



# AUSTRALIAN HOTELS ASSOCIATION (VICTORIA)

ABN 79 948 978 376

20 September 2018

Wagering and Betting Licensing Project  
Office of Liquor, Gaming and Racing  
Department of Justice and Regulation

Via email: [Electronic Submission](#)

Dear Sir/Madam,

## **Submission to discussion paper: Wagering and Betting Licensing Arrangements in Victoria**

The Australian Hotels Association (Victoria) (**AHA (Vic)**) welcomes the opportunity provided by the Office of Liquor, Gaming and Racing, to contribute to the Wagering and Betting Licensing Project, via the Wagering and Betting Discussion Paper.

### **Australian Hotels Association (Victoria)**

For more than 150 years, AHA (Vic) has provided industry leadership, lobbied on members' behalf and promoted best practice in hotel management, with a commitment to effective communication with members.

Beyond alcohol and food service, AHA (Vic) actively contributes to the development and growth of tourism and tourism-related industries.

Within the diverse Victorian hospitality industry, AHA (Vic) membership incorporates CBD, metropolitan, regional and rural hotels and pubs, accommodation hotels, resorts and similar businesses. AHA (Vic) represents approximately 510 PubTAB members offering retail wagering facilities within their hotels.

### **Wagering and Betting Discussion Paper**

AHA (Vic) commends the Department, and the State Government, for being proactive to actively understand the dynamics of wagering in Victoria including what is working well and what can be improved, well ahead of the expiration of the existing licence. Providing certainty to all industry participants is critical in ensuring the delivery of appropriate and well-needed investment.

Given the importance wagering provides to hotels in Victoria, including but not limited to additional revenue streams and to the Victorian economy more broadly, AHA (Vic) reaffirms our long-held view that the Government should complete this process to ensure hotels are given as much certainty as possible.

## **Responsible gambling**

AHA (Vic) promotes responsible gambling and has programs in place to address associated harm with irresponsible gambling. The self-exclusion program was developed by AHA (Vic) in conjunction with other bodies assisting individuals who experience problems as a result of their gambling activity.

AHA (Vic) has robust suite of policies in place that aim to foster greater knowledge and provide invaluable experience to our Members to ensure gambling, which for the vast majority remains a leisurely pursuit, is delivered safely in a regulated environment.

Further, AHA (Vic) is of the view that the wagering environment, specifically the regulatory framework, must acknowledge hotels are generators of significant employment and economic impact, especially in regional and remote areas, promote tourism and provide taxation revenue for the State.

## **Regulatory framework**

### *Model*

AHA (Vic) strongly endorses the sole Licence model remaining in place in Victoria, including but not limited to, the exclusivity throughout the broader retail environment in Victoria.

AHA (Vic) believes any moves to split the Wagering Licence would be detrimental to the interests of all stakeholders given the retail environment (PubTAB outlets) could not sustain the increase in outlets that would be the inevitable result of multiple Licensees operating in Victoria. Increased venues would also have a negative impact on harm minimization measures that AHA (Vic) strongly support.

Given the uncertainty that multiple Licensees would put on the industry, AHA (Vic) firmly believes Tabcorp is best placed to continue to act as the sole Licensee given:

- All other States have a monopoly retail and Tote Licensee;
- Tabcorp has a strong track record in providing support to the Victoria racing industry and retail partners including hotels;
- Tabcorp has a proven track record with operating a retail wagering business, including a history of investment in this channel;
- Tabcorp has a proven track record with the Tote and pari-mutual products, including investment in new products; and
- Despite the shift towards fixed odds wagering, Tabcorp has well managed the transition including being the only operator to commence a Digital Commissions model which is helping to promote more investment in hotel facilities throughout Victoria.

It should be noted the Government's decision to change the lotteries and scratchies model in Victoria by granting a Licence to foreign-owned Intralot in 2007 proved to be an undesirable model.

### *Online in-play wagering*

The current regulatory model is in place to prevent corruption in sport, minimize harm from irresponsible gambling whilst supporting the hotel retail network. Any attempts by the Federal Government to weaken online in-play wagering restrictions will compromise funding to race clubs, racing industry bodies, such as Racing Victoria, and hotels.

AHA (Vic) also commends the Government for the advertising restrictions that are being introduced, which in our view, are a positive step in reducing harm and helping to improve the public image of wagering.

### *New products*

In terms of improving the regulatory framework more broadly, hotels continue to be at a distinct disadvantage via the restrictive regulatory framework, as opposed to the Northern Territory-licensed online corporate bookmakers. These bookmakers are offering a wider range of products to Victorians via an underweight taxation regime and we believe this anomaly needs to be addressed further.

AHA (Vic) suggests that once contingencies and betting products have been verified in one jurisdiction, the new licensee in Victoria should be given immediate access to offer that product via their retail and digital channels.

### **Structure of the Licence**

For certainty, clarity and for investment, AHA (Vic) supports a minimum term of 20 years.

The current term of 12 years creates a level of business uncertainty within the industry and is a deterrent for investment by the Licensee, as well as venues such as hotels. The current term fails to provide appropriate incentive to invest. Given the average terms in other jurisdictions in Australia is more than 50 years, AHA (Vic) supports an extension to the term as a sensible and pragmatic improvement.

A term of at least 20 years, as provided in the recent gaming machine entitlement extensions, would provide the certainty the industry and business are seeking.

### **Process**

AHA (Vic) believes having an experienced wagering operator in control of the Licence is the best outcome for all stakeholders, including hotels. It is the view of AHA (Vic) that the following considerations must be proportionately considered in determining the new Licensee:

- Has a solid reputation;
- Has a proven technical capability, with strong systems and a solid financial background;
- Has the financial resources and ability of the applicant to establish, maintain and ensure the financial viability of a wagering and betting business in Victoria; and
- That the applicant has a proven track record in the provision of responsible gambling.

### **The link between wagering and the Victorian racing industry:**

It is important to establish and promote the link between a healthy racing industry with a long-term sustainable wagering industry in Victoria. The nexus between all parties means that stability, longevity and collaboration are critical to achieving shared goals.

The link between the wagering licence and funding of both the racing industry and retail wagering is appropriate. It is important to note that the wagering Licence must be competitive and on par with those issued interstate in order to support retail wagering venues, including hotels.

Both simulated wagering products and sports betting provide additional sources of income for retail venues, such as hotels, and compliment race wagering. These are important and should be considered within the parameters of granting the next Licence.

### **Taxation**

AHA (Vic) commends the Government for its decision to introduce a Point of Consumption Tax (POCT) in Victoria. The introduction of this tax is a positive measure to help to even the playing field.

AHA (Vic) strongly endorses any taxation raised via the racing industry being re-invested in the racing industry continues to improve the sport.

Taxation arrangements offered by other jurisdictions have historically provided advantages to those operators, including online corporate bookmakers based in the Northern Territory. These tax advantages have and continue to allow online corporate bookmakers to spend significant amounts on advertising, which has been to the detriment of retail venues. Whilst the introduction of the POCT will help balance this, harmonisation between the States regarding the rate applied via the POCT will be important in the future.

### **Conclusion**

AHA (Vic) supports the Victorian Government in completing this process expeditiously.

Given the challenges in the retail environment more broadly, we support the Government providing certainty and security of this Licence via an increased term (20 years minimum), the continuance of a sole operator model including retail exclusivity - all delivered by a responsible wagering organisation with the scale, history and passion to deliver for racing in Victoria. We commend Tabcorp as the ideal Licensee for the next 20+ years in Victoria.

Yours sincerely,



**PADDY O'SULLIVAN**

Chief Executive Officer

Australian Hotels Association (Victoria)