 for pokies instead of \$1,000, reducing the number of pokies in pubs and clubs and the set up of more gambling support services.

Social Gambling Reforms





REPORTS NORTHERN TERRITORY

A review of The Racing and Betting Act of 1983 began in 2018, as the original bill didn't reference online gaming. Some changes suggested higher taxes, however, operators threatened to leave the territory and/or Australia and the government relented. The review appears to be stalled.

Racing and Betting Act 1983

624 and 717 EGMs respectively. There are an estimated 12.6 EGMs in total per 1,000 adults in the territory.

Each venue is restricted to:

- Up to 20 EGMs for those with a hotel liquor licence.
- Up to 55 EGMs for clubs with a liquor licence.

BETTING

The lottery in NT is provided by Tabcorp Holdings Limited (The Lott- Tattersall's Sweeps and Golden Casket) whilst on-course and off-course betting in NT is controlled via the government through a single totalisator licence held by Tabcorp Holdings which was granted in 2015.

The majority of the online sports betting providers in Australia are hosted in the Northern Territory with corporate bookmakers permitted to trade 24/7. Those licensed include Betfair, Entain Group and Sportsbet with NT bookmaker taxes currently

brings in around \$10m annually in revenue.

In December 1992 the NT approved Australia's first sports bookmaker, Centrebet, in Alice Springs, which began wagering online in August 1996. Centrebet is currently one of the largest private bookmakers in Australia.

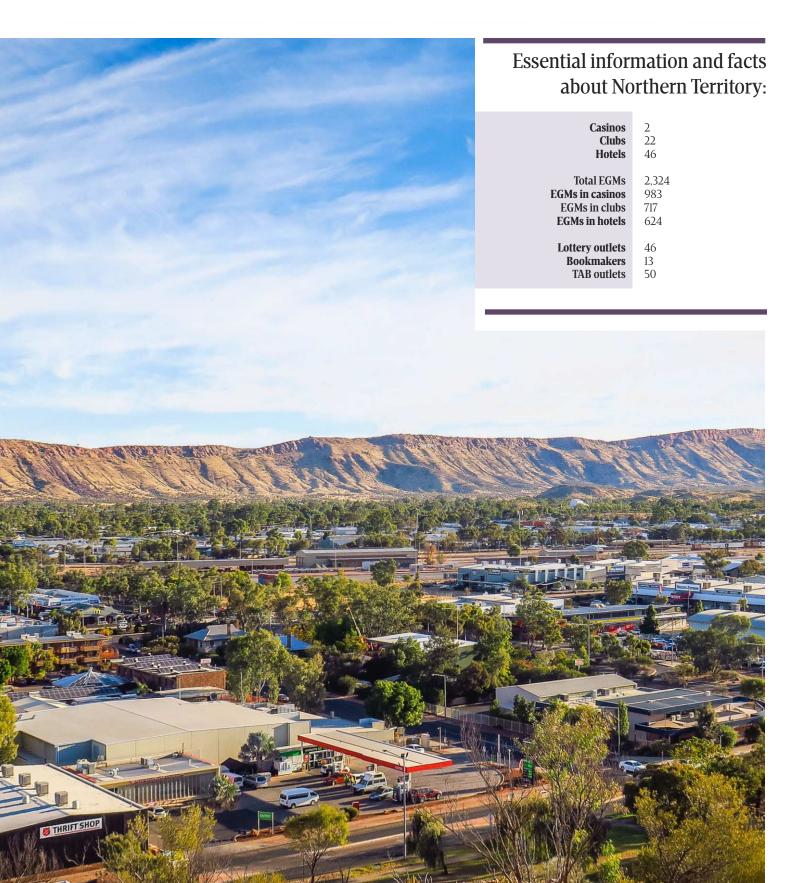
A key obligation of a Corporate Bookmaker licence is the requirement to establish a physical place of business in the NT whilst some have offices in other states such as NSW or Victoria.

A review of The Racing and Betting Act of 1983 began in 2018 as the original bill didn't reference online gaming. Some changes suggested higher taxes, however, operators threatened to leave the territory and/or Australia and the government relented. The review appears to be stalled.

Meanwhile the NT is consulting with licensees over a tentative proposal to incorporate crypto wagering as part of the regulated gambling industry.



| CATECORY | TUDNOVED | TOTAL CAMPLING | DED CADITA |
|------------------------|-----------|-------------------------------|---------------------------|
| CATEGORY | TURNOVER | TOTAL GAMBLING EXPENDITURE | PER CAPITA EXPENDITURE |
| | | EXPENDITURE | EXPENDITURE |
| GAMING | \$2.38bn | \$259.5m | \$1,409 |
| EGM | \$1.16bn | \$106.8m | \$580.12 |
| Casino | \$1.05bn | \$92.4m | \$501.76 |
| Instant Lottery | \$3.6m | \$1.47m | \$8 |
| Interactive gaming | \$0.86m | \$0.81m | \$4.44 |
| Keno | \$42.6m | \$10m | \$54.54 |
| Lotteries | n/a | n/a | - |
| Lotto | \$120.3m | \$48m | \$260.65 |
| SPORTS BETTING | \$7.53bn | \$551m | \$2,992 |
| Bookmaker fixed odds | \$7.53bn | n/a | \$2,992 |
| Bookmaker pool betting | - | - | _ |
| TAB Fixed odds | _ | - | - |
| TAB Tote odds | - | - | - |
| RACING | \$14.57bn | \$1.51bn | \$8,211 |
| Off course bookmaker | - | - | _ |
| On course bookmaker | \$14.52bn | \$1.50bn | \$8,159 |
| On course totalisator | \$3.2m | \$0.53m | \$2.88 |
| TAB | \$48.4m | \$9m | \$48.95 |
| TOTAL | \$24.49bn | \$2.32bn | \$12,613 |



REPORTS QUEENSLAND

The new \$3.6bn IR development Queens Wharf Brisbane is set to open in the second half of 2023. The project is a multi-billion dollar development over 12 hectares of CBD land and once completed the resort will include a Sky Deck, 1,000 hotel rooms via three luxury hotels (The Star, The Dorsett and Rosewood), 50 plus restaurants, bars, cafes and retail outlets.

Queens Wharf Brisbane

THE CASINOS

There are four casinos operating in Queensland:

 The Star Gold Coast (formerly known as Conrad Jupiters) opened back in 1985 and was Queensland's first casino. It has been operated by the Star Entertainment Group since 2017 which also operates the Treasury Brisbane and the Star Sydney. The Star Gold Coast has more than 118 tables and 1,500 slots and saw a gross revenue in FY2022 of \$424.4m.

The venue has undergone several projects including the opening of four new hotels and events space. The projects are part of a \$2bn masterplan to develop the Broadbeach Island area adding a total of five towers, apartments and dining and entertainment facilities. This together with the Queen's Wharf Brisbane development aims to drive tourism to south east Queensland.

- Treasury Brisbane opened in 1995 and has over 1,586 EGMs and around 80 table games. The casino saw gross revenue in FY2022 of \$326.lm.
- The Reef Hotel Casino in Cairns opened in 1996 and offers more than 450 slots and 37 plus table games. It is operated by Casino International (Cairns) and Accor Casino Investments.

The hotel offers 128 rooms. This casino has also been highlighted for violating Queensland's junket gaming rules and is looking at a fine for the offence.

 The Ville Resort Casino in Townsville opened in 1986 on the edge of the Great Barrier Reef. The resort is operated by the Colonial Leisure Group an operator of clubs and hotels and bars and owned by billionaire businessman Chris Morris. The casino operates around 350 slots and 21 table games. Meanwhile the new \$3.6bn IR development Queens Wharf Brisbane is set to open in the second half of 2023. The project is a multi-billion dollar development over 12 hectares of CBD land and once completed the resort will include a Sky Deck, 1,000 hotel rooms via three luxury hotels (The Star, The Dorsett and Rosewood), 50 plus restaurants, bars, cafes and retail outlets.

Once opened the Treasury Casino will be relocated to new premises and the buildings will be restored and repurposed before re-opening as the Ritz Carlton Hotel and retail and restaurant outlets.

The project is developed by Destination Brisbane Consortium, a joint venture made up of The Star Entertainment Group and its Hong Kong based partners, Far East Consortium and Chow Tai Fook Enterprise.

All this is due to be completed well before Brisbane hosts the Olympics in 2032 alongside various new developments and upgrades of venues and commercial and accommodation facilities.

With the recent issues in New South Wales however Star Entertainment Group now has to prove its worth to run casinos in Queensland with some shadow cast over the \$3.6bn Queen's Wharf development.

Queensland has since announced strict new casino laws following the regulatory inquiry and these will provide the implementation of independent monitors to oversee casino operations to ensure casinos are operating lawfully and to take responsibility to reduce gambling harm.

The Gotterson Review has highlighted major failings in the Star's operations at the Star Gold Coast and Treasury Brisbane and show cause

Queensland has announced strict new casino laws following the regulatory inquiry and these will provide the implementation of independent monitors to oversee casino operations to ensure casinos are operating lawfully and to take responsibility to reduce gambling harm.

Social Gambling Reforms





REPORTS **QUEENSLAND**

There are calls to make it mandatory for gamblers to preset a spending limit on pokie machines so losses do not exceed a certain amount set by the player. Although a voluntary preset is already available on pokies there are requests to make this obligatory to be more effective. The call comes after Queenslanders lost a record amount of more than \$300m on pokies in pubs and clubs in July 2022 according to reports. Total expenditure on EGMs in 2019 amounted to \$2.42bn.

Social Gambling Reforms

notices have been issued giving each the opportunity to prevent disciplinary action.

THE POKIES

EGMs were introduced into Queensland in 1992 and are second after NSW with the number of EGMs operated with around 24 per cent of the total EGMs in Australia. NSW operates 48 per cent.

Almost 50 per cent of the EGMs are found in clubs and 42 per cent in hotels with nine per cent in the four casinos.

There is a state wide cap of 19,500 EGMS for hotels and 24,705 EGMS in clubs whilst there is a cap of 300 EGMs per club venue and 45 per hotel venue and casinos are limited by a ratio of 12 EGMs per gaming table. Queens Wharf Brisbane will be allowed 2,500 EGMs.

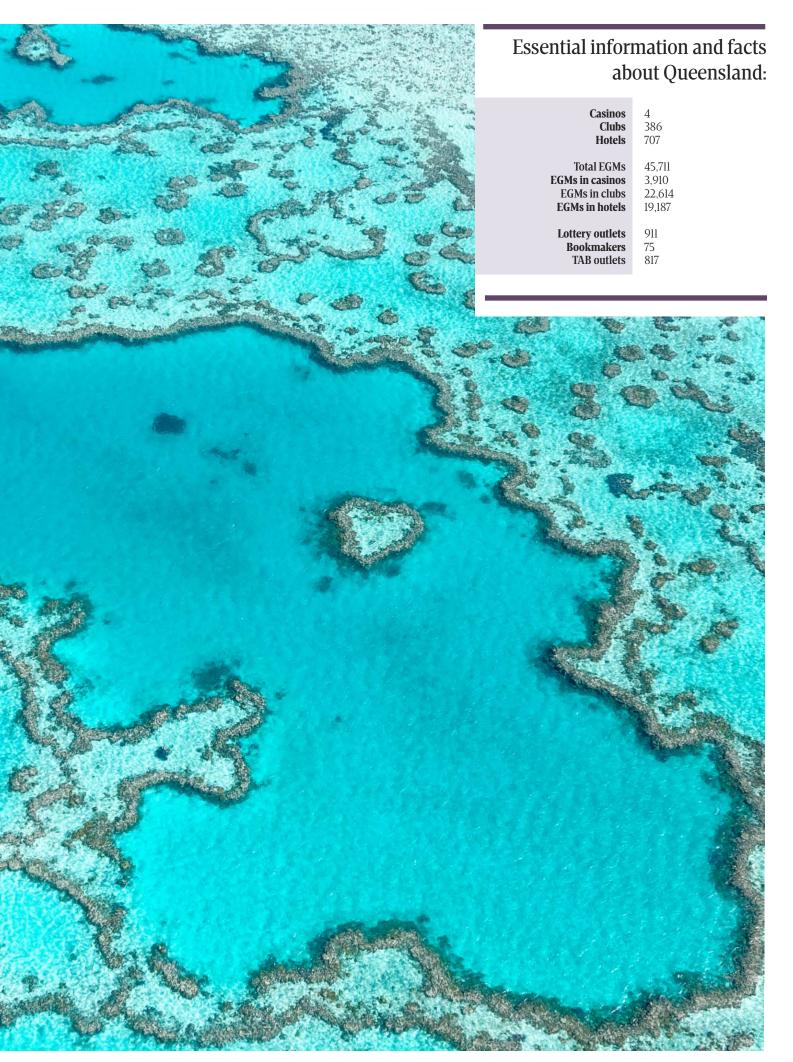
By September 2022 there were a total of 1,053 registered operational sites with 40,079 operational EGMS (45,563 approved EGMs). Of this amount there were 358 clubs operating just over 21,000 EGMs and 695 hotels with just over 19,000 EGMs operational.

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| CATEGORY | TURNOVER | TOTAL GAMBLING EXPENDITURE | PER CAPITA EXPENDITURE |
|---|-----------------|-------------------------------|---------------------------|
| GAMING EGM Casino Instant Lottery Keno Lotteries Lotto | \$36.6bn | \$3.96bn | \$1.022.27 |
| | \$26.8bn | \$2.42bn | \$625.38 |
| | \$8.14bn | \$917m | \$236.29 |
| | \$169.3m | \$67.7m | \$17.45 |
| | \$405m | \$100.8m | \$25.98 |
| | - | - | - |
| | \$1.14bn | \$454.7m | \$117.16 |
| SPORTS BETTING Bookmaker fixed odds Bookmaker pool betting TAB Fixed odds TAB Tote odds | \$173.5m | \$17.7m | \$4.56 |
| | - | - | - |
| | - | - | - |
| | \$172m | \$17.3m | \$4.47 |
| | \$1.5m | \$0.37m | \$0.10 |
| RACING Off course bookmaker On course bookmaker On course totalisator TAB | \$1.83bn | \$310.7m | \$80.08 |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | - | - | - |
| | \$1.83bn | \$310.7m | \$80.08 |
| TOTAL | \$38.69bn | \$4.29bn | \$1,106.91 |



REPORTS SOUTH AUSTRALIA

Analysts predict SkyCity Adelaide might have to pays \$50m in fines following the state and federal investigations. Issues raised include non-compliance to which the casino has reacted by implementing a dedicated compliance team.

SkyCity Adelaide

THE CASINO

Alongside fellow casino operators Crown Resorts and Star Entertainment Group, SkyCity Entertainment Group is also subject to an investigation by AUSTRAC over potential series breaches to national anti-money laundering laws.

At the moment the casino is working with financial crimes watchdog AUSTRAC and a commissioner which are conducting an independent review as part of two separate ongoing investigations.

The review has been commissioned by CBS in response to findings after inquiries into Crown and Star Entertainment. The review is due to be completed by February 2023.

AUSTRAC apparently conducted a review of the casino back in 2016 but didn't find any issues. However a closer look in 2019 found concerns dating back to that time.

The casino, SkyCity Adelaide, is the only one operating in South Australia and opened back in 1985 and spans two floors of a historic Railway Station building in Adelaide on the Torrens River banks. It currently operates just over a 1,000 gaming machines, 118 table games and 138 automated table games.

In 2014 the South Australian government implemented reforms to allow SkyCity to increase the number of EGMs that can be operated from 995 to 1,500 plus 200 gaming tables and 300 automated table games. To allow for the operation of any additional EGMs the casino is required to purchase additional entitlements.

The casino was purchased by New Zealand's SKyCity Entertainment Group and re-branded in 2000 and underwent various refurbishments completed in 2020. It features a 120 room luxury hotel, wellness centre, gym, conference facility, bars and restaurants. The group operates four casinos in New Zealand and the SkyCity Online Casino. The revenue from the SkyCity Adelaide in FY22 amounted to \$171.8m.

Analysts are predicting that SkyCity Adelaide might have to cough up as much as \$50m in fines following the state and federal investigations. In December, Australia's financial crimes watchdog, AUSTRAC, issued civil proceedings against SkyCity Adelaide. AUSTRAC alleges serious and systemic non-compliance with anti-money-laundering and counter-terrorism financing laws

It's the third civil case brought by AUSTRAC against casinos in Australia in the last

two years. Issues raised include non-compliance and the casino has reacted by implementing a dedicated compliance team, increase its staff in compliance and investments in infrastructure. The civil proceedings follows the watchdog's investigation into the casino that began in 2021, as part of AUSTRAC's industry-wide compliance campaign.

AUSTRAC's investigation identified a range of circumstances where SkyCity failed to carry out appropriate ongoing customer due diligence. AUSTRAC claims that SkyCity also failed to develop and maintain a compliant AML/CTF programme, leaving it at risk of criminal exploitation.

THE POKIES

The pokie sector has also come under scrutiny. At the end of 2020 new restrictive laws were introduced in South Australia for pokie machines to limit the maximum amount of withdrawal at venues to \$200 per day.

Previously players could withdraw up to \$1,000 per day (five withdraws of \$200 per day) using an Etfpos machine at the pokie venues. But with one in 10 suicides linked to gambling addiction changes have been requested. Similar \$200 limits apply in ACT and Tasmania.

When the new rules came into play, some venues in regional areas where operators said it was harder for players to access cash, applied for exemptions. Some were permitted to keep withdrawal limits of between \$350 and \$1,000 per day per card. However these too will need to comply with the new rules.

South Australians lost almost \$770m on the pokies in the last financial year, the second highest number on record. Watchdog group SABest is campaigning to have Etfpos machines withdrawn completely from gambling venues.

EGMS were introduced into South Australia in 1994 following the Gaming Machines Act 1992.

In 2019 there were just under 13,000 EGMS in clubs and hotels in South Australia. There is a state-wide cap of 13,081 and there are continued attempts to reduce this further.

The CBS first quarterly report (July-September) shows a total of 12,147 EGMs by September 2022 of which the largest amount were operated by Aristocrat with 40 per cent market share followed by IGT with 27 per cent.

To operate a pokie machine in South Australia





REPORTS SOUTH AUSTRALIA

Late last year the final stage of the government's gambling reform programme began looking at various aspects of gambling awareness and dealing with unredeemed TITO tickets. Since February 2021 hotel and club operators have been able to install TITO functions.

Social Gambling Reforms

operators must have a gaming machine licence and hold a gaming machine entitlement for each EGM. To obtain a gaming machine licence operators must have either a general and hotel liquor licence, club liquor licence or on-premise liquor licence for a business such as a major sporting venue.

There is a cap limit of 40 EGMs per club and hotel venue and hotels operate the majority (84 per cent) with almost 11,000 EGMs across more than 450 hotels in the state in 2019.

Net gambling revenue for the year ending June 2022 was \$831.12m compared to \$769.8m (2021) and \$511.4m (2020). The total amount of gaming tax paid by clubs and hotels for 2022 was \$356.23m

The Q1 2022 net gambling revenue amounted to \$246.35m with 11,715 EGMs in total – 1,039 EGMs in 41 clubs and 10,676 in 441 hotels. There is a \$75,000 tax free threshold on gaming tax and after

this the tax is calculated as a percentage of annual net gaming revenue for clubs and hotels.

Gaming machines can be purchased, sold or moved via the government's approved trading system, under a contractual agreement via the Club One scheme or under arrangement between licensed non-profit associations.

Late last year the final stage of the government's gambling reform programme began looking at various aspects of gambling awareness and dealing with unredeemed TITO tickets.

Since February 2021 hotel and club operators have been able to install TITO functions.

Meanwhile, South Australia became the last state to introduce state run lotteries in 1965 and the state Lotteries Act was introduced in 1966. Lotto was introduced in 1973. Tatts Lotteries (Tabcorp Holdings) was appointed to conduct public lotteries in 2012.



| CATEGORY | TURNOVER | TOTAL GAMBLING EXPENDITURE | PER CAPITA EXPENDITURE |
|------------------------|----------|-------------------------------|---------------------------|
| GAMING | \$5.94bn | \$981.1m | \$712.76 |
| EGM | \$5.55bn | \$681.6m | \$495.21 |
| Casino | n/a | \$123.9m | \$90.07 |
| nstant Lottery | \$23.25m | \$10.5m | \$7.67 |
| Keno | 87.65m | \$22.1m | \$16.12 |
| Lotteries | - | - | - |
| Lotto | \$280.4m | \$142.7m | \$103.68 |
| SPORTS BETTING | \$52.9m | \$8.24m | \$5.99 |
| Bookmaker fixed odds | \$0.65m | \$0.05m | \$0.04 |
| Bookmaker pool betting | - | - | - |
| TAB Fixed odds | \$52.29m | \$8.18m | \$5.95 |
| AB Tote odds | \$0.03m | \$0.01m | \$0.01 |
| RACING | \$426.5m | \$101.9m | \$74.03 |
| Off course bookmaker | \$8.26m | \$0.93m | \$0.68 |
| On course bookmaker | \$5.86m | \$0.39m | \$0.28 |
| On course totalisator | \$6.58m | \$1.54m | \$1.12 |
| AB | \$405.8m | \$99m | \$71.94 |
| TOTAL | \$6.42bn | \$1.091bn | \$792.78 |

Essential information and facts about South Australia: Casinos Clubs Hotels 44 451 **Total EGMs** 12,964 EGMs in casinos 834 EGMs in clubs 1,223 10,907 EGMs in hotels Lottery outlets Bookmakers 613 13 TAB outlets 340

REPORTS VICTORIA

The Crown Melbourne has recently been hit with fines totalling \$120m by the VGCCC for failures within its Responsible Service of Gambling obligations which were uncovered during the Royal Commission report last year.

Crown Melbourne

THE CASINO

The Crown Melbourne casino, which is located at Southbank, is Australia's largest casino with three luxury hotels with a total of more than 1,600 rooms, spa, theatre, bars, restaurants and function rooms. The casino has 540 tables and 2,628 EGMs. Crown also owns the One Queensbridge development site which could house a fourth hotel.

The casino was granted a licence in 1993 which runs until 2050. The temporary opening occurred in 1994 with the casino opening fully in 1997.

The casino operates under the Casino Control Act plus an agreement between the VGCCC and Crown Melbourne Limited which entered into force in September 1993 and has been amended 12 times, most recently in 2019. The casino must undergo a review every five years at least to look at the suitability of the operator and the last (Sixth Casino Review was completed in 2018).

The Crown Melbourne is operated by Crown Resorts which also runs the Crown Perth and the recently opened Crown Sydney. The Crown Melbourne has traditionally been the highest earning casino in the country.

Crown Resort's revenues for the year ending June 2021 saw total group revenues of \$1.53bn (down 31 per cent) on previous year due to closures during Covid.

Of this Crown Melbourne saw total revenues of \$578.7m compared to \$1.6bn the year before (down 64 per cent). This is mostly attributed to the fact the casino was closed for 160 days in total during Covid lockdowns.

Half year results ending June 2022 however saw the casino with revenues of \$265m compared to the previous half year results of \$91.5m.

The Crown Melbourne has recently been hit with fines totalling \$120m by the VGCCC for failures within its Responsible Service of Gambling obligations which were uncovered during the Royal Commission report last year.

The disciplinary action against Crown found the casino failed to prevent gambling harm by allowing players to gamble for long periods without a break and not stopping patrons using devices to stimulate automatic play on pokies,

The fine is the latest in a list of troubles and inquiries into the casino giant. Last year the Bergin inquiry found the company unfit to open its new Sydney casino whilst the report has found Crown unsuitable to run the Melbourne casino but has placed the casino on 'probation' and given it two years to clean up its act.

In February 2021 a Royal Commission was set up to look at the suitability of Crown Melbourne Ltd to hold a casino licence. The report looked at findings of Crown Melbourne facilitating millions of dollars money laundered through a bank account of its subsidiary and allowing operators with links to organised crime to arrange for junket players to gamble at the casino.

The Bergin inquiry was triggered in 2016 after the arrest of 19 China based Crown staff of which 16 were late imprisoned for illegally promoting gambling in Australia to Chinese residents. Between 2012 and 2016 Chinese high rollers transferred up to \$160m from China to the Crown Towers Hotel – in reality to spend on gambling tables. The casino was fined \$80m over the China Union Pay scheme.

The results of the Commission's report saw 33 recommendations and means Crown Melbourne is

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Crown Melbourne





REPORTS

VICTORIA

The Victorian government recently passed legislation, the Casino and Gambling Legislation Amendment Act 2021, to given effect to 12 'priority' recommendations. These include limiting cash usage to \$1,000 per 24 hours, mandatory pre-commitment limit set up on EGMs in casino for Australian residents and ID checks.

Gambling Reforms

now on 'probation' with the report stating: "What tipped the balance against the cancellation of its licence was that Crown Melbourne has, at great financial cost, embarked on a significant reform program led by people of good will and skill. The program is likely to succeed. If it does, that will be to the benefit of Victoria.

"Important steps towards reform have been taken. Most significant among them is the appointment of a new board and new and highly motivated senior executives."

A Special Manager, Stephen O'Bryan QC, has been appointed to oversee all aspects of the casino's operations for the next two years to see if the Crown Melbourne operations have returned to suitability. He will submit his findings by December 2023.

The Victorian government recently passed legislation, the Casino and Gambling Legislation Amendment Act 2021, to given effect to 12 'priority' recommendations.

These include limiting cash usage to \$1,000 per 24 hours, mandatory pre-commitment limit set up on EGMs in casino for Australian residents and the use of ID checks for those players gambling or claiming winnings of more than \$1,000.

Some requirements need to be in place by the end of 2023 whilst other by 2025 to enable time for the development of the technology required.

THE POKIES

EGMs were introduced into Victoria in 1992.
Victoria is the second highest state for pokies spend in Australia although the state has one of the lowest EGM ratio rates with 4.9 EGMs per 1,000 adults.

On average \$7.4m is spent on pokies per operating day (2020/21 data).

There is a state wide cap of 30,000 EGMs in Victoria of which 2,628 are allocated to the casino

and a total of 27,372 are allocated to clubs and hotels. These were traditionally split evenly between the two venue types.

In 2018 state elections legislated for a new 20 year licensing deal which came into effect in August 2022 referred to as 'post-2022 entitlements.' This meant the EGM entitlement changed to:

- Maximum of 13,273 club entitlements (48.49 per cent)
- Maximum of 14,099 hotel entitlements (51.51 per cent)

At least 20 per cent (5,475) must be outside of metropolitan Melbourne. Clubs cannot hold more than 840 gaming machine entitlements whilst each club venue has a cap limit of 105 EGMs per both club and hotel venue. There are 257 hotels and 235 clubs operating EGMs and 13,622 EGMs in hotels and 12,826 in clubs by end 2019.

A new tax bracket was added for venue operators earning between on average \$6,667 and \$12,500 per month per machine, there is an increase for the tax rate for the top bracket and the introduction of a sliding scale for club tax concession.

Meanwhile Victoria's Green party has announced a plan ahead of the upcoming state elections to eventually phase out pokies across the state. Players spend around \$2.7bn annually which the Green party say since they were introduced 30 years ago amounts to \$66bn in player spend.

The Green's plan for next year is to see a \$20 load up limit and \$500 jackpot limit whilst cash withdrawal limit would be lowered to \$200 per day whilst they want all pokie venues to close between 12am and 10am. By 2025 they want a mandatory pre-commitment cashless card scheme on every gaming machine in the state in line with the Crown Casino reforms plus \$1 bet limits.

They are calling for a tax increase to 65 per cent

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Social Gambling Reforms





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REPORTS VICTORIA

Although exclusivity is historically Australia's chosen operating system within its sports and lottery sectors, Victoria has already split its new 20-year keno licence between Tabcorp lottery's arm (The Lotteries Corporation) and Gibraltar's Lottoland, after the licence ended in April 2022.

Lottery Licensing

for pokies plus a buy-back scheme to reduce the number of EGMs with a transition fund to help smaller venues transition away from pokies to other revenue streams. The Victoria state elections were scheduled to be held on November 26th.

BETTING

Meanwhile in the betting arena, Tabcorp is bidding for exclusive rights to run Victoria's tote, retail network and on-course betting activities.

Victoria's single 12 year wagering and betting licence was awarded to Tabcorp Wagering back in 2012 and is due to end in August 2024. The auction for the new licence began in the summer of 2022. Although Tabcorp starts as a front runner for the new licence there are talks that the state might split the licence between two or three bookies. Final bids are due by April 2023 with the winner due to be announced by August.

Victoria has the highest number of bookmakers compared to the other states with a 36 per cent market share and 145 bookmaker outlets (2019). Wagering turnover has grown significantly over the years reaching \$2.5bn in 2019.

In Victoria (data ending 2021) Tabcorp operates 609 wagering venues in pubs and clubs, 72 wagering agencies, 81 on-course racing wagering, 788 media venues and 18,000 gaming services.

Although exclusivity is historically Australia's chosen operating system within its sports and lottery sectors, Victoria has already split its new 20-year keno licence between Tabcorp lottery's arm (The Lotteries Corporation) and Gibraltar's Lottoland, after the licence ended in April 2022.

The lottery is operated by Tabcorp Holdings Limited (The Lott- Tattersall's Sweeps) and there are 792 lottery outlets. The exclusive lottery licence runs until 2028.



| VICTORIA 2018/19 DATA | 4 | | |
|------------------------|----------|-------------------------------|---------------------------|
| CATEGORY | TURNOVER | TOTAL GAMBLING EXPENDITURE | PER CAPITA EXPENDITURE |
| GAMING | \$45.2bn | \$5bn | \$984.74 |
| EGM | \$29.9bn | \$2.69bn | \$527.29 |
| Casino | \$13.6bn | \$1.67bn | \$323.07 |
| Instant Lottery | \$59.2m | \$20.5m | \$4.02 |
| Keno | \$91.1m | \$21.9m | \$4.30 |
| Lotteries | - | - | - |
| Lotto | \$1.55bn | \$619.6m | \$121.06 |
| SPORTS BETTING | \$1.39bn | \$198.6m | \$38.80 |
| Bookmaker fixed odds | - | - | - |
| Bookmaker pool betting | - | - | - |
| TAB Fixed odds | \$1.39bn | \$198m | \$38.70 |
| TAB Tote odds | \$2.3m | \$0.5m | \$0.10 |
| RACING | \$1.23bn | \$226.1m | \$44.18 |
| Off course bookmaker | - | - | - |
| On course bookmaker | - | - | - |
| On course totalisator | \$71.2m | \$12.4m | \$2.44 |
| TAB | \$1.23bn | \$213.6m | \$41.74 |
| TOTAL | \$47.8bn | \$5.56bn | \$1,067.73 |



REPORTS

WESTERN AUSTRALIA

The Royal Commission looked into the suitability of Crown Perth's casino licence last year. It released its report in March, which highlights potential money laundering issues dating back to 2014, junket links to criminal activity and gambling related harm issues

Crown Casino Perth

THE CASINO

Western Australia is a unique state in that EGMs are only permitted in the state's casino. As such WA has the lowest ratio of EGMs per capita with one EGM per 1.2 machines per 1,000 adults. The casino is also the only Keno provider in the state.

Crown Perth is the only fully integrated entertainment resort in WA and was established in 1985. The Crown Perth is one of Western Australia's largest tourism destinations with 350 table games and 2,466 EGMs. There is a cap of 2,500 EGMs in the casino.

The resort features three hotels made up of Crown Towers with 500 rooms, Crown Metropol Perth with 397 rooms and Crown Promenade Perth with 291 rooms. There is a 1,500 seat ballroom and 2,300 seat theatre plus convention facilities, bars and restaurants. The casino welcomes around 10 million guests annually.

It has undergone several improvements including additional LED screens in the main gaming floor and refurbishment plans for the Pearl Room in support of the company's commitment to phase out indoor smoking at all Australian resorts by end of 2022.

Crown Perth casino revenues for FY ending June 2021 reached \$743.lm compared to \$609.7m for FY2020 (an increase of almost 22 per cent). Of this EGMs saw revenues of \$306.6m and table games \$171.7m.

Half year results ending in June 2022 saw Crown Perth revenues reach \$402.9m compred to \$409.2m the same period the year before. The casino saw several short term closures during Covid and re-opened with restrictions towards the end of June 2020.

Like the other Crown properties, the Royal Commission looked into the suitability of Crown Perth's casino licence last year. It released its report in March 2022 which outlined the shortcomings of the operator.

The report highlights potential money laundering issues dating back to 2014, junket links to criminal activity and gambling related harm issues. It also pointed the finger of responsibility at the WA government and the casino watchdog, the Gaming and Wagering Commission.

The Crown Perth has been found unfit to run the casino and like its sister casino has been given two yeas to clean up its act under independent monitoring under the watchful eye of WA Police Force Assistant Commissioner Paul Steel.

Former MGM Resorts executive David Tsai was appointed as new CEO of the casino a few months ago and he joins several other new head honchos who hope to bring the casino back in line.

The state has now introduced new laws under the Western Australia Casino Control Act so fines for the casino could be issued of up to \$99.9m.

The report contains 59 recommendations covering everything from Crown's corporate and boardroom structure to anti money laundering controls and responsible gambling systems. There are calls for pre-commitment and play period limits with a suggested \$10 maximum bet limit on all EGMs on the gaming floor and a requirement for players to take 15 minute breaks after three hours continuous EGM play. There are also suggestions to restrict players to a maximum of 12 hour EGM play daily and 28 hours weekly.

LOTTO & BETTING

Meanwhile at the eleventh hour plans to sell the state owned WA TAB betting agency fell through after years of planning.

There were initially three bidders in the \$1bn deal to buy the WA TAB agency – Tabcorp, Entain and a consortium called BetR.

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Crown Casino Perth







Questions over Entain's anti-money laundering practices in Australia may have caused it some damage. However, a statement from WA government premier Mark McGowan released in early November stated the sale process would now be terminated and the state would retain ownership of WA TAB Sports betting licensing

BetR is a start-up Australian bookmaker launched in spring 2022 founded by former Sportsbet owner Matthew Tripp, former BetEasy CEO Andrew Menz, News Corp print publisher, Betmakers technology group and Tekkorp, a US investment and digital gaming consulting firm.

Bidding offers were submitted by mid-August in a deal which has been discussed for years but formally began in 2019 but was put on hold during the pandemic. The process restarted in October

BetR was named as the frontrunner by the WA Gaming and Wagering Commission, however BetR withdrew its bid recently in November after a dispute with the WA government over branding issues. It is understood BetR wanted to re-brand TAB into its own identity as part of a plan to expand into the Australian wide sportsbook market.

With BetR out of the running it was then believed Tabcorp would be handed the licence as recent questions over Entain's anti-money laundering practices in Australia may have caused it some damage.

However, a statement from WA government premier Mark McGowan released in early November stated the sale process would now be terminated and the state would retain ownership of WA TAB due to being unable to reach an agreement to ensure the sale would be "in the best long term interest of the state and local racing industry."

Apparently the government was unable to reach an agreement with either Entain or Tabcorp and the Racing and Wagering WA authority (RWWA) will now continue to operate WA TAB under the state government's ownership.

RWWA was established in 2003 under the Racing and Wagering Australia Act 2003 and provider for thoroughbred, harness and greyhound racing. Turnover in FY2021 amounted to \$2.3bn (\$1.89bn in 2020) whilst overall revenue in 2021 amounted to \$551.7m a record high — made up of \$374m from TAB wagering and \$178m from other levies. TAB

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Sports betting licensing





REPORTS WESTERN AUSTRALIA

The West Australia lottery, trading as Lotterywest, is currently the only government operated lottery entity in Australia and initially constituted under the WA Lotteries Control Act 1954. Lotterywest now operates under the WA Lotteries Commission Act 1990 and profits support health, sports and art organisations

Lottery Licensing

has a network of more than 300 TAB agencies and PubTABs

The wagering gross margin grew by 26 per cent in 2021 with 109,000 active customers, 12 per cent higher than FY2020.

Meanwhile BetR is apparently looking at accessing the betting market in Victoria. The company is also being investigation in NSW over possible violations of a promotion it ran.

Meanwhile the West Australia lottery, trading as Lotterywest, is currently the only government operated lottery entity in Australia and initially constituted under the WA Lotteries Control Act 1954. Lotterywest now operates under the WA Lotteries Commission Act 1990 and profits support health, sports and art organisations.

The lottery has been active for around 90 years

and financial year ending June 2022 saw a total of \$1.2bn in lottery sales whilst the biggest ticket sales are from the Saturday Lotto (\$362.7m) and Powerball (\$389m). This is a big leap in sales from previous years which previously failed to top \$1bn in sales.

Some 77.5 per cent of ticket sales are via the lottery's 500 retail outlets with the remaining 22.5 per cent online sales.

Some \$323m was returned last year to the WA community in terms of grants and funds to the health, arts and sports organisations.

After Covid restrictions were eased in the state, the lottery launched a new brand campaign in June 2022, which is titled "That's the Ticket," to promote the idea of buying a lotto ticket and contributing to improving the lives of those in WA community.



| CATEGORY | TURNOVER | TOTAL GAMBLING EXPENDITURE | PER CAPITA EXPENDITURE |
|------------------------|----------|-------------------------------|---------------------------|
| GAMING | \$4.33bn | \$995.4m | \$495.88 |
| EGM | 94.33bH | , 5555. 4 111 | Q 4 33.88 |
| Casino | \$3.27bn | \$533.4m | \$265.70 |
| nstant Lottery | \$111.8m | \$38.6m | \$19.26 |
| Keno | - | - | - |
| Lotteries | - | - | _ |
| Lotto | \$873.3m | \$391.4m | \$195.01 |
| Minor gaming | \$74.2m | \$31.9m | \$15.90 |
| SPORTS BETTING | \$164.1m | \$10.6m | \$5.33 |
| Bookmaker fixed odds | \$0.004m | \$0.002m | 0 |
| Bookmaker pool betting | - | - | - |
| TAB Fixed odds | \$163.3m | \$10.4m | \$5.22 |
| TAB Tote odds | \$0.825m | \$0.20m | \$0.10 |
| RACING | \$1.85bn | \$310.2m | \$154.54 |
| Off course bookmaker | - | - | - |
| On course bookmaker | \$12.9m | \$0.64m | \$0.32 |
| On course totalisator | \$20.3m | \$3.4m | \$1.74 |
| ГАВ | \$1.81bn | \$306.1m | \$152.48 |
| TOTAL | \$6.35bn | \$1.31bn | \$655.74 |

