

14 September 2016

Ms Kate McGuckin
Research Director
Transportation and Utilities Committee
Parliament House
George Street
Brisbane Qld 4000

By email TUC@parliament.qld.gov.au

Dear Ms McGuckin

Tabcorp Holdings Limited (**Tabcorp**) appreciates the opportunity to provide a brief submission to the Transportation and Utilities Committee's inquiry into the Major Sports Facilities and Other Legislation Amendment Bill 2016 (**the Bill**).

Among other things, the Bill seeks to amend the *Keno Act* 1996 to enable Keno (Qld) Pty Ltd, a wholly owned subsidiary of Tabcorp, to introduce Keno Jackpot Pooling. Tabcorp will confine its comments on the Bill to these amendments.

Keno background

Keno is a low-impact lottery game that was introduced in Queensland some 20 years ago.

Keno is an important product offering in over 1,120 Queensland venues including community clubs, hotels, TABs and casinos. In addition to attracting customers to venues, Keno also enhances venues' viability. Last year, Keno generated around \$45 million in commissions for venues which contributed to employment and broader community benefit in Queensland.

The game of Keno is social in nature and is consequently considered a more benign form of gambling with low potential for harm.

Tabcorp has operated Queensland's non-exclusive Keno Licence since 2003. In 2013, Tabcorp made an upfront payment of \$20 million to Queensland in order to extend its Keno licence until 2047. In addition to this upfront payment to the State, Keno generates over \$20 million taxation revenue to the State each year (excluding GST).

Tabcorp is Australia's largest and most successful Keno operator. Tabcorp operates Keno in Victoria and the Australian Capital Territory, and jointly operates the New South Wales Keno licence.



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Building a sustainable Keno business in Queensland

Since its acquisition of Keno (Qld) Pty Ltd, Tabcorp has made significant investments in Keno to enhance the quality of the game for customers and therefore drive financial benefits for stakeholders.

Despite these investments, Queensland Keno has underperformed relative to other jurisdictions in which Tabcorp operates Keno during recent years. This underperformance is partly driven by the ability of other jurisdictions to pool jackpots.

Consequently, Tabcorp has sought approval to offer Keno Jackpot Pooling as part of its Queensland Keno product offering in order to reinvigorate the product and continue to drive benefits for its stakeholders, including community clubs, hotels and the State.

An uplift in Keno performance from Keno Jackpot Pooling will also underpin Tabcorp's further investment in Queensland Keno. We note that Tabcorp's Keno operations are centralised in the Brisbane metropolitan area. Around 40 employees and contractors are engaged in the areas of product development, technical development, sales and venue support. Continued investment in the game underpins long-term employment for these people.

Stakeholder benefits

The introduction of Keno Jackpot Pooling in other jurisdictions enables us to estimate benefits that will flow to Queensland stakeholders, should the Bill be passed by Parliament. Over a three year period these include:

- Customers will enjoy access to a more attractive Keno product and faster growing jackpots. In practice, a customer at a Coolangatta venue will have access to the same larger Keno prize pool they would if they played Keno over the border in Tweed Heads;
- Queensland Government will receive additional taxation revenues of around \$5.5 million; and
- Venues will receive additional commission revenue of around \$11 million, which may be re-invested in community facilities and activities.

The proposal to introduce Keno Jackpot Pooling has the support of Clubs Queensland and the Australian Hotels Association.

About Tabcorp

Tabcorp is an ASX100 diversified gambling entertainment group with a growing presence in Australia and overseas.

Our vision is to be the most respected gambling company in the world.

We have more than 3,000 employees in Australia and our products are distributed through a network of 5,500 retail venues, call centre operations, online, mobile, pay TV and radio channels.

Thirty-seven per cent of our senior management team are female, and we are proud to be recognised by the Commonwealth Government as one of the country's leading promoters of workplace diversity and gender equality – the only gambling company to receive this recognition from the Government.

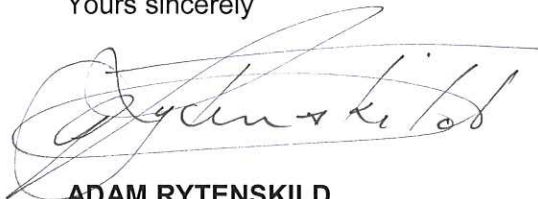
We have one of the strongest track records with respect to responsible gambling. The Dow Jones Sustainability Index has ranked Tabcorp global gambling industry leader for 10 of the past 11 years. Tabcorp is also a keen participant in Queensland's Responsible Gambling Advisory Committee.

Tabcorp is also the largest funder of the racing industry in Australia. Approximately 70% of our revenues are re-distributed to the racing industry, licensed venue partners such as pubs and clubs, governments and the community – this represents around \$1.5 billion per year.

Conclusion

Tabcorp believes the passage of amendments to the Bill in respect of Keno will provide considerable benefit to Queensland and looks forward to receiving the Parliament's approval. Please contact Amanda Lean, General Manager Government Relations on [REDACTED] if you require further information on this matter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adam Rytenskild', with a large, stylized flourish at the end.

ADAM RYTENSKILD

Chief Operating Officer – Keno and Gaming