

Anna Cunningham

From: R Bentley [crossmore13@yahoo.co.uk]

Sent: Tuesday, 10 June 2008 7:59 AM

To: Laura Hains

Cc: Malcolm Tuttle

Subject: GENTLEMAN'S AGREEMENT

MALCOLM

THIS IS A LETTER I WOULD LIKE LAURA TO PREPARE FOR THE ARB AND ADDRESSED TO ANDREW HARDING. PLEASE FEEL FREE TO ADD OR DELETE

KIND REGARDS

BOB

Andrew,

I am writing to you on a matter that must be considered as of the utmost importance to the cohesion of the Australian racing industry, 'THE GENTLEMANS AGREEMENT'

The winds of change are upon us once again and many challenges confront the industry, with the pirating of our product by corporate bookmakers and 'BETFAIR', and the globalisation of racing. The need to compete internationally is demanding, both in racing stakes and the quality of racing animal.

The Australian racing industry has made many mistakes both past and present, however the one decision that has stood the test of time, has been the free exchange of product between states. This unwritten and unenforceable contract known as 'THE GENTLEMANS AGREEMENT'

The states that have prospered the most from this agreement have also given the most, in return the lesser contributors have acknowledged the contribution made and have supported the decisions and direction of the larger states. All states have existed with varying degrees of success, this spirit of cooperation has made the fabric and foundation of the Australian racing industry.

The future of the 'GENTLEMANS AGREEMENT' appears to be coming under threat as states search for an answer to the inroads of corporate bookmakers and 'BETFAIR'. There needs to be a clear understanding by all administrators if the abandonment of the gentlemen's agreement is being considered. The knock on effects of any abandonment will ripple through state governments and the breeding industry, and possibly change the composition of the Australian industry forever.

The ARB needs to be proactive in this matter and be fully briefed on the consequences should a breakdown become a reality.

A comprehensive document needs to be prepared that sets out the full details of the current position and the likely outcome should a breakdown occur. The document needs to be considered as soon as possible and scheduled at the front of the agenda at the next meeting of the ARB.

I have listed below a suggestion of considerations.

- . Base year outcomes on the 2006/2007 year
- . Set out the real funding for each state under their individual product agreement as it currently stands, in dollar terms and as % of wagering. This to include any legislated grants as in the NSW agreement and all payments to clubs as a consequence of the product agreement
- . The comparisons of outcomes if there was no agreement and each state levied a constant fee for their product. For the sake of this exercise a fee of 4.5 cents in the dollar on turnover.
- . The dollar recovery by state that the totalisator companies can recover under their product agreement in the event that each state PRA'S cannot supply.
- . The net result to each state
- . The advantages and disadvantages of retaining the agreement other than revenue outcomes
- . In the event that the advantages of retaining the agreement are compelling we need to understand why there is a need to break the agreement
- . If the above is so, what mechanism will replace the current agreement.
- . Will the product fee buy and sell be constant, that is will the cost of the Victorian product change hands at the same rate as the Tasmanian product
- . Will the demise defeat the amalgamation of the betting pools
- . Will the demise defeat the negotiation of television rights fees nationally

- . Will the demise defeat any progress to negotiate national racing sponsorship
- . Will the demise defeat the nationalisation of the Australian racing industry
- . Will the demise weaken the negotiation of national or state based product fees with TABCORP AND TATTERSALLS, and assist the divide and conquer technique of Sky Channel as demonstrated in past negotiations.
- . Will the demise assist or hinder the negotiation of a product fee from the corporate bookmakers and betfair or make a divided industry an easier target.
- . What will the state government reaction be to a potentially smaller industry, with less taxable income or will governments simply increase the rate of tax.
- . Government reaction to the possible demise of the minor codes
- . What role does Sky Channel and TVN have in influencing outcomes by selective coverage, if the agreement no longer exists
- . The effect on the breeding industry if the demise of the agreement has the result of shrinking the industry

Currently there has been insufficient recognition or understanding of the important roll that the gentlemen's agreement plays in the stability and prosperity of the Australian racing industry.

The industry has enough problems and enemies to confront rather than embarking on a course of action without considering all the possible outcomes. Unless there is good and balanced reason for a major change then I do not see the need to cannibalise ourselves.

Andrew please advance this issue as soon as possible

Kind Regards

Bob Bentley

Sent from Yahoo! Mail.

A Smarter Email <http://uk.docs.yahoo.com/nowyoucan.html>