

Tim Moore-Barton
Chief Executive Officer

21 September 2018

Wagering and Betting Licensing Project
Office of Liquor, Gaming and Racing

Dear Sir/Madam

Submission in response to the Wagering and Betting Discussion Paper

We refer to the Wagering and Betting Discussion Paper (**Discussion Paper**) recently published by the Office of Liquor, Gaming and Racing.

We note that the stated purpose of the Discussion Paper is to 'seek views from industry and the community on current and future wagering and betting licensing arrangements in Victoria'.

Betfair Pty Limited (**Betfair**) thanks you for the opportunity to lodge a submission in response to the Discussion Paper.

Below we have provided our views on Question 3 from the Discussion Paper. We have refrained from providing an overview of the Betfair betting exchange in this submission, as it is clear from the Discussion Paper that the Wagering and Betting Licensing Project (**WBLP**) understand the nature and uniqueness of the product we offer.

Summary of Betfair's position

For the reasons outlined below, we are firmly of the view that:

- Chapter 4 of the *Gambling Regulation Act 2003* (Vic) (**GR Act**) should be amended so that the wagering and betting licensee is no longer authorised to conduct a betting exchange; and
- a new licensing regime should be inserted into Chapter 4 of the GR Act which: (a) enables the relevant Minister to grant a licence to operate a betting exchange; and (b) permits the licensed betting exchange operator to operate a retail network in Victoria (in addition to taking bets online and over the telephone).

Betfair's reasoning

Discussion Question 3 in the Discussion Paper reads as follows:

Is the structure of the Victorian wagering and betting licence appropriate and why? If not, what changes could be made to the structure of the Victorian wagering and betting licence and why? ...

We note that:

- section 4.1.1 of the GR Act states that the purpose of Chapter 4 [*Wagering and betting*] of the GR Act is:
 - 'to make provision for the carrying on of licensed wagering and betting, by ... the issuing of a wagering and betting licence';
 - 'to provide for the wagering and betting licensee to conduct a betting exchange';
- Chapter 4 of the GR Act contains various provisions which regulate the operation of a betting exchange. For example:
 - section 4.2.4A(1) states that the wagering and betting licensee must not operate a betting exchange unless there are in force betting exchange rules applying to that betting exchange;
 - section 4.3A.34G(1) states that the wagering and betting licensee must not enable a person to offer or accept a bet by way of a betting exchange unless the person is a registered player; and
 - section 4.6.6B(1) states that the wagering and betting licensee must pay to the Treasurer a tax equal to 10% of all betting exchange commissions earned by the wagering and betting licensee each month;
- in July 2011, Tabcorp Wagering (Vic) Pty Ltd (**Tabcorp**) was awarded the Victorian wagering and betting licence (**W&B Licence**). The W&B Licence, which expires on 15 August 2024, allows Tabcorp to:
 - conduct pari-mutuel and fixed odds betting;
 - operate the only off-course retail wagering network in Victoria;
 - conduct approved simulated racing events; and
 - establish and operate a betting exchange;
- while Tabcorp (the holder of the W&B Licence) has had the legislative authority to operate a betting exchange for a number of years, it has not established (or shown any interest in establishing) a betting exchange. Put simply, the existing betting exchange related provisions in Chapter 4 of the GR Act have served no purpose.

Given Tabcorp's lack of interest in establishing a betting exchange, Betfair is firmly of the view that:

- Chapter 4 of the GR Act should be amended so that the wagering and betting licensee is no longer authorised to conduct a betting exchange; and
- a new licensing regime should be inserted into Chapter 4 of the GR Act which: (a) enables the relevant Minister to grant a licence to operate a betting exchange; and (b) permits the licensed betting exchange operator to operate a retail network in Victoria (in addition to

taking bets online and over the telephone). Having reviewed Chapter 4 of the GR Act, it seems to us that:

- a new Part titled 'Betting exchange licence' could be inserted into Chapter 4. The new Part could be structured in a similar way to Part 3A (which deals with the wagering and betting licence). In particular, the new Part could contain provisions governing:
 - the procedure for applying for a betting exchange licence (including any application fees that must be paid);
 - the criteria that will be considered when a betting exchange licence application is assessed;
 - the issuing of licence conditions;
 - the rights of a licensed betting exchange operator, including its ability to operate a retail network in Victoria; and
 - various other matters, including obligations, monitoring and disciplinary action.

Potential benefits for Victoria

If the course of action recommended by Betfair is adopted, and the Victorian Government subsequently grants a betting exchange licence to a suitable candidate pursuant to new provisions in the GR Act, various benefits will flow from this including:

- the payment of betting exchange tax, licence fees and payroll tax to the Victorian Government;
- benefits for the Victorian economy and Victorian residents, as the licensed betting exchange operator would need to have an office in Victoria and employ Victorians, and a new retail network would be established in Victoria;
- a greater diversity of wagering products on offer; and
- a greater level of competition between licensed wagering operators, which will ultimately benefit consumers.

Conclusion

Thank you for considering this submission. I would be happy to meet with representatives of the WBLP to elaborate on the matters raised above.

If you have any questions about the above or would like to arrange a meeting, please don't hesitate to contact me on [REDACTED]

Yours sincerely



Tim Moore-Barton
Chief Executive Officer