

INQUIRY INTO GREYHOUND RACING IN NSW

Organisation: Australian Wagering Council

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AUSTRALIAN
WAGERING
COUNCIL

SUBMISSION TO THE LEGISLATIVE COUNCIL INQUIRY INTO GREYHOUND RACING IN NSW

AUSTRALIAN WAGERING COUNCIL

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The Australian Wagering Council (AWC) welcomes the opportunity to make this submission to the Legislative Council inquiry on Greyhound Racing In New South Wales.

This submission is written on behalf of all members of the AWC. However, in recognition of the importance of this inquiry to the sustainability of New South Wales greyhound racing and the online wagering industry, it is anticipated that a number of separate submissions will also be made by member organisations.

Executive Summary

1. Gambling remains a popular activity for many Australians. New South Wales Government commissioned research found that 65% of New South Wales adults participated in at least some form of gambling in 2011 (24% of these adults wagered on racing events).
2. The AWC remains committed to working with Greyhound Racing NSW (GRNSW) to enhance the economic viability of the greyhound racing industry in New South Wales. The AWC acknowledges its strong growth of the NSW greyhound racing industry over recent years. These positive results in part may be contributed to the strong administration of greyhound racing in New South Wales and to GRNSW working cooperatively with online wagering service providers to create a competitive product utilising emerging online channels.
3. Research indicates that the gambling environment is becoming increasingly competitive with wagering on racing threatened by other forms of gambling. The greyhound racing industry and the online wagering industry must co-operatively work to identify competitive measures and products to attract and maintain the discretionary “entertainment” spend of consumers. An increase in overall wagering turnover will benefit the NSW Government, wagering operators and all three racing codes. It is, therefore, essential to ensure growth in the total legal ‘wagering pie’ rather than introduce any overly restrictive measures.
4. A number of key structural shifts have also occurred in the wagering industry. Changing consumer preferences, expectations and access to technology has enabled consumers to take their wagering dollar to where they can gain best prices, value and service. The AWC contends that the New South Wales Government should look to promoting competition and responding to the changes brought about by new digital technology rather than trying to protect and preserve the old status quo at a time when gambling market share is under threat. It is noted that even with this migration away from traditional TAB betting to online wagering, TAB betting still accounts for 74 per cent ¹ of overall wagering in New South Wales and Victoria.
5. It is noted that the Board of GRNSW² suggests that reforming the current TAB funding model is critical to the economic viability of greyhound racing in NSW as the current arrangements between thoroughbred, harness and greyhound racing do not reward efficiency, innovation or growth. The AWC suggests that the 15-year growth review of the Inter-Code agreement (which the AWC understands to be due now) would provide the appropriate opportunity and context to undertake such a review.
6. All licensed Australian online wagering operators pay GRNSW product fees for using NSW greyhound race field information. This fee is payable directly to GRNSW and as such there is a direct correlation between the performance of NSW greyhound racing and the race field revenue GRNSW receives from Australian-based online wagering operators.

¹ Tabcorp AGM 31.10.13

² GRNSW Annual Report 2013, <http://www.thedogs.com.au/Uploads/Userfiles/GRNSW%20AR13e.pdf>

7. The AWC contends that product fees must be set at a level and model to encourage competition, performance and overall wagering growth. If product fees on greyhound racing were increased and the other racing codes did not follow suit (or the other state greyhound codes) NSW greyhound racing would become uncompetitive in relation to the other racing codes in NSW and elsewhere. This would create a disincentive for wagering operators to promote NSW greyhound racing and ultimately reduce the product fees they collect which would be the reverse of the intended effect. In other words, it would become unviable for online wagering operators to continue offering NSW greyhound racing products online which would have serious implications for the long-term future of greyhound racing in NSW.
8. GRNSW is currently the only racing body in New South Wales that charges its race fields fees on the basis of gross revenue. For the current period, the fee payable is set at 15% of an operator's gross revenue, with a minimum payment floor of 0.75% of the operator's wagering turnover.
9. AWC members also contribute to the New South Wales greyhound industry by way of sponsorships. AWC members have, and will, continue to seek such strategic partnerships with GRNSW and greyhound racing clubs to assist and support greyhound racing in New South Wales. In this regard, GRNSW has taken a different approach to the other racing codes in New South Wales, who have not allowed such competition. This has resulted in reduced returns to the industry from competition.
10. The introduction of any unreasonable fee proposals will only impact the licensed Australian-based online wagering operators giving a clear advantage to unlicensed offshore operators and illegal SP operators by lessening local viability. The leakage of gambling revenue offshore is still significant. Australian punters can, and do, switch to unregulated offshore or illegal SP operators in search of competitive prices and available betting markets. This adds to the risk of diminishing control of wagering activities and decreasing race fields receipts if that turnover migrates offshore. It will also dramatically increase the risk to the integrity of greyhound racing because off-shore and SP operators do not abide by Australian laws and do not have measures in place to protect the integrity of racing, such as sharing information about irregular or suspicious betting activity.
11. AWC members have a zero tolerance to corruption and a long standing commitment to enhancing the integrity of racing and sport. The AWC acknowledges the increased funding and efforts undertaken by GRNSW to address integrity issues in the industry, particularly in relation to doping. Maintaining the integrity of greyhound racing is integral to ensuring wagering confidence with punters expecting the races on which they bet to be free of corruption and any manipulation. AWC members have, and will continue to engage with the New South Wales greyhound racing industry from an integrity perspective.
12. The nature of account-based online wagering operations (compared to cash-based retail or cash-based on-course operations) should be acknowledged for its role in enhancing the integrity of racing by enabling the easy identification of clients and the nature and extent of their betting activities. Any proposal that reduces the viability of betting on New South Wales greyhound racing with licensed wagering service providers will also have the unintended consequence of placing greyhound punters at a significantly higher risk of problem gambling by effectively driving them to place their bets with unregulated overseas-based websites, many of which have little regard for consumer protection, responsible gambling or providing harm minimization measures.
13. The AWC remains committed to working with GRNSW to ensure that a viable industry is maintained. The AWC and its members share the vision of GRNSW of ensuring greyhound racing in New South Wales continues to prosper into the future

for the benefit of the wagering industry, clubs, owners, trainers, administrators, participants, employees, punters and the New South Wales government.

About the AWC

The AWC is the peak body representing the online wagering and sports betting industry (including Betfair's betting exchange) in Australia.

AWC members are licensed wagering service providers who offer online wagering on thoroughbred, harness and greyhound racing, and sporting events.

AWC members DO NOT offer online gaming, poker machines, casino table games, lotto bingo or keno.

AWC members currently include the following prominent independently operating companies in Australia:

- Betfair;
- bet365;
- Betchoice (operating as Unibet);
- Eskander's Betstar;
- Sportsbet (including its subsidiary IASbet); and
- Sportingbet Group Australia (which includes Sportingbet, Centrebet and Tom Waterhouse.com).

The AWC encourages high standards of probity, integrity and social responsibility by members and through policy leadership and advocacy raises awareness amongst key stakeholders of the importance of the wagering industry's contribution to responsible gambling and to maintaining and enhancing the integrity of racing and sport. This contribution is detailed in this submission for the information of the Committee members.

AWC members provide a recreational and social experience for many Australians balancing their legitimate right to wager on racing and sporting events with the industry's responsibility to minimise harm to vulnerable members of the community.

The online wagering industry employs more than 1000 Australians, has nearly 2 million Australian customers, pays in excess of \$100 million in product fees per annum and over \$100 million per annum in taxes.

Issues

THE WAGERING INDUSTRY IN PERSPECTIVE

Gambling is a popular activity in Australia and within New South Wales.

Of Australia's official \$19 billion total annual gambling spend, 55% was spent playing pokies in clubs and hotels, 18.2% on casino gaming, 12% on lotteries, pools and keno, 13.6% on racing and 1.2% on sports betting ³.

New South Wales Government commissioned research undertaken by Ogilvy Illumination ⁴ identified that most New South Wales adults (65%) participated in at least some form of gambling in 2011 with participation in the most popular gambling activities being:

- lotteries (41%),
- instant scratch tickets (28%),
- gaming machines (27%),

³ Productivity Commission Report 2010: Gambling

⁴ Ogilvy Illumination on behalf of the NSW Government in Prevalence of Gambling and Problem Gambling in NSW. April 2012

- racing (24%),
- keno (14%), and
- sporting events (8%).

Ogilvy Illumination's research ⁵ identified that almost one-half of New South Wales race bettors (49%) still continue to place their bets at a stand-alone TAB betting agency with only 11% of race bettors using the internet to place their bets on horse or greyhound races (including access via a mobile phone).

At its recent AGM presentation, Tabcorp reported a much larger figure with punters in Victoria and New South Wales overwhelmingly betting with the TAB which accounted for 74% of bets in those states.⁶

ACKNOWLEDGEMENT OF STRONG INDUSTRY GROWTH

Greyhound racing is a major contributor to the New South Wales economy with local race clubs playing a particularly important role in the social and economic fabric of many communities across NSW.

The AWC remains committed to working with GRNSW to achieve economic viability for the greyhound racing industry in New South Wales.

The AWC acknowledges its strong growth in recent years. These positive results in part may be attributed to the strong administration of greyhound racing in New South Wales and to GRNSW working cooperatively with online wagering service providers to create a competitive product utilizing digital technology channels. It is also attributable to the decision of GRNSW to impose a gross revenue model on race fields product fees which allows for a competitive market.

The AWC notes that GRNSW has been established as an autonomous non-government body responsible for both the regulatory and commercial functions of the greyhound racing industry in New South Wales under the Greyhound Racing Act 2009 (Section 5). The AWC contends that this autonomy should be encouraged and maintained.

The AWC believes that the racing industry in New South Wales (and Australia) should operate in a truly competitive wagering environment.

The recent announcement by the NSW Government ⁷ of its agreement with Tabcorp to extend the exclusivity period of its New South Wales retail wagering licence for 20 years to June 2033 effectively protects the New South Wales TAB from competition. Such a monopoly means there is no competition in traditional land-based cash retail outlets.

AN INCREASINGLY COMPETITIVE GAMBLING MARKET

Recent research indicates that the racing industry players will be operating in a very competitive environment over the next five years.

IBISWorld recently reported ⁸ that the proportion of income allocated by households to all forms of gambling has become saturated. It identified that racing (both horse and dog) is being threatened by gambling elsewhere, particularly at casinos, with cash allocated to other gambling activities reducing the amount spent at horse and dog racing venues.

⁵ Ogilvy Illumination on behalf of the NSW Government in Prevalence of gambling and Problem Gambling in NSW. April 2012

⁶ Betting Will Peak At Two Thousand Punts Each Second On Melbourne Cup Day, business Insider, 31.10.13 <http://www.businessinsider.com.au/betting-will-peak-at-two-thousand-punts-each-second-on-melbourne-cup-day-2013-10>.

⁷ Tabcorp Media Release: Retail exclusivity extension finalised for Tabcorp's NSW Wagering Licence, 10.09.13, http://www.tabcorp.com.au/news_media-releases_detail.aspx?view=746

⁸ IBISWorld Industry Report R9120, Horse and Dog Racing in Australia October 2013

This trend was also identified by the Productivity Commission 2010⁹ which reported the ascendancy of gaming machines with the total gambling expenditure on poker machines in pubs and clubs increasing from 29% in 1986-87 to 55% in 2008-09. In the same period, wagering on racing and sports reduced from 36% to 15% of total spend.

IBISWorld¹⁰ also reported that the racing industry must identify ways to be more competitive in attracting the discretionary “entertainment” spend of consumers and that means adapting to changing consumer preferences and expectations.

It is essential for all racing codes to be mindful of the need to ensure growth in the total legal ‘wagering pie’ rather than short-sightedly introducing any proposals which would restrict competition over the share of Australia’s gambling dollar.

CHANGING CONSUMER PREFERENCES AND KEY SHIFTS IN THE WAGERING INDUSTRY

The AWC contends that the New South Wales Government should look to promoting competition and responding to the changes brought about by new digital technology rather than trying to protect and preserve the old status quo at a time when gambling market share has fallen.

Rapid advances in technology have resulted in online wagering operators increasing their market share at the expense of traditional TAB providers changing the way wagering products are delivered and accessed. This proliferation of technologies has allowed greater access to online wagering operators at the expense of traditional channels (such as on-course, in retail TABs and via telephone operators). This trend is in line with consumer spending patterns in other retail sectors such as books, music, clothing and electronic goods, which have also seen a very high level of online growth.

Despite a 31.5% growth of online wagering turnover (which includes both racing and sport) over the last 5 years, overall wagering has grown by only 4.8% per annum. This growth is broadly in line with the growth in household disposable income.

Industry data shows an overall decline in the percentage of wagering turnover estimated to be offshore from 37.7 per cent in 2003 to 13.8 per cent in 2011.¹¹ This shift of turnover wagered by Australians from illegal, offshore websites to licensed, domestic wagering operators has been driven by the competition, innovation and improved product choice provided by Australian wagering and sports betting operators. Having this turnover onshore not only provides significant benefits to consumers in terms of customer protection and harm minimisation measures but is also critical to maintaining the integrity of racing and sports in Australia.

REVIEW OF THE CURRENT FUNDING MODEL: INTER-CODE AGREEMENT

This 99-year Inter-Code funding model with the fixed percentage structure was agreed to in 1998 by the three (3) racing codes - thoroughbred, harness and greyhound - as part of the process of privatization of the TAB. The three codes receive a set proportion of TAB revenues paid to the racing industry, regardless of the proportion they contribute to TAB revenue through sales on their product.

Despite contributing above 20% of TAB racing revenues GRNSW still receives a fixed 13% impacting capacity for competition, productivity and innovation. The Inter-Code agreement currently does not take into account the changing landscape of the racing industry, nor does it provide any incentive or reward for efficiency, innovation or growth for each code.

⁹ Productivity Commission 2010 Gambling

¹⁰ IBISWorld Industry Report R9120, Horse and Dog Racing in Australia, October 2013

¹¹ H2 Gambling Capital, eGaming Data Set, February 2012

The New South Wales government has previously commissioned studies on the sustainability of the racing codes and despite recommending changes to this Inter-Code agreement no amendments have been made.

It is understood that the Inter-Code agreement has a 15-year growth review which is due now. The AWC suggests that this may provide the appropriate opportunity to review the proportional split between codes.

Despite the recently agreed Tabcorp exclusivity arrangements being reported to be 'a demonstration of the Government's commitment to supporting the viability of the racing industry'¹² some stakeholders suggest that it may in fact be doing the opposite for greyhound racing.

It should be noted that Tabcorp now has 55 per cent of the wagering market, and a third of the smartphone business from which it generates \$3 billion in turnover. Smartphones now account for more than half of Tabcorp's digital sales. Tabcorp is the biggest bookmaker on the fixed-odds side¹³

AWC MEMBERS' DIRECT CONTRIBUTION TO GREYHOUND RACING IN NSW: PRODUCT FEES

All licensed Australian online wagering operators pay GRNSW product fees (Racefield Information Use Fees) for using New South Wales greyhound race field information. This fee is payable directly to GRNSW and as such there is a direct correlation between the performance of New South Wales greyhound racing and the race fields revenue GRNSW receives from Australian-based online wagering operators. This money is re-invested directly by GRNSW into prize money, racing infrastructure and employment opportunities.

GRNSW is presently the only NSW racing body that charges its race fields fees on the basis of gross revenue. For the current approval period the fee charged by GRNSW is set at 15% of an operator's gross revenue, with a minimum payment floor of 0.75% of the operators' wagering turnover. This means that GRNSW by using this hybrid fee model is able to gain a share in the upside of increased revenues being derived by wagering operators while ensuring that even if a bookmaker was to encounter a losing period, that a minimum fee is paid.

Should the offering of greyhound racing products become unviable for the online wagering operators any proposal to change the current race field fee schedule to a turnover model will have a serious implication for the long-term future of greyhound racing in New South Wales. The imposition of a 1.5% turnover fee model would actually result in less money flowing back to the greyhound industry than under both the gross revenue and a hybrid model. As the CEO of GRNSW pointed out last year, "in the three and a half years that race fields have been in place \$2.9 billion has been bet on New South Wales greyhound races with all wagering operators combined producing a gross margin of \$446 million. The maths is simple, 1.5% of 2.9 billion is \$1 million less than 10% of \$446 million."

In response to claims that online wagering operators do not pay their fair share to racing the AWC contends that the reality is there is already a national product fee model in place to fund the racing industry. AWC members pay product fees on the exact same basis as Tabcorp. The additional taxes paid by Tabcorp are a result of the retail monopoly agreement with the NSW Government that Tabcorp enjoys in New South Wales.

AWC MEMBERS' STRATEGIC PARTNERSHIPS WITH NSW GREYHOUND RACING

¹² Second reading speech, The George Souris MP, http://www.parliament.nsw.gov.au/prod/parlment/hansart.nsf/V3Key/LA20130815029?open&refNavID=HA8_1

¹³ Kruger, Colin, SMH, 'Bookies see TAB as ripe for the picking', 02.11.13, <http://www.smh.com.au/business/online-bookies-see-tab-as-ripe-for-the-picking-20131101-2ws06.html#ixzz2jdGvm02s>

AWC members have demonstrated their dedication to the New South Wales greyhound racing industry by also investing in sponsorships of New South Wales greyhound racing clubs and events. Such partnerships further increase the available funds for the industry in New South Wales.

Recent sponsorship partnerships between AWC members and the New South Wales greyhound industry include:

- Sportingbet - official partner of The Dogs TV. Under the arrangement, Sportingbet Australia becomes the new sponsor of all programs shown on The Dogs TV, including the flagship preview show Chasing The Dollar.
- Betfair - Since obtaining its licence to operate in Australia in 2006, Betfair has contributed in excess of \$300,000 in sponsorship fees to the industry. This includes naming rights to the annual New South Wales Greyhound of the Year Award.
- Unibet – naming rights to Unibet Gardens at Wallsend.
- Centrebet - 3-year sponsorship with New South Wales Greyhound Breeders Owners and Trainers Association GBOTA. Includes signage at all major GBOTA tracks including Wentworth Park, Bulli, Dapto, Bathurst, Gosford and Lismore as well as sponsoring many races including the Group I Vic Peters Classic, run at Wentworth Park.

DETERMINATION OF PRODUCT FEES MUST ENCOURAGE COMPETITION, PERFORMANCE AND GROWTH IN WAGERING TURNOVER

The global nature of the internet means that if an online wagering service or product becomes unviable in Australia, Australians are still able to easily switch to unregulated offshore or illegal SP operators in search of competitive prices and available betting markets.

Any prohibitive or overly restrictive fees or regulations will only impact the legally licensed Australian wagering providers giving a clear advantage to unlicensed operators who do not offer Australia's high standards of consumer protection and harm minimisation and have little regard for protecting the integrity of Australian sport.

In addition, any proposed measures that makes betting unviable may force existing wagering operators to simply 'turn their backs' on NSW greyhound racing and not offer services to the hundreds of thousands of residents who presently hold betting accounts with them.

The business models and risk profiles of the TAB totalisator product when compared to the fixed-odds product offered by online wagering service providers must be considered and understood in any discussion surrounding fee adjustments

The totalisator TAB product is a "no risk" betting product, as the pool (after deductions) is divided amongst the winners. The deductions include taxation and the TAB revenue. Because the TAB is ensured of a return from each bet, it is "no risk" from the TAB's perspective.

By contrast, the fixed-odds offering of online wagering operators means that online wagering operators can, and do, lose in respect of betting transactions on particular events.

Online wagering operators (and betting exchanges) operate on a high turnover/low margin business model incurring high operational costs, paying product fees and taxes.

The operational cost structures of online wagering operators include high staff numbers, high demands for and costs of sophisticated technology and high marketing and "client acquisition" costs as providers must find and must retain their clients in a highly competitive market.

If a higher product fees are imposed on licensed Australian online wagering operators, it will simply exacerbate the imbalance in favour of offshore operators and lessen local viability. This will add to the risk of diminishing control of wagering activities and decreasing race fields receipts if that turnover migrates offshore.

INTEGRITY PERSPECTIVE - THREAT POSED BY OVERSEAS-BASED GAMBLING WEBSITES AND UNREGULATED SP BOOKMAKERS

One of the biggest threats to the integrity of Australian racing is unregulated betting operators.

The Productivity Commission estimated that the illegal offshore online gambling market was estimated to be nearing \$800 million at the time of its report.¹⁴

Other research suggests that Australians lose around \$1 billion per annum to online gambling service operators that are not licensed in Australia. This is projected to continue growing strongly.¹⁵

Australians expect the races and sport on which they bet to be free of corruption & any manipulation. They expect them to be fair, honest and in the spirit of good Australian sportsmanship. They also expect that any areas of vulnerability or fraudulent activity be identified and removed by the racing body to preserve the credibility of our national racing heritage.

Australians can, and do, readily bet with unregulated overseas-based websites which pay no taxes in Australia, no product fees to Australian racing (and sport), have no obligations to report any suspicious betting activity to authorities and are not compelled to abide by Australian laws thus creating opportunities for race-fixing, money laundering and other corrupt activities

It is therefore paramount that betting on Australian greyhound events remain with reputable Australian-based online wagering operators who operate within a heavily regulated environment and not with one of the thousands of unregulated foreign websites that currently offer odds on Australian racing.

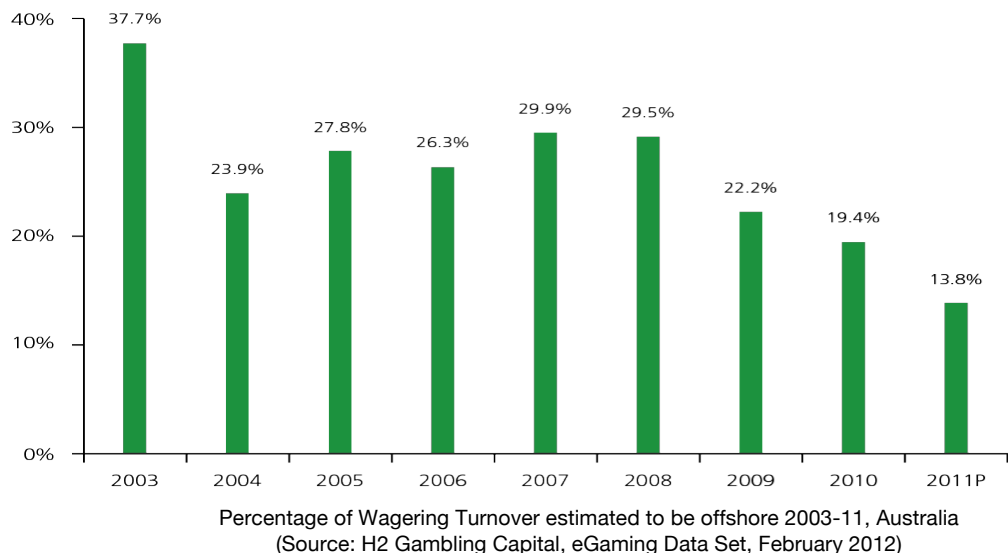
It should be noted that there has been an overall decline, since 2003, in the percentage of wagering turnover estimated to be offshore. H2 Gambling Capital estimated that offshore wagering decreased from 37.7% to 13.8% between 2003 and 2011.¹⁶ This means 86.2% of Australians now have improved access to customer protection and harm minimization measures, racing and sporting codes have a greater ability to raise revenue through product fees, the integrity of their sport is improved and governments can raise greater tax revenues.

See table on next page

¹⁴ Productivity Commission Inquiry Report, Gambling, 2010

¹⁵ Dr Sally Gainsbury and Professor Alex Blaszczynski, Submission to the Interactive Gambling Act review, p. 7.

¹⁶ H2 Gambling Capital, eGaming Data Set, February 2012



AWC'S ZERO TOLERANCE TO CORRUPTION

AWC members have a zero tolerance to corruption. Maintaining the integrity of greyhound racing is integral to maintaining wagering confidence. To that extent, the AWC acknowledges the increased funding and efforts of GRNSW to address integrity issues, especially in respect of doping.

AWC members have, and will continue to engage with the New South Wales greyhound racing industry to ensure the effective real-time monitoring of irregular/suspicious bets, provision of information sharing agreements, the identification of clients, the tracking of the nature and extent of wagering activities. AWC members also conduct regular audits of databases for prohibited participants, such as racing officials, and have developed integrity agreements and industry standards for information exchange with racing authorities (and sports bodies), governments and law enforcement agencies.

STRENGTH OF ACCOUNT-BASED ONLINE WAGERING OPERATIONS

Account-based wagering provides significant benefits when compared with offshore and cash based betting in terms of customer protection, harm minimisation and responsible gambling strategies together with account identification and transaction verification.

Customer protection, harm minimisation measures and responsible gambling strategies

The overwhelming majority of Australians who wager online on racing (and sport) do so safely and responsibly. For most, it is a legitimate form of entertainment and an enjoyable recreational and leisure activity. The AWC and its members do, however, acknowledge that a small proportion of people do experience difficulties and, accordingly, have developed customer protection, harm minimisation measures and responsible gambling strategies to:

- **Protect vulnerable customers** including the provision of:
 - activity statements to enable customers to review betting history and to track spending,
 - voluntary pre-commitment,
 - deposit and loss financial limits,
 - self-exclusion procedures,
 - training of customer service staff, and
 - providing access to problem gambling awareness tools, support services and responsible gambling messages.
- **Prevent underage gambling** with age identification and verification tools and by encouraging the use of filtering programs.

- **Combat criminal and fraudulent behaviour** by developing technology and systems which identifies suspicious betting transactions and patterns which might pose a threat to the integrity of racing and sporting events with reporting protocols to the relevant authorities and sporting bodies.
- **Protect customer privacy and safeguard information** by ensuring procedures are in place to ensure privacy of personal customer information and the safeguarding of information such as credit card details.
- **Responsible marketing** with all advertising and promotional activities undertaken in a socially responsible manner, complying with all regulations and codes, and in line with community expectations.
- **Promote fair wagering and problem gambling awareness** by ensuring information on self-help and support services together with responsible gambling messaging is provided on websites and other mediums including links to the national gambling helpline and gambling counselling organisations.
- **Commitment to customer support and satisfaction** by providing customers with an enjoyable wagering experience with access to support and complaint resolution.
- **Provide a secure, safe and reliable operating environment** through the provision of internal systems.

Since its inception in 2012, the AWC has been working cooperatively with the NSW Office of Liquor, Gaming and Racing to promote Responsible Gambling Week and has provided direct input into the development of the NSW Responsible Gambling Fund's 'Stay On Track' App – the NSW Government initiative designed as an educational tool designed to reinforce responsible gambling and to promote budgeting and tracking of gambling expenditure. This app has been featured prominently on our website since its recent launch.

It should be noted that the incidence of problem gambling is significantly lower for online wagering (racing and sport) when compared to other forms of gambling with the Productivity Commission 2010 estimating that 75 - 80% of problem gambling is directly related to the use of poker machines.

Account identification and transaction verification

Unlike the TAB, AWC members have no retail or physical bet acceptance facilities in Australia - either on-course or off-course. All bets placed with AWC members are account based and are placed over the internet or telephone.

The contractual terms of using an online wagering operator (both websites and telephone accounts) provides that the person operating an account must be the account holder.

In order for a customer to place a bet with an AWC member, that customer must register an account, which must be verified by 100 points of identification and meet Federal Government Know Your Customer ("KYC") and Anti-Money Laundering ("AML")/Counter Terrorism Financing ("CTF") requirements.

Every bet placed with AWC members are tagged to a specific customer. Technology enables tracking of a customer's name, address, location, IP address and payment method to inhibit possible fraud and money laundering.

The operating environment of an online business allows the establishment of security systems to limit account operations to the account holder. All AWC members have pursued account security features to the fullest extent practical with rigorous systems for account identification, transaction verification and payment authorisation.

In cases of telephone betting, the means of identification of divergence between account holders and persons transacting on an account are well developed. These include voice recognition, testing for familiarity of account details and history, and divergence from historical patterns of transacting. Unresolved suspicions can lead to account closure and suspicious matter reports being escalated to the Australian Transaction Reports and Analysis Centre (AUSTRAC).

CONCLUDING COMMENTS

The AWC remains committed to working with GRNSW to ensure that a viable industry is maintained and integrity measures enhanced. The AWC and its members share the vision of GRNSW in ensuring that greyhound racing in NSW continues to prosper into the future for the benefit of the wagering industry, clubs, owners, trainers, administrators, participants, employees, punters and the NSW government.