

Questions on notice

#	Issue	Question on notice	Sportsbet response
2	Safer gambling tools	<p>Nicholas McGOWAN: Great, thanks. I am very interested in terms of whether there are industry standards relating to the algorithms used to market online gambling, and how the internet browsers are regulating Victoria, from your perspective.</p> <p>Jules NORTON SELZER: I am very familiar with the algorithms we have developed from a risk analysis and data protection point of view. I can talk to that if it is helpful. The example I gave in my introduction was a couple of things – one is about risk indicators and predictive modelling, and what we have done is we have analysed hundreds of variables of customers that go on to self-exclude. So prior to the introduction of BetStop, Sportsbet had a self-exclusion; you press a button if you want to self-exclude. We have analysed and mapped the variables of behaviours that lead people to do that and have used that algorithm to develop a predictive model to basically understand risk. So trying to put it simply, there are three levels. Every person is rated between zero and one, every customer. Zero to 0.5 is playing responsibly. Above 0.5 to 0.95 is a risk and therefore certain measures are taken, such as the suppression of marketing. And then above that, so 0.95 to 1, is act, so that is when safety and gambling interventions will occur. So we use that predictive modelling framework to understand and try and anticipate risk. That is not talking about real-time intervention; that is another thing which maybe I can come on to separately.</p> <p>Nicholas McGOWAN: That is where I was headed with the predictive modelling. <u>On your data, are you able to share with us how many people you have actually excluded?</u> Did I hear that correctly, can you actually exclude individuals, based on their own – it is at that granular level, that is my understanding?</p> <p>Jules NORTON SELZER: Yes, absolutely. I can provide the specific number of people who have either self-excluded or through our modelling we have excluded. I have no problem with doing that separately. But I guess the point to make is we use three areas. There is the predictive modelling, which is that zero to one and the risk score. The second is – and this has been talked about by others this morning – a red-flag behaviour alert. So other specific alerts such as increase in frequency of betting, time of day, chasing losses are the second tier. Then the third, which is the newest area, is real-time intervention. The difference with the third part is it intervenes ahead of and before a transaction occurs. The way we do that is we map your betting behaviour and history as an individual as well as against the whole customer base, and we intervene through three tiers of escalation before you actually try and make a deposit. So it detects outlier behaviour and uses AI to intervene before it occurs.</p> <p>There are three tiers of level of severity. Tier 1 is slightly outside your normal behaviour. In that instance what will happen is on your phone you will get a notification that will pop up before you do the deposit and say, 'Are you sure you want to gamble? We're suggesting setting a deposit limit.' Tier 2 is a reasonable escalation of your normal behaviour that will mandate that you set a deposit limit, so you will not be able to go on and bet unless you then set a deposit limit. Then with the last tier, which is a significant escalation, you are blocked from</p>	<p>Sportsbet has a range of tools and technologies which promote and enable safer gambling. The safer gambling interventions, or customers who opt to take advantage of one of our safer gambling tools (such as deposit limits or taking a break) do not equate to signs of risk behaviour or experience of harm. Conversely, we encourage and seek to normalise the use of safer gambling tools.</p> <p><u>Take a Break</u> Where a customer decides that they would like a break, Sportsbet makes four options available to them:</p> <ol style="list-style-type: none"> 1. <u>Deactivate Account</u> – where a customer selects this option, the customer's account with Sportsbet is deactivated. It cannot be accessed by a customer unless the customer contacts Sportsbet and requests that it be reactivated; 2. <u>Take a Short Break</u> – under this option, a customer can nominate a period between one and 30 days. Once nominated, the customer's account is suspended for the nominated period. In July 2022 to June 2023, 21,045 customers opted to take a Short Break; 3. <u>Implement a Long-Term Exclusion</u> – under this option, a customer can nominate a period between 6 months and five years. Once nominated, the customer's account is suspended for the nominated period. In July 2022 to June 2023, 7,143 customers opted to implement a Long-Term Exclusion; and 4. <u>Implement a Lifetime Exclusion</u> – under this option, a customer can nominate to close their Sportsbet account permanently. Where a customer takes this step, the customer is not able to open a new account with Sportsbet at any future time. In July 2022 to June 2023, 10,806 customers implemented a lifetime exclusion. <p><u>Three layers of safer gambling protection</u> At Sportsbet we use a range of qualitative and quantitative measures to monitor customers who may potentially experience gambling harm. Our monitoring program ranges from red flag behavioural alerts through to machine learning models that predict and identify at risk behaviour allowing prevention and intervention. All of these exist in unison and are summarized in 3 key approaches:</p> <ul style="list-style-type: none"> - Real Time Intervention (RTI) - Predictive Scores; - Behavioural Alerts; and <p>In July 2022 to June 2023, the combination of all of these led to 134,567 interventions, ranging from scaled automated interactions (e.g. Email, SMS, In-App) through to Safer Gambling Interactions by our trained Safer Gambling specialists, which may result in the application of Safer Gambling Tools.</p> <p>Of the 134,567 interventions that took place in July 2022 to June 2023, there have been 23,887 instances that, after being reviewed by a Safer Gambling Officer, resulted in contact (a phone call) being made with a customer. That is, just over one-third of all safer gambling account reviews result in a phone call. Data on this is outlined in the table below.</p>

	<p>setting a deposit limit, your account is suspended and you receive a call from a safer gambling specialist within about 30 minutes to determine and make an informed decision if that is an indicator of harm and whether your account would be reopened or otherwise. Those are the three tiers in the newest area that we are focusing on in terms of real-time intervention.</p> <p>Nicholas McGOWAN: <u>I do not know if you are able to share, but I would be very interested to receive information about the volume of interactions you have at tier 1, 2 and 3, particularly 3. I guess at 3, once they have spoken with somebody, they then can reset it so they can actually then proceed to gamble. It would be interesting to see the breakdown of what the consequences are of those interventions at tier 3. I am particularly interested in the sheer number in terms of the predictive modelling you have – the zero to one. Then the other question that poses is whether 0.5 is sufficient. Do you actually intervene at 0.25 or 0.2 or 0.3 et cetera? Is that something that is continually examined and looked at?</u></p> <p>Jules NORTON SELZER: Yes. I will try and answer them.</p> <p>Nicholas McGOWAN: You can take that on notice, because obviously what I am really interested in – and you might not be able to answer that today – is the data in respect to the predictive modelling, the two other categories and then the three tiers that you talked about.</p> <p>Jules NORTON SELZER: Yes, that is right. I can answer some of it, and then probably the specific numbers I will take on notice.</p> <p>...</p> <p>Nicholas McGOWAN: Right. I get one other question, because I know that others have got questions to ask and time is short. <u>Would you mind breaking that down for us too? Excuse my bias, but I am particularly interested in the Victorian figures – the raw Victorian figures</u></p>	<p>Contact made from the Safer Gambling Officer can result in the setting of Deposit Limits, the application of break periods, and can also include Sportsbet imposing lifetime exclusions. In the instance a Safer Gambling Officer attempts to contact a customer and is unable to speak to them, accounts are blocked until successful contact and resolution.</p> <p>Real time intervention</p> <p>RTI was launched in 2022 to enable at-scale personalised harm prevention and safer gambling interventions for our customers at the point of depositing. At present, RTI is rolled out across our platform to approx. 50% of our customer base. We intend to achieve full coverage of our customer base.</p> <p>Of these 134,567 interventions in July 2022 to June 2023, RTI-based interactions with customers represented 33,421 (25%) of instances, with 581 of these instances resulting in an account being suspended. The number of RTI interventions will continue to rise as RTI is rolled out across our full customer base.</p> <p>The below table sets out the interactions of each tier for FY23 (July 2022 to June 2023):</p> <table border="1" data-bbox="1144 657 1990 901"> <thead> <tr> <th>Tier</th> <th>Metric</th> <th>Outcome</th> <th>% of all RTI triggers</th> </tr> </thead> <tbody> <tr> <td>T1</td> <td>Marginal increase</td> <td>Prompted to set a deposit limit</td> <td>52.1%</td> </tr> <tr> <td>T2</td> <td>Material increase above normal pattern of behaviour</td> <td>Mandatory deposit limit</td> <td>46.2%</td> </tr> <tr> <td>T3</td> <td>Significant outlier to their normal pattern of behaviour</td> <td>Account suspended and safer gambling interaction</td> <td>1.7%</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td>100%</td> </tr> </tbody> </table> <p>For all T3 RTI triggers, customers have their account suspended until they speak on the phone with a safer gambling specialist, whereby the specialist undertakes a rigorous assessment of the customer.</p> <p>The early results of RTI outcomes are positive. Of the customers who interacted with RTI since March 2023, approximately 90% across all tiers did not have deposit limits when RTI trigger occurred and 30% of those who triggered RTI went on to set a deposit limit.</p> <p>Predictive scores</p> <p>Based on a predictive model that uses hundreds of specific data points from people who go on to self-exclude, each day a customer receives an individual Responsible Gambling Score (RG Score) between zero and one, with the higher the number the more likely a customer is to potentially be experiencing harm. Customers are classified as ‘playing safely’, in the ‘watch zone’ (>0.5) or in the ‘act zone’ (>0.95) based on this RG score. When a customer’s RG Score is in the watch or act zone, Sportsbet suspends all marketing communications to that customer for the duration that customer’s RG Score remains above the level (plus a three-day cooling off period), irrespective of that customer’s marketing preferences. For customers with a score above 0.95, a Safer Gambling</p>	Tier	Metric	Outcome	% of all RTI triggers	T1	Marginal increase	Prompted to set a deposit limit	52.1%	T2	Material increase above normal pattern of behaviour	Mandatory deposit limit	46.2%	T3	Significant outlier to their normal pattern of behaviour	Account suspended and safer gambling interaction	1.7%	Total			100%
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			<p>Intervention is undertaken which could result in an application of a safer gambling tool, such as a deposit limit, the customer taking a break or exclusion from wagering.</p> <p>Of Sportsbet's active customers between July 2022 and June 2023, 1.19% had a RG Score above 0.5 and 0.04% had a RG score above 0.95.</p> <p>Victorian customers Looking at safer gambling interactions with Victorian customers, the below graph shows that interventions for Victorian customers are proportionate to the cohort size of Victorian customers in our total active customer base.</p> <table border="1"> <caption>SG Interventions - VIC</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>% of Active Base</td> <td>26%</td> </tr> <tr> <td>% SG Alerts</td> <td>30%</td> </tr> <tr> <td>% SGI Account Reviews</td> <td>27%</td> </tr> <tr> <td>% SGI Conacts</td> <td>29%</td> </tr> <tr> <td>% RTI Triggers</td> <td>27%</td> </tr> <tr> <td>% CRM Sends</td> <td>28%</td> </tr> <tr> <td>% SG Model % of Total</td> <td>27%</td> </tr> <tr> <td>% Total Interventions</td> <td>27%</td> </tr> </tbody> </table>	Category	Percentage	% of Active Base	26%	% SG Alerts	30%	% SGI Account Reviews	27%	% SGI Conacts	29%	% RTI Triggers	27%	% CRM Sends	28%	% SG Model % of Total	27%	% Total Interventions	27%
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3	Point-of-consumption tax	<p>Michael GALEA: Thank you, Chair. Thank you, Mr Norton Selzer, for joining us. I believe in your presentation you mentioned a figure of something around \$500 million that you contributed in taxes in Victoria last year. Is that right?</p> <p>Jules NORTON SELZER: Yes, taxation, levies and fees. So including direct taxation, product fees and point-of-consumption tax.</p> <p>Michael GALEA: <u>And how much was that point-of-consumption tax that you paid last year in Victoria?</u></p> <p>Jules NORTON SELZER: The rate has just gone up from 1 July. It was 10 per cent and now it is 15 per cent.</p> <p>Michael GALEA: Do you have a figure in dollars? Perhaps you can take that on notice.</p> <p>Jules NORTON SELZER: Yes, I can provide that, no problem, on notice.</p>	<p>In FY2022, Sportsbet generated an economic contribution to Australia of \$3.59 billion, including \$1.26 billion in direct taxation, levies and fees, including State and Federal Taxes and product fees to Australian racing and sporting bodies.</p> <p>Of this amount, Sportsbet's economic contribution in Victoria was approximately \$1.63 billion, including \$562 million in direct taxation, levies and fees.</p> <p>From July 2022 to June 2023, Sportsbet paid approximately \$97 million in point-of-consumption tax, in addition to approximately \$120 million in product fees.</p>																		
4	Victorian customers	<p>Michael GALEA: <u>Thank you, and perhaps in a similar vein, do you have an approximate figure of how many Victorians make a transaction on your app each day?</u></p>	<p>Daily transactions information is commercial-in-confidence.</p>																		

		<p>Jules NORTON SELZER: I wish I could answer that directly now. I might need to take it on notice, but it would be proportionate to our active customer base. We have about a million active customers, so you could maybe work out – that is not daily, obviously, but in terms of the percentage of our customers who are in Victoria.</p>	
5	Bet With Mates	<p>Michael GALEA: Sure. In your current advertising I have noticed there is a heavy focus on promoting your Bet with Mates feature, which I believe is commonly referred to as a chat function as well. It seems to be particularly targeted towards young males as well. When did you introduce your chat function?</p> <p>Jules NORTON SELZER: Bet with Mates is a relatively new product, so in the last couple of years is when that came into the market.</p> <p>Michael GALEA: <u>And have you noticed an increase in revenue or transactions since that feature was brought in?</u></p> <p>Jules NORTON SELZER: I do not think I can answer that clearly. I would take it on notice, but I do not know specifically related to that product.</p>	<p>Bet With Mates is a popular product whereby customers can create a group, invite their mates, pool their funds, and share in the excitement of betting together. It removes the administrative pain points for the organiser with each group member transferring their buy-in and able to bet on behalf of the group, while activity and performance can be easily tracked on a group's homepage.</p> <p>Bet With Mates was launched at a time (May 2021) which coincided with the relative growth in the online wagering market during COVID-19 as customers shifted from retail betting to online. It is important to note this was a shift rather than overall increase in gambling.</p> <p>Therefore, it is challenging to disaggregate this wider societal trend with the introduction of this specific product.</p>
6	Bet With Mates	<p>Michael GALEA: You have talked about that responsible side, and I would like to come back to some of those interventions in a moment as well. Do you not see a risk, though? Say there is one out of a group of friends who might be participating on this app that might have attempted to step away a bit more from the gambling space because they have identified harm that has been caused to them. Do you think there is a risk then that they are sort of forced back into this system in order to socialise and not be isolated from their friends, if all their other friends are in that space? Do you think there is any risk of them being unnecessarily drawn into the Sportsbet app and then increasing their risk of gambling harm?</p> <p>Jules NORTON SELZER: Our objective is always to support safer gambling and customers enjoying themselves responsibly and recreationally. That is the kind of main objective. In that example obviously that would not be something that we would support. I have not got any evidence to suggest specifically that that trend is happening. I would be interested to see it. But really, I come back to the main objective we have, which is that we want to be a sustainable business and industry and we want people to enjoy our products. The measures I have outlined in terms of our people and in terms of the structure of the business – the focus of safer gambling throughout all levels of the business, the development of modelling tools and the products we have introduced with now real-time intervention – are all things that, I think, demonstrate our objective to make sure we do that in the right and balanced way.</p> <p>Michael GALEA: <u>I realise you do not have it to hand, but if there is data that Sportsbet has in terms of, say – to use the term – problem gamblers and these chat functions, would you be prepared to provide that on notice?</u></p> <p>Jules NORTON SELZER: Yes, I am happy to. I think the best example that we can provide is to give more detail around the risk thresholds that I have described in our predictive modelling: between zero to 0.5 and 0.95 to one. Like I said, the data points that we use and the variables are based on behaviours that then lead people to self-exclude. That is done purposely, in terms of developing a model</p>	<p>Sportsbet's strong consumer protection measures and its three layers of safer gambling protection, as described in response to Question 2, apply equally to all customers, including when customers wager individually and in a Bet With Mates group.</p> <p>In addition, all users and groups are subject to a tailored Terms and Conditions for Bet with Mates, which sets out the rules and parameters for fair and safe play, including unacceptable content in BWM chats.</p> <p>Importantly, as part of the T&Cs, Bet with Mates users can establish a Social Contract for the group, encouraging group members to think about safe and responsible play (individually and as a collective) whereby the group agrees to decide, set and administer any particular group betting protocols they see fit, including any betting limits imposed on members: https://helpcentre.sportsbet.com.au/hc/en-us/articles/360059822412-Sportsbet-Bet-With-Mates-Terms-Conditions.</p> <p>Specific data on the utilisation of the chat function by customers by risk score is unavailable.</p>

		that we think gives us good awareness and insight. I am happy to provide more information on that.	
7	Take a Break tools	<p>Mathew HILAKARI: <u>Just on a different matter, self-exclusion as a percentage of your customers – what is the total or percentage number?</u> I am happy for you to provide that on notice if you do not have it here today.</p> <p>Jules NORTON SELZER: Yes, I am very happy to provide it on notice, for sure. I have not got the exact number in front of me, I am afraid.</p>	See response above for Question 2.
8	Safer gambling tools	<p>Mathew HILAKARI: I am really glad to hear that, so thank you for that. You mentioned the tier 1, tier 2, tier 3, the 50 per cent or 50-odd per cent and 46 per cent and 1.7 per cent. <u>Is that related to the number of transactions per day that those extra screens appear? Could you just outline that a little bit or provide on notice the percentage of transactions that cause a tier 1, tier 2 or tier 3 outcome?</u></p> <p>Jules NORTON SELZER: Yes. I can provide that on notice, but the percentages I outlined were the overall percentage of where the trigger rates occur. So as 100 per cent between the three tiers proportionately those are the – but I can provide that information as well.</p> <p>Mathew HILAKARI: <u>That would be brilliant – and just how often per day behavioural alerts are triggered and if there are particular restrictions in terms of percentages as well.</u></p>	<p>As noted above, in response to Question 2, for the period of July 2022 to June 2023, 134,567 interventions and RTI-based interactions accounted for 33,421 (25%) of instances. Daily transactions information is commercial-in-confidence.</p> <p>For that same period, there were 40,612 behavioural alerts across 0.6% of our customer base. Behavioural alerts account for approximately just under 10% of Sportsbet's interventions (the lower amount owing to the more time-intensive human resources required for manual review when alerts are triggered). Any customers triggered have their accounts reviewed and an intervention takes place over the phone, usually within 30-60 minutes of a high-risk behavioural trigger being identified.</p>
9	Anti-money laundering	<p>Lauren KATHAGE: <u>But if I deposited money in your app today and then sought to withdraw it, could I withdraw that without gambling?</u></p> <p>Jules NORTON SELZER: If you deposited money and you withdrew it?</p> <p>Lauren KATHAGE: Without gambling. Is that possible?</p> <p>Jules NORTON SELZER: I believe so, yes.</p> <p>Lauren KATHAGE: Are you sure?</p> <p>Jules NORTON SELZER: Let me take it on notice, but yes.</p> <p>Lauren KATHAGE: My understanding is that to withdraw money after depositing it into your app you need to gamble it. It has to go through once first.</p> <p>Jules NORTON SELZER: Let me take that one on notice if I have not got that 100 per cent.</p>	<p>We would like to correct the answer given on this. A customer cannot deposit money and then withdraw it, which is a requirement for anti-money laundering reasons and also a requirement of state-based wagering codes.</p> <p>As an online wagering business, there is a money laundering/terrorism financing risk of customers depositing potentially illegal funds into Sportsbet platform to obscure the illegal source of these funds and then rapidly moving them between different organisation or accounts.</p> <p>One of the main controls in place to prevent and detect this risk occurring is a system configuration for customers to have placed a bet with the deposited funds before these funds could be withdrawn.</p> <p>Each state-based wagering code requires that customer turnover deposits before withdrawing funds. This information is available to our customers on our Sportsbet Help Centre, available here: https://helpcentre.sportsbet.com.au/hc/en-us/articles/115007208927-How-much-money-do-I-need-to-turnover-before-I-can-withdraw-.</p>
10	Safer gambling team	<p>Ellen SANDELL: Thank you, Chair. Sorry, can I just clarify? You have got 1200 staff overall. Is that correct?</p> <p>Jules NORTON SELZER: Yes, in Australia.</p> <p>Ellen SANDELL: <u>And how many in Australia are part of your teams that might be called customer monitoring or what have you that are specifically working on identifying people at risk and then taking action?</u></p> <p>Jules NORTON SELZER: I can answer that question on notice.</p>	Sportsbet has 20.5 full-time equivalent employees who are responsible and accountable for safer gambling outcomes. This includes safer gambling specialists, safer gambling strategic advisor, safer gambling data scientists and sustainability specialist.
11	Safer gambling training	<p>Ellen SANDELL: Okay. Thank you. Do you provide training for all staff in safer gambling or identifying risk?</p> <p>Jules NORTON SELZER: Yes. We have different levels of training based on the person's role, but for the whole of Sportsbet we have a number of training</p>	<p>Please find below the various safer gambling training for staff across our business.</p> <p>National Consumer Protection Framework Staff Training: Compliance training</p>

		<p>modules that everyone goes through. That was something that we did already and that has been amended and updated based on the requirements of the national consumer protection framework staff training module. We had a module and have adapted it based on those requirements, and that is all delivered in-house through our platforms. There are those training elements, and then there is specific training that specialists receive. The 24/7 team, for example, have training around Lifeline and other courses from experts. Even know they are not psychologists, we get outside support from psychologists and other training experts to help them understand and identify triggers and deal with difficult conversations.</p> <p>Ellen SANDELL: And are they all delivered in-house?</p> <p>Jules NORTON SELZER: For the safer gambling team?</p> <p>Ellen SANDELL: Yes, the training for the safer gambling team – is that all delivered in-house or do they do any external training?</p> <p>Jules NORTON SELZER: It is a combination. I mentioned we use external providers like Lifeline to support the training, so it is a bit of both.</p> <p>Ellen SANDELL: <u>Okay. Thank you. It would be great to know – maybe you could provide it on notice – the quantum of training that they receive. So for the safer gambling team, how many hours, say, per year? Is that required to be repeated every year or every whatever period? And then for the rest of your organisation, is it just a 1-hour online module or is it more than that?</u></p> <p>Jules NORTON SELZER: Yes, I am happy to provide it, and I will try and do it in a way that demonstrates the different levels of training, because I guess what I am trying to emphasise is the responsibility of safer gambling does not only and entirely rest within the safer gambling team or more specifically the 24/7 support team, it is embedded in the rest of the business. Whether it comes to data scientists or whether it comes to modelling experts or whether it comes to technology and software engineers who build the products, all of these people – as well as from a leadership perspective – have a significant role in safer gambling. I will try and itemise that clearly.</p>	<ul style="list-style-type: none"> • Training measure as prescribed under the NCPF Staff Training Measure introduced in March 2023. The in-house training program meets the requirements of the 'National Unit of Competency CHCFIN005 – Provide responsible online wagering services (National Unit of Competency), and is certified by Ashurt Risk Advisory. • All staff as per NCPF Policy: 'Individuals involved in the provision of wagering services, or with the capacity to influence the wagering service'. This included specifically customer facing staff, all line managers and executives. • Annual, ~1-2 hour course. <p>Safer Gambling Compliance Training: Safer Gambling at Sportsbet</p> <ul style="list-style-type: none"> • Training to ensure: <ul style="list-style-type: none"> • Staff understand Sportsbet's commitment to Safer Gambling • Staff understand what safer gambling looks like • The tools to manage their gambling • How to recognise and escalate customer behaviour to the Safer Gambling team • All staff • Annual, ~1 hour course <p>Safer Gambling Training</p> <ul style="list-style-type: none"> • Increased level of training in the safe service of gambling which includes additional, practical learnings on internal escalation processes and the relevant department contacts. • Customer-facing staff • Ongoing / on the job <p>Lifeline: Managing difficult interactions</p> <ul style="list-style-type: none"> • Course designed and facilitated by Lifeline to support Safer Gambling Officers handling customer interactions, but not limited to welfare calls. • Customer service supervisors, safer gambling specialists • Annual, 4-hour course.
12	Safer gambling team	<p>Paul HAMER: Thank you. You mentioned that approximately half of your staff are in, you would consider, the data space. I think you mentioned that.</p> <p>Jules NORTON SELZER: In the what, sorry?</p> <p>Paul HAMER: Data – like the data analysis space.</p> <p>Jules NORTON SELZER: Oh, yes, in technology.</p> <p>Paul HAMER: In data and technology. And there are 15 of your staff who are looking specifically at individual harm minimisation, is that correct? Is that what you said?</p> <p>Jules NORTON SELZER: So the first part was correct: that almost half of our workforce is involved in technology roles. The second part in terms of the 15 – that is 15 specialists who work in our 24/7 safer gambling phone operation team, so they are very specialised in that. But that number does not encapsulate people who have developed, for example, real-time intervention technology, or who are involved in supporting wider objectives on safer gambling.</p>	<p>The Marketing department comprises 95 full-time equivalent employees whose responsibilities cover a broad range of business functions other than advertising, such as management and execution of key partnerships, customers communications and marketing technology. The Value team in the Risk, Value and Trading Department comprises 20 full-time equivalent employees.</p> <p>There are no roles at Sportsbet that are focused on increasing the frequency of betting or increasing the amount that an individual might bet at a particular time. Moreover, Sportsbet believes that safer gambling is every staff members' responsibility. To that end, every single Sportsbet team member is financially incentivised to improve our safer gambling practices. We have ensured that over 20% of all variable remuneration is based on meeting our safer gambling performance metrics.</p> <p>In addition, in 2020 we removed commissions from our account management teams to ensure that they focus on customer satisfaction and safety – not on encouraging losses. For similar</p>

	<p>Paul HAMER: <u>I guess that was a pre-empt of the question: how many staff are focused on what Ms Sandell was just talking about in terms of promotion, marketing, developing those products, such as increasing the frequency of betting or increasing the amount that an individual might bet at a particular time?</u></p> <p>Jules NORTON SELZER: I am happy to provide on notice a breakdown – I do not have it on the top of my head – of people who work in say the marketing or promotions team. But I would distinguish people who are involved in promotions versus the objective you described of increasing betting or frequency; it is about giving products that customers enjoy and that they want. We talked earlier about Bet with Mates and products like that; that is really the purpose of providing promotions, to reward loyalty in a competitive environment. It is not to necessarily encourage or accelerate betting, because we have very specific processes in place to try and minimise that.</p> <p>Paul HAMER: Okay. If you could get back to me, that would be great. Thank you.</p> <p>Jules NORTON SELZER: Yes, sure. No problem. Thank you.</p>	<p>reasons, Sportsbet has ceased the use of third-party affiliate commission deals to encourage responsible wagering.</p>
Behavioural alerts	<p>Ellen SANDELL: Thank you. Just following on from Ms Kathage’s questions, you mentioned that people who receive a score above 0.5 are automatically opted out of some your marketing materials. I am interested in how you get to be 0.5. For example, if I was someone who was gambling and then I abruptly stopped and did not gamble for a long period, would that flag me as any of those numbers or would I still be receiving all of the marketing materials and inducements?</p> <p>Jules NORTON SELZER: It is a good question, and it is hard to give a precise answer based on the variables that we use. <u>I mentioned earlier that there are between 100 and 200 variables that we use that people who go on to self-exclude exhibit, based on their behaviours and signs they exhibit, so that could be things like betting frequency, betting on games or products that you would not normally do or escalating bets. There are several elements that would be put together to determine the risk threshold. It is not one of those specifically, but one of those might be enough that there is an alert. I can provide the range of variables we utilise, but ultimately it is using modelling to detect the different variables that we have in place to then determine whether you are in the zone of play-on or there is a risk at 0.5 and above and therefore measures are put in place to suppress marketing.</u></p>	<p>Behavioural alerts are quantitative alerts which are based on behavioural thresholds designed to trigger ‘red flag’ behaviour. There are a vast range of triggers (including some which vary by age, whether the customer has a relationship manager and how long they have been a customer), but include:</p> <ul style="list-style-type: none"> • Change in daily average deposit (by volume or value); • Significant increases in an individual daily deposit, including additional focus for new customers (i.e., first month of activity); • Failed payment alerts or customers cancelling large pending withdrawals; and • Activity based triggers such as bet frequency, time spent, personal circumstances, products used or changes in usual betting behaviours. <p>Any customers triggered have their accounts reviewed and an intervention takes place over the phone, usually within 30-60 minutes of a high-risk behavioural trigger being identified. Where a customer has triggered a high-risk behavioural trigger and Sportsbet is unable to speak to them, their account is automatically suspended and they must speak to Sportsbet before returning to play.</p>

Supplementary questions

#	Issue	Question	Sportsbet response
1	Illegal offshore bookmakers	In relation to foreign online bookmaking: a) What would best practice regulation of foreign online bookmaking look like in comparison to current Victorian regulatory practices? b) How can the harm associated with foreign online bookmaking in Victoria be prevented and reduced?	<p>There is a very clear distinction to be made between ‘foreign owned’ bookmakers - who are legally licensed in Australia and who offer world-leading consumer protection tools - and illegal offshore wagering operators.</p> <p>On the former, Australian states and territories have specific licensing requirements and frameworks for bookmakers, ensuring a market of legally licensed bookmakers exists to provide betting and wagering services to Australian customers. These Australian-licensed Wagering Service Providers (WSPs) include a mix of businesses which are owned by local operators, and those operating with international parent companies or internationally owned.</p> <p>On the latter, illegal offshore wagering operators are unlicensed international operators – more specifically, internationally operated providers who do not hold a license from an Australian state or territory and therefore seek to provide betting or wagering services to Australian customers illegally. It is vital that any Australian gambling regulation strongly focuses on combatting illegal offshore gambling. Illegal offshore gambling has heightened consumer risks and diverts significant economic and tax contributions away from the Australian community.</p> <p>Illegal offshore providers make up 15% of the current online wagering market. They make no contribution to the racing industry because they pay no product fees nor Point of Consumption Tax, nor do they provide the strong consumer protections that Australian-licensed WSPs offer. A recent report from Responsible Wagering Australia revealed Australia could lose a \$3 billion in taxes, and racing and sport product fees over the next five years to offshore providers.¹</p> <p>For more information about the illegal offshore wagering market and its impacts, please watch this short video: https://sportsbet.digitalpigeon.com/msg/fOiZ8FdMEe6jFwZLwzoWKw/LZDXPV9x3ZZEvJ4hLs3DJg</p> <p>Comparatively, as a Northern Territory licensed bookmaker, Sportsbet complies with the <i>NT Code of Practice for Responsible Service of Online Gambling 2019</i> (NT Code), in addition to any other applicable regulatory requirements in each jurisdiction across Australia in which we operate. We employ over 1,200 staff across Melbourne, Sydney and Darwin. We are part of the Flutter Group, which headquartered in Dublin, Ireland, and is the world’s largest online gaming company operating in over 40 regulated markets with a market footprint across Europe, Asia and North America.</p> <p>Sportsbet alone pays approximately \$1.2 billion in taxation and product fees in Australia per year. For every \$1 in net revenue Sportsbet earns, 51c goes to governments, racing and sport. In FY2022, Sportsbet generated an economic contribution to Australia of \$3.59 billion, including \$1.26 billion in direct taxation, levies and fees, including State and Federal Taxes and product fees to Australian racing and sporting bodies. Of this amount, Sportsbet’s economic contribution in Victoria was approximately \$1.63 billion, including \$562 million in direct taxation, levies and fees.</p>

¹ Responsible Wagering Australia, Australia Offshore Wagering Market Analysis 2023 (April 2023) <https://responsiblewagering.com.au/wp-content/uploads/2023/05/H2-Australia-Offshore-Wagering-Market-Analysis-2023-Report.pdf>.

2	Strengthened consumer protections online	How has online gambling reshaped the gambling landscape in Victoria?	<p>As with many things during the COVID-19 pandemic, there was shift in the delivery of services and activities from the physical world to the online sphere.</p> <p>The online wagering market in Australia is one of the most highly regulated globally and provides Australians with strong consumer protections. The online wagering industry has undertaken a significant reform process over the past decade, especially through the wide-ranging National Consumer Protection Framework (NCPF) which followed the 2015 O'Farrell Review into Illegal Offshore Wagering, providing Australian customers with some of the most targeted protections anywhere in the world when wagering online.</p> <p>There is a clear divide between the consumer and community protections in online wagering, compared to the unrestricted and anonymous nature of utilising cash in land-based gambling environments. This includes protections related to active monitoring of customer spend and behaviours, and effective self-exclusion. Online activities are monitored, measurable and auditable, unlike physical environments which are reliant on subjective human interpretation of physical signs which are unreliable and importantly, completely impossible to verify.</p>
3	Victorian regulatory regime	How have changes to the regulatory and licensing system following the VAGO audits impacted Sportsbet? Have any processes and procedures changed?	<p>The most recent example of a Victorian regulatory change impacting Sportsbet arose from the change in approach by the VGCC to apply Victorian specific requirements to interstate wagering services providers (WSPs) by creating Victorian specific requirements for activity statements. While Sportsbet strongly supports the National Consumer Protection Framework (NCPF), state specific requirements around some elements of the NCPF creates a challenging compliance environment for WSPs.</p>
4	Deposit limits	Some inquiry witnesses have recommended pre-commitment limits on gambling covering all operators. What is Sportsbet's response to this proposal?	<p>We are committed to the principle that no two individual's circumstances are the same and that the approach to safer gambling identification and interaction should be personalised, not generic. This is especially the case when considering personal financial circumstances or possible indicators of harm.</p> <p>We strongly support customer-driven deposit limits as a mechanism for encouraging responsible gambling behaviour. Customer-initiated deposit limits are one important mechanism that must be part of a wider ecosystem of safer gambling measures. However, they do not consider a customer's unique gambling behaviour and history, which are important factors when considering their risk profile.</p> <p>Sportsbet, through our parent company Flutter Entertainment, has considerable experience operating in a range of regulatory frameworks in international markets. Based on this knowledge base, we support legislative and regulatory frameworks that encourage data-driven, evidence-based safer gambling programs which tailor both reviews and interventions to the individual circumstances of each consumer, rather than blanket or generalised restrictions for all.</p> <p>The development of personalised, risk-based pro-active interventions is important so that intervention can take place on an individual level. As discussed above in relation to Question 2, RTI allows a real-time, preventative and personalised safer gambling interaction to occur when out of the ordinary behaviour occurs.</p> <p>While we are continuing to understand the long-term impacts, the early results in preventing harm in the moment are positive. Of the customers who triggered RTI intervention, 89% did not</p>

			<p>have a deposit limit. Overall, one third of customers who triggered an RTI intervention went on to consider their deposit limit and change the amount, which is materially more than other safer gambling prompts or tools. In a recent trial using RTI, deposit limit uptake rate was approximately 80% higher. In addition, we are seeing more sustainable play with less customers utilising exclusion style interventions.</p> <p>Setting blanket or generic restrictions and limitations, aside from arguably not being an effective safety measure, also have the propensity to encourage customers to migrate to other environments (illegal offshore, interstate licensed, or retail/in person) where these interventions do not exist and therefore be counter-intuitive to the intent to make customers safer.</p> <p>For example, Denmark introduced restricted inducements and introduced mandatory deposit limits, as well as increasing tax on gross gaming revenue. The Danish Tax Authority estimated these changes would lead to a 9 per cent increase in black market share. Similarly, Sweden introduced limited inducements and introduced mandatory deposit limits of approximately AUD \$700 per week. A survey of players that hit these deposit limits revealed that over one third (38 per cent) avoided the limits by still being able to bet online with unlicensed operators.</p> <p>In the UK, the Betting & Gaming Council undertook a survey in March 2023 which found that nearly 80 per cent of respondents said they would not want to see mandatory limits imposed by bookmakers on how much punters can spend. Furthermore, 79 per cent of punters said it was likely increased restrictions “would result in people moving to unregulated websites” where there are no limits.</p>
5	Customer data	Does Sportsbet outsource any data to other companies?	<p>Personal Information that Sportsbet collects from its customers is only disclosed to third parties in the circumstances outlined in our Privacy Policy, including for example:</p> <ul style="list-style-type: none"> • to our service providers and professional advisers, for the purposes of providing services to us (such as our customer identity verification and payment services); • where the disclosure is required or authorised by law; • to protect and maintain the integrity of particular sports and racing codes, such as where Sportsbet detects activities that it considers to be unusual or suspicious; and • to related bodies corporate, and actual or prospective purchasers of all or a part of Sportsbet's business, and their advisers. <p>For a full list of disclosure circumstances, please see Sportsbet’s Privacy Policy, available here: https://helpcentre.sportsbet.com.au/hc/en-us/articles/115004971088-Sportsbet-s-Privacy-Policy</p>
6	Consumer protections	What further actions for government are recommended by Sportsbet to protect Victorians from the harms of online gambling?	<p>Data-led and personalised safer gambling tools</p> <p>The Final Report of the recent Federal House of Representatives Inquiry recognised the value in basing future policy reform on the use of data-led, personalised and proactive intervention tools. The Committee agreed that behavioural algorithms could significantly improve early identification of risky behaviour and enable appropriate intervention and welcomed Sportsbet’s offer to share our propriety behavioural algorithm with industry.</p> <p>Sportsbet recommends that the committee examine data-driven, evidence-based safer gambling programs which tailor both reviews and interventions to the individual circumstances of each</p>

			<p>consumer, rather than blanket or generalised restrictions for all, including industry-wide adoption of Real Time Intervention type tools.</p> <p><u>An industry culture of safer gambling</u> Sportsbet has 24-hour coverage by a team of dedicated Safer Gambling Specialists, ensuring that no matter what time of the day our customers choose to play, there is a Safer Gambling Specialist available. Further, there is a team of over 300 customer facing team members across different customer segments, all trained to identify and escalate qualitative behavioural alerts.</p> <p>Sportsbet believes that to drive continuous improvement in safer gambling standards, every team member must play a role – not just an isolated few. To that end, we have ensured that over 20% of all variable remuneration is based on meeting our safer gambling performance metrics. This means every single Sportsbet team member is financially incentivised to improve our safer gambling practices.</p> <p>Sportsbet has also removed commissions from our account management teams to ensure that they focus on customer satisfaction and safety – not on encouraging losses. For similar reasons, Sportsbet has ceased the use of third-party affiliate commission deals to encourage responsible wagering.</p> <p>Sportsbet recommends regulatory frameworks which ensure:</p> <ul style="list-style-type: none"> • 24/7 support for their customers by specifically trained Safer Gambling Specialists ensuring that a trained specialist in safer gambling is always available at the times a customer can place a bet; • the prohibition of revenue-share based commissions for operators, and all third parties acting on behalf of (or on the instructions of) that operator (including affiliates); and • that these important reforms be achieved through nationally consistent frameworks to ensure the protections are provided to all consumers, no matter in which jurisdiction they reside or undertake their wagering.
7	Safer gambling	In the hearing you mentioned that your staff ‘refer’ clients experiencing difficulties with their gambling. Who are these clients referred to – your internal safer gambling team or external specialist help? Please provide a breakdown by number and percentage of where the initial referrals are directed to over the last 2 years	<p>From July 2022 to June 2023, Sportsbet spoke to a customer directly or sent them communications with information on external support services in over 100,000 instances. Support contacts are available on our Responsible Gambling website: https://responsiblegambling.sportsbet.com.au/hc/en-us/articles/4405428176525-Support-Contacts</p> <p>In addition, in some cases (approximately 40 instances across 2022 and 2023) where a safer gambling specialist determines that specific indicators of harm are present, Sportsbet has referred customers to external counselling support services.</p>