



UNITAB Wagering

Presentation to HRA 21 November 2008

Barrie Fletton

Chief Executive

UNITAB Wagering

UNiTAB Wagering HRA Presentation



- ❖ A Little Bit of History
 - ❖ Industry Funding
 - ❖ Wagering
 - ❖ Competition
 - ❖ Business Drivers
-

UNITAB Wagering

A Little Bit of History



- State TAB's founded in the 1960s
 - Governments sought to stamp out illegal SP activity
 - Reap tax revenue
 - Provide legitimate industry funding
 - Racing and prize money grew under this model

 - NT and Tasmanian Governments sought to increase State taxes (but not product fees) by licensing corporate bookmakers and Betfair in a low tax environment (relative to totes)
-

UNITAB Wagering Industry Funding



- **Gentlemen's Agreement (GA)**
 - TABs not charged Race Fields Fees (RFF) as they looked after their State Racing Industries (RI)
 - Victoria and WA introduced RFF legislation and stuck with the spirit of the GA
 - NSW broke ranks –Racing NSW keen as there was no claw back of RFF in the Product Agreement between RNSW & NSWTAB
 - Putting aside NSW, net exporters of racing product will win and net importers will lose
-

UNITAB Wagering

Race Fields Fees



- Whether you win or lose depends on whether you export more than you import e.g. does the rest of Australia (excluding your home state) spend more on your harness racing than customers in your state spend on harness racing outside your state
 - If yes – you are in front
 - If no – you are behind
 - I know how much Qld and SA import but I don't have the detail on how much Qld and SA export
 - You should have access to this data via RISA via your control body
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Local v Imports (Harness)



	Local Harness Sales \$M	NSW Harness Sales \$M	Other Harness Sales \$M	1.5% RFF NSW \$M	1.5% RFF All imports
QLD	60	63	108	0.9	2.5
SA	16	28	69	0.4	1.5
NT	No Harness Racing	6	13	0.1	0.3

UNiTAB Wagering Industry Funding



- In FY07 UNiTAB provided (all) industry funding of \$129M in Qld and \$40M in SA
 - This provides 80% to 90% of all prize money plus racing administration and capital upgrades
 - Represents more than 90% of income for the vast majority of clubs
 - Race sponsors receive far more recognition than the Totes
-

UNITAB Wagering Industry Funding



- Where does this funding come from?
 - For every dollar bet through the tote we earn just under 16c commission, of which 39% (or 6.24c) goes to the industry
 - This is more than FOUR TIMES the funding from RFF based on 1.5% of sales
 - The situation will be worse where RFF is a percentage of revenue or profit
-

UNITAB Wagering Aust RI Funding



	Sales (\$M)	Revenue \$M	Industry Funding	% of industry funding
Totes	12,000	2,000	800	97.5%
Corporate Racing	1,000	50	15 (at 1.5% sales)	2.0%
On-course Bookmakers	1,000	60	6 (at 1.0% sales)	0.5%
Betting Exchanges	1,500 (Matched bets)	20 (2.5% of 5% win)	0 (Excl Tas G'tee & Sponsorships)	0.0%
Total	15,500	2,130	821	100.0%

UNITAB Wagering

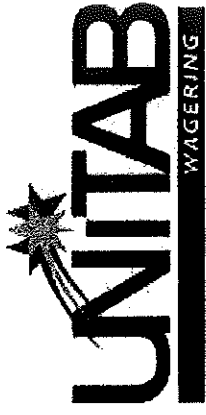
Qld RI Funding FY07



	Meetings	Sales \$M (Q Tote - all Aust)	% Sales	Funding PM = Prize money T = total	% Funding
Gallops	398	1,541	75	PM 75	80
Harness	259	231	11	PM 12	13
Dogs	361	269	14	PM 7	7
	1,018	2,041	100	PM 94 T 129	100

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SA RI Funding FY07



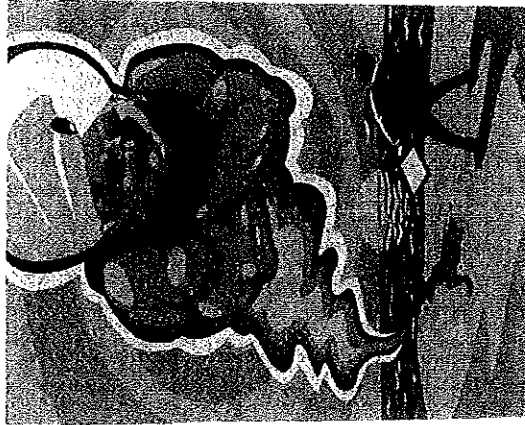
	Meetings	Sales \$M (SA - all Aust)	% Sales	Funding PM = Prize money T = total	% Funding
Gallops	398	479	68	PM 23.7 T 29.4	77 70
Harness	259	113	16	PM 4.1 T 6.7	13 16
Dogs	361	109	16	PM 3.1 T 5.9	10 14
	1,018	701	100	PM 30.9 T 42.0	100 100

UNITAB Wagering

The Competition Genie is
Out of the Bottle



Be careful
of what you
wish for



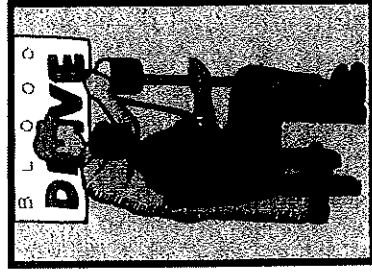
This won't
go back in

UNITAB Wagering

Don't Kill the Golden Goose



- TABs are the life blood of the racing industry
- Double whammy – competition & RFF



UNiTAB Wagering



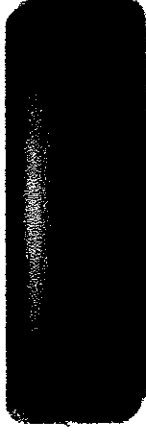
Don't Kill the Golden Goose

- More than 20% of our business is remote
 - Half of this comes via the internet and half via Telebet
 - This business in particular is at risk
 - Very easy to sit at home watching Sky (paid for by TABs) and get better than tote odds (property of TABs) with corporate bookmakers who contribute little or nothing back to the industry
 - Globe Derby were ambushed by Betezy but have had the offending web page removed so be vigilant
-

UNITAB Wagering Industry Funding



Qld and SA gallops are net exporters of racing product, but the same may not be true for harness racing



- If so funding to harness racing will diminish
 - Less funding, less horses, less racing
-

UNITAB Wagering

Competition



- What happens as sales move from Totes to Corporate Bookmakers?
 - Short answer – Industry funding reduces by 75% for each dollar that moves
 - What happens as industry funding declines?
 - There is less funding for prize money
 - Less prize money means less racing
 - Less racing means less prize money
 - The pie will not grow sufficiently to compensate for the reduction in tote funding
-

UNI TAB Wagering



Competition

- NT Bookmakers and Betfair are only required to return miniscule amounts to the industry
 - NT Bookmakers steal TAB IP by offering Tote Odds and exotics at TAB dividends (capped)
 - NT Bookmakers do not contribute to the cost of racing information
 - Sky Channel
 - RadioTAB
 - Form (RISA) and Form Guides (press and other)
 - If they did have to compete on a level playing field they would move off-shore to lower inputs
-

UNiTAB Wagering Business Drivers



- Good racing – good fields
 - Economic Growth – next 2 years could be lean
 - Technology (ease of use)
 - Good customer service
 - Differential pricing FOB
 - Marketing initiatives (event driven)
 - RadioTAB
 - Free to air TV coverage
-

UNiTAB Wagering Business Drivers



- What can HRA do to assist?
 - Good start with each states web site with click throughs to local TABs
 - CONSISTENCY around Australia would be good for betting (e.g. all or no sprint lanes)
 - Fields of ~12 evenly matched horses
 - Move non TAB meetings from Saturdays to quieter times e.g. Sundays/Mondays
-

UNiTAB Wagering

What is the Future?



- We have reached a turning point in the history of racing in Australia
 - If competition goes unchecked racing will diminish significantly over the next decade
 - In 10 to 20 years fixed price sports betting will be the dominant force
 - Racing will be a second tier product
-

UNITAB Wagering Food For Thought



- Q: How much did Matthew Tripp's Sportsbet spend on advertising during the Spring Racing Carnival
 - A: Probably more than \$1/2M
 - Q: How much did he pay in RFF
 - A: Not Very Much
 - Q: Does he care about the RI
 - A: Only as long as it delivers a profit
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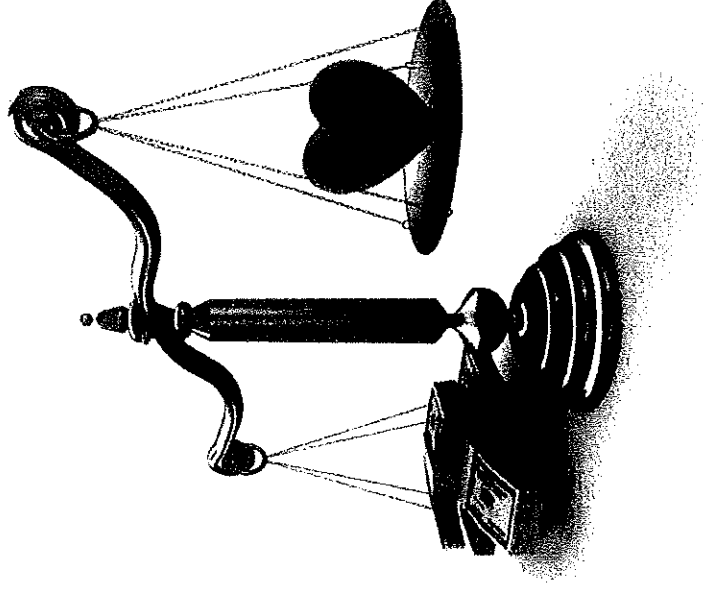
UNITAB Wagering



End of Presentation

Questions

Comments



COPY



26 June 2008

Mr Malcolm Tuttle
Chief Operations Manager
Queensland Racing
PO Box 63
SANDGATE QLD 4017

Dear Malcolm,

Re: NSW Race Fields Legislation

I write in regard to Legislation that has been enacted by the Parliament of NSW that makes it an offence to publish NSW Race Fields without the prior approval of the relevant racing control body.

Racing NSW is the relevant controlling body for Thoroughbred Racing in NSW. Accordingly, we have prepared application forms and policy that will govern the approval process. These documents need to be completed by any wagering operator that wishes to publish/use NSW Race Fields and as a consequence offer wagering on these events.

We respectfully seek your assistance by providing us with Name and contact information including postal address and if possible email address for all bookmakers and wagering operators that are licensed or governed by your authority. You would appreciate how important it is that we gather this information to facilitate the smooth introduction of the Legislation and its accompanying Regulations.

If you could please provide this information, electronically if possible, to the contact officer below, it would be very much appreciated. Thank you in anticipation.

Contact: Mr Keith Bulloch
General Manager Regulatory
Racing NSW
Level 7, 51 Druitt St
SYDNEY NSW 2000

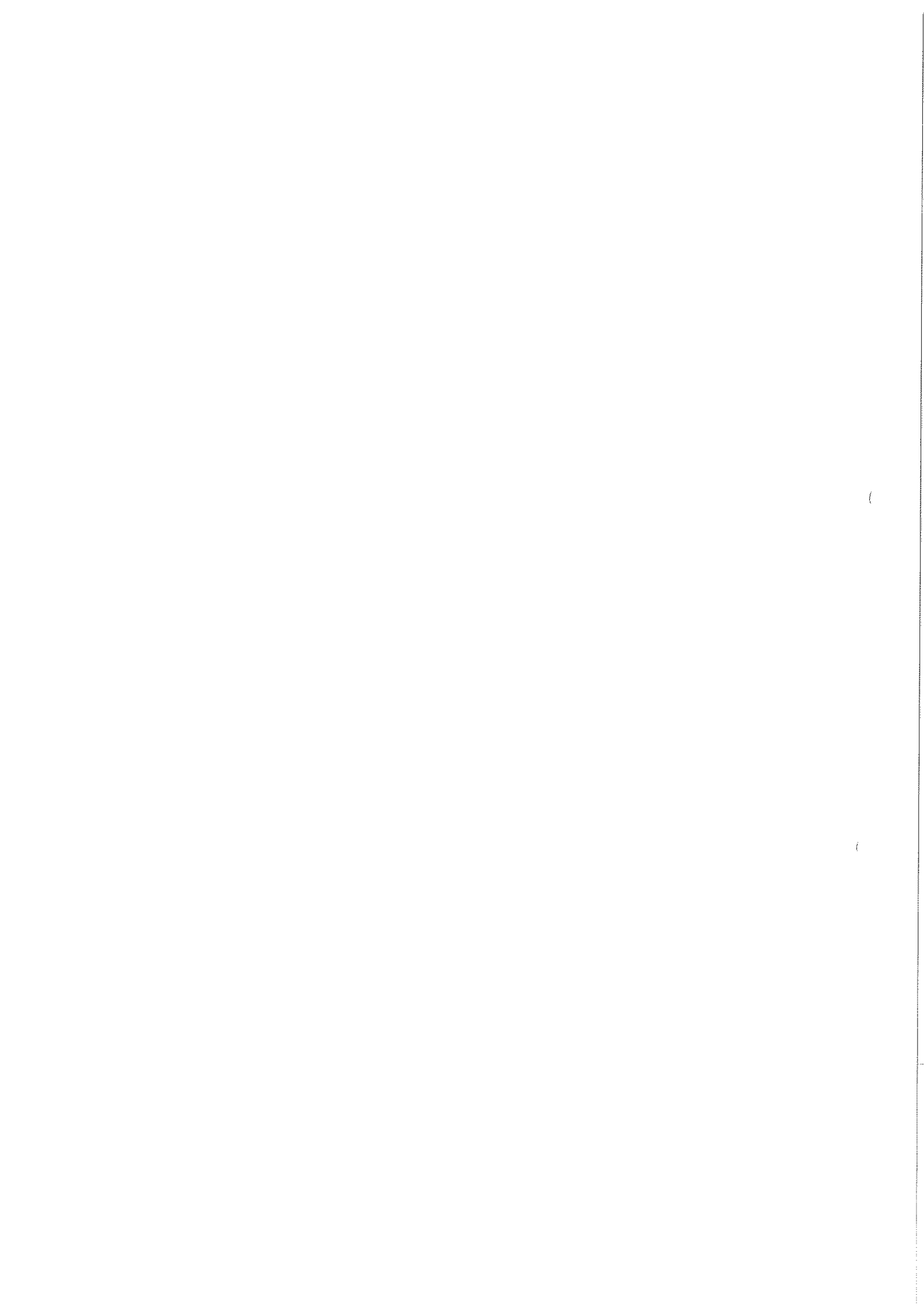
kbulloch@racingnsw.com.au
Ph (02) 9551 7588

For information, details of the Legislation are available at: www.racingnsw.com.au

Yours faithfully,
RACING NSW

P.N V'LANDYS
CHIEF EXECUTIVE

RACING NSW (ABN 86 281 604 417)
Level 7, 51 Druitt Street, Sydney NSW 2000
Telephone: (02) 9551 7500
Facsimile: (02) 9551 7501



NISW RACE LEGISLATION BOLDFING PAPER!

What If No One Pays?

The various reforms announced by the New South Wales racing industry this week have generally been given a quiet run in the media. So much so that Racing NSW and its wagering partner TabCorp have been reduced to issuing self congratulatory press releases in an attempt to generate some positive PR.

The centrepiece of the announcements is the proclamation after a 2 year delay of the so called Race Fields legislation, mooted to produce an extra \$20 million a year for the NSW industry.

Sadly the two years since the legislation was first tabled has seen a dramatic change in the wagering landscape which quite likely will lead to a reduction in funding for New South Wales racing, rather than the suggested large increase.

The big issue is will anybody pay?
A little bit of history is worth exploring at this point.

The Victorian race fields legislation was actually drafted by Racing Victoria and submitted to the government at the height of the anti-Betfair hysteria. Its intention was ostensibly to recover fees from so called "parasites", but given equal weight at the time was the intention to secure "integrity" by banning the use of race fields by any operator lacking integrity - otherwise known as Betfair.

Ex Commonwealth Attorney General and now Racing Victoria Chairman, Michael Duffy, argued that such a ban would be blatantly in breach of the Trade Practices Act and the Constitution and eventually Racing Victoria had to agree to let Betfair use Victorian race fields.

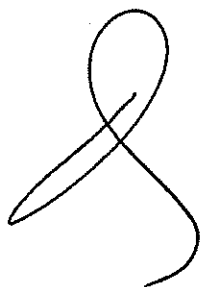
Betfair, obviously considering High Court action, decided that it would observe a self imposed ban on using the Victorian race fields until the matter was decided in its favour. At that point it remitted well over \$1 million it had accrued as a product fee when it had been betting on Victorian racing.

Racing NSW, having seen Betfair apparently cave in to avoid breaching the legislation, seems to believe that the same situation will occur again with its own race fields laws now enacted.

<http://by112w.bay112.mail.live.com/mail/PrintShell.aspx?type=message&cpids=e1c6...> 11/07/2008

Bob - F.I.C.

IN CONFIDENCE!



However there has to be serious possibility that no one will observe the new law, or even worse that it will be challenged in court.

There has already been a wide ranging challenge to the Victorian law lodged in the Darwin Federal Court by Matthew Tripp's Sportsbet.

Arguments raised in Sportsbet's statement of claim, as well as others raised elsewhere suggest that the NSW legislation is already dead in the water.

Sportsbet argue that the imposition of a fee payable to a private body (Racing Victoria) enforced by a law making non-payment a criminal act, is "ex colore officio" - literally "with the colour of officialdom". They suggest that such a law is in excess of a government's powers and is thus invalid.

Another argument is that the imposition of variable fees decided by among other things, the wagering operator agreeing not to sue Racing Victoria, is an improper use of a government imposed fee.

While it charges for the supposed use of Victorian race fields, Racing Victoria never actually delivers them to the wagering operators paying the fees. They have to get them out of the papers or off the Racing Victoria web site where of course they are free for anyone to enjoy.

In the absence of a law making non-payment a criminal offence, Racing Victoria could only charge the reasonable commercial value of the race fields. Since they are more or less given away by Racing Victoria elsewhere, it is hard to make an argument that they are hugely valuable. In the British Horseracing Board vs William Hill case, the High Court in the UK held that BHB's fees were extortionate and that William Hill only used a tiny portion of the BHB database which in any event was in the public domain.

There has to be considerable doubt about the ability of the Victorian or NSW government to prosecute a bookmaker in Darwin for an activity which takes place entirely outside their home state.

A considerable portion of bookmaker turnover is via phone betting. Arguably the bookmaker concerned does not publish race fields when a punter places a phone bet, so Sportsbet argue that no fee is payable.

When Racing NSW bought back the rights to its own data from RISA, wherein it resided prior to Peter V'Landys appointment, the consideration was under \$2 million. The settlement included a stake in RISA itself. The \$2 million was for the rights to all NSW race data in perpetuity, so it is a bit rich to say that they are now worth \$20 million a year to just one part of the wagering industry.

Race fields data consists purely of numbers and horse names. Numbers cannot be owned by anyone and a horse's name is owned by its owners, who have never given permission to Racing Victoria or Racing NSW to sell it to anyone, let alone for \$20 million a year.

The elephant in the room, which has not actually been mentioned by any of the government, Racing NSW or Tabcorp spokesmen gushing over their achievement is the High Court win by Betfair over the Western Australian government a few months ago.

Decided over Section 92 of the Constitution, guaranteeing freedom of trade between the States, this landmark case sent a signal that the High Court will not tolerate states imposing artificial barriers to protect their own industries.

Most importantly, it showed all wagering operators that they could win against the previously impregnable combination of state governments protecting local TAB's against interstate competition.

The implications of Section 92 of the Constitution are glaringly obvious when considering the NSW Race Fields legislation.

It is specifically referred to in the regulations accompanying the Act which suggests that the NSW government is fully aware of the importance of even handed administration by Racing NSW.

It means for instance that Racing NSW cannot use the race field fee structure to treat wagering operators differently. In fact unlike in Victoria where current TabCorp wagering CEO Robert Nason specifically exempted interstate TAB's from paying the race fields fee, Racing NSW intends to charge the same fee to all operators, TAB's included.

That will undoubtedly not go down well in Victoria, which currently receives no revenue from the TAB in New South Wales, but will be expected to bear a reduction in its income when Victorian punters bet on NSW races.

One has to ask how long that situation will be tolerated in Victoria, especially when NSW punters prefer to bet

on the Victorian racing product rather than their own.

The outcome can only be that NSW will lose more than it can possibly gain from product fees when Victoria changes its regulations.

There is one other possibility which has not yet been announced but explains the apparent equanimity with which TabCorp has welcomed the race fields announcement.

That is that TabCorp may in fact reduce its local payment to the NSW racing industry from its current 5% or so to the same 1.5% expected to be paid by all operators under the Race Fields legislation.

It will of course now contribute additional funds from Victorians betting on NSW racing and has promised to pay the levy from its new Northern Territory "aNTI-TAB" operation.

Bet backs from the Northern Territory will be funneled into the NSW TAB pool. It has even been mooted that TabCorp will use its control over Sky Channel to increase coverage of NSW racing at the expense of racing in other states.

Having been badly treated by the Victorian government over the poker machine licensing issue, senior TabCorp executives have seen their options packages shredded, so they have no incentive to support Victoria.

Similarly, setting up their aNTI-TAB bookmaking firm is just about TabCorp's only chance of capturing the 1000 customers a week they are currently losing.

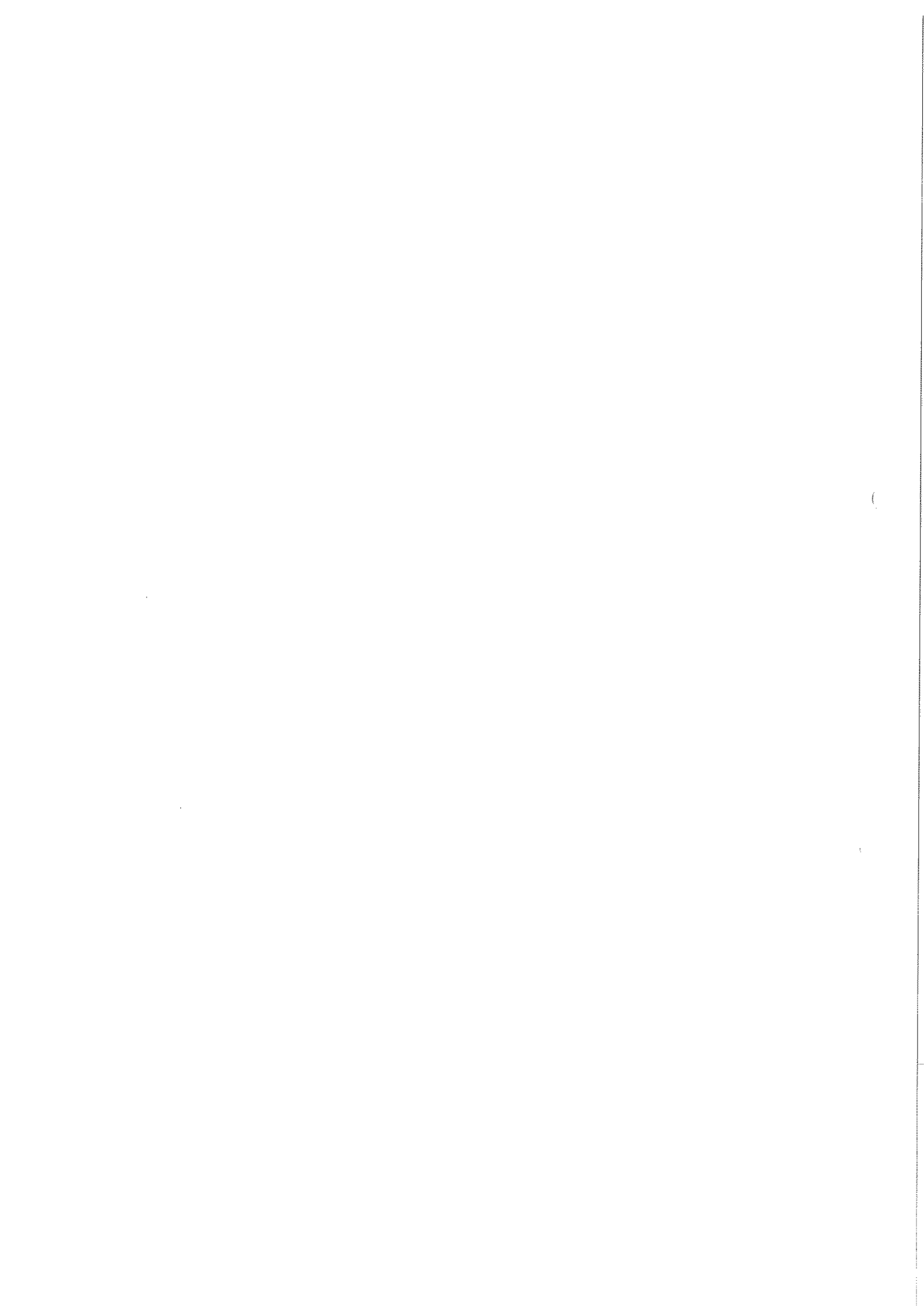
The wagering monolith's best chances of restoring its shattered fortunes are twofold :-

Reduce its own operating costs, which it can do by reducing its local payment to NSW, making up the difference to NSW by reducing payments to Victoria.
Meet its competitors head on, aided by the imposition of a 1.5% turnover tax by NSW combined with its own low cost aNTI-TAB competitor.
All of this is very clever, but it falls over at the first hurdle if the non-NSW wagering operators refuse to pay.

V'Landys is on record as saying that they wouldn't risk a criminal conviction. However its not a conviction until all appeals are exhausted. At the very least no prosecution can be launched while the Federal Court is considering the "ex colore officio" argument in the Sportsbet case.

If that argument gets up all race fields legislation is invalid.

And in the meantime TabCorp has dug a huge hole for itself by stating that it will pay. By the time all this plays out in 3 or 4 years, TabCorp's competitors could well have stolen many hundreds of thousands more of its clients.



NSW Racing Legislation

Issue

This paper is additional to the agenda item 2.3 which is concerned about the governance of NSW Racing . This paper was prompted by a conversation I had with Bob Bentley where he indicated serious concerns about the NSW Race Fields legislation and I said that I did not understand its intent and how it worked . I have since sought to work through the logic of it and hence this paper which sets out my interpretation of it . I have also arranged to meet up with Peter V'Landys next Monday for two purposes , to confirm or adjust my understanding of it and , second , to see if Peter is aware of its implications.

Current Situation

Since the privatisation of TABs the situation in each Australian jurisdiction , TABs have been the prime source of funding each jurisdiction's racing industry with the funding in the form of a product and program fee set at a given % of wagering turnover . The exact formula and the % differs between TABs but is normally in the range of 4% to 6% .

The TABs operating in each jurisdiction are as follows :

Jurisdiction	TAB	Term of Licence
NSW	Tabcorp	Exclusivity expires in 2019 and licence in 2097
Victoria	Tabcorp	Exclusivity and licence expire in 2012
Queensland	UNITAB/Tatts	Exclusivity expires in 2014 and licence in 2098
South Australia	UNITAB/Tatts	Exclusivity expires in 2016 and licence in 2100
Western Australia	WATAB	Perpetual licence
Tasmania	TOTE Tasmania	Perpetual licence
Northern Territory	UNITAB/Tatts	Exclusivity and licence expire in 2015
ACT	ACTTAB	Exclusivity expires in 2016 and licence is perpetual

In effect the TAB in each jurisdiction is charged a % fee for all the wagering turnover of that TAB in that jurisdiction , regardless of the origin of the product and program . Thus in the case of Queensland , the fee is set on wagering turnover by Queensland residents on UNITAB on all Australian and overseas racing . Thus Racing NSW and Racing Victoria do not get a fee for any Queensland resident wagering on NSW and Victorian racing and conversely QR does not get a fee for NSW and Victorian residents wagering on Queensland races . This arrangement is what has been termed the Gentlemen's Agreement .

The UNITAB agreement with Queensland states that the fee paid to QR covers turnover on all racing product by Queensland residents , regardless of the location of the racing and that in the event that any jurisdiction seeks to impose a fee on their racing product then UNITAB will net off that fee against the fee payable to QR . It is understood that this provision is in the Victorian product and program agreement with Tabcorp but may not be in the NSW product and program agreement with NSW TAB (now Tabcorp) .

NSW Legislation

The NSW Government has recently announced the passage of legislation, the Racing Legislation Amendment Act 2006 (copy attached). There is also apparently supporting regulations, called the Racing Administration Amendment (publication of Race Fields) Regulation 2008 which has not been made public as yet.

The purpose of the legislation and regulations is to allow each of the NSW control bodies to impose a fee on the use of NSW racing for wagering purposes. The specific stated purpose is to impose a fee on wagering providers who are presently free riding, these being Betfair and NT based corporate bookmakers. This is certainly the interpretation that the Minister has placed on it. If that was its only purpose and impact then no one could really object. However it does appear to have a much wider impact.

The legislation works by requiring any entity who accesses NSW race information to register with the relevant NSW control body. The control body in turn can establish conditions for accessing the race information, including imposing a fee. While not covered in the legislation it would appear that NSW control bodies intend to impose a fee of 1.5% of wagering turnover on NSW racing on wagering providers. In assessing the impact of the legislation it is necessary to distinguish initial impacts and second and subsequent round effects as entities react to the legislation. Set out below is my assessment of the impacts, assuming that the legislation is legally valid, which it may not be.

The first round effects are as follows:

- All entities using NSW race information for wagering purposes would register with the NSW racing control bodies and would be required to pay a fee of 1.5% of turnover on NSW races, regardless of the location of the punter.
- Assumed that Tabcorp will have its current requirement to pay a 4% or 5% fee to NSW racing on turnover of Tabcorp in NSW by NSW residents removed. This is an assumption and is based on two considerations – the fact that Tabcorp has publicly supported the legislation and, second, that it is likely to be unconstitutional to discriminate between race wagering entities in respect to the fee.
- In Victoria, Tabcorp will deduct from its payment to Racing Victoria 1.5% of wagering turnover by Victorian residents on NSW races.
- Similarly, in Queensland, Northern Territory and South Australia, UNITAB will deduct from its fee payable to the racing control body in each of those jurisdictions 1.5% of wagering turnover on NSW racing by residents in Queensland, Northern Territory and South Australia, respectively. Similar impacts will occur in Tasmania and Western Australia.

In the event that Queensland and Victorian racing control bodies seek and achieve similar legislation, then Tabcorp(NSW) will have imposed on it a fee of 1.5% of turnover of NSW residents on interstate races. The difference here is that, as I understand the situation, Tabcorp is not able to pass on this cost to NSW racing as a pass through is not provided for in the product and program agreement between NSW racing and NSW TAB (which Tabcorp acquired).

The initial, first round financial impact is a financial benefit to NSW racing and Tabcorp at the expense of racing in all other jurisdictions. The impact after the second round will depend in part on whether a racing jurisdiction is a net importer or exporter of race wagering turnover. This means, for example, in the case of Queensland, the issue is whether the wagering turnover of Queensland residents on non Queensland races is greater (net importer) or less (net exporter) than the wagering turnover of non Queensland residents on Queensland racing. Victoria is a large net exporter and Queensland is in a broadly balanced position while NSW, South Australia, Western Australia, Northern Territory and Tasmania are net importers and they in principle will be net losers. However in the case of NSW racing, the fact that Tabcorp cannot pass on fees charged to it for non NSW residents wagering on NSW race products, means that the net cost is absorbed by Tabcorp, not NSW racing.

Assessment

There would appear to be two impacts of the NSW legislation and any consequent similar legislation passed in other jurisdictions .

The first impact is the financial one as outlined above with Victoria ,NSW and ,marginally ,Queensland winners and all other racing industries being big losers .It is not clear whether Tabcorp is a net winner or loser . In principle it is possible , with access to the data , to quantify these financial impacts . There will be a subsidiary net benefit to all jurisdictions to the extent that the 1.6% fee is paid by wagering operators who at present pay no fee . However it is not possible to quantify this impact .

The second and even more significant impact is a behavioural change which the legislation is likely to cause . At present each jurisdiction's racing industry is paid on the basis of wagering turnover of their residents on the national racing program . Hence each jurisdiction has an incentive to ensure that the highest quality races are programmed regardless of where they are located . It is conceded that at times various racing jurisdictions act parochially but that is at least offset by financial incentives which are linked to a quality national program . However if there is a change to how racing jurisdictions being rewarded , with their payment now based on the wagering turnover on their product , this will see a much more parochial industry and over time a decline in the quality of the national racing product as each jurisdiction seeks to promote its program at the expense of other jurisdictions . In effect the financial incentives will reinforce not offset the natural level of parochialism . It is also likely that given Tabcorp's ownership of Sky Channel , there will be inducements offered to Tabcorp to have Sky program certain races at the expense of others .

Issues to Clarify

In meeting with Peter ,I will seek to determine if my assessment is correct and whether Peter is aware of the flow through implications .In addition I will seek to ascertain the following :

1. whether Tabcorp(NSW) will have its current 4% fee on NSW TAB turnover replaced with the 1.5% fee on turnover on NSW races
2. how will the stated prime purpose of the legislation , stated to be to impose a fee on free riders , work in the case of corporate book makers and Betfair operating on phone and internet wagering which does not require the wagering entity to access racing information .
3. is there intended to be uniform 1.5% fee
4. ability of NSW to impose its fee on interstate wagering entities
5. implications of the break down of the Gentlemen's agreement

Conclusion

A provisional conclusion is that while the legislation may have a modest benefit of charging a fee to wagering operators who are currently free riders , the negative impact on the way racing is paid will have major windfall financial impacts , both positive and negative , and will break down the Gentlemen's Agreement with negative consequences for the quality of the national racing program .

Racing Legislation Amendment Act 2006

Note:

The Act is to be repealed by sec 4 (1) of this Act on the day following the day on which all of the provisions of this Act have commenced.

Long Title

An Act to amend the *Racing Administration Act 1998* with respect to the publication of race fields; to remove certain inoperative provisions of the *Greyhound and Harness Racing Administration Act 2004* and the *Thoroughbred Racing Act 1996*; and for other purposes.

1 Name of Act

This Act is the *Racing Legislation Amendment Act 2006*.

2 Commencement

(1) This Act commences on a day or days to be appointed by proclamation, except as provided by this section.

(2) Schedule 1.1 and 1.3 commence on the date of assent to this Act.

3 Amendment of Acts

The Acts specified in Schedule 1 are amended as set out in that Schedule.

4 Repeal of Act

(1) This Act is repealed on the day following the day on which all of the provisions of this Act have commenced.

(2) The repeal of this Act does not, because of the operation of section 30 of the *Interpretation Act 1987*, affect any amendment made by this Act.

Schedule 1 Amendment of Acts

(Section 3)

1.1 – (Repealed)

1.2 – Racing Administration Act 1998 No 114

[1] Part 4, Division 1, heading

Insert before section 27:

Division 1A Interpretation

Interpretation

[2] Section 27 Definitions

Insert in alphabetical order:

"NSW race field" means information that identifies, or is capable of identifying, the names or numbers of the horses or dogs:

(a) that have been nominated for, or that will otherwise take part in, an intended race to be held at any race meeting on a licensed racecourse in New South Wales, or

(b) that have been scratched or withdrawn from an intended race to be held at any race meeting on a licensed racecourse in New South Wales.

"race field publication approval" means an approval granted under section

33A. "relevant racing control body" means:

- (a) in relation to horse racing other than harness racing--Racing New South Wales, and
- (b) in relation to harness racing--Harness Racing New South Wales, and
- (c) in relation to greyhound racing--Greyhound Racing New South Wales.

"working day" means any day that is not a Saturday, Sunday or public holiday.

[3] Part 4, Division 2, heading

Insert before section 29:

Division 2Â General offences
General offences

[4] Part 4, Division 3

Omit section 33. Insert instead:

Division 3 – Publication of NSW race fields

33 Publication of NSW race fields restricted A person must not, whether in New South Wales or elsewhere, publish a NSW race field unless the person:

- (a) is authorised to do so by a race field publication approval and complies with the conditions (if any) to which the approval is subject, or
- (b) is authorised to do so by or under the regulations.

Maximum penalty:

- (a) in the case of a corporation--500 penalty units, and
- (b) in any other case:
 - (i) for a first offence--50 penalty units or imprisonment for 12 months (or both), and
 - (ii) for a second or subsequent offence--100 penalty units or imprisonment for 2 years (or both).

33A Relevant racing control body may grant race field publication approvals

(1) The relevant racing control body in relation to an intended race (or class of races) to be held at any race meeting on a licensed racecourse in New South Wales may grant approval to a person to publish a NSW race field (a "race field publication approval") in respect of that race or class of races if the person has made an application for that approval under this Division.

(2) A relevant racing control body may (but need not) impose any of the following kinds of conditions on a race field publication approval that it grants:

- (a) a condition that the holder of the approval pay a fee or a series of fees of an amount or amounts and in the manner specified in the approval (being a fee or fees imposed in accordance with any requirements prescribed by the regulations),
- (b) such other conditions as may be specified in the approval (being conditions of a kind that are prescribed as permissible conditions by the regulations).

(3) Any fee that is payable under a race field publication approval is a debt due to the relevant racing control body that granted the approval and is recoverable as such in a court of competent jurisdiction.

(4) A relevant racing control body that grants a race field publication approval may, by written notice to the holder of the approval, cancel or vary the terms of the approval on any grounds prescribed by the regulations.

(5) If a relevant racing control body cancels or varies a race field publication approval, the body must provide the holder of the approval with written reasons indicating why the approval was cancelled or varied (as the case may be).

33B Applications for race field publication approvals

(1) A person who wishes to publish a NSW race field may apply to the relevant racing control body in relation to the intended race (or class of races) to which the field relates for a race field publication approval in respect of the race or class of

aces.

(2) An application for a race field publication approval (an "**approval application**") must be:

- (a) made in the manner and in the time as may be prescribed by the regulations, and
- (b) accompanied by such information as may be prescribed by the regulations.

(3) In determining an approval application, the relevant racing control body to which the application is made must:

- (a) consult with each racing club that intends to conduct the race or class of races in respect of which the approval is sought, and
- (b) take into account such criteria in relation to the determination of the application (if any) as may be prescribed by the regulations.

(4) Without limiting subsection (3) (b), any criteria that are prescribed by the regulations for the purposes of that paragraph may specify:

- (a) the kinds of matters that may or must be taken into account in determining an approval application, and
- (b) the kinds of matters that must not be taken into account in determining an approval application.

(5) If a relevant racing control body to which an approval application is made determines that a race field publication approval should not be granted to the applicant (or should be granted subject to any condition imposed under section 33A (2)), the body must provide the applicant with written reasons indicating why the application was rejected or the conditions were imposed (as the case may be).

33C Authorisations for section 51 of the Trade Practices Act 1974 of the Commonwealth

(1) The following are specifically authorised by this Act for the purposes of the *Trade Practices Act 1974* of the Commonwealth and the *Competition Code of New South Wales*:

(a) any agreement entered into between:

(i) 2 or more relevant racing control bodies in relation to the appointment of an agent to collect, or the collection by such an agent or any of the relevant racing control bodies of, fees that are payable to those bodies under race field publication approvals granted by them, or

(ii) one or more relevant racing control bodies and any corresponding body of another State or Territory in relation to the appointment of an agent to collect, or the collection by such an agent or any of the relevant racing control bodies of, fees that are payable to those bodies in relation to publication of race fields,

(b) the conduct of those bodies and any agent in negotiating and entering into any such agreement,

(c) the conduct of those bodies and any agent in performing any such agreement.

(2) Anything authorised to be done by this section is authorised only to the extent to which it would otherwise contravene Part IV of the *Trade Practices Act 1974* of the Commonwealth or the *Competition Code of New South Wales*.

(3) In this section: "**agreement**" includes a contract, arrangement or understanding.

33D Appeals to Minister

(1) A person may appeal to the Minister against any of the following decisions of a relevant racing control body:

(a) a decision of the body to reject an application by the person for a race

field publication approval,

(b) a decision of the body to impose a condition under section 33A (2) (other than a condition relating to the payment of a fee or series of fees) on a race field publication approval,

(c) a decision of the body to cancel a race field publication approval held by the person,

(d) a decision of the body to vary any term of a race field publication approval held by the person (other than a term relating to the payment of a fee or series of fees).

(2) An appellant must give notice to the following person and body of the grounds of the appellant's appeal in the form and manner approved by the Minister from time to time:

(a) the Minister,

(b) the relevant racing control body that made the decision appealed against.

(3) The relevant racing control body that made the decision appealed against is to be the respondent in the appeal.

(4) A notice under subsection (2) must be given within 20 working days (or within such longer period as the Minister may allow) after the date on which the appellant was notified of the decision of the relevant racing control body that is being appealed.

(5) In determining an appeal, the Minister may appoint a person that the Minister considers has suitable qualifications to act as an arbitrator (the "arbitrator") to furnish a report to the Minister with respect to the appeal containing:

(a) a recommendation as to whether the appeal should, in the opinion of the arbitrator, be dismissed or allowed either unconditionally or subject to such conditions as may be specified in the report, and

(b) the reasons for the recommendation.

(6) The unsuccessful party to an appeal is to pay the costs of any arbitrator appointed by the Minister under subsection (5).

(7) The Minister, after considering any report that is furnished to the Minister under subsection (5), may:

(a) dismiss the appeal, or

(b) allow the appeal either unconditionally or subject to such conditions as the Minister thinks proper to impose, or

(c) if the appeal is against the imposition of conditions, refuse to approve the application for a race field publication approval from the determination of which the appeal has been made, or

(d) return the report to the arbitrator concerned and request further consideration of the report.

As the decision of the Minister in an appeal under this section is a decision that is reviewable by the Administrative Decisions Tribunal under section 33E, section 48 of the *Administrative Decisions Tribunal Act 1997* requires the Minister to give the appellant and respondent in the appeal written notice of the decision on the appeal. Division 2 of Part 2 of Chapter 5 of that Act enables the appellant and respondent to request written reasons for the Minister's decision.

(8) The decision of the Minister under subsection (7) (other than a decision under subsection (7) (d)) has effect as if it were a decision of the relevant racing control body from whose decision the appeal is made.

33E Review by Administrative Decisions Tribunal of Minister's decision on appeal

(1) The appellant or respondent in an appeal under section 33D may apply to the Administrative Decisions Tribunal for a review of the decision of the Minister in the appeal.

(2) Section 53 (Internal reviews) of the *Administrative Decisions Tribunal Act*

1997 does not apply to a decision of the Minister in an appeal under section 33D. 33F Effect of race field publication approval limited For the avoidance of doubt, the granting of a race field publication approval does not operate to authorise the holder of the approval to do (or omit to do) anything in relation to a race to be held at any race meeting on a licensed racecourse in New South Wales other than to publish the NSW race field to which the approval relates in accordance with the terms of the approval.

[5] Section 36C

Insert after section 36B:

36C Giving of notices and other documents

(1) For the purposes of this Act, a notice or other document may be given to a person (or a notice or other document may be served on a person):

(a) in the case of a natural person:

- (i) by delivering it to the person personally, or
- (ii) by sending it by post to the address specified by the person for the giving or service of documents or, if no such address is specified, the residential or business address of the person last known to the person giving or serving the document, or
- (iii) by sending it by facsimile transmission to the facsimile number of the person, or

(b) in the case of a body corporate:

- (i) by leaving it with a person apparently of or above the age of 16 years at, or by sending it by post to, the head office, a registered office or a principal office of the body corporate or to an address specified by the body corporate for the giving or service of documents, or
- (ii) by sending it by facsimile transmission to the facsimile number of the body corporate.

(2) Nothing in this section affects the operation of any provision of a law or of the rules of a court authorising a document to be served on a person in any other manner.

[6] Schedule 1 Savings and transitional provisions

Insert at the end of clause 1 (1):

the *Racing Legislation Amendment Act 2006*

[7] Schedule 1, Part 5

Insert after Part 4:

Part 5 – Provisions consequent on enactment of Racing Legislation Amendment Act 2006

9 Definition In this Part: "**amending Act**" means the *Racing Legislation Amendment Act 2006*.

10 Previous offences under section 33 may be taken into account in determining penalties

(1) Section 33 (as substituted by the amending Act) applies to acts or omissions that occur on or after the day on which the provision of the amending Act that substitutes the section commences.

(2) However, an offence against section 33 (as in force at any time before its substitution by the amending Act) may be taken into account in deciding whether an offence against section 33 (as substituted by the amending Act) is a second or subsequent offence against the substituted section for the purposes of determining

the penalty for the offence.

1.3 – (Repealed)

Historical notes

The following abbreviations are used in the Historical notes:

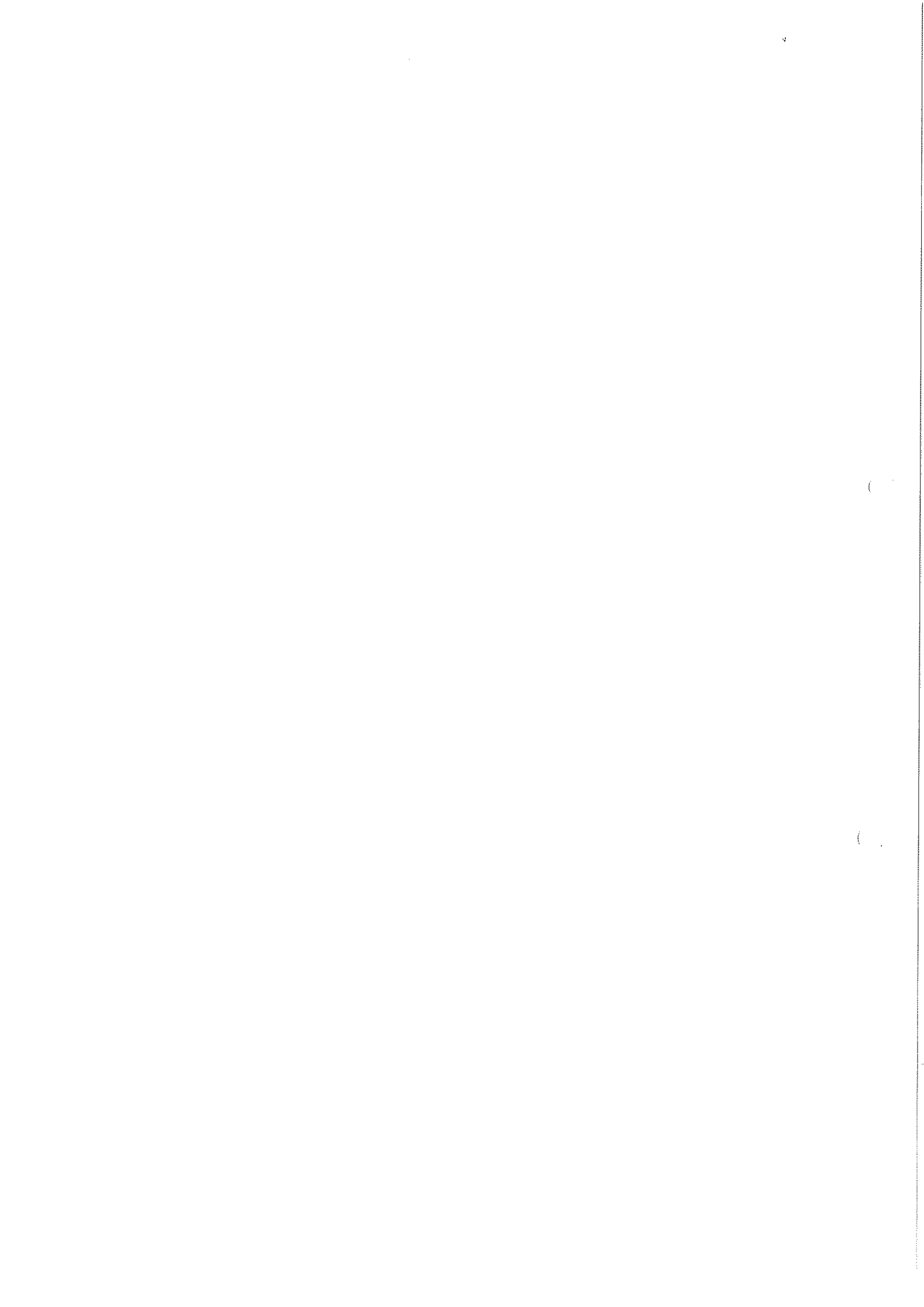
Am	amended	No	number	Schs	Schedules
Cl	clause	p	page	Sec	section
ClI	clauses	pp	pages	Secs	sections
Div	Division	Reg	Regulation	Subdiv	Subdivision
Divs	Divisions	Regs	Regulations	Subdivs	Subdivisions
GG	Government Gazette	Rep	repealed	Subst	substituted
Ins	inserted	Sch	Schedule		

Table of amending instruments *Racing Legislation Amendment Act 2006 No 91*. Second reading speech made: Legislative Assembly, 20.10.2006; Legislative Council, 14.11.2006. Assented to 21.11.2006. Date of commencement, except Sch 1.1 and 1.3: not in force; date of commencement of Sch 1.1 and 1.3, assent, sec 2 (2). This Act has been amended as follows:

2007	No 27	<i>Statute Law (Miscellaneous Provisions) Act 2007</i> . Assented to 4.7.2007. Date of commencement of Sch 5, assent, sec 2 (1).
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Table of amendments

Sch 1	Am 2007 No 27, Sch 5.
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Betting fee gamble

Victoria turfs turnover model for cut of revenue

Bart Sinclair

THE landscape of funding for the racing industry changed significantly yesterday when Racing Victoria broke from the wagering turnover fee model introduced in other states.

Under a new policy to be implemented over the coming months, Racing Victoria Limited will charge a revenue-based fee on interstate TABs, corporate bookmakers and betting exchanges operating on Victorian thoroughbred racing.

On September 1, Racing NSW introduced a 15 per cent of turnover fee on wagering operators betting on NSW races once a fee-exempt threshold of

\$5 million was exceeded. Other states introduced similar measures but Victoria has elected to go a different path, with a sliding fee based on a percentage of gross revenue.

The RVL fee will be 10 per cent of revenue less GST for races outside the spring carnival and 15 per cent for races in Victoria in October and November during the prime Caulfield Cup, Cox Plate and Melbourne Cup meetings.

Under the product fee deal in Queensland any bottom-line loss by UNITAB (Tattersall's) is deducted from fees payable to Queensland Racing Limited.

In other words the Queensland racing industry would have to accept a lower

product fee. In the event of UNITAB being disadvantaged by the new agreements between states.

Queensland is a slight net exporter of racing so funding should not be immediately threatened. The danger is the corporate bookmakers will continue to chip away at TAB turnover.

In 2001, when corporate bookmakers were licensed in the Northern Territory their turnover was \$1 billion. This financial year the figure is tipped to top \$4 billion.

TAB growth Australia-wide in the five years to 2006 was calculated to fall from 5 per cent to 3.4 per cent.

In the 2007 financial year funding to the Australian racing industry was \$800

million. This is now under a cloud, while the return from corporate bookies and betting exchanges is expected to be under \$20 million.

NSW Racing chief executive Peter Vlandys was disappointed with the Victorian decision to impose a fee based on revenue and not on turnover.

The RVL decision makes them a silent partner with bookies. They will be dependent on the bookies' operating model and dependent on the bookies' risk management, Vlandys said.

"I am a racing administrator who would be negligent to the industry participants if I put at risk the return to racing by going with a share of revenue and not a straight fee based on turnover."

Wadham Park to refocus operation

Bart Sinclair

WADHAM Park's training principal Dale Sutton has confirmed the company has ended its involvement in Queensland but has no plans to scale back its Victorian operation.

A day after Nathan Tinkler's Patinack Farm announced another restructure of its training system, Sutton denied industry rumours of a scaled-down of the Wadham investment.

"We are not operating out of the Caningra properties anymore," Sutton said.

"I have left a few horses with Eden Petrie, who has a lease on some stables at one of the properties, but the Wadham-racehorses are now in Victoria.

The equine hospital at Caningra has been leased out to David Lovell. The main property is for sale."

Wadham has three studs fully operational in Victoria for breeding pre-training and training.

Woodside Stud near Woodend is home to 80 broodmares, and two commercial stallions, Grey Swallow and Econsul.

A kilometre away is the main Wadham training centre, which has more than 50 horses in work.

Six months ago Wadham purchased Newlands Stud at Seymour and a track was

ready next year Wadham will have its first yearlings to offer for sale. It is planned to sell four through the Easter sales in Sydney and 20 in the Melbourne sales.

This season Grey Swallow attracted 80 broodmares at a service fee of \$16,000 plus GST, while Econsul's bookings topped 100 at \$10,000 plus GST.

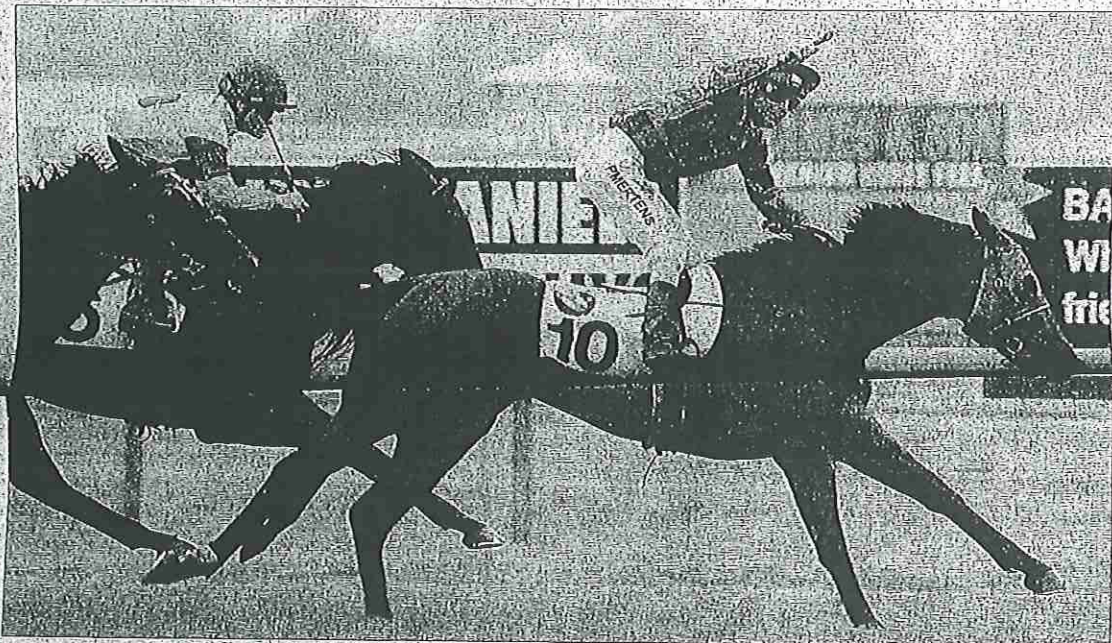
Patinack racing manager Rick Connolly said negotiations with the Australian Jockey Club for 140 boxes at Warwick Farm were continuing.

Anthony Cummings will be involved at Warwick 1 and his connection to Patinack will be vastly scaled down to only 20 two-year-olds.

Cummings has reduced his stable in Melbourne, where Mick Price is to be in charge of 50 horses owned by Patinack.

Patinack also has horses with Tony Noonan and Mark Kavanagh.

Young Newcastle trainer Jason Coyle, who worked with John Size and David Payne at Randwick before taking out his own licence, will be in charge of the Warwick Farm stable.



OLD workhorse shows how it's done... yesterday's success on Daka's Gem comes 16 years after Peter Mertens won his first Ballarat Cup. Picture: Slickpix

Gem of a ride wins Ballarat Cup for Daka

Adrian Dunn

PERTH businessman Geoff Nicholls yesterday got hopelessly lost on his first trip to Ballarat, but his mood improved immeasurably when his genuine old horse Daka's Gem claimed the Ballarat Cup.

Daka's Gem, a winner of the

Cox Stakes in Perth nearly two years ago, was sent to David Brideoake to pursue the country club circuit.

But Nicholls has endured an exasperating run of poor barriers, ordinary rides and rock hard tracks with Daka's Gem.

Yesterday, everything fell the way of Daka's Gem, who

enjoyed a lovely trip from his gate one draw.

Peter Mertens produced a gem of a ride and the Ballarat track ended up a heavy nine.

Although many jockeys and trainers thought the track was closer to a slow seven, there was sufficient cut in the ground for Daka's Gem.

The nine-year-old surged after last year's winner Sentire when he saw "daylight" to grab a half-length win.

"He's just a genuine old horse. We think he should have won two country cups, but for one reason or another things just didn't pan out," Nicholls said.

I told Peter Mertens not

to give up on him as he just finds something when he sees daylight."

Daka's Gem provided Mertens with his second Ballarat Cup, 16 years after his first on Ahora.

Brideoake is considering a Sydney/Brisbane Cup campaign with Daka's Gem.

Brazen thief tarnishes Olympic medallist's dream

Dean Ritchie
IN SYDNEY

THIS is a sad story in Australian sport. It's about a man with no job and no money who conjured enough Australian spirit to somehow win a whitewater canoeing medal at the Beijing Olympics.

About a man with limited government funding and virtually no sponsors who rents with two friends in a modest Surry Hills townhouse.

But despite his heroic performance in China, bronze medallist Robin Bell has been left shattered by a heartless thief.

The first Australian to win a medal in the C1 category at Olympic level, Bell, 30, had his treasured canoe stolen from the Penrith Whitewater Stadium.

He was showing the venue to West Australian Sports Minister Terry Waldron when the canoe was stolen behind his back.

"It obviously has a fair bit of sentimental value," Bell said. "There were 50 canoes to grab and they grabbed mine. I just hope they return it to Penrith police and to Penrith Whitewater. I wouldn't press charges."

Bell is a true battler who has only one sponsor, Nissan.

"They don't actually give me money — but

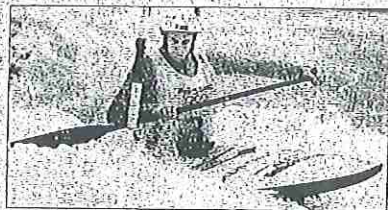
they do give me a car to drive," he said. Bell said his stolen canoe was dangerous for amateurs.

"It is a specialised and unique craft," he said. "Most people wouldn't know how to even sit in it."

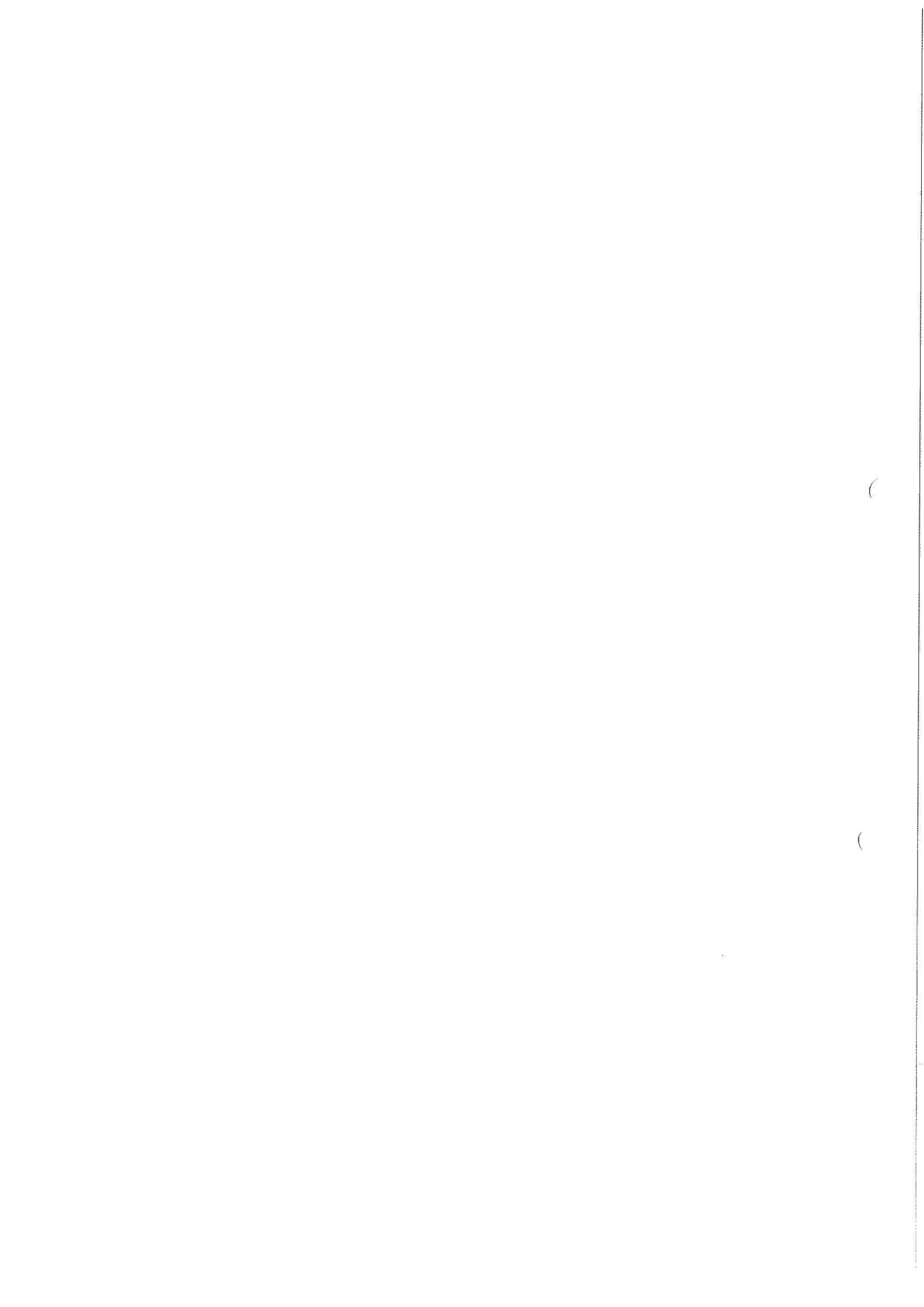
"If they did, it could be quite dangerous for them. If it toppled over and they were in it, they could get caught under it."

"It would be sad to think it might be thrown under someone's garage and just sit there collecting dust."

The theft has virtually shut down Bell's training program.



PIECE of history nicked... Robin Bell in the men's C1 canoe slalom.



Alkara
25/11/
2. pm.

Race Fields Legislation

NSW Race Fields Legislation

- Amendments to the *Racing Administration Act 1998 (NSW)* (the Act) which require the approval of Racing NSW to any publication of a NSW thoroughbred race field (whether that publication occurs in NSW or elsewhere) unless the publication is specifically exempt under the *Racing Administration Amendment (Publication of Race Fields) Regulation 2008* (Regulations).
- The express purpose of the legislation, as stated by both the Minister for Racing and Racing NSW is to require all race wagering operators, regardless of location, to pay a fee for use of the racing product for wagering purposes – this legislation covers the three (3) racing codes.
- As at 1 September 2008, it is an offence under the Act, punishable by fines and/or imprisonment, to publish a NSW thoroughbred race field without the necessary approval from Racing NSW.
- According to clause 19 of the Regulations, an application, in writing, is required to be lodged with Racing NSW at least **30 days** in advance.
- All entities using NSW race information for wagering purposes will be required to register with the NSW racing control bodies and for those with a turnover above \$5M pa, would be required to pay a fee of 1.5% of turnover on NSW races, regardless of the location of the punter.
- Exemptions have been provided for the following publications which do not require approval from Racing NSW:
 - (a) Controlling Bodies – publications by the controlling body of any code in any Australian State or Territory or the national racing bodies for internal administrative or regulatory purposes
 - (b) Racing Clubs – publications by any Australian racing club of any code for the purposes of a race meeting, for instance, race books, administration, and promotion of race meetings
 - (c) News Media – publications by public news media in accordance with a contract or other arrangement with Racing NSW, and
 - (d) Not-for-Profit – publication made solely for a 'not-for-profit' purpose.

All other publications of NSW thoroughbred race fields require the prior approval of Racing NSW.

- In considering an application from a wagering operator¹ for approval to publish a NSW race field, Racing NSW will take into account whether the operator holds a wagering licence issued under the laws of an

¹ Wagering Operators, whether totalisator operators, bookmakers or betting exchanges, who hold a wagering licence issued under the laws of any Australian State or Territory.

Australian State or Territory and other matters required under the Regulations.

However, Racing NSW will not take into account:

- (a) Whether the applicant's wagering licence was issued in NSW or under the laws of another Australian State or Territory, or
- (b) The location in Australia in which the applicant resides or carries out his or her activities or, in the case of a corporate applicant, in which it has its head office or principal place of business.

In relation to approvals to publish a NSW thoroughbred race field in Australia in the course of the wagering operations of an Australian-licensed wagering operator Racing NSW will apply the following conditions:

- (a) the wagering operator may pay a fee equal to 1.5% of the wagering operator's wagering turnover on NSW thoroughbred race meetings to the extent that turnover exceeds an 'exempt turnover threshold' of \$5 million over a financial year. Where a number of wagering operators are 'related', a single 'exempt turnover threshold' applies to the entire group.
 - (b) Other conditions designed to enable Racing NSW to administer the arrangements and to discharge its responsibilities and functions regarding the protection of the integrity and reputation of NSW thoroughbred racing industry.
- Under the Product & Program Agreement (Agreement) between UNiTAB, Queensland Race Product Co Ltd (Product Co) and each of the Queensland Racing codes, any charge levied by other States for their racing product gets offset against the payment to the racing industries. Thus, Tabcorp (NSW) will charge UNiTAB for Queensland wagering on NSW races which is netted against the fee payable to each of the Queensland Racing codes. Thus, the net effect is that the charge levied by NSW racing for race wagering by interstate punters is passed through to the racing industries in the other States, subject to the specific provisions in each agreement.
 - On review of the Agreement, clauses 9.5 and 10.2 of the Agreement relevantly provide that should Product Co be unable to procure the supply of Australian Racing Product as required by UNiTAB, UNiTAB may reduce the product fee payable to Product Co by any amount required to be paid by UNiTAB to procure the Australian Racing Product for use in its race wagering business.

Waterhouse v Racing NSW

- The Supreme Court of NSW found a technical deficiency in the race fields legislation in relation to the way that Tom and Bill Waterhouse Pty Limited conduct its betting operations. The Court made a

declaration that the manner in which those operations are currently conducted does not require an approval under the Act.

- Racing NSW is requesting that the Government urgently introduce legislation to address this "loophole".
- I note that the Waterhouses did not challenge the validity of the legislation but rather sought to confirm that their operations did not require an approval under the legislation.
- The decision only affects very specific circumstances where a **wagering operator does not display a betting board or have any internet betting operations.**
- The above Supreme Court decision has no impact on the way the legislation is to be applied to UNiTAB and in turn to Product Co and each of the Queensland Racing Codes. That is, each Queensland Racing Code does not stand to benefit in any way as a result of the Supreme Court decision. UNiTAB is a wholly owned subsidiary of Tatts Group Limited. UNiTAB holds licences in Queensland to operate totalisator and fixed price betting on racing and sports events, and as such, is deemed to be a wagering operator and is not exempt from NSW Race Fields Legislation.

Queensland Race Fields Legislation

The amendments to the *Racing Act 2002* in relation to "Race Fields" will propose to:

- Ensure all wagering operators (Australian and overseas based) utilising Queensland racing information are required to apply for and obtain an approval from the relevant control body or its agent.
- That the control body, or its agent, will be able to place reasonable conditions on any approval they grant and will be able to charge a fee for the use of Queensland racing information.
- That the quantum that control bodies or their agents charge for the use of Queensland racing information is to be decided by the control body - at present, the Queensland Government intend to mandate that the fee charged will be one based on Turnover. There has been some suggestion that it should be based on Gross revenue – the Office of Racing is interested in Product Co's opinion/justification for which method is most appropriate.
- That the fee charged MUST be non-discriminatory (i.e. that a Queensland-based wagering operator must be charged at the same rate as a non-Queensland wagering operator).

- That only wagering operators licensed by a Government and/or Principal Racing Authority will be effected by this amendment – any entity not so licensed will be considered an 'unlawful bookmaker' and dealt with accordingly.

Race fields legislation – matters for discussion.

Proposed Options

Option 1

Revenue: QRL invoices and receives revenue

Expenditure: QRL pays invoice from UNiTAB on amount wagered on interstate Thoroughbred product

Option 2

Revenue: QRL invoices and receives rev

Expenditure: Product Co pays invoice from UNiTAB for all codes

Option 3

Revenue: Product Co invoices for all codes and receives revenue and distributes in accordance with Product Co formulae

Expenditure: QRL pays invoice from UNiTAB on amount wagered on interstate Thoroughbred product

Option 4

Revenue: Product Co invoices for all codes and receives revenue and distributes in accordance with Product Co formulae

Expenditure: Product Co pays invoice from UNiTAB for all codes

Issues:

1. Do we work code by code or involve Queensland Race Product Co Ltd?
To be further discussed after financial modelling and more detailed information provided from wagering operators etc
2. Is any income returned to Qld Bookmakers?
3. Do we have a threshold amount i.e. \$5M?
4. Can RISA play a major role in relation to race fields leg?
Probably a key role in respect of the collection and auditing of the wagering information, thoroughbred only or all codes?
5. How do we bill i.e. Do we use retrospective information and adjust or use real figures and receive for example monthly info?
6. Peter Smith to issue licences through licensing committee, (QRL and other codes collectively or independently?)

7. Confirm the use of the info for wagering verses the supply racing info by RISA
8. Determine the percentage to apply
9. Can any concessions apply and do these have to apply consistently?
10. Do we need to consider placing key wagering operators on notice in respect of the retrospective application of the Qld Legislation?
11. Is UNiTAB to be charged – Is UNiTAB able to be charged consistently with other wagering operators?
12. Start a list of likely users i.e. bookmakers, wagering operators?

Financial Impact of Race Fields Legislation

Barrie Fletton, CEO UNiTAB wagering, has confirmed:-

Thoroughbred and Harness = 1.5% of sales (the first \$5M is exempt) prorata from 1 September \$4,166,167 for the 10 months
 Greyhounds will charge 10% of gross margin capped at 1.5% of sales

QRL forecasted 3% growth in P&P fee for FY0708 \$97,821M Based on current growth for FY0809, QRL is forecasting P&P fee to be \$99M.

With the proposed Racing NSW Race Fields legislation for the month of September 2008 the forecasted fee will be \$670,856 based on \$45,100,241 of wagering through UNiTAB on NSW product for Thoroughbred, Harness and Greyhounds.

It is estimated annually that the fee to be charged to UNiTAB and deducted from the Turnover to Queensland Race Product Co Ltd for all three codes to be \$7M based on \$460M of turnover.

The thoroughbred share based on 76% would be \$5.3M
 The Harness share based on 14.5% would be \$1.02M
 The Greyhound share based on 9.5% would be \$665K.

It would be more advantageous to QRL if the allocation of the race field's legislation fee was not based on the 76% Product and Program agreement with UNiTAB. Annually QRL would be approximately down 2% or \$160K annually based on the Product and Program agreement formula. Annually it would be more advantageous for Harness up 5% or \$380K and less advantageous for Greyhounds down 7% or \$550K for the allocation to be in accordance with the Product and Program Agreement.

If the race fields' legislation was deferred to January 1, 2009, the cost for 4 months from September 1, 2008 would be \$2.7M to the 3 Queensland codes, \$2M to thoroughbreds, \$392K to Harness and \$257K to Greyhounds.

The table below reflects the impact of race field's legislation for September 2008 based on NSW product.

Based on the September UNITAB figures provided on Friday October 10 the impact of the Race Fields fee is:-

Thoroughbred	483,624.27	74%
Harness	69,886.85	11%
Greyhound	<u>98,977.79</u>	15%
	<u>652,488.91</u>	

Handwritten calculations on the right margin:
125,395
x 5

626,975

189
69

118

155
98

253

Wagering Turnover has been provided by Tabcorp on Friday annually and the impact is highlighted below:-

Key highlights are:-

- QLD overall for all codes is a net exporter of product to NSW and is \$4.8M in front
- If the race fields legislation fee was gazetted in Victoria, QLD would be a net importer of product and would be \$2.1M down.

Race Fields Legislation Impact on Wagering Turnover through UNITAB on NSW Product Only

NSW Only Turnover	FY0708	FY0607	7 YR Average
Gallops	\$ 306,029,04	\$ 381,229,762	\$ 5,185,667
Harness	\$ 46,223,11	\$ 63,435,292	\$ 989,371
Greyhounds	\$ 85,070,33	\$ 70,916,705	\$ 648,208
Total	\$ 437,322,49	\$ 515,581,759	

NSW Only Based on UNITAB Alloc	FY0708	FY0607	7 YR Average
Gallops	\$ 4,871,476	\$ 5,763,632	\$ 76%
Harness	\$ 929,426	\$ 1,099,640	\$ 14.50%
Greyhounds	\$ 608,936	\$ 720,454	\$ 9.50%
Total	\$ 6,409,837	\$ 7,583,726	100%

NSW Only	FY0708	FY0607	7 YR Average
Gallops	\$ 4,515,436	\$ 5,643,446	\$ 5,032,224
Harness	\$ 618,347	\$ 876,529	\$ 747,527
Greyhounds	\$ 1,276,056	\$ 1,063,751	\$ 1,043,494
Total	\$ 6,409,837	\$ 7,583,726	\$ 6,823,246

Variance	FY0708	FY0607	7 YR Average
Gallops	\$ 356,04	\$ 120,186	\$ 153,443
Harness	\$ 311,080	\$ 223,111	\$ 241,843
Greyhounds	\$ (\$667,120)	\$ (\$343,297)	\$ (\$395,286)

	Actual Sep-08	Forecast FY0809 10 mths	Annual FY0809
74%	\$ 33,453,130	\$ 334,531,304	\$ 401,437,565
11%	\$ 4,794,675	\$ 47,946,750	\$ 57,536,100
15%	\$ 6,852,435	\$ 68,524,354	\$ 82,229,225
100%	\$ 45,100,241	\$ 451,002,408	\$ 541,202,890

	Actual	Forecast	Annual
		Sep-08	FY0809 10 mths
76%	\$ 509,851	\$ 5,098,506	\$ 6,118,207
14.50%	\$ 97,274	\$ 972,741	\$ 1,167,290
9.50%	\$ 63,731	\$ 637,313	\$ 764,776
100%	\$ 670,856	\$ 6,708,560	\$ 8,050,273

74%	\$ 495,547	\$ 4,955,470	\$ 5,946,563
10%	\$ 65,670	\$ 656,701	\$ 788,042
16%	\$ 109,639	\$ 1,096,390	\$ 1,315,668
100%	\$ 670,856	\$ 6,708,560	\$ 8,050,273

2%	\$ 14,304	\$ 143,036	\$ 171,644
5%	\$ 31,604	\$ 316,040	\$ 379,248
-7%	\$ (\$45,908)	\$ (\$459,076)	\$ (\$550,892)

Race Fields Legislation Analysis
Wagering Through UNiTAB & Tabcorp

Combined cost of 1.50%

	TABCORP	UNITAB	Net	QRL 76%	QHRL 14.50%	GQL 9.50%
	Revenue	Expenditure				
	Average	Average				
NSW/ACT	11,800	7,000	4,800	3,648	696	456
VIC	7,200	9,300	(2,100)	(1,596)	(305)	(200)
	19,000	16,300	2,700	2,052	391	256

Based on FY0809

	TABCORP	UNITAB	Net	Product Co Split	Variance
	Revenue	Expenditure			
	Average	Average			
Gallops					
NSW/ACT	8,398	4,982	3,416	3,648	(232)
VIC	4,697	6,067	(1,370)	(1,596)	226
	13,095	11,049	2,046	2,052	(6)

Based on FY0809

	TABCORP	UNITAB	Net	Product Co Split	Variance
	Revenue	Expenditure			
	Average	Average			
Harness					
NSW/ACT	1,547	918	629	696	(67)
VIC	1,152	1,489	(336)	(305)	(32)
	2,699	2,406	293	391	(98)

Based on FY0809

	TABCORP	UNITAB	Net	Product Co Split	Variance
	Revenue	Expenditure			
	Average	Average			
Greyhounds					
NSW/ACT	1,856	1,101	755	456	299
VIC	1,350	1,744	(394)	(200)	(194)
	3,206	2,845	361	256	105

Note:- Tabcorp have advised wagering numbers are strictly Private and confidential