



THE TERRITORIAN

The Australian Lottery Comp
t/a

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ACN 060 767 928

Geraldine Martisius
Gambling Inquiry
Productivity Commission
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Dear Geraldine,

Please find following the submission of the Australian Lottery Company to the Productivity Commission's inquiry into Gambling.

Should you have any questions please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Julian Swinstead". The signature is fluid and cursive, with a large loop at the end.

Julian Swinstead
Chief Executive.

The Australian Lottery Company.

The Australian Lottery Company (A.C.N. 060 767 928) is a private company based in the Northern Territory of Australia.

The company was formed in late 1995 when the Northern Territory Government privatised *The Territorian*, a unique lottery specifically designed to promote the Northern Territory, as well as operate as a traditional lottery.

Attached are some examples of *The Territorian* tickets.

The Australian Lottery Company employs 10 full-time and four part-time staff. In addition, the company is perhaps the largest client of Australia Post in the NT and is indirectly responsible for several other jobs via its expenditure on printing, local products and advertising/promotion.

In addition to the traditional *Territorian* lottery, the company purchases lottery product from Tattersall's and sells this product internationally.

The company has paid to the NT Government more than \$5 million in commissions since 1995.

The Australian Lottery Company licence.

The Australian Lottery Company operates under licence from the Government of the Northern Territory.

The licence is administered by the NT Racing and Gaming Authority and my company's activities are accordingly strictly monitored.

Attached, and marked as **STRICTLY CONFIDENTIAL (not for public release)**, is a copy of the weekly reporting format provided to the NT Racing and Gaming Authority.

I have also attached a copy of the "directions" from the NT Racing and Gaming Authority. Note they have been issued to Morris International Pty. Ltd. (A.C.N. 060 767 928). The company changed its name to **The Australian Lottery Company**.

The above documentation has not been provided to ensure you have adequate bed-time reading. Rather, I hope that it demonstrates to the Commissioners the strict conditions under which my company operates. The licence issue by the Northern Territory Government prescribes onerous responsibilities.

As such, it is my submission that any company operating with a licence from an Australian State or Territory, should be free to conduct its business – as the Constitution has intended – across Australia.

The Territorian Lottery – the product.

Currently, there are between five and seven *Territorian Lotteries* a year. Each lottery has 120,000 tickets with a face price of \$5. First prize is valued at \$200,000 (\$150,000 cash and \$50,000 in prizes). There are two “second prizes” of \$2500 each and 4000 prizes at \$10 cash each.

Generally, about 22,000 tickets are sold in the Northern Territory, 15,000 internationally and the remainder (83,000) by direct mail in other Australian States.

The high number of interstate and international sales ensures that *The Territorian* is also a very important tourism promotion for the NT. To this end, you will note the format for the ticket, which includes a carefully selected photo from the NT.

As other, very-much larger gaming organisations will attest, it is extremely expensive to run a traditional lottery including a numbered ticket and with a high proportion of direct mail sales. Consequently, this product has never made a profit since the company took it over – despite the very high taxes that have been paid to the NT Government.

Participation profile.

The Australian Lottery company does not keep a detailed data base of its customers. The data base is restricted to name, address, telephone number, purchase details, mailing details and – occasionally – age.

From this and anecdotal evidence, we believe our customer base is skewed towards people over the age of 45 years.

Economic, employment, tourism, retailing.

The Australian Lottery Company has paid more than \$5m. to the NT Government since its formation in 1995. This commission has been generated by *The Territorian* lottery and sales of Tattersall's products internationally.

I have mentioned earlier the tourism relationship with *The Territorian*.

The Australian Lottery Company attempts to provide NT or Australian products as part of the prizes in the lottery. These include Paspaley jewellery, R. M. Williams clothing, Aboriginal art, tours to Kakadu and other NT destinations.

We are a small, but significant, employer of Territorians.

Social impacts of the gambling industries.

The Australian Lottery Company is very aware of its social responsibility, and the negative effects uncontrolled gambling can have on some members of the community.

Attached are examples of the letters this company sends to customers. (It is inevitable that large volume direct mail exercises will very occasionally end up in the hands of young people, or extremely old people.) We have always, and will always, acted responsibly when dealing with members of the public whom we deem to be vulnerable to gambling.

The Australian Lottery Company conducted, within 48 hours, a special lottery to assist the victims of the Katherine Floods. This lottery raised \$200,000 for the Red Cross Appeal with 2000 tickets sold at \$100 each. All revenue was donated to the appeal with no costs deducted.

This information is mentioned to reinforce the credentials of the company and to dispel any possible reasons preventing us from operating interstate.

Effects of regulatory structures etc.

Perhaps the best illustration of the effects on our company of regulatory structures, licensing arrangements and entry and advertising restrictions can be gleaned from the attached advice from our Queen's Counsel. Please note that this document is provided **STRICTLY CONFIDENTIALLY** and is not for public release.

The Australian Lottery Company contends that the Australian Gaming or Gambling industry should be regulated according to national laws and that a company operating under the licence of a State or Territory should be able to operate Australia-wide.

The Victorian Government recently changed its legislation to make it, in some instances, a criminal offence to purchase an un-authorised lottery. (This is detailed in the QC's opinion.) As a result, my company has decided not to mail to Victoria, thus making it extremely difficult to continue the existing business.

Smaller, more productive and innovative gaming companies could lower the cost of gaming/gambling across Australia and thus allow a greater "return to player" or increased taxation levels to Government.

The current "legislation by intimidation" of Australian States simply seeks to protect the current non-competitive arrangements enjoyed by those larger States.

It is simply not economically viable for small companies such as ours to challenge Governments on this point. Access to the wider Australian population would enable our company to compete equally and fairly.