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**MEMORANDUM**

**TO: MR BOB BENTLEY**

**FROM: MR MALCOLM TUTTLE**

**SUBJECT: CONSIDERATION FOR AUSTRALIAN RACING  
PRODUCT AND QUEENSLAND RACING  
PROGRAM**

**DATE: APRIL 28, 2008**

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Bob,

Following on from our discussions this morning and telephone conversations with Mr Barrie Fletton of UNITAB and Mr Myles Foreman of RISA, it appears as though it will be difficult to obtain detailed information on the breakdown of wagering within the various pooling jurisdictions in Australia.

There may be an opportunity to pursue this information through the Australian Racing Board, as discussions increase regarding the 'Gentleman's Agreement'. However, in terms of the Product and Program Agreement, each of the Control Bodies and Product Co. has an obligation to supply the Australian racing product (ARP) and Queensland racing program.

The ARP, in the Product and Program Agreement, is defined as Australian racing information, which is in the format specified by TAB Queensland (TABQ) to Product Co. in accordance with Clause 9.3 of this agreement or any part of it. Clause 9.3 provides detail in relation to the format of the ARP as required by TABQ. Australian racing information is defined as all information relating to racing in Australia that is necessary for the efficient and effective conduct of race wagering on racing in Australia and includes information of the nature set out in schedule one of the Product and Program Agreement.

Quite clearly, the obligation of Product Co. to supply the ARP to TABQ was built on the agreement known as the 'Gentleman's Agreement' whereby the various States and Territories throughout Australia exchange racing product, that is racing information free-of-charge on the basis that pari-mutuel wagering operators will use that information to generate race wagering and ultimately, as

a result, provide a Product Fee, through various mechanisms, to the Principal Racing Authority in each of the States.

Notwithstanding that accurate information in relation to the amount of wagering that occurs on the various States' product with the various pari-mutuel wagering operators will be difficult to obtain, we are able to determine an indicative position regarding import and export of Queensland thoroughbred product.

Mr Adam Carter is currently preparing a report dealing with the 2006/07 Financial Year on domestic thoroughbred racing only. Adam has been requested to consider the total Queensland UNiTAB pool for thoroughbreds only (bearing in mind this is the Queensland component of the overall pool and will exclude the South Australian and Northern Territory components) and to deduct the Queensland thoroughbred wagering component. As a result, this will leave all wagering, other than that which has occurred on Queensland thoroughbreds. International thoroughbred product will also be removed.

Following this, Adam will obtain a total pari-mutuel wagering figure on Queensland thoroughbreds throughout Australia (estimated to be at approximately \$1,576.81M less the amount that is wagered on Queensland thoroughbreds in the Queensland component of the overall UNiTAB pool. This will leave an amount that is wagered on Queensland thoroughbreds in pools, other than the UNiTAB pool.

On the basis that the later figure is greater than the amount of wagering that occurs on other thoroughbred products in the Queensland UNiTAB pool, Queensland Racing Limited should be considered a net exporter of wagering on its own product through pari-mutuel operators in Australia.

Adam should have the above figure shortly, although, it will be difficult to obtain the same information for other States of Australia.

On the basis that UNiTAB would be prepared to release specific information for the Northern Territory and South Australia, the position for these States could be obtained, however, we would be reliant on TABCORP to provide detailed information on its pools.

Myles Foreman has outlined that he continues to seek information from both UNiTAB and TABCORP and may be in a position in the not too distant future to release this information, but could only do so with the approval of both UNiTAB and TABCORP.

In terms of the obligation supply of the ARP, Product Co. must, under the provisions of the Product and Program Agreement, provide this to UNiTAB. Failure to do so causes TABQ to obtain the equivalent to the ARP from any other source and in doing so may incur a Third Party Charge (TPC). The amount of the TPC must be reasonably commercial having regard to the need to maintain continuity of the ARP. In procuring the ARP and incurring a TPC TABQ is then entitled to reduce the Product Fee payable to Product Co.

accordingly. It is impossible to forecast, with any degree of certainty, what a TPC may be.

Regards  
Malcolm

**Note.** Adam has just advised that based on the 2006/07FY, Queensland Racing was a net exporter of \$70.5M of thoroughbred product. Please advise if anything further is required at this stage.

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Cc. Mr Adam Carter (hand delivered)  
Finance Manager, Queensland Racing Limited

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