

IN THE AUSTRALIAN COMPETITION TRIBUNAL



ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

STATEMENT OF NICHOLAS DAVID TYSHING
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Filed on behalf of (name & role of party)	CrownBet Pty Ltd (Intervener)
Prepared by (name of person/lawyer)	Geoff Carter
Law firm (if applicable)	Minter Ellison
Tel (03) 8608 2000	Fax (03) 8608 1000
Email geoff.carter@minterellison.com	
Address for service	Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

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STATEMENT OF NICHOLAS DAVID TYSHING

I, Nicholas David Tyshing, of level 29, 120 Collins St, Melbourne in the state of Victoria, Chief Operating Officer of CrownBet Pty Limited, say as follows:

INTRODUCTION

1. CrownBet Pty Limited (**CrownBet**) is an Australian licensed and regulated wagering operator.
2. I am authorised to make this statement on behalf of CrownBet.
3. I make this statement from my own knowledge and from having consulted relevant staff and records of CrownBet. Where I make this statement on the basis of information that has been provided to me by relevant staff at CrownBet, I believe that information to be true.
4. In this statement, the 'proposed transaction' means the proposed acquisition by Tabcorp Holdings Limited (**Tabcorp**) of Tatts Group Limited (**Tatts**).
5. Unless otherwise defined in this statement, terms used in this statement have the same meaning as defined in the Form S filed by Tabcorp as part of its application for authorisation of the proposed transaction (the **Application**).

Job title and position

6. I am Chief Operating Officer of CrownBet, and a co-founder and executive director of CrownBet.
7. I commenced working at CrownBet (then known as WG Technologies) in 2013, after which I and my fellow shareholders purchased the assets of a wagering operator on 1 March 2014 (then known as BetEasy) that had previously traded under the 'Betezy' brand. I have held the role of Chief Operating Officer since the company commenced trading on 1 March 2014. On 17 March 2015, the BetEasy business was re-branded as CrownBet, following a purchase in December 2014 of a majority stake in the company by Crown Resorts Limited.
8. As Chief Operating Officer, I am responsible for the day-to-day management of the company, including the design and implementation of business strategies and overseeing the operations of the company and executives in the areas of information technology, legal and regulatory, marketing and finance.
9. Prior to working in my current role, I was a co-founder and executive director of Sportsbet Pty Ltd, where I held the positions of Chief Financial Officer (2004-2008), Chief Operating Officer (2008-2011) and Director of Legal & Regulatory Affairs (2011).

CrownBet

10. CrownBet is a sports bookmaker licensed by the Northern Territory Racing Commission (**NTRC**) under the *Racing and Betting Act 1983* (NT) to conduct a business of sports bookmaker.
11. CrownBet operates as a subsidiary of Crown Resorts Limited. Crown Resorts Limited operates integrated resorts in Melbourne and Perth, each of which contain a casino.

12. Approximately 62% of the share capital issued in CrownBet is held by Crown Resorts Limited, with key senior management personnel (including myself) holding the balance. Crown Resorts Limited is listed on the Australian Stock Exchange. A proportion of any profits not reinvested in the CrownBet business will therefore ultimately benefit shareholders of the ASX listed Crown Resorts Limited.
13. CrownBet offers bookmaking services on a range of activities (including racing and sports) to customers across Australia via telephone and online through its website (<http://www.crownbet.com.au>) and mobile iOS and Android apps. CrownBet only operates through online (digital) and telephone channels. CrownBet does not hold a licence that permits it to conduct a totalisator or a betting exchange or retail, cash-based wagering.
14. Most of CrownBet's revenue is from wagering on racing, which includes the three racing codes (thoroughbred, harness and greyhound racing). CrownBet also offers wagering on a variety of sports (for example, AFL, Cricket and Golf) and, to a lesser extent, wagering on general entertainment events (for example, who will win a particular award) and political events (for example, the outcome of an election).
15. CrownBet predominantly supplies fixed odds wagering products on these racing, sporting and other events. In 'fixed odds' wagering, the odds in respect of the wager are fixed at the time the wager is placed by the punter. The punter is aware of the odds at the time the wager is placed and the punter can expect a fixed return on their wager based only on the outcome of the event.
16. CrownBet also offers a range of 'price matching' products on racing. These are referred to in the Form S filed with the Application (**Form S**) as 'tote derivative' wagering. That description is inaccurate because not all of these products are derived from totalisator odds. For example, CrownBet offers racing products known as 'Starting Price' and 'Top Fluctuation' which include odds derived from the odds offered by on-course bookmakers (which are not totalisator products). In respect of price matching 'tote derivative' products, the odds that are offered by CrownBet are derived from the odds of two or more totalisators (for example, 'best of the totes') or odds derived from one tote but at odds increased by a certain percentage to increase the product's attractiveness (for example, 'tote plus 5%'). These products are popular with wagering customers, particularly those who are familiar with totalisator wagering. These products are only offered on racing.
17. CrownBet does not hold a licence to supply lottery, keno or gaming services.
18. Now shown to me and marked **HIGHLY CONFIDENTIAL Annexure NDT-1** is a table setting out CrownBet's wagering turnover and gross gaming revenue, by event / product type (racing / sports), and by channel, with additional data on novelties and live betting. This **HIGHLY CONFIDENTIAL Annexure** covers the periods FY15, FY16, and YTD FY17 (to end of March 2017) (**FY17 YTD**). I refer to figures in this Annexure NDT-1 in various places in my statement below. I believe this table to be accurate.

Betfair

19. Crown Resorts Limited also wholly owns Betfair Australia, a betting exchange operator licensed in the Northern Territory. Betfair Australia holds the rights to operate the 'Betfair' betting exchange in Australia and New Zealand.
20. Betting exchanges effectively permit punters to wager directly against each other (rather than against a totalisator or bookmaker) by wagering (at fixed odds) on opposing outcomes of a particular event. Betfair Australia acts as the counterparty to each wager and only accepts wagers in circumstances where it can completely offset its liability against the wagers of other customers. Punters can bet for or against a particular outcome, with wagers of opposing outcomes matched.
21. Betfair Australia, as a betting exchange operator, is a facilitator of this wagering and does not take on any risk with respect to the event's outcome. Instead, a betting exchange operator derives its revenue by charging a small commission.
22. Betfair Australia previously conducted a bookmaking business in addition to its betting exchange operations. In December 2014, CrownBet (then known as BetEasy) acquired Betfair's sportsbook (bookmaker) customers and migrated their accounts to CrownBet. CrownBet did not acquire the whole of Betfair or Betfair Australia (contrary to the statements in Tabcorp's Form S, for example at paragraph 4.152). Since January 2015, Betfair has not conducted a bookmaking business.

Draftstars

23. 'Draftstars' is an online fantasy sports betting platform founded in 2016 by way of a joint venture between Fox Sports, CrownBet, and Seven West Media. Participants pay an entry fee before assembling a team of players for a given match or round to form their own fantasy team, with winners receiving a payout from the contest prize pool. Draftstars retains a small 'fee' or commission known as a 'rake'. Draftstars is licensed and regulated by the NTRC.

INDUSTRY BACKGROUND - A CORPORATE BOOKMAKER'S PERSPECTIVE

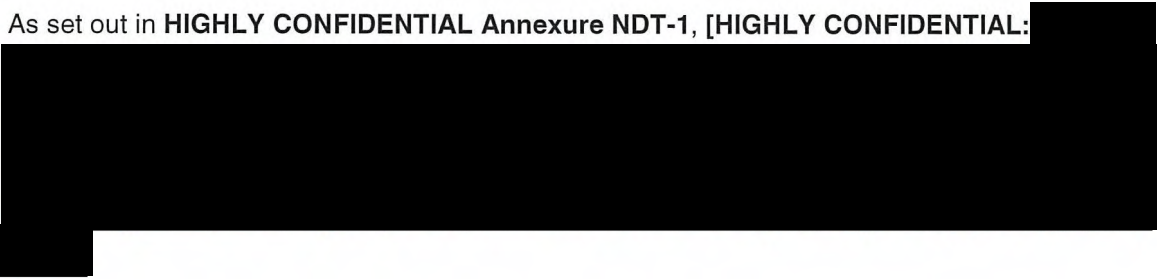
Wagering operators

24. There are three types of wagering operators that make wagering products available to customers:
 - (a) totalisator wagering operators;
 - (b) bookmakers; and
 - (c) betting exchange operators.
25. There are similarities and differences between each of the three types of operator. Two key points of comparison are the nature of the odds offered to punters and the way in which the operators make money from providing their service.

Totalisators

26. A totalisator is a system in which bets by persons on a particular event or market are pooled by the operator. When the outcome of the event is known, the operator deducts a commission and the remainder of the pool is divided among the successful punters. The return to the punter (referred to as a 'dividend') cannot be known before the outcome of the event, although indicative dividends are published and updated prior to the close of betting.
27. After the totalisator has removed its commission from the pool, the amount of the dividend returned to a winning punter divided by the amount staked by that punter represent the effective odds of the bet. For example, if a punter bets \$10 and has \$100 returned as a dividend, the effective decimal odds are 10 (and the effective fractional odds are 9 to 1). The amount that the punter has paid in order to make that bet (reflected in the rate of commission deducted by the totalisator from the pool) is built into the amount returned to the punter. If the totalisator increases its commission, the amount returned to the punter decreases; the reverse is true if the totalisator decreases its commission. The amount charged by the totalisator is a linear function of the total amount bet by all punters contributing to the pool – that is, a linear function of the 'turnover' (a concept I describe below) constituting the pool.
28. An operator of a totalisator makes the same amount of money regardless of which or how many punters are successful. That is, the totalisator does not bear risk. The commission deducted from the pool is typically referred to as the totalisator operator's 'take out'. This amount is the totalisator operator's 'margin', that is, the ratio of the amount of commission taken by the totalisator relative to the pool of 'turnover' on which the commission is calculated.

Bookmakers

29. Bookmakers primarily offer fixed odds wagering. That means that the amount to be paid to the successful punter is agreed at the time the bet is placed. However, in limited circumstances, bookmakers will offer a variety of products that match prices declared by reference to other sources. The most common such product is 'best tote' wagering, whereby the bookmaker pays a winning punter at the highest odds declared by the any of the Australian totalisators. As discussed above, other products include 'Top Fluctuation' and 'Starting Price' which match certain odds offered by on-course bookmakers.
30. As set out in **HIGHLY CONFIDENTIAL Annexure NDT-1, [HIGHLY CONFIDENTIAL:** 
31. In contrast to betting exchanges and totalisators, a traditional bookmaker bears risk in relation to the outcome of an event, because it will usually be the case that the bets taken by a bookmaker do not completely offset each other. For example, if the majority of bets with a particular bookmaker are on the favourite in a race, the bookmaker may stand to lose money if the

favourite wins. This is true regardless of whether the bet is struck at fixed odds or on a price matching basis.

32. To reduce this risk, bookmakers will attempt to frame a market for an event by offering odds for different outcomes in the event and taking wagers based on those odds with the intention of reaching a position where the net outcome of all bets placed will be in the bookmaker's favour regardless of the outcome of the event. To do this, bookmakers build a margin into the odds offered to punters so that when the percentage value of the odds offered by a bookmaker on all the outcomes in an event are added together, the total will be more than 100%. The excess over 100% (or 'overround') represents the revenue to the bookmaker as a proportion of the total amount bet, in the event of a 'balanced book'. However, because bets made by punters are not evenly balanced or distributed, the revenue earned by a bookmaker will usually be less than the overround.
33. The total amount bet by punters is referred to in the wagering industry as turnover or stake. The ratio of the amount retained by a bookmaker after distributing winnings to punters to turnover is referred to as the bookmaker's 'margin', 'win rate' or 'yield'. It is also the average rate that is paid by punters (as a class) to the bookmaker for the provision by the bookmaker of the wagering service on a particular event. That is, the average cost to punters of wagering with a bookmaker is equivalent to the bookmaker's margin. A bookmaker has an incentive to increase its margin (subject to any impact that this has on demand by punters), but will be constrained in doing so by competition from other wagering operators.
34. In the case of price matching products, bookmakers such as CrownBet (unlike totalisators) bear risk just as they do for fixed odds wagering.
35. CrownBet and other bookmakers impose maximum payouts on certain derivative products (primarily exotics – for example quinellas and quadrellas) in order to manage this risk. Now shown to me and marked **Annexure NDT-2** is an extract from CrownBet's online terms and conditions which explains CrownBet's payout limits. These payout limits can materially affect the product's attractiveness to punters, meaning that despite the headline odds often exceeding those offered by a particular totalisator, customers are unable to win the significant jackpots that a totalisator operator can necessarily offer because the totalisator operator adopts no risk. Just like in respect of lotteries, pool based wagering is the only operating model that is profitably able to offer jackpot prizes of significant size without risk.

Betting Exchanges

36. A betting exchange is an online facility through which punters can effectively bet with each other on a fixed odds basis, at odds set by them. It operates in a manner resembling a stock market, in that a punter can either back (ie buy) or lay (ie sell) an outcome on a race or sporting event. The betting exchange is responsible for creating and managing the markets (racing or sporting events) upon which a customer can place a bet, in that customers are not permitted to create their own markets. A 'back bet' is a bet that an event will happen (for example, that a particular horse will win a race). A 'lay bet' is a bet that an event will not happen (for example, that a

particular horse will not win a race). The punter can select the odds at which he or she is prepared to bet on a given event, and the amount he or she is prepared to bet.

37. The betting exchange operator is the counterparty to each bet. These bets are made at fixed odds for agreed sums. The operator will only accept a bet to the extent that it can be matched, via the operation of its exchange, with one or more opposing bets. That is, unlike a traditional bookmaker, a betting exchange operator does not take any risk. Whilst a bet can be provisionally placed to back or lay an outcome at predefined odds, the bet is only accepted if it can be immediately 'matched' and the risk offset through a wager from another customer with an opposing bet. The betting exchange operator acts as the custodian of punters' funds (they are held in a ring-fenced account) once a bet has been accepted and when the outcome of an event is determined, the winner is paid, after deducting the commission payable to the betting exchange operator.
38. A betting exchange operator derives its revenue not from winning more than it loses, as a bookmaker does, but from charging a commission. In the case of Betfair Australia, these commission rates are disclosed alongside each market and in the Betfair Australia terms and conditions. Now shown to me and marked **Annexure NDT-3** is an extract of the terms and conditions relating to Betfair Australia's Charges.
39. Betfair Australia's commission is between 2% and 8% of the net winnings of successful punters on a given event or market. In this context, 'market' means a type of betting on a particular event. For example, there may be a 'win' market on Race 3 at Randwick Racecourse on a particular day, and a separate 'place' market on the same race. The net winning position of a punter is the total amount won by that punter in respect of all bets made by that punter on the market. If a punter has a net loss on a market that punter does not pay any commission to Betfair on that market.
40. Because betting exchanges have lower costs, and carry no transactional risk to the operator, they are able to offer a lower-cost service to the punter than other wagering operators. In a sense, this is the amount that is charged to punters as a class, on average. That is, the proportion of the amounts bet by them that is retained by the betting exchange.
41. For these reasons, betting exchanges operate a very different business model, offer a very different product and attract a particular type of punter. Because of their greater level of complexity, betting exchanges are typically used by more sophisticated customers or those looking to engage with wagering in a non-traditional way – for example by betting against an outcome or seeking to 'trade' both sides of a betting market.

History of Corporate Bookmakers in Australia

42. Prior to the 1960's, it was illegal for wagering to occur 'off-course' (meaning outside a licensed race course). This prohibition necessarily gave rise to what were known as 'Starting Price Bookmakers' which was abbreviated to 'SP Bookmakers'; unlicensed bookmakers, typically sole traders, that offered their services to punters in pubs, clubs and other public places. 'SP

- Bookmakers' did not set fixed odds; rather they simply matched the official starting price declared by the licensed on-course bookmakers. This gave confidence to their wagering customers that the odds that were being bet were fair. SP Bookmakers commanded a significant share of the wagering market by the 1960s as fewer punters attended a race course, but still wanted to wager on the races.
43. Accordingly, in the 1960s, for the first time, State Governments determined to issue an 'off course' wagering licence to a State-owned enterprise known as the Totalisator Agency Board (or 'TAB'). The TAB conducted an off-course totalisator in agencies as well as pubs and clubs in an attempt to legitimise wagering that was otherwise occurring with illegal SP Bookmakers. A large volume of wagering flowed back to the TAB – primarily because it provided punters with a legal way to bet whilst 'off-course'.
 44. Since that time, off-course totalisators have dominated the Australian wagering market. Until the advent of the internet in the 1990s, punters that were not physically present on a racecourse had no other legal option than to wager with the TAB. State Governments re-invested the income derived from the TAB back in to the racing industry in order to reduce the industry's reliance on discretionary Government funding.
 45. By the 1990s, in the face of a regulatory and taxation environment that was making them uncompetitive, a number of large Australian on-course bookmakers took out corporate sports bookmaking licenses issued by the Northern Territory Government. At this time, all Victorian on-course bookmakers were required to hold a bookmaking licence as sole trader with limited permitted trading hours, and could not accept a wager on an event from a customer, irrespective of the location of the customer, unless the bookmaker was physically present at a race course. This significantly undermined the bookmakers' competitiveness against the TAB, particularly on country race meetings and sporting events. On-course bookmakers were able to accept telephone bets.
 46. Under the Northern Territory licensing regime, bookmakers were able to obtain a licence to operate as a corporation instead of a sole trader, eliminating the reliance on any one individual to hold a licence. This then gave rise to the birth of 'corporate bookmakers' which were then able to provide telephone betting services from the Northern Territory to their clientele on a near '24/7' basis.
 47. During the 1990s, several state TABs were privatised, beginning with Victoria whose TAB was privatised in 1994, followed by the NSW TAB in 1997 and the Queensland TAB in 1999.
 48. In the mid 1990s, national broadcasting of racing commenced through subscription TV, making it more accessible to punters (who previously needed to view racing at the race course or in a TAB outlet).
 49. By the early 2000s, customers had commenced to transfer some of their wagering spend to online wagering, as similarly occurred with online shopping, banking and other online activity. Accordingly, those Northern Territory licensed bookmakers added online wagering services to

their portfolio. As customers' use of the internet grew, so did the business of these so called 'corporate bookmakers'.

50. In 2004, together with my business partners, I purchased a bookmaker known as Sportsbet. For the first time in decades, recreational off-course wagering customers had a choice. Customers increasingly wagered with Sportsbet, other corporate bookmakers and Betfair, as they offered customers better value and a greater range of products than were offered by TABs. However, due to advertising restrictions which only permitted the State TABs to advertise, it was not possible to promote our business and our services to the mass market, which materially inhibited our growth.
51. In 2008, the High Court of Australia found that a law passed by the Western Australian Parliament prohibiting a Western Australian resident from using Betfair (a then Tasmanian licensed betting exchange) was in breach of section 92 of the Australian Constitution. As a consequence, the State Governments around Australia repealed advertising restrictions, which previously allowed only the State licensed TABs to advertise. This saw the advent of true competition whereby we could begin to educate customers through traditional channels (for example, television, radio and print) that there was a genuine alternative to betting with the TABs. The development of a national wagering market for racing and sports wagering had begun.
52. Prior to the entry and growth of corporate bookmakers, the racing industry in each State and Territory was funded by its own TAB. For example, the New South Wales racing industry derived revenue from the New South Wales TAB in connection with New South Wales TAB's wagering products offered on all racing (and sports events), wherever the event was located. There was no obligation upon the New South Wales TAB to contribute to the Victorian racing industry when wagers were placed through it on Victorian racing (and vice versa). This became known as the '*Gentleman's Agreement*'.
53. However, the rise of corporate bookmakers licensed out of the Northern Territory meant that the '*Gentleman's Agreement*' was subject to leakage and was therefore no longer a workable model for racing industry funding.
54. By around 2012, each State Parliament had passed what was known as 'race fields legislation', which required operators to pay a fee, calculated by reference to their turnover or revenue, to each racing body for wagering activity by their customers on the racing body's product. For example, a wager placed by a South Australian resident with a Northern Territory bookmaker on a Victorian race would require the wagering operator to pay a product fee to the Victorian racing industry. I discuss race field (product) fees further below.

Key wagering concepts

Wagering turnover vs revenue vs margin

55. In the wagering industry, 'turnover' is the term used to describe the amount wagered or staked with a wagering operator.

56. A wagering operator's 'revenue' is the amount that it retains through punters losing bets. For totalisator operators, this is equivalent to the 'take out' rate. For bookmakers, this is the 'win rate' and for betting exchange operators this is equivalent to the total of commission charged to winning punters. Gross gaming revenue (**GGR**) or simply 'revenue' is thereby the gross margin the operator retains as a surplus of its turnover after making payments to customers that have placed a successful wager. Revenue (not turnover) is the only relevant and comparable measure by which to assess a wagering operator's financial performance and competitive strength, irrespective of their business model.

57. Gross gaming revenue divided by turnover provides a percentage margin or 'yield'.

58. As set out in **HIGHLY CONFIDENTIAL Annexure NDT-1**:

(a) CrownBet generated [**HIGHLY CONFIDENTIAL**]

(b) CrownBet generated [**HIGHLY CONFIDENTIAL**]

(c) These turnover and gross gaming revenue results translate to a percentage margin or yield (ie gross gaming revenue divided by turnover) of [**HIGHLY CONFIDENTIAL**]

Risk profile and managing risk

59. A corporate bookmaker's revenue from fixed odds wagering is dependent upon a number of factors including the outcome of the particular event and the management of its book.

60. As discussed above, the corporate bookmaker bears the risk in offering fixed odds wagering, and the revenue it earns on any event (its gross gaming revenue) will depend on which and how many punters are successful, the odds offered and how well it has managed its book. The same applies for tote derivative (price matching) wagering, where the corporate bookmaker also bears the risk of matching the totalisator's (or other wagering operator's) final odds. This is because the corporate bookmaker does not, and cannot, know those odds at the time of accepting the bet. When 'best of the totes' products are added, that risk is commensurately higher due to the number of variables that go into determining the final odds offered to punters.

61. CrownBet does not 'lay off' or bet back (ie hedge) with a totalisator or another wagering operator to spread its risk. I expect that a majority of other corporate bookmakers would also not do so. In my view, only traditional (ie on-course) bookmakers lay off or hedge with another wagering operator to minimise its risks. Corporate bookmakers that are of reasonable scale are unlikely to do so, as they are in the business of bookmaking and managing their book in an attempt to generate revenue. I also consider that hedging through a totalisator in order to hedge a price matched product using the odds offered by that totalisator would be inherently unprofitable

because the totalisator necessarily offers odds inferior to those offered by the corporate bookmaker to its customers. I therefore consider the suggestion by Douglas Freeman at paragraph 50 of his statement dated 8 March 2017, and by Tabcorp in its Form S, that corporate bookmakers hedge derivative tote products by participation in totalisator wagering (at paragraph 5.5 of the Form S), are likely to be inaccurate.

Pricing and output

62. An operator of a totalisator makes the same amount of money regardless of which or how many punters are successful (ie its take out rate).
63. There are statutory caps on these take out rates. The maximum rate is negotiated as part of the grant of the exclusive totalisator licence and is one of the rights and entitlements received through that exclusive licence. I have reviewed the take out rates provided in the public version of Annexure A of the Form S at section 2.7.1. Based on this table, the minimum take out rate is 14.25% (in respect of 'place' bet types in Victoria and NSW) and the maximum rate is 25% (in respect of all bets in SA, QLD, NT and Tasmania, ie all states in which Tatts operates the totalisator). The maximum take out rate rises to 35% in Tasmania when hosting international pools. I understand that the maximum take out rate on international events can be as high as 40% when Tabcorp's Victorian totalisator operator guests into an international pool.
64. I believe that totalisator operators have historically charged up to the maximum take out rate permitted (even though there is no legal restriction on discounting those rates). I believe that they offer significant rebates off the maximum take out rate to large punters. I discuss this below.
65. The maximum take out rate is subject to change over the term of the licence. Totalisators are able to seek increases to these maximum take out rates, and thereby seek means to increase their revenue. I understand that Tabcorp is presently lobbying the Victorian government to increase the statutory maximum take out rate under its statutory licence for Victoria. Now shown to me and marked **Annexure NDT-4** is an article from racing.com from September 2015 which discusses Tabcorp seeking to obtain flexibility with its take out rates, including flexibility to increase the rates.
66. The means by which revenue is generated, and the risk profile, differs significantly as between fixed odds and totalisator wagering.
67. I am not aware of publicly available data which specifically confirms the current average take out rate applied by Tabcorp or Tatts. Based on the 2012 judgement of the High Court in *Betfair Pty Limited v Racing New South Wales* [2012] HCA 12 (30 March 2012) (at [95]), I understand the (then) average totalisator take out rate was 16%. In respect of fixed odds wagering, I understand that the average take out rate for Tabcorp varied between 13.8% and 15.6% in the period FY13 to FY16 and varied between 12.1% and 14.9% for Tatts over the same period. This is based on the fixed odds yields set out in the document entitled 'Recommended Combination of Tabcorp

Holdings Limited and Tatts Group Limited' dated 19 October 2016 in Annexure 5 of the Statement of Robert Cooke (at page 9).

68. [HIGHLY CONFIDENTIAL] [REDACTED]
69. Now shown to me and marked **HIGHLY CONFIDENTIAL Annexure NDT-5** is a table which calculates the weighted average yields for CrownBet, William Hill, Sportsbet and Ladbrokes for FY15 and FY16. The table is based on CrownBet data and CrownBet estimates based on public data available on the financial performance of other bookmakers (including statutory accounts, with adjustments made to account for different year end dates and currency conversion and assumptions on gross gaming revenue margins where this is not reported). I believe the table sets out reasonable estimates of these figures.
70. [HIGHLY CONFIDENTIAL: [REDACTED]
71. I consider this to be broadly representative of industry corporate bookmaking yields having regard to the significant proportion of total Australian corporate bookmaking revenue attributable to these four entities. I note a number of corporate bookmakers operate on lower yields. For example, I understand Bet365 had a yield of approximately 3.8% in FY16. This is based on the turnover figure of \$2,501 million and revenue figure of \$96.6 million provided in their 2016 statutory accounts (filed under Hillside (Australia New Media) Pty Ltd). Now shown to me and marked **Annexure NDT-6** is a copy of these FY16 accounts.
- Reasons for differences in take out rates between totalisators and bookmakers***
72. In my view, Tabcorp and Tatts have higher take out rates for fixed odds wagering than corporate bookmakers for several reasons.
73. First, they each have a retail monopoly in the States and Territories in which they hold totalisator licences, which provides them with a unique ability to offer fixed odds wagering to punters in a retail environment, shielded from competition from other wagering operators.
74. Secondly, because of the size of their customer base (which spreads risk across a greater base), and the more recreational type of customer in that base, Tabcorp and Tatts have historically had a customer base of less sophisticated, higher margin customers. Corporate bookmakers in contrast have historically had more sophisticated, first adopter, lower margin customers.
75. Tabcorp and Tatts have higher take out rates for totalisator wagering than corporate bookmakers have for tote derived wagering, because the former is a risk free product and the latter carries risk and therefore variable returns. I also consider that corporate bookmakers have sought to deliver better value to their customers. Because it offers superior odds to customers, corporate bookmakers receive a substantially smaller return on tote derived wagering as

Tabcorp and Tatts receive on totalisator wagering. [HIGHLY CONFIDENTIAL]

76. This means that corporate bookmakers offer punters better odds, on average, for placing wagers with them for a given race than would be offered by a totalisator. This is true of both fixed odds and derivative products. In other words, totalisators charge punters a higher price – in the form of lower expected returns from betting – for placing wagers with them, as compared to corporate bookmakers.

Bets as a unit of output

77. A related consequence of this is that, in terms of supplying a 'wager' as a unit of output (and unit of entertainment to the punter), corporate bookmakers – as lower margin operators - supply more 'wagers' to a customer per dollar spent (ie lost) than a totalisator. Lower margins enable consumers to obtain more sustained value from wagering by allowing them to have a greater number of bets with the amount that they have decided to spend on wagering.
78. A different way of explaining this is that, if the average punter (hypothetically) has a budget to spend (ie lose) of \$100 one day on a series of bets placed with a totalisator and spends \$100 the next day on a series of bets placed with a corporate bookmaker, the average punter will have fewer wagers with the totalisator because it will charge a higher price for each wager the punter places thereby eroding the punter's budget more rapidly.
79. Now shown to me and marked **Annexure NDT-7** are tables and charts providing examples of the difference in value offered, in terms of number of bets, between a totalisator operating with a take out / margin of 15% and corporate bookmakers operating on a lower average margin. These examples assume an average punter with a \$100 budget for wagering, and an average stake of \$20, and is used to analyse the impact of the take out rate (assuming that the punter has at least one winning bet, and that winning and losing punters funds are otherwise in balance). I believe this to be accurate.
80. In example 1, the comparison is against a corporate bookmaker operating with a take out / yield of 10%. [HIGHLY CONFIDENTIAL] In this example, an average punter is able to have 50 bets with a bookmaker until they have spent the \$100 budget for wagering. The same average punter would have reached the \$100 limit before the customer was able to have 34 bets with the TAB. The average punter is therefore able to have an additional 16 bets with a corporate bookmaker. In percentage terms, this equates to 47% more wagers.
81. In example 2, the comparison is against a corporate bookmaker operating with a take out / margin of 7%. [HIGHLY CONFIDENTIAL]

[REDACTED]

In this example, an average punter is able to have 70 bets with a bookmaker until they have spent the \$100 set aside for wagering. The same average punter would have reached the \$100 limit before the customer was able to have 34 bets with the TAB. The punter is therefore able to have an additional 36 bets with a corporate bookmaker. In percentage terms, this equates to 105% more wagers.

Price competition between wagering operators – high and low margin operators

82. Competition between wagering operators occurs both on price and service dimensions (the wagering experience). Wagering operators compete for punter expenditure.
83. In terms of price competition, punters will compare the odds available with different operators for a particular wager, and the expected return, in deciding which operator to bet with. The 'price' of a wager is therefore the loss a punter should expect, on average, when making a wager. (This is not to be confused with the 'odds' provided to the punter). Leaving aside rebates, the price is effectively the 'take out' rate wagering providers retain from every dollar of bets placed with them.
84. In the case of a totalisator, the amount returned is the dividend. In the case of a bookmaker, the amount returned is the winnings. If a totalisator pays out 80% of the value of bets placed with it in the form of winnings for punters, then it is said to 'take out' (or keep for itself) 20% of the pool of money wagered with it. In this instance, therefore, the average punter will have to 'pay' 20% of the amount they wagered to the totalisator for the wagering service and the ability to, and experience of, making the bet. This is the average 'price' of a totalisator wager.
85. In the case of a bookmaker, the price (return) as seen by the punter is reflected wholly in the odds. In this instance, the average punter will have to pay the average fixed odds margin or yield of the bookmaker or bookmakers as a class. This is the average price of fixed odds wagering with bookmakers.
86. While it makes sense for an individual punter to look at the potential return on an individual bet, in order to usefully compare returns across different wagering operators, it is necessary to consider each potential outcome in relation to the particular market or event in question – that is, to consider average returns to punters as a class. This is because odds for individual runners may fluctuate significantly, whilst the average returns available with different operators for a given market or event are more stable and reflect the overall margin of the operator.
87. In the case of a betting exchange operator, the price (return) will be reflected in the odds available to punters on the exchange, less the commission payable to the operator on winning bets.
88. The dividend returned to successful punters by high margin (high cost) operators such as totalisators is typically lower than the average net winnings by punters betting with corporate bookmakers and betting exchanges, which have lower margins than totalisators.

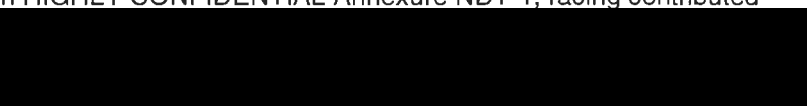
Pricing for Premium Customers

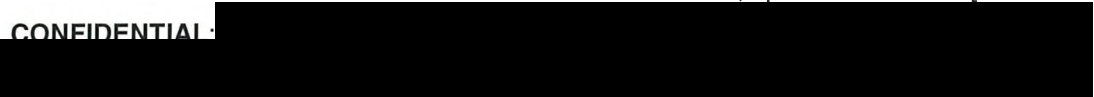
89. The exception to the totalisator take out rate arrangements discussed above relates to 'rebate' arrangements that exist between totalisators and very high-volume (commonly referred to as 'premium') customers. I understand that these rebate arrangements involve Tabcorp and Tatts providing premium punters with rebates on the punter's turnover of up to around 8%, although I cannot confirm specific financial details from public information. I am not aware of whether the WA TAB also pays rebates or provides incentives to premium punters.
90. It is not possible for corporate bookmakers to offer comparable pricing or rebates to these punters. This is due to turnover based race field (product) fees (the impact of which I discuss below) and the lower margin operations of corporate bookmakers. It is my understanding that no corporate bookmakers service (or could service) this premium punter segment.
91. Betfair Australia can service these premium punters, as it does not (like a totalisator) bear risk. However, it does not service this segment in the same way as Tabcorp and Tatts due to a lack of liquidity on betting exchange markets and the lack of availability of exotics wagering on the betting exchange, being a form of wagering popular amongst the premium customer segment. Accordingly, I consider that Betfair Australia has significant disadvantages when competing against totalisator operators for premium customers.

Transparency of odds and pricing

92. In pari-mutuel (totalisator) wagering, the odds are not known upfront and cannot be compared with certainty. Totalisator operators are not obliged to publish or make available to customers the actual (as distinct from statutory maximum) take out rate on an event, either in retail premises or online. It is my experience that totalisator operators do not, as a matter of practice, publish or make available the actual take out rate on an event, either in retail premises or online.
93. In fixed odds wagering, the odds are known (and fixed at a given point in time) up front and can be compared with certainty. There is therefore more direct visibility as to the value the punter receives from suppliers of fixed odds wagering products as to the odds offered prior to the event.

Wagering products***Events upon which wagering operators accept wagers***

94. Corporate bookmakers offer wagering predominantly on racing (across all three codes), but also on sports (and to a much lesser extent, other events).
95. Wagering on racing has historically been, and remains, the dominant form of wagering in Australia. As can be seen in HIGHLY CONFIDENTIAL Annexure NDT-1, racing contributed [HIGHLY CONFIDENTIAL: 
96. In terms of the importance of racing to other corporate bookmakers, and other wagering operators, data provided by the Australian Racing Factbook 2015-2016 indicates that 79.3% and

- 71.46% of all wagering in Australia (of those operators whose figures contribute to the Fact Book) for 2014/2015 and 2015/2016 was on racing products, with the balance (of 20.7% and 28.5% respectively) on sports products. Now shown to me and marked **Annexure NDT-8** is a copy of this fact book.
97. While racing remains the dominant form of wagering product, there has been recent growth in wagering on sports. This is illustrated by the above Factbook figures. Now shown to me and marked **Annexure NDT-9** is a diagram prepared by CrownBet, using public data, also showing the increase in sports wagering turnover and growth in customer interest in sports wagering. This diagram shows that in 2008, sports betting made up approximately 10% of the total Australian wagering market. By 2014, this had grown to approximately nearly 20%.
98. As can be seen in HIGHLY CONFIDENTIAL Annexure NDT-1, sports contributed [HIGHLY CONFIDENTIAL] 
99. As a product, wagering on sports is easier and simpler than racing and therefore appeals to a younger demographic. Wagering on sports, for example, typically only requires the punter to consider a field of two participants (eg two teams playing in AFL), not a large field like in racing which can have up to 24 competitors in the Melbourne Cup. Sporting teams and athletes have significantly longer careers than racehorses and greyhounds which makes sports an easier proposition to follow. Furthermore, sports are relatively less complex than thoroughbred racing which is subject to a wide variety of key factors beyond the racehorse, including the trainer, jockey, handicapping, barrier draw, ambient weather conditions and track condition. For the same reason, the 'form' for sports is typically simpler to present and understand. In my experience, racing customers have a higher propensity to engage in wagering over a longer period of time. While there has been a recent trend towards sports wagering, CrownBet does not consider that sports wagering will in the medium or long term reach or overtake racing wagering as the dominant form of wagering in Australia.
100. I refer to paragraph 10.2 of the Form S which refers to recent growth in wagering on sports, and the apparent resulting recent growth in corporate bookmakers, and relies upon these figures as establishing that corporate bookmakers will impose an effective competitive constraint against a combined Tabcorp / Tatts.
101. I do not agree with that assessment. Now shown to me and marked **HIGHLY CONFIDENTIAL Annexure NDT-10** is an annexure setting out CrownBet's turnover breakdown by racing code and by individual sport. This shows the individual and collective significance of racing, relative to sports, to CrownBet's turnover. I believe this data to be accurate.
102. Now shown to me and marked **HIGHLY CONFIDENTIAL Annexure NDT-11** in the following data which shows information on the importance of racing vs sport to CrownBet. I believe this data to be accurate. This data comprises:
- (a) a chart showing CrownBet Racing v Sport Turnover (%) breakdown for previous 3 years;

- (b) a chart showing CrownBet turnover breakdown by individual racing code/sport for previous 3 years; and
 - (c) a table and chart showing CrownBet Racing v Sport Revenue and margin / yield (%) breakdown for previous 3 years.
103. This data and these charts illustrate that the three racing codes remain the dominant product on which CrownBet's customers are wagering and from which CrownBet derives revenue.
104. In addition to being the product upon which most of our customers wager, fixed odds wagering on racing is typically a relatively higher margin product than fixed odds betting on sports. This means that operators like CrownBet derive increased revenue in circumstances where customers wager on racing in preference to sport. Operators are therefore incentivised to promote racing to customers as it is a higher margin product than fixed odds sports wagering.
105. **[HIGHLY CONFIDENTIAL:]** [REDACTED]
106. In my view, while sports wagering has been growing, the recent trend of growth in sports wagering is unlikely to continue over the medium to long term. This is because, in addition to the matters I referred to in paragraph 99 above there is uncertainty about the future ability of wagering operators to advertise in and around sports (as I discuss below). I also consider it likely that increased product fees will be charged by sporting bodies in the future. This would mean corporate bookmakers like CrownBet would be more heavily reliant on racing, a segment where we face particular competitive disadvantages (in particular, an inability or impeded ability to access rights to key racing content and to advertise in racing). This is discussed in more detail below.
107. An additional reason why the recent growth in sports wagering is unlikely to be representative of future growth and future competitive constraint by corporate bookmakers is because recent growth, at least for some bookmakers, was driven by the offering of 'click to call' products. These products facilitated much faster live betting on sports by telephone through various means including using a synthetic or recorded voice. 'Click to call' offerings were considered a way of improving the time and involvement traditionally required to place a live bet on sports through the telephone, including dialling, waiting for an operator and talking to the operator regarding the customer's account and wager they wished to place.
108. These click to call products were offered by various corporate bookmakers between around April 2015 and October 2016. Corporate bookmakers who offered click to call included Sportsbet, William Hill, Ladbrokes and Bet365. CrownBet did not offer a click to call product. **[HIGHLY CONFIDENTIAL:]** [REDACTED]

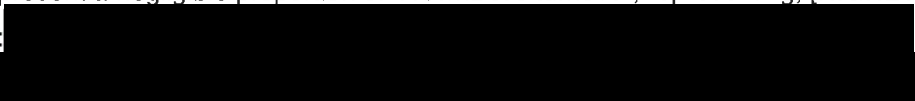
109. CrownBet understands that these products were very popular and had a positive impact on turnover for operators providing the products. Now shown to me and marked **Annexure NDT-12** is Paddy Power Betfair plc Preliminary Results for the year ended 31 December 2016. Paddy Power owns Sportsbet. These results show the impact of the introduction of Sportsbet's Bet Live click to call product, noting that (at page 11):

The first nine months of the year benefited from strong growth in telephone in-play betting, driven by our 'Bet Live' product. This product was released in December 2015 but was withdrawn on 4 October 2016 following regulatory changes. In the first three quarters of 2016 in-play betting contributed 14% of stakes and 7% of revenue versus 6% and 3%, respectively in the prior year. In the fourth quarter, the in-play mix broadly returned to levels seen prior to the launch of 'Bet Live'."

110. This is a significant increase, representing increases of over 100% compared to the stakes and revenue from the prior year.
111. From October 2016, a new licence condition was imposed by the NTRC on the licence held by sports bookmakers which precluded click to call type products. Now shown to me and marked **Annexure NDT-13** is a letter from the Northern Territory Racing Minister confirming the decision of the NTRC to impose such a condition.
112. There are also reforms before Federal Parliament, proposed to be implemented under amendments to the *Interactive Gambling Act 2001* (Cth) (**IGA**) which will prohibit 'click to call' in play betting at the Commonwealth level. Now shown to me and marked **Annexure NDT-14** is the Federal Parliament's information page on the *Interactive Gambling Amendment Bill 2016* (Cth) (**IGA Bill**) which proposes to amend the IGA with this reform (among others). As at 5 April 2017, this amending bill was back before the House of Representatives to consider after the Senate passed various amendments to the bill which relate to credit betting.
113. CrownBet and other corporate bookmakers offer fixed odds wagering on a wide range of sports. Tabcorp and Tatts also offer fixed odds wagering on a range of sports. One of the sports on which CrownBet and other corporate bookmakers offer fixed odds wagering is UFC or MMA. I understand that Tabcorp is not permitted by the Victorian regulator (the VCGLR) to offer wagering on UFC / MMA to Victorian residents. However, I understand that they are permitted to do so in NSW and in Victoria through Luxbet. I understand Tabcorp is the exclusive Australian wagering partner of UFC and therefore it must consider that the brand association provides it with some commercial benefit, despite not offering the product to Victorian residents. I do not consider that corporate bookmakers have any significant advantage by being able to offer wagering on UFC / MMA. As can be seen in HIGHLY CONFIDENTIAL Annexure NDT-1, this represents a negligible proportion of our turnover, [REDACTED]

Other products

114. As I discussed above, CrownBet offers fixed odds wagering on entertainment and political events. Other corporate bookmakers also offer fixed odds wagering on such events. I do not consider that corporate bookmakers have any significant advantage by being able to offer these products.

115. Wagering on general entertainment propositions and political events (for example, the outcome of an election) represent a negligible proportion of CrownBet's turnover, representing, [HIGHLY CONFIDENTIAL: 

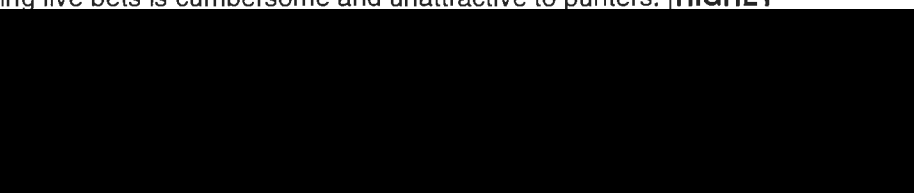
Restrictions on Corporate Bookmakers' product offerings

116. Corporate bookmakers are limited in their ability to offer certain wagering products, in particular:

- (a) totalisator products;
- (b) retail (cash) betting;
- (c) in play online betting on sports; and
- (d) virtual racing.

117. As discussed above, corporate bookmakers may not offer totalisator or retail wagering products anywhere in Australia. Tabcorp and Tatts collectively possess exclusive licences to offer totalisator wagering in all states except WA (where this offered by the WA TAB).

118. There are also legislative restrictions on the ability to conduct live 'in play' wagering on sport, that is, accepting bets during the course of the sporting event. I note that there are not presently any restrictions on live betting on racing but, due to the nature of the event, there is currently limited commercial value in being able to offer such a product (ie the races are over too quickly). CrownBet has elected not to offer in-play wagering on racing although I note that Betfair Australia does.

119. Corporate bookmakers may only offer live 'in play' betting on sport through telephone. This method of accepting live bets is cumbersome and unattractive to punters. [HIGHLY CONFIDENTIAL: 

120. Apart from telephone, live betting on sport is only permitted within a retail wagering environment (ie within a TAB) in cash and on fixed wire self-service betting terminals (SSBTs). Corporate bookmakers are not permitted to conduct retail wagering operations, accept wagers for cash or offer SSBTs, and so cannot conduct live betting on sports through these means. Live betting on sport is not permitted through online (digital) channels, and so corporate bookmakers cannot offer live betting on sports online.

121. There are reforms before Federal Parliament, proposed to be implemented through the IGA Bill, which would permit live betting on sport online (digitally) within a retail environment (ie the bet would need not be placed with cash or through an SSBT), but could be made on account within a retail environment using a tablet or iPad offered by the totalisator operator (ie Tabcorp or Tatts), or licensed venue. This reform would not allow corporate bookmakers to offer live betting on sports online, only operators with retail wagering licence would be able to do so. The IGA Bill, as I noted above, is currently before the House of Representatives.
122. Corporate bookmakers may not offer wagering on virtual events. Historically, wagering on virtual events (ie games of chance determined by computerised random number generators) has been prohibited as a form of interactive gambling. However, wagering on virtual racing has recently been reclassified from 'gaming' to 'wagering' in some states (namely Victoria and NSW, and in future in Queensland). In these states, it is permitted to offer wagers on virtual racing within a retail wagering environment (ie within a TAB), but not online.
123. No corporate bookmaker can offer wagering on virtual racing, in any jurisdiction, due to online gaming prohibitions imposed under the IGA.

Distribution channels for wagering products

Retail channels

124. Totalisator operators (namely Tabcorp, Tatts and the WA TAB) are able to offer wagering through a range of physical retail outlets including totalisator or 'TAB' owned outlets, agency outlets, and outlets in licensed premises such as pubs and clubs.
125. Punters can wager in retail at a TAB counter or kiosk, and by way of electronic SSBTs, and using digital devices. Within these retail environments, punters can make cash bets (anonymously) and consume the associated event through the broadcasting of vision content on site by the venue (through Sky Racing).
126. Corporate bookmakers cannot operate retail wagering outlets or venues, or otherwise physically accept cash wagers. This applies regardless of whether the outlet or venue is owned by the bookmaker or a third party.

Online and telephone channels

127. Corporate bookmakers' wagering products are confined to online (digital) and telephone channels. The 'online' channel encompasses wagering services available through mobile devices, tablets and computers. Online wagering permits punters to place a wager at any location. The telephone channel allows punters to call a number and verbally place a bet with a human operator.
128. Totalisator operators (namely Tabcorp, Tatts and the WA TAB) also offer telephone and online wagering in addition to their retail offerings.
129. The majority of wagering through CrownBet is via the online channel. As set out in HIGHLY CONFIDENTIAL Annexure NDT-1, wagering through the online channel represented [HIGHLY

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By contrast, wagering through the telephone channel represented [HIGHLY CONFIDENTIAL:]

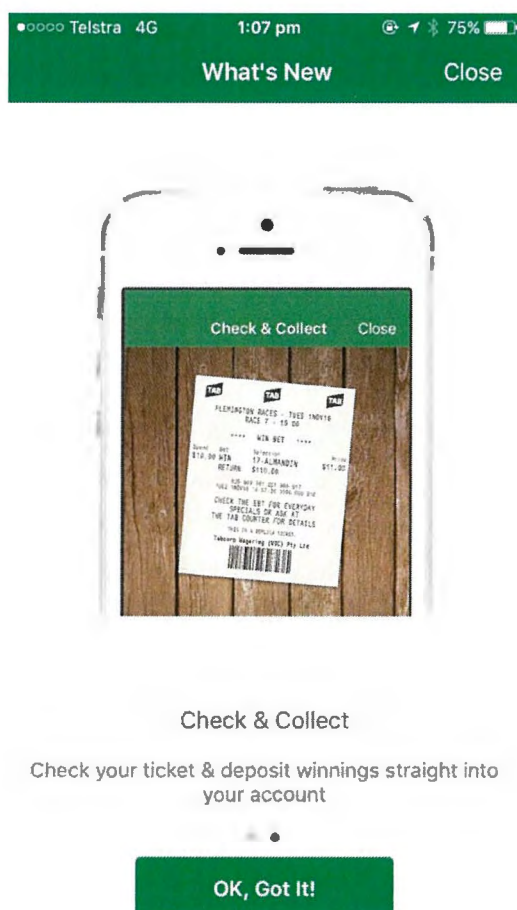
130. In my view, telephone wagering is declining in popularity among punters. Due to the advancements in smartphone and tablet technology, it is a slow and cumbersome method by which to bet compared to online. However, telephone remains an important channel for CrownBet as permits CrownBet to accept 'in-play' wagers on sporting events and is utilised by a small number of high-staking clients. As I stated above, CrownBet is unable to accept live betting 'in- play' on sports in any other way.

Overlap between retail and digital channels (multi or omni-channel customers)

131. Retail wagering has remained the dominant form of wagering in Australia, despite a clear structural shift towards online wagering. Now produced and shown to me as **Annexure NDT-15** is a chart which shows the changes in retail versus online wagering over time. I believe this to be accurate.
132. This trend is driving competitive behaviour in the wagering market because of the increasing overlap and interaction between retail and digital channels.
133. While punters are increasingly wagering through online channels, there is considerable use of online wagering within the retail wagering environment (ie at physical retail outlets). This permits all retail wagering businesses to promote their online services in the venue, and to integrate the retail and online services that they provide. One means by which this occurs is through cash deposit facilities through the provision of SSBTs which accept cash or funds from a customer's online account.
134. Online wagering within a retail environment also occurs through mobile devices. For example, punters will place a bet using their phones while sitting within the TAB section of a pub. The punters can bet online with any wagering operator, but their choice of wagering operator is strongly affected by the retail environment in which they are located. They are essentially a 'captive' audience. The holders of retail wagering rights (i.e. Tabcorp and Tatts) can seek to influence their wagering decisions through, for example, branding, multi-channel reward / loyalty programs and the broadcast of vision (including advertisements) in the retail environment. This provides holders of retail exclusivity (such as Tabcorp and Tatts), and holders of rights to media content (such as Tabcorp/Sky Racing), with significant advantages to drive punters to wager with them.
135. This also provides totalisator operators with a highly valuable competitive advantage over corporate bookmakers and the ability to capture the business of a key segment of punters: multi-channel punters (ie punters operating across both retail and online channels). Among other

- things, it allows totalisators to leverage and integrate customer data and promote themselves by branding and communication, customer experiences and reward / loyalty programs. A retail presence significantly enhances the ability of Tabcorp and Tatts (and, post transaction, the combined entity) to attract and retain multi-channel consumers. I consider that these multi-channel customers are highly valuable for a wagering operator. CrownBet does not have its own specific data on their value (relative to an online only customer). However, now shown to me and marked **Annexure NDT-16** is a copy of Tabcorp's wagering presentation to clubs in NSW in February 2017 provided to CrownBet. This presentation explains (at page 2) that multi-channel customers deliver eight times more value than digital only customers.
136. An example of the ability to use retail operations to advance online channels includes the 'Check & Collect' feature. This allows a customer to easily shift between Tabcorp's retail and digital channels by enabling the camera of a mobile device to scan a physical ticket and deposit any winnings into the customer's account. Because it requires an account, the functionality enables conversion of a retail customer into an online customer of a TAB. I set out below a screen shot of Tabcorp TAB app which illustrates this functionality.

Figure 1: Screenshot of TAB App 'Check & Collect' feature



137. Retail licence holders can also use their digital platforms to drive wagering in their retail outlets. Tabcorp's TAB app, for example, includes venue location functionality to detect the customer's location and display TAB venues in close proximity.
138. Tabcorp has sought to further expand the integration of its retail and digital activities (to the exclusion of other wagering operators in digital channels) through two arrangements announced recently:
- (a) On 10 March 2017, Tabcorp announced a five-year wagering, Keno and gaming partnership with Community Clubs Victoria which will introduce Tabcorp's digital commission model to than 100 member venues across Victoria. This provides the venues with commission from eligible bets placed via the TAB app within their premises and commission from all wagering done by customers who open a TAB account in their venue. Now shown to me and marked **Annexure NDT-17** is Tabcorp's media release of 10 March 2017 announcing the Vic Clubs deal.
 - (b) On 10 April 2017, Tabcorp announced a five-year exclusive wagering partnership with New South Wales hotels through the Australian Hotels Association NSW. The arrangements will introduce Tabcorp's digital commission model to than 1116 member venues across NSW. This provides the venues with commission from eligible bets placed via the TAB app within their premises and commission from all wagering done by customers who open a TAB account in their venue. Now shown to me and marked **Annexure NDT-18** is Tabcorp's media release of 10 April 2017 announcing the AHA NSW deal.
139. In early February 2017, CrownBet announced a partnership with ClubsNSW which entails the proposed provision of a digital wagering advertising solution to member clubs of ClubsNSW. This digital solution would involve, in effect, the ability to market and advertise CrownBet brand to the customer base of these clubs, including through CrownBet advertising in these venues. It would not involve the physical provision of retail wagering services by CrownBet, including any physical acceptance of wagers in a retail environment by CrownBet (either in cash through a kiosk or through an SSBT). The ability to advertise and market CrownBet to the customer base of clubs, whether digitally and / or through signage in-venue, is a key factor for CrownBet in pursuing the partnership with ClubsNSW.
140. While CrownBet is committed to this partnership, the roll out to member clubs has been stymied by conduct on the part of Tabcorp, and directed at individual clubs, to stifle the offering. This is discussed further below.

Regulatory restrictions on wagering promotions

Inducements

141. Inducements are primarily used as means to obtain new customers from the pool of customers with other operators. Rather than introducing new punters, inducements aim to encourage existing punters to switch providers. In most jurisdictions, inducements to a person to open a

betting account are prohibited. These restrictions apply in all jurisdictions except Queensland, Tasmania and the Northern Territory. As solely account-based operations, this prohibits CrownBet and other corporate bookmakers from offering an inducement to attract new customers Victoria, NSW, the ACT, South Australia and WA. In these jurisdictions, corporate bookmakers cannot offer bonuses or incentives to encourage customers to sign up and start betting. For this reason, I consider the Tabcorp's statements in paragraph 10.5 of the Form S regarding the apparent sign up bonuses offered by corporate bookmakers to open accounts to be inaccurate.

142. In Victoria, the only restriction on offering inducements is a restriction on inducements to open a betting account. Because no account is required to bet with the TAB, this provision necessarily operates to Tabcorp's competitive advantage. This means Tabcorp can (and does) offer inducements to Victorian customers to wager with them in cash. An example is a cash inducement, such as a free \$5 quaddie bet, advertised in print media such as the Herald Sun.
143. For existing customers, both corporate bookmakers and totalisators are able to offer bonus bets and other promotions to encourage wagering activity. Bonus bets are promotions offered to existing customers, not promotions to induce potential new customers to open an account. Examples of these promotions include refunds under certain circumstances (for example, if the customer's horse runs second in a nominated race). The only wagering operator of which I am aware currently offering a promotion which involves cash refunds (as opposed the provision of 'bonus bets', which are significantly cheaper for the operator) on certain unsuccessful wagers is UBET (Tatts). UBET's promotion refunds the customer's money (up to \$50) if their horse finishes second or third. This is one of the more aggressive recent promotions seen by CrownBet.

Cash based wagering

144. As discussed above, all wagering conducted by CrownBet (and other corporate bookmakers) is exclusively account-based. Customers must therefore open an account, establish their identity and deposit funds via approved sources, in order to place a wager. Unlike Tabcorp and Tatts, CrownBet has no ability to accept anonymous wagers.
145. Only operators with retail exclusivity (ie Tabcorp and Tatts) and on-course bookmakers are permitted to conduct cash (non-account) wagering. Cash wagering provides a competitive advantage as it remains popular for customers due to its convenience. There is no requirement on the customer to verify their identity or deposit funds via approved sources. Many punters value the ability to make cash bets and cash withdrawals, and to otherwise wager anonymously.
146. Corporate bookmakers are, currently, able to offer credit betting. Tabcorp is also able to offer credit betting through Luxbet. I consider the ability to offer credit betting does not provide any material competitive advantage to corporate bookmakers relative to totalisator operators, particularly in light of Tabcorp and Tatts' ability to offer cash, anonymous wagering. [HIGHLY

CONFIDENTIAL: [REDACTED]

[REDACTED] Further, the ability to offer credit betting in the future is limited.

The reforms before Federal Parliament to amend the IGA now include, through amendments by the Senate, a prohibition on the offering of credit betting in the context of online wagering. As I explained above, as at 5 April 2017, this amending bill was back before the House of Representatives to consider after the Senate passed various amendments to ban credit betting. While it is not clear if a ban on credit betting in this form will be passed by the House, this development highlights the uncertainty associated with the ability to offer credit betting in the future.

Comparison of products, distribution channels and forms of wager

147. As a summary, I have set out below a comparison table of the relevant rights and offerings available to Tabcorp, UBET (Tatts) and corporate bookmakers. This table was prepared by CrownBet's lawyers and I believe that it is accurate.

Figure 2: Comparison of Tabcorp, Tatts and corporate bookmakers

	Corporate bookmakers	TAB	UBET
Products			
Pari-mutuel wagering	No	Yes	Yes
Tote-derived (price matching) products	Yes	Yes (through Luxbet)	No
Fixed odds wagering	Yes	Yes	Yes
Racing	Yes	Yes	Yes
Sports	Yes	Yes	Yes
Entertainment / political events	Yes	Yes (through Luxbet)	Unclear
Live betting on sports	Phone only	Phone and Retail	Phone and Retail
Virtual racing betting	No	Yes	Yes (but does not currently offer)
Distribution Channels			
Retail licence	No	Yes – NSW, Victoria and ACT	Yes – QLD, SA, Tasmania and NT
Oncourse	No	Yes	Yes
Online (digital)	Yes	Yes	Yes
Phone	Yes	Yes	Yes
Multichannel (retail &	No	Yes	Yes

online)			
Account based vs cash			
Cash wager	No	Yes	Yes
Cash withdrawal	No	Yes	Yes
Anonymous wager	No	Yes	Yes
Account	Yes	Yes	Yes
Credit betting	Yes	Yes (through Luxbet)	No
Promotions			
Inducement to open account	Only QLD, NT, the ACT and Tasmania	Only QLD, NT, the ACT and Tasmania	Only QLD, NT, the ACT and Tasmania
Inducements to cash wagering	No	Yes (Vic)	No
Bonus Bets	Yes	Yes	Yes

INPUTS TO WAGERING

Overview of key inputs

148. There are a number of inputs required to conduct wagering operations in Australia. Some of the key inputs include:
- (a) *Licensing.* The acquisition of a licence to conduct a wagering operation from a State or Territory authority or Government, and corresponding payment of upfront and ongoing fees, taxes and contributions to the state / territory and racing bodies.
 - (b) *Racing / sports media content.* The acquisition of rights to supply media content providing vision and / or audio coverage of (and related entertainment regarding) the event upon which wagering is being conducted, in particular racing media content and sports media content. Rights holders – being State / Territory racing bodies and national sports governing bodies – supply rights to content in respect of three different delivery platforms or channels: free to air TV, subscription or Pay TV and digital (ie streaming).
 - (c) *Advertising & branding.* The acquisition of advertising, branding and signage opportunities from rights holders, including media groups (including advertising in conjunction with racing or sports media content and through sponsorship of racing or sports seasons or events).
 - (d) *Race field / product information.* The acquisition of race field information from state / territory racing bodies, in order to obtain relevant information on the racing product (such

as names, riders and starting draw). Race field (or 'product') fees are payable to these bodies to publish this information.

- (e) *Sport product information.* The acquisition of sports information from sporting bodies, in order to obtain relevant information on sport product (such as team names, players, draw, time etc). Product fees are payable to sports bodies to publish this information.
 - (f) *Customers / customer data.* Customer data, and associated databases and systems, are required to operate an account-based wagering operation.
 - (g) *Totalisator pooling services.* If totalisator wagering is offered, the acquisition of pooling services from Tabcorp or Tatts (unless the totalisator's own pool is sufficiently large and has sufficient liquidity).
149. I discuss each of these inputs in more detail below. Other inputs to wagering include technology, customer management systems and financial backing.

Licensing

Requirement for licence

150. It is contrary to State and Federal legislation to offer wagering services in Australia without a valid Australian wagering licence.

Suppliers of licences

151. Each Australian State and the Northern Territory has the constitutional power to issue gambling licenses. Following the 2008 *Betfair* case, it is now apparent that operators with a licence in one Australian jurisdiction can offer their services remotely to residents of other Australian jurisdictions and can advertise their services in those other jurisdictions.
152. These licences confer different rights and entitlements in terms of the products the operator can offer and the channels through which they can be offered. Licenses may be issued on an exclusive or non-exclusive basis (with exclusive licences costing more than non-exclusive licences). As I discuss below, licences held by corporate bookmakers from the NTRC to conduct sports bookmaking businesses are non-exclusive. Exclusive licences held by totalisators confer exclusive rights or entitlements, and confer a range of associated competitive advantages, as I discuss further below.

Licensing for corporate bookmakers

153. Relative to the licenses issued to totalisator operators by State Governments, corporate bookmakers licensed in the Northern Territory have materially different rights and entitlements provided under their respective licenses, and different contribution arrangements reflecting those rights and entitlements.

Rights and entitlements of bookmaker licences

154. Corporate bookmakers are predominantly licensed in the Northern Territory by the Northern Territory Government through the NTRC. The licence confers no exclusive rights or entitlements.
155. The licensing process in the Northern Territory has numerous controls and requirements which must be met. There are significant ongoing regulatory, financial and related obligations on all corporate bookmakers.

Regulatory obligations

156. Sports bookmakers licensed in the Northern Territory must comply with:
 - (a) the terms of the *Racing and Betting Act 1983* (NT);
 - (b) the terms of the operator's sports bookmaker licence;
 - (c) the licence conditions issued by the NTRC;
 - (d) mandatory codes of practice imposed by the NTRC, in particular the Northern Territory Code of Practice for Responsible Online Gambling; and
 - (e) the Mandatory Code of Practice for sports bookmakers: deferred settlement facilities (credit).

Probity checks

157. The NTRC requires all applicants for business and professional licences to show that they are a fit and proper person by submitting to any necessary police and probity checks.
158. In the case of sports bookmakers, all persons concerned in the management or control of the licence holder (ie 'Key Employees'), including beneficial owners, directors, management and officers, must also submit to a national criminal history and police fingerprint check in order to hold a position of responsibility with the licence holder.

Licence Conditions

159. Bookmakers are required to comply with a stringent set of Licence Conditions imposed by the NTRC, of which there are currently 49 conditions. The Licence Conditions outline the obligations of sports bookmakers central to integrity, probity and the conduct of fair, open and honest wagering, including:
 - (a) *Terms and Conditions.* Licence holders are required to have clearly comprehensible terms and conditions (including betting rules) on all betting contingencies offered. These terms and conditions must be approved by the NTRC and govern the relationship between the licence holder and its customers. The NTRC holds licence holders accountable to these terms and conditions should any dispute arise.
 - (b) *Identity and Age Verification.* Licence holders are required to have satisfactory proof of age and identity verification procedures that are compliant with the AML/CTF Act. A

customer's identity must be verified within 45 days of an account being opened failing which licence holders must freeze a customer's account until verification is completed.

- (c) *Systems requirements.* Licence holders must comply with the NTRC's technical standards and with the requirements set by the NTRC relating to the timing and procedures for testing of systems that form part of, or are connected to, the licence holder's wagering environment. The system requirements set standards for data security, allow for accurate reporting and provide the NTRC with necessary transparency over the licence holder's business in line with international regulatory standards.
- (d) *Reporting obligations.* In addition to an audit log, licence holders are required to lodge monthly returns containing all wagering and financial information required to demonstrate compliance with the Licence Conditions together with supporting documentation.
- (e) *Corporate obligations.* Licence holders are required to keep the NTRC fully informed of its corporate matters. Licence holders must seek the NTRC's approval of any change to directors, nominees and Key Employees. Further, the NTRC has the authority to conduct such investigations and inquiries it considers necessary to determine whether a person is suitable to hold or control an interest in a licence holder. Licence holders are required to notify the NTRC of any legal action involving an amount of \$50,000 or more, or that involves betting activity and/or integrity issues of any kind. This includes any investigations commenced by a professional, statutory or other regulatory/government body that could result in the imposition of a sanction or penalty which could raise doubts about the licence holder's suitability to hold a licence.

Responsible Gambling obligations

160. Responsible Gambling practices are central to the NTRC's regulation of gambling. In accordance with the Licence Conditions and/or the Code of Practice for Responsible Online Gambling, licence holders are required to comply with a wide range of gambling practices, including (for example) that licence holders must:
- (a) offer customers the ability to set deposit limits at any time, including at the time of registration;
 - (b) make responsible gambling information available to help customers make informed decisions regarding their gambling habits;
 - (c) maintain appropriate responsible gambling registers, detailing responsible gambling incidents;
 - (d) ensure that all staff must have appropriate responsible gambling training, with customer facing staff having on-going training relating to harm minimisation strategies and promoting a responsible gambling environment;

- (e) allow customers to self-exclude from their services;
 - (f) ensure that client activity statements (detailing information relating to their betting activity) are available online and upon request by customers; and
 - (g) comply with a range of responsible gambling conditions relating to advertising and promotions.
161. These responsible gambling obligations, including consumer protection and harm minimisation obligations, are more onerous in the Northern Territory than those that apply, for example, in New South Wales which are applicable to Tabcorp's business in that State. I have set out below a table prepared by CrownBet staff that I supervise which compares the relevant requirements in the Northern Territory with those that apply to Tabcorp in New South Wales.

Figure 3: Comparison of requirements (NT vs NSW)

Requirement	Northern Territory	New South Wales
Provision of access to responsible gambling information	Yes	No
Controls and Limits on Wagering Advertising	Yes	Yes
Mandatory Staff Training	Yes (customer facing)	No
Provision/Access to Activity Statements	Yes	No
Voluntary Pre-Commitment (at point of registration)	Yes	No
Immediate, user controlled self-exclusion	Yes (no minimum)	No
Age Verification Period	45 days	90 days
Allows 'credit betting'	Yes	Yes – per code of practice to

Requirement	Northern Territory	New South Wales
		bookmakers

Deferred Settlement Code obligations

162. Sports bookmakers that have approval to offer Deferred Settlement Facilities (ie credit) must adhere to the Deferred Settlement Facility Code of Practice. The Code sets industry standards in relation to the provision of deferred settlement facilities to ensure a prudent and consistent approach is adopted by all licence holders and ensuring consumer protection and harm minimisation measures are strengthened.

Financial obligations

163. Sports bookmakers must pay the Northern Territory Government a tax equal to 10% of its gross monthly profit, capped at an amount equivalent to 500,000 revenue units per the *Revenue Units Act 2009* (NT). For FY17, the upper cap on tax payable by sports bookmakers is \$575,000.
164. Licence holders are also subject to a number of financial obligations outlined in the Licence Conditions. These include an obligation:
- (a) to lodge and maintain a security in an approved form with the NTRC of an amount no less than \$200,000;
 - (b) to maintain a separate bank account for all long term bets (not decided within 1 month of placement);
 - (c) to maintain a bank account with sufficient funds to cover all monies owed to customers; and
 - (d) to provide the NTRC with annual audited financial reports.
165. At the request of the NTRC, licence holders must submit to audits of their financial operations for the purpose of verifying and reconciling turnover tax payments. Such audits must be completed within 90 days of a request by the NTRC.
166. I discuss the taxes paid and other payments and contributions to the racing industry made by corporate bookmakers further below.
167. While I consider that CrownBet operates in a complex regulatory environment, I consider that these fees payable and regulatory obligations are commensurate with the rights and entitlements provided under a sports bookmaker licence.

Rights and entitlements of totalisator licence / retail exclusivity and process

168. Licences to undertake these activities are granted by the State or Territory Governments. In Australia, and for the reasons outlined above, such licences have historically been granted on an exclusive basis.
169. As discussed above a totalisator licence confers exclusive rights to operate a totalisator and conduct retail operations in the relevant State, together with the various other associated regulatory advantages which this confers.
170. I discuss the taxes paid and other payments and contributions made by owners of totalisators further below.

Sports Media Content

171. National sports governing bodies control the broadcasting rights (vision and / or audio) of sports. These bodies supply rights to content through free to air TV, subscription or Pay TV and digital streaming. The majority of sports media content is readily available to punters at little or no cost. No wagering operator currently has exclusive rights to sports media content, although many wagering operators, including CrownBet, enjoy non-exclusive digital rights enabling them to stream a range of sports media content directly to customers in order to promote wagering with them on those products.

Racing Media Content

Suppliers of rights to racing media content

172. Individual racing clubs (for example, the Victoria Racing Club) control broadcasting (both vision and audio) rights for races conducted at their racetracks in the first instance. Racing clubs (in the main) have assigned those rights to the principal racing authority (or PRA) in their State (for example, Racing Victoria Limited in the case of Victorian thoroughbred racing) to allow for aggregation of content.
173. PRAs have assigned rights to this racing content for set periods of time to Sky Racing (owned by Tabcorp) and, to a lesser and limited extent, other third parties.
174. Now shown to me and marked **Annexure NDT-19** is a table which summarises the various holders of rights to racing content in Australia, by code and jurisdiction, and the current holders of relevant rights. I believe the table to be accurate.

Supply of rights across platforms

175. Principal racing authorities around Australia supply rights to racing content in respect of three different delivery platforms or channels:
- (a) free to air TV (for example, for delivery through a channel on free to air TV, including catch up free to air);
 - (b) subscription or Pay TV (for example, for delivery through channels on the Foxtel or Optus pay TV networks); and
 - (c) digital (ie streaming).

176. Rights in respect of the latter (ie digital rights) permit the holder of such rights to digitally stream or otherwise use the content online, whether through a website, tablet or smart phone.

Demand for rights to racing media content

177. Demand for rights to media content is related to the platform on which it is delivered.
178. Corporate bookmakers and other wagering operators are acquirers or potential acquirers of digital rights to content because this content is critically important (as I discuss below) to drive wagering, particularly in the online (digital) channel.
179. Sky Racing (Tabcorp), Tatts and racing.com are acquirers or potential acquirers of free to air rights and / or subscription TV rights to content as well as digital rights. Sky Racing (Tabcorp) and Tatts are more likely to seek subscription TV rights in addition to digital rights as they have retail wagering operations through which subscription TV can be readily broadcast. I expect they would acquire free to air TV rights for the purposes of sub-licensing the rights to a free to air TV operator. I expect that racing.com is interested in free to air TV, subscription TV and digital rights..
180. Because the source of demand for particular platforms differs, it is important that rights to media content are unbundled across platforms. This is not predominantly the case currently.
181. Rights to the majority of racing media content across all three platforms have been acquired by Sky Racing as a bundle. This precludes other parties from acquiring rights to one or more platforms, for example, digital rights.
182. In Victoria, rights holders of thoroughbred racing content have unbundled rights by platform, separately supplying free to air TV, subscription TV and digital rights, and also supplying some of those rights on a non-exclusive basis. This has made it possible for more than one party to acquire rights to racing content, and for parties to acquire rights to different platforms. As I discuss below, CrownBet has acquired non-exclusive digital rights to Victorian thoroughbred racing content. Now shown to me and marked **HIGHLY CONFIDENTIAL Annexure NDT-20** is a copy of CrownBet's agreement with Racing Victoria under which these non-exclusive digital rights are provided to CrownBet.
183. As I discuss below, I consider that these unbundled disaggregated and non-exclusive arrangements for Victorian thoroughbred racing content have driven growth in wagering and driven greater competition in wagering (including through innovation associated with digital streaming of content).
184. In NSW, rights holders of thoroughbred racing content have unbundled rights in only a limited way, by unbundling digital rights and supplying both Sky Racing and William Hill with digital rights. The supply of rights to William Hill is exclusive in the corporate bookmaker category (ie no other corporate bookmaker has such rights). Since William Hill has a small market share (I discuss and provide data on market shares later in this statement), in my view, this will have less of a competitive impact than if digital rights were made available on a non-exclusive basis

to more than one corporate bookmaker or racing.com (assuming it was on a basis that permitted racing.com to on-sell those digital rights).

Value in rights to racing media content

185. Unlike sports broadcast rights, which deliver the majority of funding to professional sports, in my experience the real value in racing vision rights lies in driving wagering as well as customer acquisition and retention. Without wagering, the value of racing vision rights would be negligible, other than for major metropolitan racing carnivals (for example, the Victorian Spring Racing Carnival). In the hands of a wagering operator (or subsidiary of a wagering business, such as Tabcorp's Sky Racing) those rights have great competitive importance.

Importance of racing media content to wagering operators

186. The broadcast (vision) of racing media content is a key input to wagering services as it provides customers with access to live audio and visual coverage of races as well as racing information and commentary, in conjunction with the event upon which they are wagering.
187. Critically, content provides customers with the ability to participate (ie view and hear) the outcome of the event upon which they are wagering, learn of the result in real time and otherwise enjoy the wagering experience as a form of entertainment. The increasing use of mobile smartphones and other digital devices is facilitating punters' wagering regardless of location and is driving a need to provide (eg by way of streaming) content in conjunction with digital wagering. Content is a key way that punters can 'experience' the event and derive further utility from their wagering activity.
188. In my experience, this content significantly drives wagering turnover and will be increasingly important – indeed, critical – for competition in the wagering market in the future. The growth in online (digital) wagering means that content is an increasingly critical part of a wagering operator's offering and access to rights to content will underpin (or through a lack of access, impede) future competition among wagering providers. Digital content is particularly important for racing in driving wagering simply due to the duration of the wagering event (for example, a race as opposed to an entire AFL football match) which allows customers to consume the event more readily via digital devices.

Rights held by Sky Racing

189. Sky Racing (which is owned by Tabcorp) has exclusive vision and radio rights relating to all racing codes (thoroughbred, greyhound and harness) in all states of Australia, except in the following limited respects:
- (a) Sky Racing has non-exclusive media rights to Victorian thoroughbred racing; and
 - (b) Sky Racing has exclusive media rights for NSW thoroughbred racing, but non-exclusive digital rights to such racing.
190. Sky Racing also holds near exclusive Australian vision and radio broadcast rights to international racing content. International racing events are becoming increasingly popular as

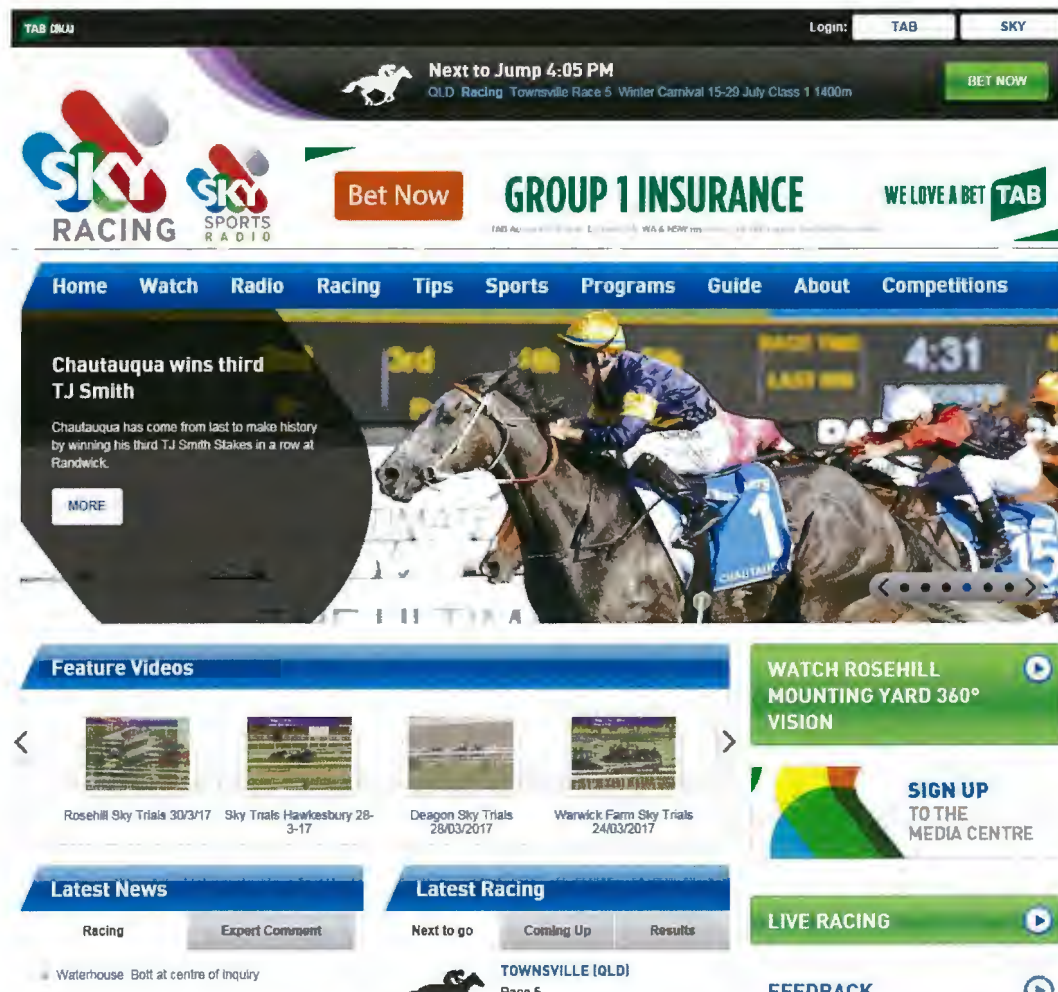
- wagering options for customers, and so vision with respect to those events is also increasingly important.
191. Now shown to me and marked **Annexure NDT-21** is a chart which provides a visual overview of control of rights to, and re-supply of, racing media content. This chart is consistent with my understanding of these matters.
 192. According to Tabcorp's 2016 Annual Report (attached as Annexure 22 to the Statement of Douglas Freeman), Sky Racing broadcasts content to Australian racing content to 5,400 Australian outlets including 2,900 TAB retail outlets (approximately) and 2.6 million Australian homes (approximately). These figures do not include the significant volume of content streamed, digitally, by Sky Racing through its Sky Racing Media Centre
 193. Sky Racing distributes its content via:
 - (a) commercial Pay TV, which broadcasts the content into TAB agencies, pubs and clubs;
 - (b) home Pay TV - the broadcast of racing into homes or businesses via Foxtel;
 - (c) Sky Sports Radio; and
 - (d) Sky Racing Media Centre (online access to live racing vision and audio, race replays and up-to-date-form), including mobile access to Sky Racing Media Centre.
 194. In terms of its supply of content through commercial Pay TV, I understand that Sky Racing charges a premium price for wagering venues. In my view this reflects necessity of access to Sky Racing in pubs/clubs with retail wagering facilities. I understand that there is also a requirement for each club/pub with a TAB to acquire Sky Racing. Tabcorp engages in price discrimination with respect to the supply of Sky Racing on commercial Pay TV, for example, by charging a wagering venue more than it charges to a non-wagering venue such as a gym.
 195. Now shown to me and marked **Annexure NDT-22** are copies of the rate cards, published on the Sky Racing website, for wagering venues and non-wagering venues. I can observe from these rate cards that the weekly access fees for wagering venues is higher than that payable by non-wagering venues, and that wagering venues also pay Sky Racing an additional fee based on their wagering turnover. I understand that this includes their digital turnover although how a venue can accurately quantify digital turnover is uncertain.
 196. Content through Sky Racing Media Centre is available to active Tabcorp account customers who have placed a bet in the prior six months (for free) or Sky Racing account holders (at a cost, either \$5 per day, \$20 per month or \$150 per annum), but otherwise cannot be accessed.
 197. Access to Sky Racing on home Pay TV is available if the customer acquires (for a fee) the relevant plan or package from the Pay TV provider. It is not available for free.
 198. There are three Sky Racing channels available:

- (a) Sky 1 which broadcasts wall-to-wall racing and is the main wagering channel. I understand that Sky 1 is now part of the Foxtel base 'entertainment' package;
 - (b) Sky 2 covers wall-to-wall Australian greyhound and harness racing, some Australian thoroughbred racing, and international racing. I understand that Sky 2 requires a payment of \$5 per month in addition to the base package; and
 - (c) Sky Thoroughbred Central (which covers 'premium' racing (although what constitutes 'premium' is entirely at Sky's discretion). I understand that this requires a payment of \$5 per month in addition to the base package.
199. Because Sky 1 is more broadly available on Pay TV (the other channels require additional subscription fees) and retail venues have limited television screens, wagering is materially higher on a race when that racing product is on Sky 1 compared to Sky 2.
200. Now shown to me and marked **Annexure NDT-23** is a Daily Telegraph article. In this article, Racing NSW, upon the announcement of the deal between Sky Racing and Racing Victoria in 2015 after Sky Racing re-secured rights to broadcast Victorian thoroughbred racing content (albeit then non-exclusively), stated that:
- 'It is great that Victoria has come back on Sky Racing 1 because the majority of wagering turnover comes from this channel... This is the channel that goes into every pub and club and TAB agency around the nation, and is also available to home viewers (on pay TV). Punters prefer to watch Sky Racing 1 as it generates approximately 75 per cent of wagering turnover.'*
201. Sky Racing's programming decisions determine whether a race is displayed on Sky 1, the premium channel, which has a major impact on the volume of wagering on that race. This in turn, has a major impact on racing clubs and PRAs, which have an interest in wagering on their races being as high as possible. Tabcorp can use this in commercial negotiations with racing clubs and PRAs (for example in respect of product fees or the acquisition of racing media content). In particular it can 'demote' (or threaten to 'demote') a club's races from Sky 1 to Sky 2, which will be seen by a much smaller audience than Sky 1. For example, during a trial by Racing Victoria of 30 minutes gaps between races, metropolitan Melbourne thoroughbred races were 'demoted' to Sky 2, which had a material effect on the availability of that content to end customers.
202. Through controlling these rights to critical racing media content, Sky Racing also has a significant influence over the 'clock' – that is, influencing the designated channel priority, running time and order of all races in all codes of Australian racing. In my experience, Sky Racing programs and prioritises racing content in a manner which accords with Tabcorp's wagering interests, thereby promoting preferred products and penalising those that it does not prefer. This does not necessarily align with the preferences of other wagering operators. For example, a number of country races with little wagering turnover have been programmed immediately before major Victorian thoroughbred races, which has impacted the time allocated to promoting

and previewing Victorian thoroughbred racing. In my experience, customers' ability to view the field information and latest odds immediately prior to a race is important as it drives wagering turnover.

203. I have read the Form S which asserts that the provision of racing vision by Sky Racing can be characterised as the delivery of 'subsidised' wagering support services. I disagree with this characterisation. In my view, the purpose of Tabcorp distributing Sky Racing through Pay TV is to market its brands and wagering offering, and to drive wagering to Tabcorp.
204. Sky Racing offers benefits to Tabcorp that, in my view, extend beyond delivering vision of key racing content to an audience of potential punters. Sky Racing is effectively a '24/7' infomercial for TAB, offering non-stop branding, advertising, signage and pricing for TAB, and otherwise reinforcing Tabcorp's retail and digital offering. The Tabcorp employees that are Sky Racing media presenters are also able to (and do) promote Tabcorp's commercial interests during editorial or other commentary in a way that is not obviously recognisable as advertising.
205. Sky Racing's digital platforms (that is, its website and app) feed viewers directly from Sky Racing into the TAB website and app. The following screen shots of Sky Racing's home page show the prominent branding, advertising and connection to the TAB wagering platform. Clicking the 'BET NOW' icon feeds directly onto the event page on the TAB website.

Figure 4: Screenshot of Sky Racing home page showing 'Bet Now' link to TAB website



206. The Sky Racing App similarly displays prominent Tabcorp branding and directly feeds into the TAB app, as shown below.

Figure 5: Screenshot of Sky Racing app showing link to TAB website

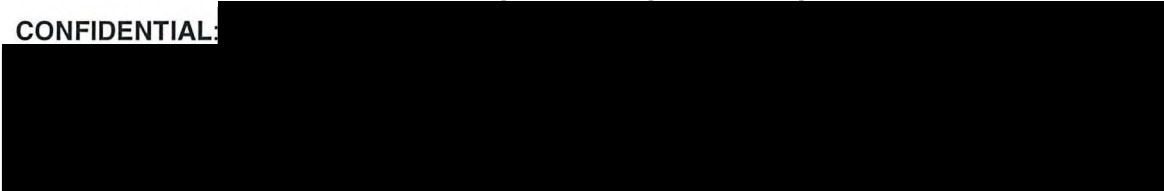


Rights held by Corporate Bookmakers

207. The extent to which corporate bookmakers have rights to racing media content is very limited. My understanding of the present position is as follows:
- (a) CrownBet, Sportsbet, Bet365 and Ladbrokes have non-exclusive digital rights to Victorian thoroughbred racing under arrangements with Racing Victoria (as does Tabcorp). CrownBet and these other bookmakers hold no media rights to thoroughbred racing content in any other jurisdiction, to content of other racing codes (greyhound or harness) in any jurisdiction, or to international racing content;
 - (b) William Hill also has non-exclusive digital rights to Victorian thoroughbred racing under arrangements with Racing Victoria, and exclusive corporate bookmaker digital rights to NSW thoroughbred racing. It otherwise has no media rights to thoroughbred racing content in any other jurisdiction, to content of other racing codes (greyhound or harness) in any jurisdiction, or to international racing content.
208. The opening up of rights to Victorian thoroughbred racing content is a step forward but it still only provides access to a small proportion of overall racing content. Now shown to me and marked **Annexure NDT-24** is a table based on data from the Australian Racing Fact Book 2015/2016. I believe this to be accurate.
209. This data relates only to thoroughbred racing. It shows that the number of Victorian thoroughbred races comprises only 22% of the total number of Australian thoroughbred races. As a proportion of the total number of Australian races across the three codes, I expect that this

figure would be substantially smaller and in the range of 4%. As a proportion of the total number of Australian races across the three codes and international races that are broadcast on Sky Racing, I expect this would be smaller still.

Rights held or accessible by CrownBet

210. Because racing content is increasingly – and critically – important to a punter's wagering experience, and thereby their choice of wagering operator, CrownBet has sought to acquire rights to Australian racing media content. As noted above, CrownBet has obtained non-exclusive digital rights to Victorian thoroughbred racing from Racing Victoria, [HIGHLY CONFIDENTIAL: 
211. CrownBet is the premier wagering partner of racing.com, which is a joint venture between Seven West Media and Racing Victoria. Racing.com has non-exclusive rights to Victorian thoroughbred racing and Hong Kong racing. This association enables CrownBet to stream racing.com's broadcast of Victorian thoroughbred racing to its customers through CrownBet's digital platform.
212. While the association with racing.com has been (and is) beneficial to CrownBet in terms of driving wagering turnover on Victorian thoroughbred racing, the scope of the content provided by racing.com (whether on free to air TV or streamed), and the offering generally, is not comparable to that able to be offered by Sky Racing. A key issue is scope. Racing.com's offering is confined to Victorian thoroughbred racing content (which is available elsewhere) and Hong Kong racing (in respect of which Crown Bet has no rights to promote or integrate content).
213. As I explained above, Victorian thoroughbred racing constitutes a small proportion of overall total racing content. Although Victorian thoroughbred racing is often considered premium content, it is limited in quantity – there are only a limited number of Victorian races a day. By contrast, Sky Racing states that it broadcasts more than 105,000 races each year. Now shown to me and marked **Annexure NDT-25** is a copy of Sky Racing's advertising brochure in which this statement is made. This is approximately 100,000 more races per year than the 4,200 Victorian thoroughbred races available per year that racing.com is able to broadcast.

Refusals to supply by Sky Racing (Tabcorp)

214. CrownBet and other corporate bookmakers do not have rights to use or distribute racing media content controlled exclusively by Sky Racing. This represents the vast majority of racing content. Sky Racing currently strictly precludes all corporate bookmakers from accessing or redistributing media content used by the Sky Racing network.
215. I understand that refusals to supply media content to competitors are not limited to corporate bookmakers, but can also extend to other totalisator operators. A practical recent example of Tabcorp's ability to adversely impact the wagering offering of competitors by refusing or limiting access to Sky Racing content occurred in 2016 when Tabcorp terminated an agreement with

Tatts that allowed UBET (Tatts) wagering account holders to digitally view Sky Racing vision for free. Now shown to me and marked **Annexure NT-26** is an email sent by UBET (Tatts) to me, as an affected customer. I understand that, subsequent to commencement of these proceedings, access was recently reinstated.

Issues associated with inability to advertise on or through Sky Racing

216. Sky Racing content only promotes Tabcorp products, prices and brands. The only other products referenced (and to a lesser extent) on Sky Racing are the totalisator and fixed odds prices offered by Tatts and WA TAB.
217. Sky Racing's advertising policy is that it does not accept advertising from corporate bookmakers or businesses that promote corporate bookmakers. This restriction covers all forms of advertising, from branding advertising to advertising which presents prices and products.
218. Now shown to me and marked **Annexure NDT-27** is an email sent to me in September 2015 by the managing director of CrownBet's media agency. The email records Ms Mary Anthony of Tabcorp's response to a request by our media agency to discuss advertising opportunities for a corporate bookmaker in October and November of that year (when key racing carnivals are held). The email provides an example of Tabcorp's refusal to accept advertising on Sky Racing from corporate bookmakers.
219. Corporate bookmakers therefore cannot advertise to Sky Racing's audience, whether viewing from home or through a club, pub or outlet, or through an app. I consider this to be a major competitive disadvantage, as almost any individual that watches Sky Racing is part of CrownBet's specific target audience (and other corporate bookmakers) and has an exceptionally high propensity to wager on racing.
220. Now shown to me and marked **HIGHLY CONFIDENTIAL Annexure NDT-28** is Roy Morgan research data provided to CrownBet by our media agency.

221. **HIGHLY CONFIDENTIAL**



222. The Sky Racing advertising brochure which is contained in Annexure NDT-25 (as referred to above) highlights the reach of Sky Racing and its attractiveness to viewers. The brochure explains that:

(a) in terms of subscription TV:

'Both Sky Racing 1 and Sky Thoroughbred Central are available in 2.9 million Australian homes via Foxtel'

'We are available in over 5,400 commercial outlets including most hotels, clubs and TAB outlets across Australia'

'Each week, Sky Racing reaches 358,000 people';

'Our Sky Racing channels combined weekly reach is 380,420';

'Time spent viewing Sky Racing is one of the highest available for [subscription TV] viewing'

'Sky Racing consistently place top 3 in Sports for Men 25+ and Men 25-54 on Saturdays 12-5pm on [subscription TV]'

(b) in terms of digital offering (including streaming), Sky Digital Media has:

'276,297 average monthly visits'

'5m+ average monthly pages viewed'

'2m+ average monthly videos viewed'

'12m 34s average time on site'

'1m+ live video streams viewed'

'217,000 app downloads'.

Integration advantages available to Sky Racing and Tabcorp

223. The various means by which Sky Racing packages content, makes it available at various venues at which punters can wager (including Tabcorp's retail premise) and on various Tabcorp owned platforms through which punters can wager, and integrates branding and advertising for Tabcorp, provides a significant advantage to Tabcorp in terms of influencing punters' choice of wagering provider, across multiple channels.

224. For example:

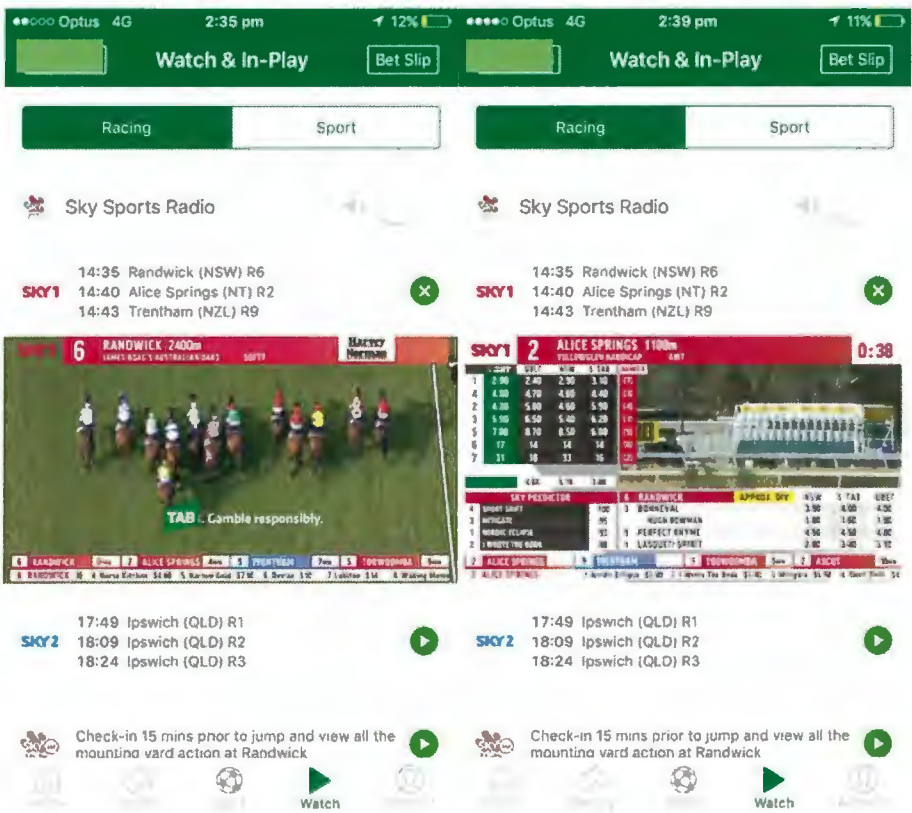
- (a) Sky Racing feed through commercial Pay TV increases the attractiveness of retail wagering outlets (both Tabcorp venues and non-Tabcorp owned pubs and clubs which offer Sky Racing), relative to CrownBet and corporate bookmakers who do not have a retail wagering licence and who cannot provide access to Sky Racing content;
- (b) Sky Racing feed on Tabcorp's online (digital) platforms increases the attractiveness of that platform to punter, at the expense of corporate bookmakers who cannot provide

access to Sky Racing content (or racing content controlled by Sky Racing) on their platforms;

- (c) the right to run 24/7 branding and advertising on Sky Racing provides Tabcorp with the ability to constantly reinforce its brands, products, odds and services to 'captive' punters, relative to corporate bookmakers who cannot advertise on the network and have limited meaningful or cost effective alternatives in terms of advertising in the context of racing.

225. As a practical example of some of these advantages, set out below are screen shots from a mobile device. The first screenshot shows the features and content available of the TAB app just prior to a Sydney thoroughbred race. The TAB app incorporates integrated racing content from Sky Racing (both vision and audio), and built in advertising opportunities, with a TAB advertisement featuring during the running of the race. The second screenshot shows the TAB app immediately after the race concluded, with integrated racing content from Sky Racing, the TAB dividends from the completed race, and TAB odds on the next event immediately available.

Figure 6: Screenshots of TAB app with streamed NSW race vision



226. By comparison, set out below is a screen shot from a mobile device of the features and content available on CrownBet's mobile app at the same time in respect of the same race.

Figure 7: Screenshots of CrownBet app without streamed NSW race vision



Sky Racing advantages in future rights negotiations

227. Sky Racing's dominant position in relation to racing content across all platforms, provides it with various advantages with respect to obtaining rights in the future. These advantages include:
- (a) pre-existing relationships with rights holders;
 - (b) an affiliation with rights holders in NSW, Victoria and the ACT, through Tabcorp's commercial affiliation with racing bodies through its totalisator and retail exclusivity;
 - (c) an ability to exercise (or pressure the exercise of) options to extend the term of existing rights, where such options exist;
 - (d) an ability to pressure the rights holder to supply the rights as a bundle (including by offering a higher price for bundled rights than for un-bundled rights);
 - (e) an ability to stagger expiry dates so that rights do not become available at the same time; and
 - (f) an ability to exercise rights of first and / or last refusal when the rights holder seeks to supply the rights to another party.
228. For example, I understand that Racing SA is currently considering its position with respect to the future supply of rights to SA thoroughbred racing content. While racing.com and corporate bookmakers have expressed an interest in such rights, Sky Racing appears to possess an additional competitive advantage as the incumbent rights holder, because it reportedly has first

and last rights of refusal in respect of those rights. Now shown to me and marked **Annexure NDT-29** is a press article from The Drop from October 2016 referring to these first and last rights of refusal held by Sky Racing.

229. This article also refers to Sky Racing having recently secured exclusive rights to racing media content in Western Australia, and reports that Sky Racing will pay around \$26 million over the next six years for those rights, with this being around 10 times more than Tabcorp has been paying previously. I consider this increase to be due to the competitive process which only existed because racing.com also attempted to obtain those rights.

Recognition of competition issues associated with rights held by Sky Racing (Tabcorp)

230. The significance of competition issues associated with Tabcorp's ownership of Sky Racing was highlighted as a key issue in the Productivity Commission's review of the Gambling Industry in 2010. Now shown to me and marked **Annexure NDT-30** is an extract of the Productivity Commission's report, a key conclusion of which I have set out below:

'Competition issues arising from the broadcast of racing may also warrant a national response. Tabcorp, through its ownership of Sky Channel, is the sole television broadcaster of harness and greyhound racing, and is the dominant provider of thoroughbred racing broadcasts in pubs and clubs. As noted by the ACCC, the vertical integration of Tabcorp's wagering and broadcast businesses has potentially serious implications for competition in the wagering market.

As the capacity for punters to view racing events is a key factor of production for wagering operators that compete with Tabcorp, this arrangement may frustrate competitive access to racing broadcasts. Were governments to allow bookmakers to establish a retail presence, Tabcorp's ownership of Sky Channel would become even more problematic.'

231. Since these comment were made in 2010, in my view, the seriousness of the competition issues associated with Sky Racing has increased significantly. First since these comments were made, ThoroughVision Pty Limited (**TVN**) (Sky Racing's then competitor for broadcast rights) has folded due to inability to compete effectively in the broadcasting market against Sky Racing. I discuss this below. Secondly, the growth in online wagering (particularly through smartphones) now means that there is an even greater need to have access to content in order to stream content to punters on the devices through which they are wagering.

Historical issues relating to acquisition of rights to content

232. I understand that, until around 2005, largely exclusive broadcasting rights had been held by Sky Racing through a number of content licensing arrangements.
233. In around 2005, those historical arrangements were disrupted when TVN, owned by the Victorian racing industry and Sydney race clubs, obtained exclusive broadcasting rights for Victorian and Sydney thoroughbred racing, and became an alternative channel to Sky Racing. Now shown to me and marked **Annexure NDT-31** is a copy of a press article from 2005 on a

- court ruling which permitted TVN's broadcast to commence, after Racing NSW sought to stop Sydney racing clubs signing with TVN. In 2012, TVN obtained exclusive rights to all Victorian and NSW thoroughbred racing through to 2028. Now shown to me and marked **Annexure NDT-32** is a copy of Racing NSW's press release announcing the aggregation of these racing rights.
234. However, I understand that, in around late 2014 to early 2015, after stalled broadcast rights negotiations, the NSW racing industry withdrew its support for TVN and entered into a new long term arrangement with Sky Racing, under which (as I noted above) Sky Racing obtained exclusive media rights to NSW thoroughbred racing and non-exclusive digital rights (with the latter shared with William Hill). It was reported that these arrangements were worth up to \$25 million per year, for a 10 year deal, with an option to extend for another 10 years. The arrangement between Sky Racing and Racing NSW left TVN with only broadcast rights to Victorian thoroughbred racing, and it was subsequently wound up in 2015. The Victorian racing industry then engaged in discussions with both Tabcorp / Sky Racing and Seven West Media over the rights to Victorian thoroughbred racing. Now shown to me and marked **Annexure NDT-33** is a copy of a press article from the Sydney Morning Herald explaining the Sky Racing deal with Racing NSW, foreshadowing the closure of TVN and the negotiations in Victoria.
235. The negotiations over the Victorian thoroughbred racing industry led to periods in 2014 and 2015 in which there was no broadcasting of Victorian thoroughbred racing. I understand that these 'blackouts' were due to a decision by Tabcorp / Sky Racing to cease showing Victorian thoroughbred racing in order to improve its negotiating position with the Victorian racing industry. I do not agree that those races were not shown because no agreement existed that would allow Sky Racing to do so. Now shown to me and marked **Annexure NDT-34** is an article published by racing.com which discusses the blackout in June 2015, in which content was only available from entities with rights to digitally stream the content (then racing.com, Sportsbet and CrownBet) and was not available on Sky Racing.
236. These blackouts adversely impacted wagering turnover on Victorian racing (and accordingly funding to the industry). Now shown to me and marked **Annexure NDT-35** is an article published by racing.com which indicates that turnover on a Victorian race event at Geelong affected by the blackout in June 2015 was down approximately 10% against turnover of an equivalent event in the week prior.
237. I understand that the Victorian racing industry eventually reached non-exclusive agreements with both Sky Racing and Seven West Media to the broadcast rights to Victorian thoroughbred racing content. Now shown to me and marked **Annexure NDT-36** is an article published by racing.com discussing the arrangements reached.
238. It was reported, at this time, that Tabcorp / Sky Racing had offered the Victorian racing industry \$300 million over ten years for the rights to Victorian thoroughbred content on an exclusive basis. I consider that the figure demonstrates the fundamental value to a wagering operator of rights to such content. Now shown to me and marked **Annexure NDT-37** and **Annexure NDT-38** are press articles from the Herald Sun and racing.com commenting on the June 2015 black

out and which report that Tabcorp offered Victoria Racing \$300 million for the next ten years to show Victorian thoroughbred racing content on their platforms.

Comparative experience in Victoria where rights to content are non-exclusive

239. In Victoria, where rights to thoroughbred racing content have become non-exclusive and available to corporate bookmakers in recent times, there appears to have been an increase in turnover and competitive tension, and benefits to consumers, through significantly greater access to content.
240. For example, it has become possible for CrownBet or any corporate bookmaker to promote their brand and engage in cross selling opportunities through the provision of digital content on their own platforms (eg through their own app).
241. [HIGHLY CONFIDENTIAL: [REDACTED]]
242. Now shown to me and marked **HIGHLY CONFIDENTIAL Annexure NDT-39** is an analysis in the form of 'natural experiment', of the impact of free to air TV broadcasting of Victorian thoroughbred races on CrownBet turnover. [HIGHLY CONFIDENTIAL: [REDACTED]]
243. Now shown to me and marked **HIGHLY CONFIDENTIAL Annexure NDT-40** is an analysis which shows, in the form of 'natural experiment', the impact on CrownBet's turnover and number of active clients when Sky Racing / Tabcorp pushed Melbourne Melbourne's metropolitan thoroughbred races from Sky 1 to Sky 2 as a reaction to Racing Victoria's trial of 30-minute gaps between races in early 2016. [HIGHLY CONFIDENTIAL: [REDACTED]]

Comparative experience with Sports where rights to content are non-exclusive or more readily available

244. Sport is another example where non-exclusive access to content and an ability to advertise has, in my view, been a factor which has generated growth in sport wagering and greater competitive tension between wagering operators. I discuss this further below.

Summary comparison of rights to content

245. As a summary, I have set out below a comparison of the relevant rights to content available to Tabcorp, UBET (Tatts) and corporate bookmakers, as well as racing.com. I believe this table to be accurate.

Figure 8: Comparison of Tabcorp, Tatts and corporate bookmakers – content

	Corporate bookmakers	Racing.com	TAB	UBET
Rights to Content				
Sports Vision	Yes	N/A	Yes	Yes
Thoroughbred Racing Vision	Digital (VIC only) ¹	Free to Air TV (VIC only) Pay TV (VIC only) Digital (VIC only)	Pay TV Free to Air TV Digital	-
Harness Racing Vision	-	-	Pay TV Free to Air TV Digital	-
Greyhound Vision	-		Pay TV Free to Air TV Digital	-
International Racing	-	Free to Air TV (Hong Kong only)	Pay TV Free to Air TV Digital	
Racing Audio	No	Yes (via licence)	Yes	Yes
Ability to advertise in				

¹ Except William Hill, which has exclusive digital rights in the corporate bookmaker category for NSW thoroughbreds.

conjunction with content				
Sports Vision	Yes	N/A	Yes	Yes
Thoroughbred Racing Vision	VIC only ²	VIC only	Yes, across all platforms and into retail	-
Harness Racing Vision	-	-	Yes, across all platforms and into retail	-
Greyhound Vision	-	-	Yes, across all platforms and into retail	-
International Racing	-	-	Yes, across all platforms and into retail	-
Racing Audio	No (each radio station is owned by or has an exclusive sponsorship with TAB, Tatts, or WA TAB)	Yes	Yes	Yes

Advertising and branding

Advertising restrictions – past and future

246. Until 2008, corporate bookmakers were not permitted to engage in advertising due to laws preventing advertising by interstate wagering operators. Since that time, corporate bookmakers have been able to advertise their wagering services, as have totalisators beyond the jurisdiction in which they are licenced. Wagering operators can do this through various means, including online, through broadcast television, print media and radio and through sponsorship activities.
247. The most valuable, and effective, form of advertising is that delivered in conjunction with the 'event' upon which wagering is conducted and which advertises wagering on that event. By this I mean, advertising wagering on racing broadcasts during or in conjunction with racing events being shown, and advertising wagering on sports during or in conjunction with sports. During a

² Except William Hill, which has exclusive digital rights in the corporate bookmaker category for NSW thoroughbreds.

- sports broadcast, or on a sports channel, CrownBet typically only advertise our sports wagering products, prices and promotions. There is limited value, for example, in advertising racing products, pricing or promotions on or during a sports broadcast, or in conjunction with sports.
248. CrownBet's systems do not record data which breakdowns the expenditure on advertising or marketing expenditure between racing and sports. However in my experience, a significant proportion of CrownBet's advertising and marketing effects are directed at sports, and to a much lesser extent racing (due to an inability to advertise in racing). Corporate bookmakers, at present, are able to advertise their sports wagering products reasonably effectively in respect of sports events.
249. This is because sports are frequently broadcast live on free to air TV, subscription TV or available to stream digital through various platforms. The vast majority of sport media content is readily available – live – through free to air, subscription TV and / or digital streaming, at little or no cost to punters. None of this content is exclusively available through a wagering operator (ie no wagering operator exclusively controls rights to sports media content). This is consistent with public statements made by Craig Nugent, Tabcorp's Chief Operating Officer, reported in the racing.com article from September 2015 contained in Annexure NDT-4 that *'the amount of sport that is actually covered on television.... is a massive driver of sports betting'*.
250. As an example, CrownBet is the official wagering partner of the AFL. This enables CrownBet the first right to select an AFL premium partner broadcast package sponsorship. For the 2017 AFL season, CrownBet has elected only to be the AFL premium partner for Fox Sports, providing CrownBet with the ability to advertise in relation to broadcasts of AFL content on Fox Sports. The AFL has then offered premium partner packages for FTA broadcasts to other corporate bookmakers. Sportsbet, for example, has become the AFL premium partner for Channel 7 (free to air) broadcasts of AFL. Despite these relationships, advertising is also accepted from a number of other wagering operators during sports broadcasts. For AFL broadcasts, I understand that advertising is accepted from as many as two other wagering partners in addition to the premium partner.
251. In addition to advertising, wagering operators can also seek rights to stream such content through their own digital platforms so that a punter can watch the event with the operator's app. CrownBet, for example, through its five-year sponsorship of the AFL has rights to digitally stream AFL games to its customers. Those rights were previously held, and exploited, by Tabcorp. Non-exclusive streaming of a large range of popular wagering sports – including basketball, soccer and tennis, is made available and currently exploited by CrownBet, other corporate bookmakers and totalisator operators.
252. In my view, the significant advertising by corporate bookmakers in sport is a direct result of an inability to advertise elsewhere, in particular in relation to racing (which still makes up the vast majority of wagering with CrownBet).

253. The effect is that corporate bookmakers are only able to advertise in indirect ways in conjunction with racing, for example, by sponsoring a form guide (such as Winning Post), which has limited circulation, or sponsoring a race club (but only in Victoria, Tasmania and the Northern Territory).
254. There are limited opportunities to sponsor the latter, as sponsorship rights to major race clubs are often held by either Tabcorp or Tatts, on a long term basis in agreements that are tied up with the relevant retail licence. For example, there is no ability to sponsor a race club in New South Wales and Queensland due to exclusivity granted in favour of TAB and UBET respectively. Further, I understand that Tabcorp has a long term exclusive agreement with the Victoria Racing Club. I also understand that UBET recently entered into an exclusive arrangement with Thoroughbred Racing SA under which it became the exclusive wagering partner of thoroughbred racetracks for South Australia. An exception is Ladbrokes, which has long term rights to sponsor the Melbourne Racing Club's tracks at Sandown and Caulfield. In addition, this type of advertising is largely directed at building brand awareness, as it does not facilitate advertising of specific products or pricing.
255. The lack of cross ownership between holders of sports media content and wagering operators (unlike racing), and the consequential ability to advertise wagering services in sports, has resulted in significant advertising by corporate bookmakers in relation to sports. It has also facilitated corporate bookmakers such as CrownBet making significant competitive investments in sports. This includes investment in terms of funding for the sporting codes, their media rights and product innovation around sport (i.e. including the development of new products, new bet types etc).
256. In my view, this investment, and the ability for corporate bookmakers such as CrownBet to more effectively compete in sports wagering through a more even playing field in terms of media content and advertising, has been a key driver behind the significant recent growth in sports wagering. Put another way, in the area that has seen the largest growth in wagering, and the greatest competition between wagering operators, control to key inputs (in particular, media content) is not controlled by a single wagering operator like Tabcorp.
257. However, the extent to which wagering operators will be able to advertise in sports will continue in the future is uncertain due to pressure on regulators to reduce or preclude such advertising (particularly on free to air TV and in mainstream media). This includes, for example, a bill introduced by Senator Xenophon which would restrict the broadcasting of wagering advertisements on sports or during a G classified television program. While a Senate committee has recommended against Senator Xenophon's *Interactive Gambling Amendment (Sports Betting Reform) Bill 2015*, the bill is currently before the Senate for consideration and may still be approved. I understand that the proposed advertising restrictions on sports are supported by Tabcorp despite it being a major advertiser.
258. If these or similar restrictions implemented, the restrictions are likely substantially limit the ability of corporate bookmakers to promote themselves to customers, and therefore to compete.

259. There has been no suggestion from any Government that any restrictions on advertising would extend to the broadcast of racing events. In fact, it is long-standing Government policy to exclude racing broadcasts from regulation of gambling advertising.

Branding

260. Corporate bookmakers have only been active in the wagering market for a relatively short period of time. Corporate bookmaker advertising activity was curtailed until advertising restrictions were lifted in 2008. Since that time, while there has been new entry, there has also been consolidation of corporate bookmakers (as I discuss below).
261. The impact of that consolidation (including acquisitions by overseas wagering operators) is that there are few if any corporate bookmakers (with the exception of Sportsbet) currently in the market that possess long established brands. By way of example, CrownBet formerly traded under both the BetEasy and Betezy brands. It was rebranded, and has only been known as CrownBet, since March 2015. The William Hill brand was established in Australia in 2015 when William Hill rebranded the Sportingbet and Tom Waterhouse businesses that it had acquired in 2013, and integrated these under the William Hill brand. The Ladbrokes brand was established in Australia in 2013 when Ladbrokes acquired Betstar and rebranded it as Ladbrokes. Bet365 launched in Australia around 2012.
262. Tabcorp and Tatts each have long established brands as Tabcorp and Tatts and own and operate all former statutory / government owned totalisator and TAB businesses except for WA. Ownership of past state-owned monopoly assets including the 'TAB' brand can artificially bestow a quasi-governmental level of trust and prestige on a brand, which is reinforced by the retail network. The combination of their operations under the Tabcorp brand is likely amplify the sense of trust and prestige associated with their operations. Corporate bookmakers cannot replicate these type of brand advantages.
263. Tatts has previously conducted its collective wagering businesses under a range of Tatts and acquired brands (such as TAB SA and Tote Tasmania). Tatts consolidated these brands in 2015 under the 'UBET' brand, re-badging its channels and operations under one brand, launching a new UBET online offering (including app), new UBET rewards program and new UBET promotions and offers. I am not aware of how much Tatts spent on this branding exercise but consider that it is likely to have made a significant investment, both in terms of marketing and promotions but also in the capabilities of its digital offering. Its digital offering included a number of new functionalities and innovations.

Cross-promotion

264. Corporate bookmakers cannot open a bricks and mortar outlet offering cash based wagering services and therefore cannot promote their brand through this means. Signage opportunities are primarily confined to at-ground advertising for sports events (for example, AFL) and race club sponsorship, to the extent these are available.

265. Tabcorp's and Tatts' respective retail operations (both owned and agent outlets, and pubs and clubs with TABs) provide them with an ability for constant reinforcement of brand awareness and message and opportunities for cross promotion of brands and services across multiple channels. As discussed above, Tabcorp and Tatts also have exclusive racetrack sponsorship rights throughout NSW and Queensland. Racing clubs in those states are prohibited from accepting sponsorship from other wagering operators under all circumstances even where Tabcorp or Tatts do not provide sponsorship to the race club. Such exclusive rights reinforce their branding on course and through broadcasting of NSW and Queensland race events.

Race fields / product information

266. As discussed above, corporate bookmakers, betting exchange operators and totalisator operators require race field information to provide wagering on racing. To publish this information, they must pay product fees (ie race fields fees) to State and Territory racing controlling authorities in respect of the publication of information.
267. Pursuant to race field legislation (which governs the use of race field information), wagering service providers are granted an approval by the relevant racing controlling body to use the names of the runners, the riders (if relevant), the starting draw and other such related race field information. In return for the right to use race field information, the wagering provider must pay the relevant racing controlling body a product fee. The provider must still then compile itself, or pay a third-party data provider to supply, actual race field materials.
268. The race fields fees are payable in each state by interstate operators (ie all corporate bookmakers, betting exchanges and interstate totalisators). All wagering operators are required to pay the same race fields fee to the racing industry, save for the following important differences:
- (a) the totalisator operator in each State and Territory is typically exempt or relieved from paying race field fees because it has separate racing funding obligations or because it has entered into arrangements with the racing industry under which those fees are offset against other racing funding obligations or through which it can recover such fees; and
 - (b) the race fields fees charged to interstate totalisators are, in a number of instances, lower than those charged to corporate bookmakers and betting exchange operators.
269. In relation to (a), for example in South Australia, there are arrangements under which UBET (Tatts) is refunded product fees it pays to intrastate racing bodies by Racing SA. Now shown to me and marked **Annexure NDT-41** is an extract from Thoroughbred Racing SA's 2016 Annual Report. This extract shows that, under the South Australian Racing Distribution Agreement, being the agreement between the UBET SA and the three codes following the sale of the SA TAB (now UBET SA), UBET SA is entitled to recover from the codes the cost of obtaining interstate racing product.
270. Now produced and shown to me as **Annexure NDT-42** is a table which summarises the race fields fees payable. I believe this table to be accurate.

271. This table shows that corporate bookmakers pay at least the same race fields fees as the interstate totalisators supplying wagering products into a jurisdiction. In some cases, the race fields fee payable for fixed odds and / or tote derivative wagering is higher than the fee payable for totalisator wagering. The higher race fields (product) fees payable for tote derivative betting (price matching) make these products significantly more expensive to offer, despite carrying risk and lower margins to operators like CrownBet. This necessarily affects the availability of these products to punters and reduces price competition in the wagering market.
272. These differences in race fields fees, in my view, are intended to and do divert wagering turnover to totalisator operators by discouraging price competition and penalising lower margin operators that are not permitted to conduct a totalisator. Further, CrownBet and other corporate bookmakers are disproportionately affected by turnover based product fees because they operate on lower yields than totalisators. That is, the race fields fee is higher for corporate bookmakers as a proportion of their gross gaming revenue than it is for totalisator operators. The use of turnover by many State racing bodies as a basis for race fields fees in my view therefore favours totalisator operators. By imposing turnover-based fees, the relative price of wagering services offered by corporate bookmakers (and betting exchanges) is increased compared to totalisator operators.
273. Race fields fees, as a proportion of gross gaming revenue on wagering on racing, are significant. Now shown to me and marked **HIGHLY CONFIDENTIAL Annexure NDT-43** is a table setting out CrownBet's race fields fees as a proportion of gross gaming revenue based on internal CrownBet data. I believe this table to be accurate. **[HIGHLY CONFIDENTIAL]**

Sports product information

274. To conduct wagering on sports, wagering operators must obtain the agreement of certain sports controlling bodies and pay fees, including to obtain and publish sport product information for example, draws / fixtures and teams.

Customer data

275. Customer information, and related systems to manage that data, are also required to conduct wagering operation, particularly in respect of account-based operators. Wagering with cash, by contrast, can be done anonymously (although can also be done in conjunction with an account, for example, if the customer wishes to accrue loyalty or rewards points with the totalisator).
276. All wagering operators will have customer databases containing key information regarding their customers (active or otherwise), including information relating to the customer's account, activities, loyalty or reward program participation etc.
277. Through their retail operations, Tabcorp and Tatts can access multi-channel (or 'omni' channel) customers and convert retail customers into online (digital) customers with an account with

Tabcorp or Tatts. This enables Tabcorp and Tatts to each compile a database significantly larger than any corporate bookmaker.

278. These large databases provide Tabcorp and Tatts, and if the proposed transaction proceeds a combined Tabcorp/ Tatts, with important customer information relevant to both totalisator and fixed odds wagering. This provides advantages in terms of:
- (a) customer profiling (including customers which have a digital footprint);
 - (b) customer/margin management;
 - (c) loyalty programs; and
 - (d) the ability to leverage and cross-subsidise retail and digital operations.
279. Combining Tabcorp and Tatts wagering operations will thereby combine two of the largest databases of customer information, creating a single database of customer information significantly in excess of that indicated by the combined entity's market share at a point in time. Access to this quantity or quality of customer information is not capable of replication by other wagering operators and in my view represents a material and enduring competitive advantage to the merged entity that would not arise if the proposed transaction were not to proceed.

Totalisator pooling services

280. If totalisator wagering is offered, the acquisition of pooling services from Tabcorp or Tatts is required unless the totalisator's own pool is sufficiently large and has sufficient liquidity.
281. Corporate bookmakers do not provide totalisator wagering so do not currently acquire (or need to acquire) pooling services. Any corporate bookmaker contemplating a future bid for an exclusive totalisator licence would need to acquire such services.

Other Inputs

282. Corporate bookmakers, like totalisators, incur costs to operate a wagering business through digital and telephone channels, including fees to provide credit card payment mechanisms, customer identity verification fees, fraud detection services, affiliate fees and commissions and regulatory compliance costs.
283. Corporate bookmakers do not incur costs associated with operating a retail wagering network or a totalisator, because they are not permitted to operate one.
284. Totalisators incur costs associated with operating a retail cash based wagering network. However, they also derive offsetting competitive advantages from this expenditure, particularly the monopoly right to conduct totalisator and retail wagering operations in the relevant state.

FEDERAL AND STATE TAXATION

Federal taxes

285. Corporate bookmakers, like totalisators, pay corporate income tax and GST. These are not totalisator wagering specific taxes. Now shown to me and marked **HIGHLY CONFIDENTIAL Annexure NDT-44** is a table setting out estimates of the GST paid as proportion of revenue by CrownBet, Sportsbet, William Hill and Ladbrokes. The table is based on CrownBet data and CrownBet estimates based on public data available on the financial performance of other bookmakers (including statutory accounts, with adjustments made to account for different year end dates and currency conversion, and assumptions on gross gaming revenue margins where this is not reported). I believe this table to be accurate.

State wagering taxes – corporate bookmakers

286. As I explained above, a corporate bookmaker must pay 10% of its gross revenue in annual wagering tax to the Northern Territory Government, which is currently capped at \$575,000 per year. In addition to wagering taxation, the Northern Territory Government mandates that sports bookmakers must make a further economic contribution to the Northern Territory. Now shown to me and marked **HIGHLY CONFIDENTIAL Annexure NDT-45** is a copy of a memorandum from CrownBet, Betfair and Draftstars (an entity in which CrownBet is a shareholder) dated 9 November 2016 to the chairman of NTRC which outlines the economic and other contribution to the Northern Territory provided by these companies. This includes an attachment setting out the direct contribution made (including the payment of wagering tax, under 'licensing fees').
287. Regardless of where a customer's account is opened, CrownBet pays wagering tax to the NT as this is the jurisdiction in which it is licensed. Unlike Tabcorp, which holds licenses across multiple jurisdictions, corporate bookmakers cannot forum shop or migrate customers to a more favourable jurisdiction from a regulatory or taxation perspective.
288. I consider that the wagering tax obligations (and the annual licence fee payable) to the NT reflect, and are commensurate, with the rights and entitlements conferred on CrownBet and other corporate bookmakers. They constrain sports bookmakers from offering anonymous, cash based retail wagering (both on-course and off-course), do not permit the operator to make available totalisator wagering and do not confer exclusivity with respect to the conduct of any wagering operations, the products or the channel by which such operations can be conducted.
289. In this respect, I note that Tasmania does not impose wagering tax upon corporate bookmakers and therefore the taxation regime in the NT is not an isolated case.
290. I do not consider that the quantum of these fee and taxes payable provides CrownBet or any other corporate bookmaker with a 'material' advantage over Tabcorp and Tatts, as Tabcorp claims in its Form S (for example, at paragraph 4.34).

State wagering taxes – totalisators

291. Totalisators pay wagering tax in their respective jurisdictions as part of the combined consideration payable for their exclusive totalisator licences and retail exclusivity, over the term of those exclusive rights.
292. I discuss this consideration, and the rights and entitlements received, below.

CONSIDERATION FOR EXCLUSIVE TOTALISATOR AND RETAIL RIGHTS

Overview

293. The licence fee, wagering tax and racing funding obligations represent the combined consideration payable for their exclusive totalisator licences, retail exclusivity and joint venture arrangements with racing (including the exclusive sponsorship of all codes of racing in New South Wales, South Australia and Queensland) in their respective jurisdictions over the term of those exclusive rights, and are commensurate with the significant rights and entitlements they receive in return.
294. Relevantly, I consider any wagering tax and funding obligation payable for the term of the licence to form part of the total overall payment, which in each case was agreed to by each of Tabcorp and Tatts, in return for the significant and enduring benefit of having exclusive rights to operate a totalisator and conduct retail wagering operations. In my view, you 'get what you pay for'.
295. The licence fee and ongoing obligations to pay a wagering tax and funding to the state's racing industry are indivisible from, and represent the combined consideration for, the licences providing totalisator and retail exclusivity in a particular state.
296. I have set out below my understanding of these matters for each State and Territory.

Victoria

297. In Victoria, as part of the overall licensing arrangements entered into in 2011, Tabcorp was awarded the exclusive licence on the basis that Tabcorp was required to enter into arrangements with the Victorian racing industry under which Tabcorp paid an ongoing financial contribution to the industry, and on the basis that Tabcorp had ongoing obligations to pay wagering tax (among other ongoing payments that formed part of the consideration for the licence).
298. Now shown to me and marked **Annexure NDT-46** is Tabcorp's press release from 19 July 2011 which announced that the Victorian Government intended to award the Victorian licence to Tabcorp and confirmed, as part of that licence:

'Tabcorp will need to enter into arrangements with the Victorian racing industry that will govern the formal relationship between Tabcorp Wagering and the Victorian racing industry.'

Tabcorp Wagering has put forward proposed arrangements with the Victorian racing industry and will now enter into discussions to finalise those arrangements. The financial aspects of the proposed arrangements largely reflect the financial arrangements which were included in draft agreements provided to Tabcorp Wagering as part of the licensing process.

...The Victorian Government is able to direct the holder of the Victorian Wagering and Betting Licence to enter into arrangements with the Government or third parties relating to the Licence.'

299. The press release above in Annexure NDT-46 also provided a summary of the key financial terms of the then current Victorian licence compared against the proposed financial arrangements with respect to the new (now current) Victorian licence. The financial arrangements relating to licence set out in the press release, and contemplated at the time of and as consideration for the licence, comprise (among other things):
- (a) the profit share payable by Tabcorp to the Victorian racing industry (ie the funding obligation to the racing industry);
 - (b) the wagering tax payable by Tabcorp under the new licence, in respect of each category of product (pari-mutuel, fixed odds and virtual racing), noting that the tax payable under the new licence is substantially less than the old licence;
 - (c) the product fees payable by Tabcorp to the racing industry,
 - (d) the program fee payable by Tabcorp to the racing industry, noting that the starting fee payable under the new licence was substantially less than the fee payable under the old licence; and
 - (e) race fields fees payable by the joint venture (ie Tabcorp and the Victorian racing industry) on non-Victorian product.

New South Wales

300. Following a privatisation process in 1997, TAB Limited obtained licenses under the *Totalisator Act 1997 (NSW)* to provide off-course and on-course totalisator wagering services in New South Wales for thoroughbred, harness and greyhound racing until 2097.
301. Originally, the term of these licences included a 15-year 'exclusivity period', which was due to expire on 22 June 2013. Pursuant to an agreement between the New South Wales Government and TAB Limited dated 20 June 2013, the New South Wales Government agreed to extend the original exclusivity period for a further 20 years from June 2013 to June 2033.
302. Now shown to me and marked **Annexure NDT-47** is a copy of Tabcorp's media release, which explains this extension and aspects of the upfront and ongoing consideration for the licence. The press release explains:

'The exclusivity extension entitles Tabcorp's subsidiary, Tab Limited (TAB), to continue operating as the sole provider of totalisator and fixed odds betting in a retail environment until June 2033. While TAB's NSW retail wagering licence does not expire until 2097, its exclusivity would otherwise have expired on June 22, 2013.

TAB has agreed to pay \$75 million to the NSW Government to extend the exclusivity period, which comprises an initial payment of \$50 million and the balance over a 10 year

period from 2024, subject to the terms and conditions of an agreement between the parties. The exclusivity extension is subject to legislative amendments.'

303. As part of the privatisation process in 1997, the licensee of the New South Wales Wagering Licences was required, under the *Totalizator Act 1997 (NSW)*, to have in place commercial arrangements with the racing industry in respect of the licence and the conduct of activities authorised by the licence. In satisfaction of the legislative requirements, TAB Limited entered into a Racing Distribution Agreement on 11 December 1997 with the relevant racing bodies (Racing Distribution Agreement), which has since been varied several times. The Racing Distribution Agreement (as amended) outlines the rights and responsibilities of the parties and directs payment of certain fees by TAB Limited to the respective racing bodies, as part of its consideration for the exclusive licences it holds.

ACT

304. The totalisator board in the ACT, formerly known as ACTTAB was privatised in 2013. The sale of ACTTAB was undertaken by way of a two stage process involving an expressions of interest campaign and a bid stage. Tabcorp was ultimately successful in that sale process, and in October 2014, Tabcorp acquired ACTTAB from the ACT Government. As part of the acquisition, Tabcorp was issued:
- (a) a 50 year exclusive totalisator licence;
 - (b) a sports bookmaking licence for an initial term of 15 years with further rolling extensions for a total term of 50 years; and
 - (c) ongoing approvals to offer Keno and Trackside products for 50 years.
305. In return for these rights, and in addition to an upfront consideration of \$105.5 million, Tabcorp pays an ongoing licence fee of \$1 million (indexed for CPI) per annum. However, I understand that there is no wagering tax on the totalisator licence and tax payable on the sports bookmaking licence is, in effect, less than 1 per cent of turnover (as set out in Table 6 of Annexure A of the Form S). I also understand that Tabcorp is entitled to claim a GST offset for fixed odds bets (ie on the sports bookmaking licence) which affects the rate of tax actually paid (as noted out in Table 6 of Annexure A of the Form S).
306. Now shown to me and marked **Annexure NDT-48** is a copy of Tabcorp's media release at the time of announcing the acquisition of ACTTAB. The press release explains:
- 'ACTTAB provides Tabcorp with long-life licences with low tax and product fee regimes that complement our existing Wagering, Keno and Trackside businesses' said Managing Director and Chief Executive Officer, David Attenborough.*
307. Now shown to me and marked **Annexure NDT-49** is a copy of a further Tabcorp media release, which describes the deal as follows:

'The ACTTAB totalisator and sports bookmaking licences are highly attractive. Ongoing payments to be made by Tabcorp in respect of the totalisator are limited to an annual licence fee of \$1 million and CPI increases. There is no wagering tax payable to the Territory on the totalisator licence. The wagering tax payable to the Territory on the sports bookmaking licence currently has an expected effective tax rate of less than 1% of turnover.'

308. As reported at the time the deal was announced, the arrangements provide an incentive for Tabcorp to open or shift customer betting accounts to the ACT, as a low tax jurisdiction, without any change in the experience for phone and internet customers. Now shown to me and marked **Annexure NDT-50** is a copy of a press article from the Canberra Times in July 2014 explaining the potential for such customer migration.

Queensland

309. In January 2014, Racing Queensland announced that it was seeking expressions of interest from national and international wagering operators who were interested in bringing 'innovation' to the greyhound, harness and thoroughbred racing industry in Queensland. The announcement was made in light of the fact that the 15 year exclusivity period attaching to the wagering licence held by TattsBet Limited (formerly Unitab Limited) was due to expire on 30 June 2014.
310. In June 2014, the Queensland Government announced that it had granted an exclusive retail wagering licence to TattsBet Limited (now trading as UBET QLD Pty Ltd). Under the deal, TattsBet Limited was granted the exclusive right to operate both race and sports wagering in retail outlets in Queensland until 2044. Additionally, the term of TattsBet Limited's sports wagering licence was extended to reflect the existing term of its race wagering licence – both licences are now due expire on 30 June 2098.
311. The collective consideration for these exclusive rights included \$150 million licence fee (payable in four instalments over 10 years) and ongoing obligations to pay wagering tax and product fees.
312. Now shown to me and marked **Annexure NDT-51** is a copy of the Tatts' ASX announcement which summarises the licence fees, products fees and taxes payable under the 'New framework' compared with the 'Existing Framework'. This illustrates the reduction in wagering tax payable under the new arrangements, and the ability for Tatts to offset race field fees against other product fees payable to the racing industry as part of the acquisition of the licence.
313. The media release explains the benefits of the deal to Tatts, and consideration payable, as follows:

'The new framework seeks to level the playing field, which to date has enabled out-of-state betting operators to exploit more beneficial tax regimes to target Queensland customers, siphoning significant revenues away from the Queensland industry. Specifically the new Queensland regime will see the tax rate on pari-mutuel betting reduce from 20% to 14% of commissions, whilst the rate applicable to fixed-price betting will decrease from 20% to 10% of gross revenue. ...

Existing product fee arrangements with the racing industry will be maintained with the continuation of the current variable product fee at 39% of gross wagering revenue. Tatts' right to directly offset race field fees from the product fee payable will continue as has occurred in the past - except in the event that the offset exceeds RQ's race field fee receipts from other operators (or if the offset exceeds the portion of product fee generated from non-Queensland racing), in which case the shortfall will be shared 60% by Tatts and 40% by RO. In this scenario the parties may seek to renegotiate the appropriate approach in apportioning any future shortfall.'

A new \$15 million (indexed to 80% of CPI) annual fixed product fee will be paid to the racing industry, together with a 2.5% share of fixed-price sports betting revenue generated from 'bricks and mortar' retail outlets (capped at a maximum of \$5 million p.a. indexed).

Tatts will pay the State \$150 million as a license fee, to be paid in four equal instalments on 1 July 2014, 1 July 2016, 1 July 2020 and 1 July 2023.

Tasmania

314. The Tasmanian Government privatised the state totalisator, Tote Tasmania, in 2011. TattsBet Limited (now known as UBET Tasmania Pty Ltd) acquired Tote Tasmania, acquiring retail and totalisators licences in Tasmania, with exclusivity until 26 March 2027.
315. In return for these rights, and in addition to the upfront consideration of \$103 million paid, UBET Tasmania Pty Ltd pays an ongoing annual wagering levy of \$6.58 million (indexed to Hobart CPI) and product fees. Now shown to me and marked **Annexure NDT-52** is a copy of the Tatts' ASX Announcement, which explains that the arrangements under which it purchased the licences were considered by Tatts at the time to be *'the most favourable totalisator wagering licensing regime in Australia.'* The press release explains the benefits of the deal to Tatts as follows:

'Tote Tasmania provides Tatts Group's wagering subsidiary, TattsBet, with access to the Tasmanian racing and sports wagering market. The business will become part of the TattsBet pooling and fixed price wagering systems which currently operate in Queensland, Northern Territory and South Australia.

The Tasmanian race wagering licence is for 50 years, plus an option for an additional 49 years at no additional cost. It offers exclusive access for 15 years to the Tasmanian retail wagering market through 26 TABs and 110 outlets hosted in hostels and clubs.

The licence provides TattsBet with an efficient and attractive wagering model. Payments made by Tote are limited to an annual wagering levy which is currently \$6.58M, GST and race field fees. This is the most favourable totalisator wagering licensing regime in Australia.'

South Australia

316. The totalisator operator in South Australia, formerly known as SA TAB was privatised in 2002. Tatts Group acquired the SA TAB (now known as UBET SA), and obtained a totalisator licence until 2100. Based on the Form S, I understand this is exclusive until 2017. In return for these rights, and in addition to the upfront consideration of [X], UBET SA pays an ongoing wagering tax and product fees. I understand from paragraph 135 of Annexure A of the Form S, that UBET SA pays no wagering tax on the totalisator licence and tax payable on fixed odds is 10% of gross revenue. I understand that UBET SA pays product fees to the South Australian racing industry, but (as I discussed above) receives a refund – from the South Australian racing industry – in respect of any product fees UBET SA pays to intrastate racing bodies.

Northern Territory

317. In November 2014, the Northern Territory Government sought expressions of interest from national and international wagering operators in respect of the exclusive Northern Territory totalisator licence, then held by TattsBet Limited (which subsequently became UBET NT Pty Ltd (UBET NT)), which was due to expire on 30 June 2015.
318. In November 2015, following a competitive process, UBET NT was granted a 20 year exclusive totalisator licence in the Northern Territory, until 2035. The new arrangements extended the term of the exclusive rights of UBET NT to operate a totalisator in the Northern Territory and conduct retail betting on racing and sports through the totalisator and via fixed odds.
319. Now shown to me and marked **Annexure NDT-53** are copies of the Tatts' ASX Announcements regarding the grant of the NT licence. These explain that the consideration payable in return for the licence. This comprises an annual licence fee (\$250,000, subject to indexation) is payable by UBET NT for the term of the licence to the Northern Territory Government, and ongoing fixed and variable payments to the thoroughbred and greyhound racing industries, an obligation to sponsor several major Territory events, and refurbish and upgrade technology in all its retail agencies and pub, club and casino outlets.

FUNDING OF RACING INDUSTRY

Totalisator funding model

320. Totalisator operators 'contribute' to the racing industry through the funding obligations imposed as part of the consideration for their exclusive licence and through race fields.
321. In my view, the ongoing payments that are made by Tabcorp and Tatts to the racing industry (or to the relevant State Government, through the payment of wagering taxes) do not represent a benevolent funding of or 'contribution' to the racing industry, or wagering tax obligations that the licence holder must unfairly bear.
322. They are commercial payments made to obtain valuable exclusive rights and entitlements which Tabcorp and Tatts have elected to acquire, in most cases very recently, and in respect of which they derive significant competitive advantages. I disagree with any suggestion that these arrangements put Tabcorp and Tatts at a competitive disadvantage relative to CrownBet or any other corporate bookmaker.

323. Where a totalisator operator offers wagering on racing outside of its home state (for example, the Victorian TAB offering totalisator wagering on Queensland racing), their funding obligations that other state are identical to those of corporate bookmakers and betting exchanges. In effect, however, the impact of race field fees that totalisators must pay outside of their home state is lower because they use mechanisms in their joint venture agreements with their home state racing industry to charge a portion of these interstate product fees back to the home state racing industry.
324. There are also a number of mechanisms by which totalisator operators are able to reduce the amount payable under their wagering tax and funding obligations.

Ability to reduce amount payable through use of discretion or claw back mechanisms

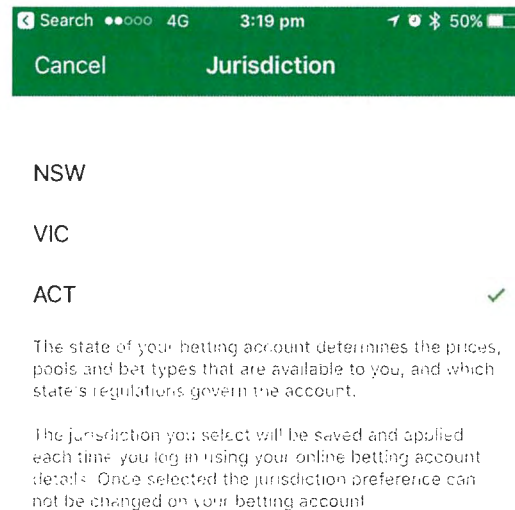
325. An example of is that, in Victoria, the profit sharing arrangement between Tabcorp and the Victorian racing industry, as part of Tabcorp's acquisition of the Victorian totalisator licence, involves sharing profits less expenses or costs that I understand Tabcorp determines in its discretion. These expenses or costs are, in effect, charged to the Victorian racing industry and allows Tabcorp the ability to make higher 'headline' offers than corporate bookmakers for key racing assets.
326. I understand, for example, that such expenses have included the costs of Tabcorp's sponsorship of the Victoria Racing Club. I understand that Tabcorp was able to table a more competitive offer to secure the sponsorship than corporate bookmakers (including CrownBet) because it was effectively charging a significant proportion of that expense back to the racing industry through the profit share arrangement as part of its licence. I understand this may not be an isolated incident.

Ability to reduce amount payable by forum shopping and migrating customers

327. CrownBet holds only one wagering licence and cannot forum shop or migrate customers to a more favourable jurisdiction.
328. Tabcorp holds exclusive licences in NSW, Victoria and the ACT. Tatts holds exclusive licences in Queensland, SA and Tasmania. Holding licences in multiple jurisdictions provides Tabcorp and Tatts with an ability to forum shop where customer accounts are opened in order to obtain the most favourable tax treatment, and thereby reduce the tax payable.
329. In particular, Tabcorp's ACT totalisator licence provides it with a unique ability to forum shop that will be made worse by the proposed transaction. In the ACT, a zero tax rate is charged on totalisator wagering and a very low effective tax rate applies for fixed odds wagering. If customer accounts are opened in that jurisdiction, or changed at a later date to that jurisdiction. Tabcorp has little or no obligations to pay wagering tax in respect of revenue generated under those accounts. To the extent it migrates customers to this jurisdiction to open accounts, Tabcorp gains a significant cost advantage, and thereby pricing advantage, over competitors.

330. As an example, I understand that Tabcorp is engaging in such migration and offering customers the ability to select the jurisdiction in which their account is opened. I have set out below a screen shot showing how this is offered to customers through the TAB app:

Figure 9: Jurisdiction options in TAB app



331. Now shown to me and marked **Annexure NDT-54** is a table from Tabcorp's results presentation on 4 February 2016 showing Tabcorp Wagering & Media Revenues 1st Half 2016. This shows that ACT TAB revenues grew 110% on racing and 200% on sport (albeit off a low base) after it was acquired by Tabcorp. In my view, such growth illustrates Tabcorp's ability and willingness to engage in jurisdiction shopping for customers given the favourable wagering tax regime in the ACT.
332. The combined Tabcorp / Tatts would be able to forum shop and migrate customers across all states (except WA) to a jurisdiction or jurisdictions with more favourable tax treatment. This would enable the combined Tabcorp / Tatts to reduce or avoid paying wagering tax and racing industry funding contributions in other jurisdictions (resulting in leakage of its 'contribution' to those jurisdictions), and providing the combined entity with a significant cost advantage, and thereby pricing advantage, over competitors.

Classification of what can be considered a 'contribution' by Tabcorp or Tatts

333. In its Form S (for example, at paragraph 1.6), Tabcorp claims to return 70% of its revenue to its 'partners' and otherwise makes significant contributions to the racing industry. The amounts that Tabcorp claims to contribute to the racing industry or community appear to include:

- (a) payments of the legislated licence fees, wagering taxes and funding obligations and related payments to the state and the racing industry which represent the ongoing combined consideration payable for the significant and valuable benefit of having exclusive rights to operate a totalisator and conduct retail wagering operations in a particular jurisdiction;
- (b) payments of costs incurred in association with (or to exploit) those exclusive totalisator and retail rights, including marketing, advertising and sponsorship;;
 - (i) payment of costs incurred in exploiting Sky Racing's dominant position in racing vision rights (including the purchase of exclusive vision rights from rights holders);
 - (ii) payment of fees which are incurred by all wagering operators, including race field fees; and
 - (iii) payments of income and related taxes such as GST which are incurred by all wagering operators.

334. I disagree with statements in the Form S claiming that corporate bookmakers make only a limited contribution.

Corporate Bookmaker contributions

335. In its Form S, Tabcorp claims that corporate bookmakers make only limited payments or little contribution to the racing industry (see for example, paragraph 4.63). I do not agree with those contentions.

336. For the reasons outlined above, I consider that corporate bookmakers contribute significantly to the racing industry, in monetary terms and otherwise, relative to the share of the market held by corporate bookmakers and more importantly the scope of operations that corporate bookmakers are able to undertake and having regard to rights and entitlements available to us under a licence limited to offering bookmaking services online and via telephone. In addition, the contribution (including funding) made by corporate bookmakers is not a fixed or static contribution, but tied to the growth of their respective businesses.

337. Race field fees paid by corporate bookmakers and other interstate operators contribute increasingly to funding of the racing industry funding. As can be seen from Thoroughbred Racing SA's Annual Report 2016 in Annexure NDT-41, race field feeds (referred to as 'Net Operations Contributions or BOC' in the report) now make up 35.3% of total funding to the South Australian racing industry, an increase on 18.7% from FY15. I understand such growth is entirely driven by corporate bookmakers. Now shown to me and marked **Annexure NDT-55** is

- an extract from Racing Victoria Limited's 2016 Annual Report (at page 44) which shows that race field fees totalled \$139.9m in FY16 (which represent 34.5%) of Racing Victorian's total revenues.
338. Further, as corporate bookmakers' share of the market increases, so too do the proportion of returns to the racing industry.
 339. Further, if it wished to do so, the racing industry:
 - (a) in New South Wales, Queensland and South Australia could derive significant further revenues by disaggregating racing club sponsorships (as has been the case in Victoria which would materially increase the contribution made to the racing industry by corporate bookmakers; and
 - (b) nationally (with the exception of Victoria and New South Wales thoroughbreds), could make available, for a fee, digital streaming or other media content to corporate bookmakers – from which the industry would benefit from directly and indirectly (via increased wagering on the product).
 340. Further, race field fees can be changed over time by the relevant state racing controlling bodies subject in some cases to legislation being amended. In this way, statutory mechanisms already exists to ensure that the racing industry has sufficient funding from wagering operators to support the racing industry. In any event, corporate bookmakers pay at least the same race fields (product) fees as the interstate totalisators supplying wagering products into a jurisdiction.
 341. Within the digital and telephone channels in which they are permitted to operate, CrownBet and other corporate bookmakers contribute significantly to the wagering sector and related sectors producing product upon which wagering is conducted, namely racing and sport) including through:
 - (a) employment;
 - (b) investment in adherence to responsible service of gambling requirements,
 - (c) investment in adherence to anti-money laundering and counter-terrorism obligations (including by only conducting account based wagering which requires operators to pay a fee to verify the age and identity of every customer that wagers with them, unlike retail operators who have no analogous requirement);
 - (d) driving innovation in wagering products, and the delivery of such products through digital and telephone channels, which seek to enhance the punter experience;
 - (e) maintaining low take out rates and offering better odds to consumers on racing, which attract more wagering on racing and maximise racing's share of wagering relative to sports wagering and gambling activities (ie reducing the relative migration from racing to sports);

- (f) maintaining low take out rates and offering better odds to consumers on sports;
 - (g) providing better value for money for punters (including by providing more bets per dollar wagered, as I discussed above);
 - (h) facilitating growth in the wagering sector by driving lower prices (better odds) and greater innovation in the digital (online) segment;
 - (i) in doing so, facilitating wagering through Australian wagering operators rather than through illegal offshore wagering operators (ie leakage).
342. A specific example of the contribution provided by corporate bookmakers to the wagering sector is the production and / or sponsorship of form guides and related racing guidance. These provide important information for potential punters. By way of example:
- (a) CrownBet sponsors the broadcast on racing.com – which in the 3 minute before and after the race publishes only the odds offered by TABs – despite the fact that neither Tatts or Tabcorp make any contribution to the costs of the broadcast;
 - (b) CrownBet sponsors the digital form guide published by racing.com (which is available for free);
 - (c) CrownBet publishes its own form guide and racing tips on its website and through the CrownBet blog, as do all other major corporate bookmakers, (which are free);
 - (d) a range of corporate bookmakers sponsor the digital 'Punters' form guide available through punters.com.au (which is available for free);
 - (e) Sportsbet sponsors the Best Bets (which has a circulation of approximately 25,000 copies and is also available online, through an account);
 - (f) a range of corporate bookmakers sponsor the Winning Post (which has a circulation of approximately 25,000 printed copies and is also available online for free); and
 - (g) a range of corporate bookmakers sponsor the printed Sportsman (which has a circulation of approximately 30,000 copies);
343. I do not consider the provision of form guides and racing guidance by Tabcorp to be 'subsidised' wagering support services, as Tabcorp has classified them in its Form S (at paragraph 4.50). Form guide and racing guidance information by Tabcorp is provided in order to market its brands and wagering offering, and drive wagering with it. These services are also not 'freely' available to punters, or provided in a neutral, unbiased way to punters – form guides in print and on Sky Racing heavily (and exclusively) features Tabcorp branding.
344. Corporate bookmakers do not 'free ride' off this material and, as discussed above, provide their own information in any event.

Totalisator operators' relationships with State and Territory Governments and the racing industry

345. As the holder of the exclusive totalisator licence and retail exclusivity right in their respective jurisdictions, and by virtue of the ongoing wagering tax obligation that each has as part of the consideration for that exclusivity, each of Tabcorp and Tatts significant negotiating and lobbying capabilities vis-a-vis the State and Territory Governments in which they have a totalisator licence. An example is that, in or around 2014, I understand that Tabcorp successfully lobbied the Victorian government for an increase in maximum take out rate, thereby increasing its potential revenue and increasing the cost to punters. This provides totalisators with a substantial advantage over corporate bookmakers which have no formal or economic relationship with State Governments.
346. Similarly, as holder of the exclusive totalisator licence and retail exclusivity right in their respective jurisdictions, and by virtue of the ongoing funding obligation that each has as part of the consideration for that exclusivity, each of Tabcorp and Tatts also have a very strong economic affiliation with the racing clubs and bodies in in NSW, Victoria and the ACT, and Queensland, South Australia, Northern Territory and Tasmania, respectively.
347. Because of the joint venture (or similar) relationships that exist with totalisator operators, the racing clubs and bodies have an incentive in the short term to maximise the level of wagering with their joint venture partners and to take steps to slow the growth of corporate bookmakers' market share. In my view, totalisators are often the beneficiaries of preferential treatment as a result. This is the case, for example, in relation to the imposition of turnover rather than revenue based race field fees and higher fees for tote derivate products.
348. Another example is by increasing taxes and thereby the cost of sales, to raise the costs of corporate bookmakers and betting exchanges. Tabcorp and Tatts have recently lobbied for or otherwise supported changes to taxation arrangements which would raise the costs of corporate bookmakers and betting exchanges.
349. An example is the double taxation being proposed in South Australia, which involves a point of consumption tax on top of existing product fees and point of supply licence fees. Such a scheme, if adopted nationally, would have little if any effect on costs for Tabcorp or Tatts (on the basis that existing taxes paid in those jurisdictions will be offset by the new tax) but a significant effect on corporate bookmakers. Adopted nationally, it would lead in my view to the vast majority of Australian corporate bookmakers becoming unprofitable and force them to seriously consider exiting the Australian market. This would amount to a major structural change, increase in market concentration, and reduction in competition in the Australian wagering market.
350. Now shown to me and marked **Annexure NDT-56** is an article from February 2017 which highlights lobbying by Tabcorp with respect to the introduction of point of consumption tax in other jurisdictions. I have set out below a relevant extract:

'Tabcorp chief executive David Attenborough recently told shareholders that his company would encourage "other state and territory governments to consider similar models'

351. Now shown to me and marked **Annexure NDT-57** is an article from August 2016 which highlights lobbying by Tabcorp and Tatts for taxation changes which would adversely impact corporate bookmakers and their ability to effectively compete in the future. I have set out below some relevant extracts:

'David Attenborough, head of wagering giant Tabcorp... used his annual results to attack the corporate bookmakers for their Australian tax arrangements and call for further reform.

The boss of Tatts (TTS) [Mr Cooke] ... hinted at his support for South Australia's move to hit corporate bookmakers with a new 15 per cent tax.'

352. Another example is through successfully lobbying for regulatory changes around products in a way that produces positive outcomes for a combined Tabcorp / Tatts at the expense of competitors. Examples include the reclassification in some states of virtual racing (namely Tabcorp's 'Trackside') from a gaming product to a wagering product which is able to be offered in a retail wagering environment, thereby extending retail exclusivity to an additional product. This has allowed Tabcorp to generate what I understand to be some \$2 million of revenue per week through its Trackside product, providing services in a way which cannot be provided by any online wagering operators. Another example are reforms to facilitate live betting on sport online within the retail wagering environment which I discussed above.
353. I am therefore concerned that the proposed transaction's consolidation of Tabcorp and Tatts' respective commercial affiliation with racing bodies, and respective licence arrangements with State and Territory Governments would materially increase the pressure that could be applied and its effectiveness to the detriment of corporate bookmakers and or our collective ability to offer competitive products to punters.

Offshore wagering operators

354. In addition to Australian licensed corporate bookmakers such as CrownBet, betting exchanges (ie Betfair) and totalisator operators (namely Tabcorp, Tatts and the WA TAB), punters in Australia also seek to wager with offshore wagering operators.
355. These offshore wagering operators can be legally licensed in their own jurisdiction to provide wagering, but are sometimes referred to as 'illegal' offshore operators because they are not licensed in Australia to conduct wagering and also offer wagering products that are not legal in Australia (such as online in-play betting on sports).
356. These offshore wagering operators are not licensed to offer wagering by any Australian State or Territory, do not pay any licence fee, wagering tax or product fees, do not pay any Australian income taxes or GST, do not have any Australian employees and do not otherwise contribute to the Australian wagering, racing or sport sectors or broader economy. They are not required to

comply with Australian wagering and betting laws, responsible service of gambling (RSG) practices, anti-money laundering and counter-terrorism requirements, integrity arrangements with racing bodies, or privacy and SPAM laws.

357. The legality of such offshore wagering, and concerns arising through growth in offshore wagering, was considered in the Review of Illegal Offshore Wagering ordered by the Federal Government in 2015. Now shown to me and marked **Annexure NDT-58** is a copy of Review's information page on the Federal Government's Department of Social Security website. This page explains that:

'Illegal offshore wagering presents serious risks to Australia. It puts individuals at risk because legal and standard consumer protections are absent. Sport and racing integrity is at risk due to limited access to betting and transaction information. There is also lost taxation revenue for governments and fees for sports bodies and less revenue and jobs for Australians.'

358. This Review of Illegal Offshore Wagering issued its report at the end of 2015 and made recommendations on ways to strengthen regulatory enforcement and protective measures. The Government's response to these recommendations, as summarized in the information page provided in Annexure NDT-58, includes measures to curb offshore wagering, including through measures to make it illegal to offer wagering products to Australians unless licensed in Australia and to prohibit 'click to call' in play wagering. These measures are proposed to be effected under the IGA Bill I discussed above.

359. The Review of Illegal Offshore Wagering raised concerns about the ability of Australian wagering operators to compete against offshore wagering operators, with domestic operators at a competitive disadvantage by reason of:

- (a) the products offered by offshore operators, including online in-play betting on sports; and
- (b) the value of odds they can offer (because the offshore operators do not pay taxes or product fees).

360. The size of offshore wagering market is significant. Now shown to me and marked **Annexure NDT-59** is the second reading speech of 10 November 2016 relating to the IGA Bill. The Minister introducing the IGA Bill explained that the Review of Illegal Offshore Wagering found that:

'...the amount of money being spent on illegal wagering services could be as high as \$400 million annually with a further \$100 million in lost taxation revenue and product fees. Previous estimates found the total amount of money spent on all illegal interactive gambling services was close to \$1 billion annually.'

361. The Minister further explained the concerns associated with such wagering:

'Offshore gambling has detrimental effects on the Australian wagering, racing and sporting industries, problem and at-risk gamblers, consumers and government. Offshore

gambling operators do not pay Australian taxes, racing or sporting fees; they do not share information regarding suspicious betting activity with law enforcement or sporting bodies, which risks the integrity of Australian sport; they offer gambling services prohibited under Australian law; they can be used for money laundering and other criminal activities; and they provide minimal to no harm minimisation and consumer protection controls, which poses a threat to problem and at-risk gamblers.'

362. The recognised harm associated with offshore wagering underscore that any growth in such wagering, or leakage to such operators, will cause tangible public detriment.

MARKET CONCENTRATION AND CONSOLIDATION

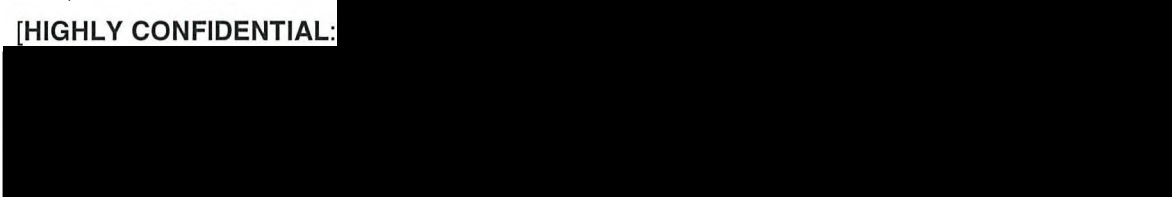
Consolidation among corporates, not new entry

363. I consider that, in the corporate bookmaker segment, there has been significant consolidation over the past 5 years and little significant, large scale 'new entry' by corporate bookmakers.
364. William Hill, Ladbrokes, Unibet and CrownBet, for example, are not new entrants, but acquirers of established corporate bookmaking businesses (namely, Sportingbet, Tom Waterhouse.com, and Centrebet; Betstar; BetChoice and BetEzy). With the exception of Centrebet, the acquired businesses were subsequently re-branded under the William Hill, Ladbrokes, Unibet and CrownBet brands. Sportsbet acquired IAS Bet, integrated its operations, such that the latter no longer exists. A number of small corporate bookmaking businesses have also closed (such as Sports Alive).
365. A number of corporate bookmakers have commenced operations. The largest of these is Bet365, with the remainder being very small operators (such as TopBetta, Mad Bookie, BlueBet, PointsBet and Palmerbet).

CrownBet's market share data

366. The proposed transaction would combine the holders of all totalisator licences and all retail exclusivity rights in Australia (except WA), and operators of fixed odds businesses operating across digital and telephone channels.
367. CrownBet has prepared pre and post transaction market share data with respect to a national wagering market. This has been prepared from CrownBet internal data and CrownBet estimates based on public data available on the financial performance of other wagering operators. Now shown to me and marked **HIGHLY CONFIDENTIAL Annexure NDT-60** is this market share data. I believe it to be accurate.
368. This market share data is presented in two ways:
- (a) *Turnover.* As I explained above, turnover is a headline metric providing a view on how much is wagered or staked with wagering operators. I do not consider that turnover provides an accurate assessment of the relative size or competitive strength of market participants. The data comprises market share by turnover for FY16, and post-merger market share by turnover.

- (b) *Gross Gaming Revenue or GGR*. As I explained above, turnover and revenue in the context of wagering are different. GGR represents the gross revenue retained by the wagering operator after payouts to punters are deducted from turnover. I consider GGR provides the only relevant and comparable measure of the relative size and competitive strength of market participants as it reflects their underlying ability to generate a return. The data includes market share by GGR for FY16, and post-merger market share by GGR.

369. This analysis covers the largest wagering operators. It excludes smaller corporates bookmakers for which CrownBet does not have any financial information (such as Palmerbet, BlueBet, Unibet, Mad Bookie and PointsBet) and excludes any offshore operators.
370. I observe from this data that, on any measure, the proposed acquisition would result in the merged entity having the largest share of the national wagering market by a significant margin.
371. Post-merger, the merger entity would also be significantly larger than any of its nearest competitors. HIGHLY CONFIDENTIAL Annexure NDT-60 that I discussed above includes CrownBet's estimates of the size differential between the merged entity and its major competitors, based on FY16 turnover and gross profit figures. I observe from this data that [HIGHLY CONFIDENTIAL: 

INTERACTION WITH GAMING AND LOTTERIES

372. Corporate bookmakers are focused solely on wagering as they are limited by the terms of their sports bookmaker licences. I am not aware of any corporate bookmaker which itself also provides gaming, lottery, keno or similar services. I note that CrownBet's parent, Crown Resorts Limited, has casino operations.
373. Corporate bookmakers therefore have no ability to cross-subsidize, cross-leverage or cross-promote wagering operations with other gaming operations. They are not able to subsidise losses in racing with profits in lotteries (or vice versa). They are not able to 'loss lead' in the online wagering segment (the area of close competition between corporate bookmakers and totalisators) and subsidise those losses through margins in gaming.
374. Tabcorp and Tatts provide gaming, lottery, keno or similar services, alongside their wagering operations. Opportunities to cross-subsidize, cross-leverage or cross-promote wagering operations with other gaming operations are available to Tabcorp and Tatts, and will be available to the merged entity. The most notable example will be in the lotteries space where the merged entity will be able to promote wagering to its database of lotteries customers and vice versa. I consider this to be a material competitive advantage that the proposed transaction will confer on the merged entity.

SUMMARY OF COMPETITIVE ADVANTAGES HELD BY TABCORP AND TATTS

375. I have discussed above some of the key different rights and entitlements between totalisators and corporate bookmakers, and the consequential impact on the scope and operations of, and leverage opportunities available to, these wagering operators.
376. Compared to Tabcorp and Tatts, CrownBet and other corporate bookmakers face the following competitive disadvantages:
- (a) we face significant product disadvantages, including lacking the ability to:
 - (i) conduct totalisator operations;
 - (ii) conduct exclusive totalisator operations;
 - (iii) offer live betting on sport in any form except by phone, while Tabcorp and Tatts can offer live betting on sport within retail, either in cash or SSBTs (and, following proposed reforms, through TAB provided digital devices such as tablets);
 - (iv) conduct wagering on virtual racing (which is only permitted to be offered in retail);
 - (b) we have no guaranteed 'take out' (or margin) on their products, but instead bear risk in relation to all wagering products we offer;
 - (c) we operate at a lower gross margin to totalisators and are consequentially exposed to any regulatory or strategic conduct which raises our costs;
 - (d) we are reliant on products offered by totalisators to offer tote derived (price matched) wagering products (recognising that any reduction in the number of pools offered post-acquisition will prevent or reduce the ability to offer these products in the future);
 - (e) we are precluded from establishing a physical retail presence in which we can accept cash based wagers;
 - (f) we are confined to the online and telephone channels;
 - (g) we are not able to accept bets for cash and are not able to offer incentives to customers betting in cash and are not able to accept bets anonymously;
 - (h) we can only provide wagering when a customer opens an account and establishes their identity, and are not (in most jurisdictions) able to offer incentives for customers to open an account;
 - (i) we lack the ability to cross-subsidise online and telephone operations through a retail monopoly;
 - (j) we lack the ability to cross-promote online and telephone operations through a retail network of TAB stores, kiosks, and other venues, across multiple states;

- (k) we lack the ability to leverage a retail network of TAB stores, kiosks, and other venues (across multiple states) to drive wagering in online and telephone operations, including by valuable multi-channel customers;
- (l) we hold no or (very limited) rights to racing media content (in CrownBet's case, these rights are confined only to Victorian thoroughbred racing);
- (m) except to the extent we possess limited rights to racing media content, lack the ability to stream racing media content to our customers relevant to the wager placed by the customer and which significantly enhances the customer's wagering experience;
- (n) are unable to access rights to racing media content controlled by Sky Racing, who refuses provide access to or permit corporate bookmakers to re-supply content despite it being a key input to wagering operations;
- (o) we are unable to advertise on Sky Racing, which has near exclusive vision and radio rights to critical racing content, by reason that Sky Racing refuses to permit such advertising;
- (p) we lack the ability to cross-promote operations through a national TV, digital and radio broadcasting network with near exclusive vision and radio rights to critical content (ie through Sky Racing);
- (q) we have few opportunities to advertise in conjunction with racing, due to Sky Racing's control over racing media content, and are therefore heavily reliant on advertising in conjunction with sport which is an indirect and costly way to reach racing customers;
- (r) due to our reliance on advertising in sport, we are vulnerable to any future restrictions on wagering advertising;
- (s) we pay higher fees as a proportion of gross gaming revenue than totalisators;
- (t) we are not given preferential treatment by racing bodies, who are commercially affiliated with Tabcorp and Tatts;
- (u) we are not given preferential treatment by State Governments, who are financially affiliated with Tabcorp and Tatts through totalisator licence and State wagering arrangements;
- (v) we face strategic conduct by Tabcorp (and post-acquisition, by a combined Tabcorp /Tatts) which undermines our ability to effectively compete or which otherwise stymies competitive conduct;
- (w) we lack the ability to cross-subsidise online and telephone operations through broader gaming and lotteries operations, or integrate wagering operations with gaming and lottery operations;

- (x) we lack the ability to cross-promote online and telephone operations through gaming and lotteries operations, including a network of stores, kiosks, and other venues, across multiple states;
 - (y) we do not have a combined national customer database the size and scope of the merged entity; and
 - (z) we lack the technical expertise, experience and vision rights that are keys to bidding for a retail or totalisator wagering licence in the future.
377. For these reasons, I do not consider the merger is necessary to enable Tabcorp and Tatts to compete more effectively against corporate bookmakers, as claimed by Tabcorp in its Form S (at paragraph 3.8).

SIGNIFICANCE OF TATTS GROUP AS A COMPETITOR

Overview

378. I refer to Section 15 of the Form S in which Tabcorp claims that Tabcorp and Tatts have largely complementary wagering business, with no overlap in retail operations and that there is limited overlap in relation to online, phone and mobile wagering. As a result it is claimed that Tatts/UBET is not a particularly vigorous and effective competitor in the supply of fixed odds racing and sports wagering products.
379. In my view this characterisation of Tatts/UBET and the extent of competition between the merger parties:
- (a) greatly understates the past and current competitive role that Tatts / UBET plays in wagering and media markets; and
 - (b) more importantly, wrongly assumes that Tatts / UBET would not be a strong competitor in the future in the wagering and media markets if the proposed transaction did not proceed, and dramatically underestimates the capacity of Tatts / UBET to compete strongly with Tabcorp if forced to respond to industry trends and the market forces that would operate on it if it did not merger with Tabcorp.

Past and current performance of Tatts / UBET

380. While the Tatts Group has arguably not performed as strongly as Tabcorp in recent years, in my view it is still a strong and effective competitor. It is a very large, well resourced, profitable gambling business. For example, according to its FY16 Annual Report (as set out in Annexure 7 of the Statement of Robert Cooke), in FY16 the Tatts Group:
- (a) increased Group revenue by 4.4% on the previous year to \$2.93 Billion, including increased turnover growth in wagering of 4.1%;
 - (b) increased Earnings Before Interest and Tax by 1.3% to \$419.6 million, of which \$115.7 million came from wagering operations; and

(c) in its wagering operations, noted that highlights for the year included:

'exceptional growth in digital sales lifting 22.5% with this channel now representing 30.2% of wagering turnover'

'162 new UBET branded retail stores, which generated 8.4% turnover growth'

'24.1% increase in fixed price sales';

'25,000 new digital customers acquired'

'24.1% increase in fixed price sales to \$1.97 Billion';

381. Tatts Group's wagering operations include 1,400 venues across Queensland, South Australia, Northern Territory and Tasmania which is, according to Tatts, a larger retail network than McDonalds and has more than 500,000 digital account holders. Now shown to me and marked **Annexure NDT-61** is the Tatts 'Investor Fact Sheet' from its website which provides this information. The same fact sheet also explains that UBET was the first tote operator to offer '24/7' betting in Australia and the first tote operator to offer voice recognition software for its call centre.

382. The Tatts Group FY16 Annual Report (as set out in Annexure 7 of the Statement of Robert Cooke) further confirms its strong existing and future positioning in wagering:

'With our renewal actions well in train, we remain strongly positioned in the Australian market:

- the second largest Australian wagering operation by revenue*
- the leading blended win-rate in the segment*
- the third most profitable wagering operation in Australia*
- maintaining one of the highest EBITDA margins in the segment.'*

383. As discussed above, based on CrownBet's market share estimates in **HIGHLY CONFIDENTIAL** Annexure NDT-60, **[HIGHLY CONFIDENTIAL: [REDACTED]**

Future competitive significance

384. In my view, while Tatts / UBET has arguably performed below par for a company with its resources and competitive advantages in the past, it is clear to me that it is now rapidly taking steps to respond to key industry trends such as the migration of customers from totalisator to fixed odds betting and the growth in digital channels.

385. Those steps include investing heavily in its digital channels directly and investing in its retail channels as a means to support that digital strategy, and a significant investment through re-branding its entire operations under the UBET brand. Now shown to me and marked **Annexure NDT-62** is UBET's press release announcing the launch of UBET in 2015. This press release announced a wide range of high profile sponsorships and brand ambassadors, the launch of a new website and mobile and iPad apps offering a 'vastly different digital experience', and a multi-million dollar investment in its 1,200 outlet retail network, to occur over 3-5 years.
386. Specific other measures that have been publicly announced include, as outlined in the Tatts Group FY16 Annual Report (as set out in Annexure 7 of the Statement of Robert Cooke) (at pages 26-27):
- (a) the introduction of A/B testing (which involves comparing two versions of a web page or app to see which one performs better);
 - (b) commencing its first affiliate partnership;
 - (c) promoting a 'sign up' bonus in eligible jurisdictions;
 - (d) leveraging real time in app messaging;
 - (e) launching a new affiliates marketing platform;
 - (f) introducing event-based automation for mobile push and SMS campaigns;
 - (g) developing a 'best offer' model across sport and racing enabling delivery of personalised content and offers to customers via email and mobile channels;
 - (h) leveraging the capabilities of our market leading CRM system;
 - (i) installing new generation cash-handling self-service terminals; and
 - (j) the associated expansion of our 'UBET Live' in-venue in-play betting modules.
387. The same FY16 Annual Report flagged future initiatives for FY17 as including (at pages 30 – 31):
- (a) targeting 270 UBET next generation retail spaces to be put in place in the year;
 - (b) introducing new generation self-service terminals in the UBET retail outlets, featuring cash in, and Ticket-in-Ticket-out technology;
 - (c) developing and improving the prototype of the unique in-venue in-play betting modules with an eye to a full retail launch;
 - (d) trialling affiliate marketing programs in FY17 to further drive digital demand; and
 - (e) launching its first virtual sports and racing products in the Northern Territory in FY17.

388. Tatts Group therefore has:

- (a) extensive resources, financial and otherwise, referred to above;
- (b) significant competitive advantages as the holder of exclusive retail licences and retail wagering exclusivity in Queensland, South Australia, Tasmania and the Northern Territory compared to corporate bookmakers (as I discussed above); and
- (c) a clear strategic focus on leveraging its existing assets and investing in new assets, to compete strongly in digital channels and for multi-channel customers.

389. In my view, it is therefore clear that in a future in which the transaction does not proceed the Tatts Group will be a close and strong competitor to Tabcorp and remain a formidable competitor to corporate bookmakers such as CrownBet.

COMPETITIVE IMPACT OF MERGER – WAGERING MARKET - REMOVAL OF TATTS AS A COMPETITOR

Overview

390. If the proposed transaction proceeds, Tatts will no longer be present in the wagering market as a competitor. As discussed above, I consider that the level of past and more importantly, future, competition between Tatts, Tabcorp and corporate bookmakers in digital channels has been and is likely to be much more significant than Tabcorp claims in the Form S.

391. The removal of Tatts as a competitor is likely to adversely impact:

- (a) pricing and value of wagering services to punters;
- (b) number and type of wagering services available to punters;
- (c) levels of service available to punters in retail and digital channels; and
- (d) the level of innovation in retail and digital channels

Pricing and value of wagering services to punters

392. As discussed above, the removal of Tatts from the market will combine the first and second largest wagering operators in Australia creating a business with an estimated market share of [HIGHLY CONFIDENTIAL:] and eliminate current and future competition between the two parties in digital channels. It will create an entity with:

- (a) a combined customer base of millions of customers, including at least 2.3 million customers registered with Tatts.com or UBET.com (as stated in paragraph 44 of the Statement of Robert Cooke);
- (b) a combined existing wagering account base of at least 930,000 customers, comprising 430,000 active TAB account customers (as stated on page 16 of Tabcorp's Annual

Report for 2016, which is now shown to me and marked **Annexure NDT-63**) and 500,000 UBET account holders (as stated in the investor fact sheet in Annexure NDT-61 above) ;

- (c) a combined network of 4,300 owned and licensed retail venues in Victoria, New South Wales, Queensland, South Australia, Northern Territory and Tasmania (as noted in the Tabcorp / Tatts press release announcing the proposed transaction which is now shown to me and marked **Annexure NDT-64**), which combines:
 - (i) Tatts 1,400 venues across Queensland, South Australia, Northern Territory and Tasmania (as noted in the investor fact sheet in Annexure NDT-61 referred to above);
 - (ii) Tabcorp's 2,900 venues across Victoria, NSW and the ACT (as noted on page 16 of Tabcorp's Annual Report for 2016 in Annexure NDT-63 referred to above);
- (d) a combined pro forma enterprise value of approximately \$11.3 Billion, revenue of over \$5 Billion and EBITDA of over \$1 Billion (as noted in the press release in Annexure NDT-64).

393. In my view, the removal of Tatts as an independent competitor will result in reduced price competition in the following ways:

- (a) it will eliminate the potential for price based competition in totalisator take out rates – both Tabcorp and Tatts Group are legally permitted to set their take out rates at less than the statutory maximum rates and, in a future in which totalisator betting is in decline relative to fixed odds betting and digital channels are growing relative to retail, it stands to reason that some form of price-based competition in the form of reductions to take out rates is likely to occur;
- (b) it will eliminate price based competition between them in relation to the payment of rebates on totalisator wagering to premium customers – while I am not privy to the actual level of rebates paid by Tatts and Tabcorp, I understand that they both have significant programs to attract and retain such customers using rebates; and
- (c) it will eliminate competition between them in relation to fixed odds wagering and lead to higher prices (increased yields) on these products – as discussed above, Tabcorp even quantifies its aims in this regard expressly, targeting a 2.6% yield increase on Tatts fixed odds wagering products, or approximately \$61 million if that yield were applied to Tatts 2016FY Tatts fixed odds turnover.

394. In my view, it will also result in reduced value to punters because an increase in price also implies a reduction in the number of bets a punter can enjoy for an equivalent amount of money wagered. This important result is discussed above. Higher prices for totalisator and fixed odds

wagering if the transaction proceeds also implies lower overall turnover, as demand for racing wagering services will also be adversely impacted.

Number and type of wagering services available to punters

395. I also consider that the removal of Tatts as a competitor in the wagering market will reduce the number and type of wagering services that are available to punters. This is likely to occur in two main ways:
- (a) first, it will reduce the commercial incentive that both Tabcorp and Tatts would otherwise face to invest in new forms of totalisator and fixed odds wagering products – over time this is likely to reduce the number of totalisator and fixed odds products that the merger parties would otherwise have separately launched in competition with each other; and
 - (b) secondly, it will directly and adversely impact on the ability of corporate bookmakers to offer price matching (tote-derivative products) or their value to punters because, over time, there are likely to be fewer totalisator pools operated in Australia.
396. In relation to price-matching or tote derivative products, I note that in section 21.3 of the Form S, Tabcorp claims as a public benefit from the transaction, the removal of impediments to the 'creation of a national pool'. If this were to occur, however, corporate bookmakers could no longer offer 'best of the totes' products as there would no longer be more than one pool against which to price match. These are currently highly popular products with punters and offer exceptional value to them. [HIGHLY CONFIDENTIAL:]

Levels of service available to punters in retail and digital channels

397. Tabcorp claims in the Form S (for example, at paragraph 4.133) and supporting materials that its retail wagering services and those of the Tatts Group are complementary and do not compete and they are not vigorous and effective competitors in digital channels. For the reasons set out above, I consider that this is inaccurate, especially as it relates to the likely future degree of competition between the parties in relation to digital channels and the premium customer segment if the proposed transaction does not proceed.
398. As I discuss above, I consider that both Tabcorp and Tatts have a competitive advantage arising from their retail exclusivity in their relevant 'home states' and that they intend to use this as leverage to attract retail customers to their digital account based fixed odds and totalisator wagering operations. Both Tabcorp and Tatts Group are already investing, and in the absence of the transaction therefore are in my view likely to continue to invest even more heavily, in levels of service in their retail channels in competition with each other and corporate bookmakers.

The level of innovation in retail and digital channels

399. For the same reasons discussed above, the removal of Tatts Group as a competitor will eliminate a large, well-resourced and highly incentivised wagering operator from individually pursuing innovation in terms of product development over time in its retail and digital channels.

COMPETITIVE IMPACT OF MERGER - CONSOLIDATION AND ENTRENCHMENT OF RELATIONSHIPS WITH STATE AND TERRITORY GOVERNMENTS AND RACING BODIES

400. If the proposed transaction proceeds:
- (a) all State and Territory Governments (except WA) would be contractually linked through totalisator licensing arrangements with one partner, the combined Tabcorp / Tatts;
 - (b) the racing bodies in each state and territory (except WA) would all be exclusively and economically aligned with one partner, the combined Tabcorp / Tatts;
 - (c) these relationships will increase the ability and willingness of Governments and racing bodies to act in favour of their commercially affiliated combined Tabcorp / Tatts and discriminate against independent corporate bookmakers (eg in setting the terms by which corporate bookmakers can access race fields information or by raising their costs through regulatory reform relating to taxation or products);
 - (d) these relationships would provide the combined Tabcorp / Tatts with strengthened and unparalleled negotiation and lobbying powers with the primary providers of the key inputs into wagering;
 - (e) these relationships, by aligning all racing bodies with the combined Tabcorp / Tatts, would reduce the ability and willingness of racing bodies to compete against one another in relation to the supply of inputs and discourage competition against the merged entity; and
 - (f) it will have a huge retail presence of over 4,300 venues across Australia affiliated with the merged entity.

COMPETITIVE IMPACT OF MERGER – WAGERING MARKET – VERTICAL INTEGRATION

Overview

401. As discussed above, while I hold the view that the removal of Tatts / UBET as a competitor is, in and of itself, likely have adverse competitive impacts, my biggest concern is as a result of the vertical integration that will arise from the transaction and the detrimental impact that this will have on the ability of CrownBet (and other corporate bookmakers) to effectively compete in digital channels.
402. The proposed transaction will increase vertical integration by combining the totalisator and fixed odds wagering of the merged entity:
- (a) with ownership of the Tabcorp media business, comprising the three Sky Racing television channels and the Sky Sports radio channels; and

- (b) commercial arrangements with the racing industry in each State and Territory of Australia other than Western Australia under which the relevant racing industry in each State and Territory (other than Western Australia) will have a direct financial interest in the amount of wagering turnover, revenue or profit (depending on the exact detail of the relevant arrangements) of the wagering operations of the merged entity.

403. In my view, this will have the following adverse effects:

- (a) it will greatly increase the merged entity's bargaining power to acquire racing media rights, including, critically, digital media rights from suppliers of those rights;
- (b) it will greatly reduce the bargaining power of the suppliers of racing media rights and make them more likely to sell them to the merged entity and less likely to make digital media rights available to corporate bookmakers, either directly, or through another media business like racing.com;
- (c) the reduced access to digital media rights will prevent or greatly restrict CrownBet and other corporate bookmakers ability to utilise racing media content – a key input into the provision of wagering services in the digital as well as retail channels – to integrate racing media content into their digital services and thereby compete as effectively with the merged entity for punters;
- (d) it will provide further and more credible opportunities for the merged entity to engage in anti-competitive conduct targeting corporate bookmakers; and
- (e) prevent or deter corporate bookmakers and other potential bidders in future competitive processes to acquire totalisator licences, or to acquire the WA TAB if privatised, because any bidder would be totally reliant on a competitor in that process for media rights being made available by the merged entity.

Sky racing will have increased bargaining power in the acquisition of racing media rights

- 404. As discussed above, CrownBet and other corporate bookmakers are active participants in vertically related markets for the acquisition of racing media rights. Corporate bookmakers are principally interested in acquiring the rights to digital racing media rights as these are critical inputs, access to which have a profound impact on the desirability of our digital wagering products to punters, our ability to develop and offer innovative new experiences using that content and consequently on our ability to compete and to increase output, turnover and wagering revenue. As discussed above, any industry developments that either impede or increase our likely access, or that of other rights holders that are willing to licence, digital racing media content to us, are critical issues for us and to other corporate bookmakers.
- 405. As discussed above, the suppliers of Australian racing media rights are the racing clubs that conduct races, although in practice individual race clubs typically organise themselves so as to make racing media rights available through the PRA for their code in each State.

406. Tabcorp's media business, Sky Racing, currently enjoys a dominant position with respect to media rights as discussed above. However, a number of suppliers of racing media rights have been willing to offer and award non-exclusive digital rights to their racing content instead of selling all media rights on a bundled basis to a single purchaser, such as Sky Racing. Sky Racing seeks to vigorously protect its dominant incumbent position by bidding for racing media rights on an exclusive basis as they become available. It will always be in its commercial interest to seek to do so on a bundled and exclusive basis (ie it will seek to acquire exclusive subscription TV, free to air and digital media rights – and then on-sell free to air rights to a free to air operator).
407. An obvious consequence of the proposed transaction will be a substantial increase in the bargaining power, and commercial incentive, of Sky Racing to acquire racing media rights for the following reasons:
- (a) the proposed transaction will combine Tatts customers (of which there are 2.3 million with registered accounts) and Tatts 1400 venues in Queensland, South Australia, Northern Territory and Tasmania, with Tabcorp's existing customer base and venues Victoria and New South Wales, to create a customer base of millions of customers and a combined network of 4,300 owned and licensed retail venues in Victoria, New South Wales, Queensland, South Australia, Northern Territory and Tasmania – this will in turn increase the 'reach' of Sky Racing and will both increase the value of racing media rights to Tabcorp / Sky Racing and the price it is able to offer for them, improving its bargaining position vis-à-vis competitors;
 - (b) it will remove Tatts Group as a potential future bidder for racing media rights, either alone or together with another party, again increasing Sky Racing's bargaining power; and
 - (c) it will provide Tabcorp / Sky Racing with a more powerful and credible ability to threaten individual suppliers of racing media content with adverse consequences if they seek to sell media rights to another party, or to unbundle digital media rights and or supply them on a non-exclusive basis – for example, through threats to de-prioritise races from the relevant State in its programming or to 'demote' races from Sky 1 to another channel (see further discussion below).

Suppliers will have reduced bargaining power when supplying racing media rights

408. The flip side of the increase in bargaining power of Sky Racing to acquire racing media rights on a bundled and exclusive basis is that the individual suppliers of racing media rights will have decreased bargaining power in negotiations with Sky Racing.
409. Suppliers will also have a substantially reduced commercial incentive to supply such rights to any person other than Tabcorp / Sky Racing or to unbundle digital racing media rights from subscription TV and free to air TV rights and make them available on a non-exclusive basis to

corporate bookmakers (or other media companies that may wish to acquire them and licence digital rights to corporate bookmakers).

410. This reduced commercial incentive arises as a result of the proposed transaction because:
- (a) the suppliers of racing media rights in Queensland, South Australia, Northern Territory and Tasmania will, if the proposed transaction proceeds, now have a direct commercial incentive to supply their racing media rights to Sky Racing because they will receive a proportion of turnover, revenue or profit on wagering that occurs with Tabcorp (depending on the exact nature and details of the commercial arrangement) under the commercial arrangements that Tabcorp will 'inherit' from Tatts Group;
 - (b) as discussed below, Tatts Group will no longer be a potential competing bidder; and
 - (c) they will be more exposed to threats of adverse consequences from Sky Racing or Tabcorp if they seek to supply digital racing media rights to corporate bookmakers or any racing media rights to other media companies.
411. I consider that the proposed transaction would remove Tatts as a likely future competitor in bidding for rights to racing media content (across multiple platforms) from rights holders, particularly for content in jurisdictions in which it has a retail footprint and commercial arrangements with the racing industry, namely Queensland, South Australia, Northern Territory and Tasmania.
412. I note that in paragraph 18.2 of the Form S, it is stated that Tatts has not sought to compete against Tabcorp to acquire rights to racing media content. Whilst Tatts has not previously bid for vision rights, I do not believe this would hold true in the future. The wagering and broadcast landscape has changed significantly in recent years and with the advent of cheaper and easier ways to distribute vision (e.g. digital, increased digital spectrum for free-to-air broadcasts etc) there are commercially viable options available to Tatts, which as a retail wagering operator, is heavily reliant on being able to broadcast racing in its own licensed venues to drive visitation and wagering activity.
413. If the proposed transaction did not proceed, I consider that Tatts would be much more likely to bid for such rights in the future given that customers are increasingly migrating from retail to digital channels and it would not wish to be dependent on a key competitor for access to content and because it possess a retail network into which it could broadcast racing vision. I consider that Tatts' incentive to bid for such rights are also likely to be influenced by what I understand to be Tabcorp's recent conduct in ceasing to supply racing vision to Tatts' digital account holders, at least for a period of time.
414. As I outline below, I consider it essential for a retail licence holder to have confidence that all Australian racing vision will be supplied to its retail outlets and agencies. I also consider that even the threat of Tatts potential participation in bidding process for media content rights is likely to provide additional competitive tension than would otherwise be the case.

415. I consider that, by removing Tatts, the proposed acquisition would likely impact the potential value of those rights (by reducing competitive tension in the bidding process) and impact on the availability of the content to customers (and other wagering operators).
416. I also consider that Tatts' presence (or potential presence) in those processes may be more likely to lead to unbundling of rights to content across platforms, and thereby lead to greater access to content for other wagering operators and for punters. This is because having another large credible bidder increases the number of options potentially available to suppliers of racing vision and thereby maximises the potential commercial value of different packages of unbundled and/or non-exclusive media rights.

No or reduced access to digital racing media rights for corporate bookmakers and other media companies

417. As a result of the changed dynamics affecting the acquisition and supply of racing media that would result from the proposed transaction, I am extremely concerned that CrownBet's future access to racing media content will be eliminated or extremely limited relative to what we can expect to see happen if the proposed transaction does not proceed. If the proposed transaction does not proceed, I consider that digital racing media rights will be much more contestable and that more suppliers will see the significant benefits in unbundling their digital racing media rights and making them available on a non-exclusive basis to corporate bookmakers and other media companies.
418. I consider that the commercial logic for the racing industry in each State to do so will, over time, prove compelling if the proposed transaction does not proceed. This is because I consider that the suppliers of racing media content in relevant States will reach the same view that Racing Victoria has, which is that unbundling digital racing media content and making it available on a non-exclusive basis will result in higher growth in wagering turnover than if bundled or exclusively licensed. I consider that this is in the longer term interests of the racing industry because:
- (a) it increases the ability of wagering operators to fund racing industry obligations through product fee arrangements and /or race fields payments;
 - (b) it will assist racing to 'compete' for its share of wagering turnover against wagering on sports; and
 - (c) it will restrict leakage to illegal offshore wagering operators because it will assist corporate bookmakers, who offer more competitively priced products than Tabcorp and Tatts, and therefore reduce the relative incentive for punters to place bets with those offshore operators – as discussed above, illegal offshore operators make no contribution to the racing industry and therefore it is directly adverse to the racing industry for any leakage in wagering turnover to such operators.

419. As discussed above, I regard the integration of racing media content into our digital wagering products as a critical element of our ability to compete effectively in the future. This is because wagering is not just a financial transaction. A bet is a form of entertainment or wagering experience and in digital channels (which is the only channel in which we can compete and which is the key area of competition between all operators in the market) that experience is greatly enhanced by the ability to offer the streaming of live vision of the event on which the punter has bet.
420. Access to racing vision also provides a platform for future innovation in the digital experience that can be offered, for example, by enhancing the experience and use of the vision through the use of speed maps, replays of the race, greater statistical analysis, customer personalisation and slow motion footage. There are therefore huge benefits to punters and to the service dimension of competition if corporate bookmakers' access to digital wagering media is available and not curtailed by the proposed transaction. In my view, full access to digital racing wagering media would be a true 'game changer' in terms of its impact on our ability to compete and offer new, innovative and highly valuable wagering services and experiences to Australian punters.
421. To summarise, greater access to racing content would:
- (a) create a more level playing field for all other wagering operators including corporate bookmakers to compete against the merged entity in attracting customers that wager on racing, particularly in the online (digital) channel and for 'multi-channel' customers I consider corporate bookmakers compete most closely with the merged entity;
 - (b) increase the value of media rights for the racing bodies by virtue of greater competition for those rights and increase advertising revenue that could be generated alongside this content;
 - (c) enhance product innovation (see discussion above) which would benefit customers that engage in racing wagering;
 - (d) increase consumer awareness of racing by means of a broader distribution, and thereby drive wagering on racing (supporting returns to the industry);
 - (e) increase price competition between operators on the basis that racing vision would attract more potential customers to wagering websites and thereby facilitate greater comparison of pricing; and
 - (f) redeploy corporate bookmaking advertising spend which is currently focussed on sports (because it largely can't be invested anywhere else) and refocus it on racing (supporting returns to the racing industry).

Strategic anti-competitive conduct targeting corporate bookmakers

422. I am also concerned that the proposed transaction will provide further opportunities for a merged entity to engage in strategic anti-competitive conduct targeting corporate bookmakers. Based

on conduct of Tabcorp that I have previously observed, the type of conduct I am concerned about can be broadly categorised as follows:

- (a) conduct intended to prevent corporate bookmakers or other media companies from acquiring racing media content (in the case of corporate bookmakers, digital media rights); and
- (b) using its exclusive retail wagering rights and its ownership of Sky Racing to deter effective competition for digital and multi-channel customers.

423. In my view the purpose of this type of conduct is not only to prevent or stop the particular type of conduct specifically at issue, but also to send a strong signal to other market participants that future attempts to compete in this or a similar way will be met with aggressive responses that leverage Tabcorp's many competitive advantages, especially its retail wagering exclusivity and ownership of Sky Racing.

Strategic conduct in relation to acquisition of racing media content

424. I am concerned that the proposed transaction will increase the likelihood of Tabcorp successfully engaging in strategic anti-competitive conduct in relation to the acquisition of racing media content.
425. Because content is such an increasingly important driver of wagering, particularly in the online (digital) channel, there is likely to be continued demand by wagering operators for digital rights to media content, particularly racing content. This is the product upon which the vast majority of wagering is conducted and the digital channel is the area of strongest growth. Sky Racing will be able, and highly motivated, to take strategic conduct to ensure that rights to racing media content are not disaggregated or unbundled across platforms in order to prevent its competitors from accessing digital rights.
426. In the context of racing, the suppliers of such rights are racing clubs and PRAs in the various states and territories. If the transaction proceeds, the suppliers of rights to racing content will all be economically and / or commercially affiliated with Sky Racing, and will be much less likely – relative to a scenario in which the transaction does not proceed – to:
- (a) engage with alternative acquirers (such as CrownBet and racing.com) with respect to the supply of rights;
 - (b) unbundle and/or supply on a non-exclusive basis across different platforms in order to supply rights to a particular platform (for example, digital) to a party other than the combined Tabcorp / Tatts; or
 - (c) supply rights to a party other than the combined Tabcorp / Tatts.
427. Sky Racing's past behaviour illustrates it is able to hold the racing industry to 'ransom' over access to rights, to the detriment of punters, competitors and the industry itself.

428. As I explained above, after TVN folded, there were two periods in 2014 / 2015 in which there was no broadcasting of Victorian thoroughbred racing by Sky Racing due to Sky Racing deciding to cease broadcasting such racing to improve its negotiation position with the Victorian racing industry. Pulling such content, which as I discussed above, affects wagering turnover (and thereby affects funding to the racing industry), illustrates Tabcorp's ability and willingness to use strong arm tactics when seeking to acquire inputs into wagering.
429. Based on my experience, these blackouts are likely to have had a material impact on CrownBet's turnover and gross gaming revenue on Victorian thoroughbred racing during the affected period.
430. This goes to the heart of the control and influence that Sky Racing (Tabcorp) presently exerts over racing vision, and the anti-competitive and damaging conduct in which it can engage, which will be exacerbated should the merger proceed.

Strategic conduct to leverage exclusive retail wagering rights and its ownership of Sky Channel

431. One of my key areas of concern relates to the ability for a combined Tabcorp / Tatts to leverage its strength across retail channels (where if the transaction proceeds it would have exclusivity in all states except WA) and the digital channel (where it competes with corporate bookmakers). I am particularly concerned about this because Tabcorp is open about its ability and willingness to leverage its advantages in retail channels and ownership of Sky Racing into the digital channel (see below). The merger would greatly enhance this ability because the merged entity (by adding Tatts' operations to Tabcorp's) would have access (as I discussed above) to Tatts' 1,400 retail venues across four states and an increased customer database with Tatts 2.3 million registered customers.
432. Tabcorp's Annual Report for 2016 states (at page 16, as set out in Annexure NDT-63 referred to above) that its future objectives include:

'drive digital growth by utilising exclusive media assets and retail presence'

and

'further integrate TAB with Sky media assets'.

433. Now shown to me and marked **Annexure NDT-65** is a press article from The Australian Financial Review from November 2016 which provides an example of how Tabcorp is leveraging its retail exclusivity into the online (digital) channel. The article quotes a representative of Tabcorp as saying:

'This is combining our retail strength with our digital business. We are the only ones that can do this, so we've got to exploit this opportunity,' said Mr Nugent. "And we fully intend to. We are in 3000 venues servicing up to 2 million customers. We think there is a market of about 5 million people who go to licensed venues, and we intend to go after that market.'

434. Ownership of Sky Racing secures exclusivity in terms of advertising and promotion of Tabcorp's brands in outlets, pubs, clubs and other venues with Sky Racing, to the exclusion of corporate bookmakers. As owner of Sky Racing, Tabcorp is uniquely placed to use these broadcast rights to promote Tabcorp brands, promotions, programs and odds and enhance its wagering offering (through providing access to content online and on apps, as well as television). It also exercises complete discretion over editorial content and programming decisions in a way which can be used to favour Tabcorp's business.
435. My concern arises not only in terms of a combined Tabcorp / Tatts leveraging its retail exclusivity into digital wagering, but also leveraging its retail exclusivity in its dealings with licensed venues, clubs and pubs.
436. I have seen firsthand how Tabcorp has leveraged this exclusivity in its response to CrownBet's recent announcement of a digital wagering advertising partnership with ClubsNSW, where representatives of Tabcorp threatened member clubs that it would not provide retail TAB services to the club if they took up CrownBet's digital wagering advertising solution. This tactic, effectively bundling Tabcorp's retail offering to clubs with Tabcorp's own digital wagering offering, was deployed in immediate response to an innovative and competitive offering. I also understand that some Tabcorp representatives threatened member clubs that they would pull Sky Racing from the club if they took up CrownBet's digital wagering advertising solution.

Other examples of strategic anti-competitive conduct – racing.com

437. I am aware that Tabcorp made threats to racing.com arising from racing.com endeavouring to show CrownBet's fixed odds alongside totalisator prices during the live broadcast of racing. I understand that Tabcorp threatened to cease providing its totalisator odds to racing.com in circumstances where they were shown next to CrownBet's odds, which in the vast majority of cases are more attractive to consumers.

Other examples of strategic conduct

438. This statement discusses other examples of strategic conduct by Tabcorp, for example conduct in relation to the black outs of Victorian thoroughbred racing vision and its demotion of metropolitan Melbourne racing from Sky 1 to Sky 2.

COMPETITIVE IMPACT OF MERGER ON MARKETS FOR ACQUISITION OF TOTALISATOR LICENCE / RETAIL EXCLUSIVITY (BIDDING MARKETS)

Introduction

439. The expiry of the exclusive totalisator licence and / or retail exclusivity in a state or territory will create a scenario in which the right to operate a totalisator and / or conduct retail operators becomes contestable.

Rights that may become available

440. Tabcorp claims (in section 19 of the Form S) that the only opportunities prior to 2035 for this to occur relate to Victoria's licences and the potential privatisation of the WA TAB. This disregards

the potential for competition for the right to conduct retail operations in South Australia, Tasmania and NSW when retail exclusivity expires in those jurisdictions in 2017, 2027 and 2033 respectively.

Impact of removal of Tatts

441. As the holders of existing licences in all jurisdictions (except WA), Tabcorp and Tatts are the two parties most likely to bid when any totalisator licence or retail rights become contestable. The proposed transaction would therefore remove the strongest (and potentially only) bidder, substantially impacting competition for the licence or licences.
442. This is likely to have a significant impact on the price achievable by the State or Territory Government in terms of licence fees, but also the terms upon which the licence or licences would be granted, including the future wagering tax payable and funding obligations to the racing industry of the relevant jurisdiction.
443. There are few (if any) alternative bidders. The WA TAB is not a potential bidder for licences in other jurisdictions. In Victoria, for example, the racing industry is prohibited from bidding for the totalisator and retail licences. This leaves corporate bookmakers as the most likely other possible class of bidders.

Issues for corporate bookmakers in bidding for licences – currently

444. There are a number of general issues which, in my view, are likely to adversely impact the present ability of a corporate bookmaker to successfully bid for a totalisator or retail licence. For example, a successful bidder would need to have in place the necessary:
 - (a) technology and related infrastructure (which would require a significant investment),
 - (b) people,
 - (c) processes;
 - (d) expertise in conducting a totalisator; and
 - (e) expertise and assets to support a retail operation across the jurisdiction.
445. A corporate bookmaker would be at a significant disadvantage relative to an incumbent totalisator and retail operator in all of these respects.

Issues for corporate bookmakers in bidding for licence – post transaction

446. In a scenario where the proposed transaction proceeded, I consider that the above disadvantages relative to the merged entity would be increased and this would affect the ability and willingness of a corporate bookmaker to bid for a licence and, if it did bid, the price and other terms upon which it could bid. I consider that a combined Tabcorp / Tatts have an increased ability to secure the licence or licences by virtue of:

- (a) its incumbent totalisator position, and existing retail wagering presence, in every State and Territory except WA;
 - (b) its existing systems, infrastructure (eg retail stores), technology and processes across wagering and lotteries / gaming;
 - (c) its experience in operating totalisators in each state and territory except WA; and
 - (d) its ability to spread fixed operating costs across a much larger revenue base, thereby achieving economies of scale and network efficiencies (including across gaming operations).
447. In addition, a corporate bookmaker would need to access pooling services in order to operate a totalisator effectively and have access to large pools with high liquidity. In a future where the proposed transaction proceeds, there would be no party other than the merged entity from whom a bookmaker could acquire pooling services.
448. I would have significant scepticism about a corporate bookmaker's ability to secure pooling services on reasonable and timely terms from the merged entity (who would be a competing bidder for the licence) prior to bidding. If they were not able to secure a suitable pooling arrangement from the merged entity prior to bidding, the bookmaker would most likely be unable to put forward a competitive bid. If they were successful in their bid but were subsequently unable to secure a suitable pooling arrangement from the merged entity, the additional risk that the bookmaker would bear would likely impede its ability to offer a competitive totalisator offering.
449. In addition, the acquisition of such services is unlikely to be straightforward or timely, and would typically necessitate seeking authorisation from the ACCC in respect of the pooling arrangement, as has been the case in the past for pooling arrangements. Obtaining such approval would require the active participation and support of the merged entity, which it may be unwilling to provide or only willing to provide on disadvantageous terms in circumstances where it faces no competitive constraint from an alternative pooling services provider.
450. Another issue would be that the merged entity, as a larger scale operator operating across more jurisdictions, could offer better rebates to premium punters and better pricing than could be offered by a bookmaker which had totalisator operations in only one jurisdiction. This would place the bookmaker at a significant competitive disadvantage.
451. A final, and critical, issue in respect of any bid for a retail licence would be access to a key input: racing media content. A bookmaker's proposed retail offering in any bid would be reliant upon obtaining fair and reliable access to all media content from the merged entity (and incumbent holder of retail exclusivity in all jurisdictions except WA). Even if the bookmaker could obtain access, the content provided by the merged entity could and would heavily promote the merged entity's brand and products into the bookmaker's retail operations.

[HIGHLY CONFIDENTIAL: REDACTED]



CONCERNS ABOUT PUBLIC BENEFITS CLAIMED TO ARISE FROM THE PROPOSED TRANSACTION

Overview

455. I refer to section 21 of the Form S and section 6 of Annexure A to the Form S. While a considerable amount of detail is redacted as confidential, I understand from my review of that material that the merger parties claim that significant public benefits will arise from the proposed transaction. Those public benefits are claimed to arise, among other things due to operational, performance and strategic improvements including:
- (a) a reduction in annual operating costs of the merged entity; and
 - (b) business improvements that will result in increased annual revenue of the merged entity.
456. Those improvements are claimed to give rise to public benefits because (as outlined in section 21 of the Form S):
- (a) the merged entity will pay additional amounts to state racing industries, retail venues, sporting bodies and the Federal and state Governments;

- (b) the additional funding it is claimed will flow to the state racing industries will help ensure the racing industries' long term viability, will help to address the alleged 'free rider' problem arising from 'funding imbalances' between the State TAB's and corporate bookmakers and will have 'broader economic impacts' particularly in regional areas;
- (c) the improvements will help the merged entity compete more effectively with corporate bookmakers in the 'Tatts States' and 'enhance competition' for wagering products and services;
- (d) customers in the 'Tatts States' will be supplied a broader range of products and services'; and
- (e) the improvements will increase the productive efficiency of the broader Australian economy, including as a result of import substitution and increased tourism.

457. I have the following comments in relation to these claimed public benefits.

Claimed reduction in annual operating costs of the merged entity

458. Due to the amount of material that has been redacted it is not possible for me to express any view on whether the claimed reduction in annual operating costs are accurate, likely to be achieved or result from the transaction as compared to actions that could be taken independently by either Tabcorp or Tatts if the proposed transaction did not proceed. However, I expect that some reductions in cost (for example, by reducing duplication of promotional offers) will lead to detriments to punters in the form of fewer or lower promotional offerings.

Claimed business improvements that will increase annual revenue of the merged entity

459. I understand from relevant sections of the public version of the statement of Dr Christopher Pleatsikas (in particular paragraph 176 and 276), an expert witness for Tabcorp, that the claimed business improvements fall into two categories:

- (a) improved fixed odds performance, specifically by increasing revenue from Tatts' average fixed odds yield; and
- (b) a series of proposed business improvements (involving a confidential amount of proposed investment by the merged entity) that it is claimed will increase turnover and revenue from wagering, specifically through improvements in:
 - (i) introducing new products and services and expanding the availability of other products in Tatts states;
 - (ii) re-branding and improving the retail network in the Tatts states; and
 - (iii) Tabcorp being able to take on a greater number of fixed odds bets.

460. In relation to the claim that improved fixed odds performance by Tatts is a public benefit, it is important to appreciate that this claimed public benefit in fact involves a significant increase in the 'price' of those wagering products to punters.
461. The Tabcorp and Tatts Group document entitled 'Recommended combination of Tabcorp Holdings Limited and Tatts Group Limited' which is Annexure 7 of the public version of the Statement of Dr Pleatsikas and Annexure 5 of the Statement of Robert Cooke, it is made clear that the expected improvement in yield is 2.6% (from 12.1% to 14.7%) of Tatts FY16 fixed odds revenue.
462. I understand that Tatts Groups fixed odds sales (amount staked) was \$1.97 Billion in FY16. At an average yield of 12.1%, that amounts to \$238 million gross gaming revenue in FY16. An increase of 2.6% in yield equates to an increase of approximately \$61.8 million of additional gross revenue if that yield were applied to Tatts group's FY16 fixed odds turnover. In layman's terms then, Tabcorp is claiming that the ability to extract an additional \$61 million per annum from fixed odds punters placing bets with Tatts post-transaction, or - put another way – the ability to impose a 21% 'price rise' on Tatts fixed odds punters, is a public benefit. In my opinion, this cannot be claimed to be a public benefit. To the contrary, it must be a significant public detriment.
463. In relation to the claim that the proposed transaction will increase the merged entity's turnover and revenue from wagering, I make the following observations. First, as a matter of principle, it is not clear to me why the types of investments described are investments that are contingent on the proposed transaction proceeding. Specifically, if there are profitable investments in things like new products and services in Tatts States that can be made, or profitable improvements in the Tatts retail network that can be made, surely these are investment that the Tatts Group is equally capable of making in the absence of the proposed transaction. So far as I am aware, there is no regulatory or financial impediment to Tatts Group taking these steps. In my opinion, these should not be regarded as public benefits that are caused by or are likely to result only from the transaction. Secondly, even if these increases in the turnover and revenue of the merged entity did eventuate and were properly to be regarded as caused by the proposed transaction, this would necessarily imply an increase in market share of the merged entity at the expense of the corporate bookmakers. As discussed above, corporate bookmakers operate on
- [HIGHLY CONFIDENTIAL:]**
464. The implication of this is that the average price of fixed odds wagering will have increased as a result of the transaction and output, whether measured by turnover or by number of bets, will have decreased. I do not consider this to be a public benefit, as the average punter will simply have ended up paying 'more for less'.

Additional amounts claimed to be payable to state racing industries, retail venues, sporting bodies and the Federal and state Governments

465. While confidential, I understand that the parties are asserting that some of the claimed cost saving or additional revenue will be passed through to the racing industry under commercial arrangements with the racing industry in relevant States that provide for a proportion of cost reductions or revenue increases to be shared with the racing industry.
466. Without access to the relevant documents, I cannot comment directly on the accuracy of those claims. In my opinion however, other than to the extent there are direct and quantifiable operating cost reductions that can only be achieved as a result of the merger which are then passed back to the racing industry, every other benefit claimed is, in principle, ultimately simply a transfer of money from punters to the merged entity and should not be considered a public benefit.
467. In relation to retail venues, it is not clear to me why this should be claimed to be a public benefit. First, as I discussed above, both Tabcorp and Tatts have publicly individually stated their intentions to heavily invest in their retail channels irrespective of whether the transaction proceeds. Secondly, as the ClubsNSW example clearly demonstrates, by far the most important benefit for licensed venues will be an environment in which there is strong competition for multi-channel competitors. Removal of future competition for multi-channel customers between Tatts and Tabcorp and corporate bookmakers' ability to compete for these customers is a clear detriment, not a benefit, to licensed venues that would arise from the transaction.
468. In relation to sporting bodies, it is not clear to me why there should be any net additional fees payable as a shift in market share from corporate bookmakers to the merged entity implies offsetting lower fees payable by corporate bookmakers (ie corporate bookmakers pay exactly the same fees as totalisators on sports).
469. In relation to additional amounts payable to the Federal Government, the relevant taxes are:
- (a) company tax; and
 - (b) Goods and Services Tax (GST).
470. Both of those taxes are payable on the same basis by corporate bookmakers and the merged entity. Again, in principle, a market share shift from corporate bookmakers to the merged entity in principle will simply result in offsetting company and GST payments from corporate bookmakers being correspondingly reduced.
471. In relation to State wagering taxes, for the reasons set out above, I consider that these payments reflect consideration for the exclusive totalisator licences and retail wagering exclusivity granted in the State in which they are levied. The equivalent funding obligation for corporate bookmakers is via the obligation to pay race field fees in each jurisdiction. I note that these race field fees can be changed over time by the racing industry body to ensure adequate funding for the racing industry. In any event, if State Government's receive additional amounts of wagering tax as a result of the proposed transaction, the ultimate source of that tax is the punting public. I do not agree that, in principle, additional taxation payable by punters as a

result of using a higher priced wagering service offered by the merged entity should be considered a public benefit.

472. In relation to the alleged 'funding imbalance' and 'free rider effects' I have addressed this in detail above. For those reasons previously stated, I do not consider that there is any relevant funding imbalance of the kind suggested, because that component of racing funding obligations that is said to give rise to the imbalance represents consideration payable by Tabcorp and Tatts Group for valuable exclusive rights to conduct totalisator and retail wagering operations in the respective States and Territories in which they hold exclusive totalisator wagering licences. Further, in relation to the 'long term viability' of the racing industry, I do not consider that the proposed transaction will assist the racing industry in either the short or the longer term. To the contrary, notwithstanding that some parts of the racing industry appear to support the transaction, for the reasons I have set out above I strongly believe that the short and long term interests of the racing industry are best served by promoting effective competition in digital channels, providing unbundled and non-exclusive access to digital media rights as this will in turn promote higher levels of output, growth, better service and higher levels of innovation. Subject in certain circumstances to the relevant State or Territory Government amending legislation, the racing controlling body in each State always has the ultimate safeguard to it of being able to adjust the level of race fields fees payable to it if any true funding deficit were to arise in the future.
473. In relation to the supposed benefit arising from enabling the merged entity to be a 'more effective competitor' to corporate bookmakers, I interpret this as simply saying that the merger will result in Tabcorp having even greater market power than it does today. For the reasons set out above, I consider that it is clear that it is corporate bookmakers, not Tabcorp and Tatts Group, that face the significant competitive disadvantage. In my view, the proposed transaction is clearly not something that is necessary to address any alleged competitive disadvantage on the part of Tabcorp and Tatts Group. If the proposed transaction does not proceed, I consider that each will independently make investment decisions and compete vigorously with each other and corporate bookmakers in the ways I have described above. In doing so, both will seek to utilise their retail wagering exclusivity as a means to attract and retain custom from digital customers as they recognise that they need to respond to the migration of customers to digital channels and that multi-channel customers, in particular, are the most lucrative customer demographic by a very significant margin. In Tabcorp's case, it will of course, also utilise the competitive advantages conferred on it through its ownership of Sky Channel to achieve the same objectives.
474. In relation to the supposed benefit from the proposed transaction from provision of a broader range of products and services, for the reasons set out above, I consider that:
- (a) the merged entity is not likely to provide a broader range of products and services than if Tatts and Tabcorp were to continue as independent competitors to each other; and

- (b) the additional competitive disadvantages that corporate bookmakers would face if the proposed transaction proceeded would result in fewer products and services being available, including reduction or elimination of best of tote products.

475. As regards claims in relation to productive efficiency of the merged entity, as noted above, so much material has been redacted that I am unable to comment on the likelihood or extent of any such efficiencies being achieved nor on the extent to which they are likely to be passed through to the racing industry.

PUBLIC DETRIMENTS NOT IDENTIFIED BY THE MERGER PARTIES

Overview

476. I also hold major concerns that the proposed transaction will give rise to a number of public detriments that are not identified by the merger parties in the Form S or elsewhere in the materials filed with the Tribunal. I have discussed these in detail above. They can be broadly summarised for convenience as falling into the following categories:

- (a) reduction in competition;
- (b) reduced output;
- (c) lower growth; and
- (d) leakage to offshore betting operators.

Reduction in competition

477. As I discuss in detail above, in my view the transaction gives rise to numerous detrimental effects on future competition (particularly online and by phone) arising from the removal of the Tatts Group as a competitor in the future and the increased vertical integration that will occur between the merged entities totalisator and retail wagering operations, the racing industry and Sky Racing.

478. I consider that this will result in both higher totalisator and fixed odds prices and lower levels of service, including lower levels of innovation over time, if the transaction were to proceed.

Reduced output

479. I consider that a necessary corollary of the higher prices and lower levels of service and innovation will be reduced levels of output of wagering services than would be the case if the proposed transaction did not proceed. In effect, the purported benefits of the transaction ultimately rely on an assumption that there will be an increase in the market share of the merged entity and a corresponding reduction in the market share of corporate bookmakers compared to what is likely to occur if the proposed transaction did not proceed. As the merged entity is less efficient and charges significantly higher prices in terms of take out rates on both totalisator and fixed odds bookmaking, this must result in lower output – whether measured as wagering turnover arising from racing or in terms of the number of bets and the value to be derived from

those bets by punters for a given level of wagering expenditure. This is an obvious and very significant public detriment that is not identified or discussed in the Form S.

Lower growth

480. In my view, high prices and lower output arising from the proposed transaction as compared to a situation in which the transaction did not proceed must also and necessarily imply lower rates of growth in wagering on racing to the medium and long term detriment of both punters and the racing industry itself. Again, the issue of relative growth in the 'overall pie' arising from wagering on racing is largely if not entirely ignored in the Form S and supporting materials filed that I have reviewed. Again, this is an obvious and very significant public detriment arising from the proposed transaction.

Leakage to offshore operators

481. It is also worth highlighting that higher relative prices are likely to be directly correlated with higher levels of illegal offshore wagering by Australian punters. An incremental leakage of wagering revenue is unambiguously bad for the racing industry, punters, Australian Governments and all Australian licensed wagering operators. Again, this is a significant category of public benefit that is not identified or discussed in the Form S.

I verify that I have read the contents of this statement and the documents referred to in it and that I am satisfied that to the best of my knowledge, information and belief, it is true and correct in every particular.

DATED

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APRIL 2017

Nicholas David Tyshing

INDEX OF ANNEXURES TO STATEMENT OF NICHOLAS DAVID TYSHING

Annexure Title		Confidentiality	
1.	NDT-1	CrownBet data - Product Channel Novelties Live Betting (FY15 - FY17 YTD)	[HIGHLY CONFIDENTIAL] Restriction of publication of whole document claimed
2.	NDT-2	CrownBet Terms & Conditions (extract) Maximum payouts	
3.	NDT-3	Betfair Terms & Conditions – Betfair Charges	
4.	NDT-4	Racing.com – Tabcorp targets take out rates (17 September 2015)	
5.	NDT-5	Volume Weighted Average Yield for Corporate Bookmakers	[HIGHLY CONFIDENTIAL] Restriction of publication of whole document claimed
6.	NDT-6	Statutory Accounts Bet365 FY2016	
7.	NDT-7	Number of bets 15% vs 10% vs 7% margin	
8.	NDT-8	Racing Australia - Racing Season Fact Book 2015-2016	
9.	NDT-9	Australian wagering market turnover (by product) Racing vs. Sports	
10.	NDT-10	CrownBet Turnover breakdown	[HIGHLY CONFIDENTIAL] Restriction of publication of whole document claimed
11.	NDT-11	1. CrownBet turnover breakdown by individual racing code or sport - Chart showing CrownBet Racing v Sport Turnover (%) breakdown for previous 3 years 2. CrownBet Annual turnover by racing code vs all sport - Chart showing CrownBet turnover breakdown by individual racing code/sport for previous 3 years 3. Table and chart showing CrownBet Racing v Sport Revenue and margin (%) breakdown for previous 3 years.	[HIGHLY CONFIDENTIAL] Restriction of publication of whole document claimed
12.	NDT-12	Paddy Power (Sportsbet) Preliminary Results (year ended 31 December 2016)	
13.	NDT-13	NTRC Letter regarding click to call (10 August 2016)	
14.	NDT-14	Parliament of Australia webpage for Interactive Gambling Amendment Bill 2016	

	Annexure	Title	Confidentiality
15.	NDT-15	Chart showing changes in retail vs online wagering over time	
16.	NDT-16	Tabcorp presentation to ClubsNSW members - Tabcorp Wagering Proposal Presentation (February 2017)	
17.	NDT-17	Tabcorp press release Vic Clubs deal (10 March 2017)	
18.	NDT-18	Tabcorp press release AHA deal (10 April 2017)	
19.	NDT-19	Table of Media Rights and Holders by Code	
20.	NDT-20	CrownBet and Racing Victoria Agreement for Digital Rights	[HIGHLY CONFIDENTIAL] Restriction of publication of whole document claimed
21.	NDT-21	Chart showing supply of racing media content	
22.	NDT-22	Sky Racing - Wagering Venue Rate Card Sky Racing - Non Wagering Venue Rate Card	
23.	NDT-23	Daily Telegraph - Victorian racing back on Sky Racing channel 519 from Saturday (7 August 2015)	
24.	NDT-24	Thoroughbred Race Data 2015-2016	
25.	NDT-25	Sky Racing 2016 Advertising Brochure	
26.	NDT-26	Email from Tatts regarding UBET access to Sky Racing content	
27.	NDT-27	Email from Michael Leeds regarding advertising on Sky (September 2015)	
28.	NDT-28	Roy Morgan national media data	[HIGHLY CONFIDENTIAL] Restriction of publication of whole document claimed
29.	NDT-29	The Drop - Tabcorp protects broadcasting rights (15 October 2016)	
30.	NDT-30	Productivity Commission Gambling Report (extract) (26 February 2010)	
31.	NDT-31	SMH - Judge gives AJC, STC free rein to start ThoroughVision revolution (4 May 2005)	
32.	NDT-32	RACING NSW - Racing Media Rights Aggregated In Historic Deal (24 December 2012)	

Annexure Title		Confidentiality	
33.	NDT-33	SMH - Sky's Racing NSW broadcast deal puts TVN closure in focus (28 January 2015)	
34.	NDT-34	Racing.com - Sky blackout means digital-only broadcast on Tuesday (15 June 2015)	
35.	NDT-35	Racing.com - Wagering down on Blackout Opening (16 June 2015)	
36.	NDT-36	Racing.com - Victorian racing returns to Sky Channel (7 August 2015)	
37.	NDT-37	Herald Sun - TV blackout as Racing Victoria and Seven Network fail to agree (15 June 2015)	
38.	NDT-38	Racing.com - Sky could pull Vic racing plug (9 June 2015)	
39.	NDT-39	CrownBet – Chart showing impact of access to racing vision content on turnover	[HIGHLY CONFIDENTIAL] Restriction of publication of whole document claimed
40.	NDT-40	CrownBet Impact on turnover of Sky Racing pushing Vic racing to Sky 2	[HIGHLY CONFIDENTIAL] Restriction of publication of whole document claimed
41.	NDT-41	Extract from Thoroughbred Racing SA's 2016 Annual Report (page 8).	
42.	NDT-42	Product (race field) fees payable by jurisdiction	
43.	NDT-43	CrownBet Race Fields Fees as percentage of Revenue	[HIGHLY CONFIDENTIAL] Restriction of publication of whole document claimed
44.	NDT-44	GST as a Percentage of Revenue - Corporate Bookmakers	[HIGHLY CONFIDENTIAL] Restriction of publication of whole document claimed
45.	NDT-45	Crown memo to NTRC regarding Economic Benefit (9 November 2016)	[HIGHLY CONFIDENTIAL] Restriction of publication of whole document claimed
46.	NDT-46	Tabcorp Wagering and Betting Licence Announcement (19 July 2011)	
47.	NDT-47	Tabcorp Media Release - Agreement to extend Tabcorp's NSW retail wagering licence exclusivity (20 June 2013)	
48.	NDT-48	Tabcorp Media Release - Tabcorp completed ACTTAB	

Annexure		Title	Confidentiality
		acquisition	
49.	NDT-49	Tabcorp Media Release - Tabcorp to acquire ACTTAB (30 July 2014)	
50.	NDT-50	Canberra Times - Tabcorp Buys ACTTAB (30 July 2014)	
51.	NDT-51	Tatts ASX Announcement - New Framework for Race and Sports Wagering in QLD (27 June 2014)	
52.	NDT-52	Tatts ASX Release - Tatts acquisition of Tote Tasmania (1 December 2011)	
53.	NDT-53	Tatts ASX Announcement - Grant of totaliser licence to UBET in NT (3 November 2015). Tatts ASX Announcement - NT Totaliser Licence (21 August 2015)	
54.	NDT-54	Tabcorp Wagering & Media Revenues - Migration to ACT	
55.	NDT-55	Racing Victoria 2016 Annual Report extract (p44)	
56.	NDT-56	The Age – Victoria could raise \$150 million off new wagering tax (5 February 2017)	
57.	NDT-57	The Australian - Lottery strength lifts Tatts revenue (18 August 2016)	
58.	NDT-58	Federal Government's Department of Social Security – Information page for Review of Illegal Offshore Wagering	
59.	NDT-59	IGA Bill - second reading speech - Alan Tudge (10 November 2016)	
60.	NDT-60	CrownBet market share data	[HIGHLY CONFIDENTIAL] Restriction of publication of whole document claimed
61.	NDT-61	Tatts Group - Investor Fact sheet (including annexure)	
62.	NDT-62	UBET Media Release - Launch of UBET (30 April 2015)	
63.	NDT-63	Extract from Tabcorp's Annual Report for 2016 (page 16)	
64.	NDT-64	Tabcorp Press Release - Announcement of Merger (19 October 2016)	
65.	NDT-65	The Australian Financial Review - Tabcorp bets on venue incentives in bid to boost digital customers (27 November 2016)	

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-1" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

HIGHLY CONFIDENTIAL Annexure **NDT-1**
CrownBet data - Product Channel Novelties Live Betting
(FY15 - FY17)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-2" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-2**
CrownBet Terms & Conditions (extract) Maximum payouts

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

16. Maximum total payouts

Notwithstanding any of the above betting limits, We reserve the right to limit Your total payout on any bet type on any single event if Our total payout on any bet type exceeds the largest relevant tote pool. If We pay out greater than the listed limit and decides not to amend the payout then this does not set a precedent in relation to such payouts.

All maximum payout limits apply to You, or, where we have genuine reason to believe a group of clients have been acting in concert, to a group of Members including You. Where a group have backed the same combination of Selections, including where placed in a series of bets, at a range of prices, over a number of days using different Accounts in apparent collusion, we reserve the right to limit the total payment of all those bets combined to the one single maximum payout.

Maximum Payouts							
	Win	Place	Quinella	Exacta	Trifecta	First Four	Super 6
Metropolitan Venue	\$200,000	\$100,000	\$100,000	\$50,000	\$200,000	\$200,000	\$200,000
Non-Metropolitan Venue	\$100,000	\$50,000	\$25,000	\$25,000	\$50,000	\$50,000	\$100,000
Australian Harness Racing	\$50,000	\$25,000	\$10,000	\$10,000	\$20,000	\$20,000	\$50,000
Australian Greyhound Racing	\$50,000	\$25,000	\$10,000	\$10,000	\$20,000	\$20,000	\$50,000
New Zealand Horse Racing	\$15,000	\$10,000	\$5,000	\$5,000	\$10,000	\$10,000	
Hong Kong Racing	\$50,000	\$25,000	\$10,000	\$10,000	\$20,000	\$20,000	
Singapore Horse Racing (Gallops)	\$25,000	\$25,000	\$10,000	\$10,000	\$20,000	\$20,000	
UK and Irish Horse Racing (Gallops)	\$25,000	\$25,000	\$10,000	\$10,000	\$10,000	\$10,000	
All other Overseas Horse Racing (Gallops)	\$10,000	\$3,000	\$1,000	\$1,000	\$3,000	\$10,000	
New Zealand Harness and Greyhound Racing	\$15,000	\$10,000	\$5,000	\$5,000	\$10,000	\$10,000	
All Other Overseas Harness and Greyhound Racing	\$10,000	\$3,000	\$1,000	\$1,000	\$3,000	\$10,000	

Maximum Payouts								
	Quaddie	Early Quaddies	Daily Double	Running Double	Treble	PlaceCard	Jockey Challenge	Head to Head
Metropolitan Venue	\$200,000	\$100,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Non-Metropolitan Venue	\$100,000	\$50,000	\$5,000	\$5,000	\$5,000	\$10,000	\$10,000	\$10,000
Australian Harness Racing	\$20,000	\$10,000	\$2,000	\$5,000	\$5,000			\$10,000
Australian Greyhound Racing	\$20,000	\$10,000	\$2,000	\$5,000	\$5,000			\$10,000
New Zealand Horse Racing	\$20,000	\$10,000	\$2,000	\$5,000	\$5,000			\$10,000
Hong Kong Racing	\$20,000	\$10,000	\$2,000	\$5,000	\$5,000	\$10,000	\$10,000	\$10,000
Singapore Horse Racing (Gallops)						\$5,000		\$10,000
UK and Irish Horse Racing (Gallops)						\$5,000		\$10,000
All other Overseas Horse Racing (Gallops)						\$5,000		\$10,000
New Zealand Harness and Greyhound Racing								\$10,000
All Other Overseas Harness and Greyhound Racing								\$10,000

Go to: [Website Terms](#) [Rewards Terms](#) [General Rules](#) [Bonus Bet](#) [Sports](#) [Racing](#) [Credit Terms](#) [Credit Information](#) [Privacy Policy](#) [DSF Code Of Practice](#) [Top](#)

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT- 3" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-3**
Betfair Terms and Conditions – Betfair Charges

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

[About Betfair](#)[Terms and Conditions](#)[Exchange Rules and Regulations](#)[Sportsbook Rules and Regulations](#)[Betfair Charges](#)[Commission...](#)[Multiples betting](#)[Tote betting](#)[Transaction Charges](#)[Deposit and withdrawal charges](#)[Premium Charges](#)[Inactive Account Fees](#)[Turnover Charge](#)[Privacy and Data Protection](#)[Trust Deed](#)[Regulatory Information](#)[Dispute Resolution](#)[Security](#)[Jobs](#)[Affiliate Scheme](#)[Contact Us](#)

Betfair Charges

Introduction

There are two types of charges that you may be required to pay. The charges described in the 'General Charges' section apply in relation to your Betfair account and therefore are relevant to all customers. In addition, there are certain charges that only apply in particular circumstances to customers of the Betfair Exchange. Further details of all of the following charges can be found in the relevant sections below.

All charges are inclusive of VAT, if applicable.

General Charges

Charges relating to the **Deposit and Withdrawal** of funds to or from Betfair are set out in the deposit and withdrawal pages within the 'My Account' section on the website. However, additional charges may apply in some cases. These charges are set out in [Section 5](#).

An **Inactive Account Fee** will be payable by customers who have not logged in to their Betfair account for thirteen consecutive months or more and who have a Betfair account in credit. Details of the Inactive Account Fee are set out in [Section 7](#) below.

Charges applicable only to the Betfair Exchange

For the vast majority of Betfair Exchange customers, the only charges paid to Betfair will be **Commission** on net winnings in an Exchange market, as set out in more detail in [Section 1](#) below.

There are additional charges on the Exchange to deter extreme usage of the facilities provided by Betfair: customers who place more than 1000 bets in any hour on the Exchange may also be charged **Transaction Charges** depending on the number of bets placed and the amount of commission they have already paid, as set out in [Section 4](#) below.

A small number of customers who, in the long-term, generate very little commission compared to the amount they win may incur **Premium Charges**. Any customer affected by this charge will be notified in advance. Details of the Premium Charge are set out in [Section 6](#) below.

A **Turnover Charge** will be payable by a very small number of our customers who engage with the Betting Exchange on certain Australian racing markets in a particular way. Details of the Turnover Charge are set out in [Section 8](#) below.

1. Commission, Market Base Rate, Discount Rate, Betfair Points, Betfair Points Statement and Betfair Holidays

This section only applies to the Betfair Exchange.

Betfair charges a **Commission** on your net winnings on a market. If you have a net loss on a market you do not pay commission.

Commission is calculated by multiplying your net winnings by the **Market Base Rate**. From this we will, for customers based in most countries, apply a discount. The more you bet with us the greater the discount you will receive (if applicable).

In order to see the Market Base Rate applicable to you, please refer to emails and web messages from Betfair setting out current charges, or click [here](#) to see the Market Base Rate section on our Help and Learning pages.

Please note that the "Rules" tab which is found on each market on the "Classic" or "Old" version of Betfair is incorrectly displaying the Market Base Rate as 5%. Please ignore the information about the Market Base Rate on the "Classic" or "Old" version of Betfair.

The size of this discount, or your **Discount Rate**, if applicable to your country, is determined by the number of **Betfair Points** you have accrued on your account. Betfair Points are earned in proportion to your betting activity - the more you bet,

the more points you accrue, the greater your Discount Rate. Please note that your discount rate will be capped at 20% unless you have completed Betfair's [Know Your Customer](#) check requirements.

Customers in different countries will receive different discount rates (and, in certain countries, customers will not receive a discount rate). Customers should refer to emails and web messages from Betfair which set out their discount rate. More information can be found [here](#) and below.

You earn Betfair Points every time you bet on a market. You will earn 1 point for every 10 pence of commission paid (if you have net winnings) or implied commission (if you have a net loss). Implied commission is calculated in exactly the same way as commission but refers to losses rather than winnings. Betfair Points are awarded equally whether you win or lose.

Example:

You have net winnings in a market of £400.

The Market Base Rate is 5%.

Your current Discount Rate is 40%.

Therefore the commission you pay is £12 ($£400 \times 5\% \times (1-40\%)$).

You earn 120 Betfair Points.

Example (using implied commission):

You have net losses in a market of £100.

The Market Base Rate is 5%.

Your current Discount Rate is 30%.

Therefore the implied commission is £3.50 ($£100 \times 5\% \times (1-30\%)$).

You earn 35 Betfair Points.

For the purpose of calculating Betfair Points your commission or implied commission on a market is rebased to British Pounds at the time of settlement.

Your Discount Rate is calculated from your current Betfair Points every week. This occurs at midnight (GMT) every Sunday using one of the tables below:

Table A

Applies to all customers other than those specified specified in Tables B, C or D below:

Betfair Points		
From	To	Discount Rate
0	999	0%
1,000	2,499	2%
2,500	3,999	4%
4,000	5,499	6%
5,500	6,999	8%
7,000	8,999	10%
9,000	10,999	12%
11,000	12,999	14%
13,000	14,999	16%
15,000	16,999	18%
17,000	18,999	20%
19,000	20,999	22%
21,000	22,999	24%

Betfair Points		Discount Rate
From	To	
23,000	25,999	26%
26,000	28,999	28%
29,000	31,999	30%
32,000	35,999	32%
36,000	39,999	34%
40,000	43,999	36%
44,000	48,999	38%
49,000	54,999	40%
55,000	60,999	42%
61,000	66,999	44%
67,000	72,999	46%
73,000	79,999	48%
80,000	87,999	50%
88,000	95,999	52%
96,000	107,999	54%
108,000	125,999	56%
126,000	149,999	58%
150,000	-	60%

Table B

Applies to customers in Netherlands

Betfair Points		Discount Rate
From	To	
0	7,999	0%
8,000	14,999	10%
15,000	24,999	20%
25,000	40,999	30%
41,000	70,999	40%
71,000	-	50%

Table C

Applies to customers in Austria, Switzerland, and Ukraine

Betfair Points		Discount Rate
From	To	
0	999	0%
1,000	3,999	1%
4,000	6,999	2%
7,000	10,999	3%
11,000	14,999	4%

Betfair Points		
From	To	Discount Rate
15,000	18,999	5%
19,000	20,999	6%
21,000	22,999	8%
23,000	25,999	10%
26,000	28,999	12%
29,000	31,999	14%
32,000	35,999	16%
36,000	39,999	20%
40,000	43,999	22%
44,000	48,999	24%
49,000	54,999	26%
55,000	60,999	30%
61,000	66,999	32%
67,000	72,999	34%
73,000	79,999	36%
80,000	87,999	40%
88,000	95,999	42%
96,000	107,999	44%
108,000	125,999	46%
126,000	-	50%

Table D

No discount rate will apply to customers in the following territories (with effect from the date set out next to the applicable territory).

Territory	Date
Albania	1 May 2017

Once your Discount Rate has been calculated, your Betfair Points balance is reduced by 15%. This is known as the **Weekly Decay**. If you continue to bet at the same level each week, your Discount Rate will remain unchanged. If your Betfair Points at any time imply a higher Discount Rate, you will move to that rate immediately.

Discount Rates are applied at the time of market settlement rather than bet placement. These might be different for you in long term markets.

The **Betfair Points Statement** within your My Account section provides a full history of your Betfair Points, showing changes as a result of your betting activity, weekly decay and any relevant promotions. This statement also shows your current Discount Rate.

You are able to prevent the weekly decay of your Betfair Points by using a **Betfair Holiday**. You may continue to bet during your Betfair Holiday but will not earn Betfair Points for any markets settled during this period.

You earn one Betfair Holiday when you register and one additional Betfair Holiday every three months thereafter. You may use your Betfair Holiday at any time but cannot accrue more than four unused Betfair Holidays on your account.

The Betfair Holidays section within the My Account section provides a calendar of the next 26 weeks and enables you to book or cancel Betfair Holidays for any of these weeks.

2. **Multiples betting**

This section only applies to the Betfair 'Exchange Multiples' product and does not apply to the 'Fixed Odds Multiples' product.

Sports Multiples

Betfair charges commission on winning sports Multiples bets. The commission is usually 5% of winnings but may vary from time to time. Always check the Rules tab to be sure what commission rate applies. If your Multiples bet loses you do not pay commission.

Betfair Points are awarded in the same way as for sports betting markets. If your bet wins you will be awarded 1 Betfair Point for every 10 pence of commission paid. If your bet loses you will be awarded 1 Betfair Point for every 10 pence of implied commission.

Horse Racing Multiples

When betting on horse racing Multiples the odds of each leg will be based on the Betfair SP, adjusted by a margin. This margin is usually 5% but may vary from time to time. No commission is payable on winnings on horse racing Multiples.

Betfair Points are awarded on the basis of one Betfair Point for every £2 won or lost on each Multiple. E.g. a £10 winning multiple with combined odds of 11 would be awarded 50 Betfair Points based on £100 of winnings. If the same multiple were a loser 5 Betfair Points would be awarded on the £10 loss.

3. **Tote betting**

When placing Tote bets with Betfair (for example UK Tote bets) you earn 1 Betfair Point for every 1 GBP staked. All Betfair Points earned from Tote bets over the course of a week (Monday to Sunday) will be credited to your Betfair account the following Monday.

For the purpose of calculating Betfair Points your total stake is rebased to British Pounds and you earn 1 Betfair Point for every full Pound staked.

4. **Transaction Charges**

This section only applies to the Betfair Exchange.

In addition to any commission payments, Betfair customers will be charged a transaction fee if they process a large number of transactions on either the main Betting Exchange or on Exchange Games.

NB - Transaction Charges only apply to customers placing or editing more than 1000 bets an hour (although in the case of Exchange Games, the editing of bets is not included). The number of bets placed across the Betting Exchange and Exchange Games are calculated separately for the purposes of calculating any Transaction Charges payable. So, for example, if within the same hour you placed 800 bets on the Betting Exchange and 700 bets on Exchange Games, no Transaction Charges would be payable in respect of any of those bets.

At the end of every day, we add up all the bets you placed or edited (whether matched, cancelled or lapsed). If this number is in excess of 1000 in any hour of the day then:

- i. for customers placing bets through the Application Programmers Interface (API) on the Betting Exchange or for customers placing bets either through the API or on the website on Exchange Games, we will multiply this number by 1p; and
- ii. for website customers on the Betting Exchange, we will multiply this number by 2p.

For the purpose of Transaction Charges, bets on financial markets will count as 0.25 of a bet. This will form the basis of the transaction fee, but we will offset this fee against the following amount:

$$\begin{aligned} & (\text{Commission} + \text{Implied Commission}) \div 2 \\ & \text{where} \\ & \text{Implied Commission} = \text{market losses} \times 3\% \end{aligned}$$

NB: the Exchange Games transaction charge is offset using commission paid instead of commission generated.

Any remaining amount will be charged to your account on a daily basis. Should your $(\text{commission} + \text{implied commission}) \div 2$ exceed this amount, you will not be charged a transaction fee. Accounts that relate to one person, entity, API subscription or a Master account (Trading version only) with related Sub accounts are treated as one customer for the purposes of transaction charging. Note that no Betfair points will accrue for transaction fees.

Example 1:

You are an API user who pays $(\text{commission} + \text{implied commission}) \div 2$ of £18.50 throughout a given day.

However, between the hours of 14:00 and 15:00 you placed 2500 bets and between the hours of 15:00 and 16:00 you placed 3250 bets, but in other hours you placed less than 1000 bets.

Your base transaction charge is $(2500-1000) \times £0.01 + (3250-1000) \times £0.01 = £37.50$.

Therefore you will be billed an additional $£37.50 - £18.50 = £19.00$ on the following day.

Example 2: You are a Website user who pays $(\text{commission} + \text{implied commission}) \div 2$ of £20.00 throughout a given day.

However, between the hours of 14:00 and 15:00 you placed 3000 bets on financial markets and 1500 bets on non financial markets. In all other hours you placed less than 1000 bets on all markets.

Your base transaction charge is $((3000 \times 0.25) + 1500) - 1000 \times £0.02 = £25.00$.

Therefore you will be billed an additional $£25.00 - £20.00 = £5.00$ on the following day.

5. Deposit and withdrawal charges

Charges relating to the deposit and withdrawal of funds to or from your Betfair account are set out in the deposit and withdrawal pages within the 'My Account' section on the website. However, additional charges may apply in some cases to reflect the cost incurred by Betfair as a result of processing excessive transactions.

Please note that if you become eligible to incur additional deposit and withdrawal charges, we will contact you before any charges are paid.

6. Premium Charges

The Premium Charge only applies in respect of bets placed on the Betfair Exchange and it does not apply to any bets placed on other Betfair products.

In addition to the other charges detailed above, a small number (less than 0.5%) of our most successful customers will incur Premium Charges.

Any customer affected by the Premium Charge will be notified in advance.

Calculating Potential Charges

Each week Betfair will calculate your 'gross profits'* made, and your 'total charges'** generated over the lifetime of your account. The details of these calculations are explained below.

You'll only be considered for the Premium Charge if your account is in profit and only if the total charges generated since joining Betfair are less than 20%† of your gross profits.

The vast majority of customers, and even the majority of those whose betting on Betfair is profitable since they joined, do not meet both these conditions and will not incur the Premium Charge.

While those conditions accurately describe our most successful customers, they might also apply to new customers who have only bet in a few markets, or those whose accounts are in profit because of a significant big win. To ensure that those accounts are not inadvertently charged, we've added two further conditions: any single win that constitutes more than 50% of lifetime gross profits will be excluded from the calculation, and customers will only be considered for the Premium Charge after they have bet in more than 250 markets.

Each customer will also have a £1,000 allowance against the Premium Charge. This means that every customer considered for the Premium Charge will be exempted from the first £1,000 of the charge incurred.

Please note that for the purposes of calculating the charge we will assume that the charge has been in place since Betfair launched in June 2000. This means that we will consider all customers to have generated charges equal to at least 20%† of lifetime gross profits as of the 12th October 2009. However, this also means that for some customers, some or all of the £1,000 allowance against the charge will have been used prior to 12th October 2009 in order to offset hypothetical charges paid. Assuming hypothetical charges had been paid prior to introduction of the charge has the effect of reducing the amount that customers would typically incur.

Each week the customers who meet all the conditions set out above will be charged the lesser of:

- The difference between 20%† of the previous week's gross profits and the total charges generated during the week; and
- The difference between 20%† of gross profits and the total charges generated during the lifetime of the account.

This means that you will not be faced with a Premium Charge that is more than 20%† of your gross profits for the previous week. Please note this figure applies exclusively to the maximum amount of Premium Charge payable. It is possible for the total amount of Premium Charges and commission paid to exceed 20%†.

Please note that the second of the two calculations set out above can only ever reduce the Premium Charge and will apply on the rare occasion that the difference between 20%† of gross profits and the total charges generated during the lifetime of the account is less than the same calculation for the previous week.

Premium Charges will be deducted from customer accounts weekly (on Wednesdays) in relation to the previous week's activity (Monday to Sunday).

Accounts that relate to one person, entity, API subscription or a Master Account with related Sub-accounts (Trading version only) are treated as one customer for the purposes of calculating Premium Charges. Note that no Betfair points will accrue for Premium Charges.

In circumstances where Betfair considers, in its absolute discretion, that multiple accounts have been used by one person or group of persons in order to avoid or reduce liability for the Premium Charge, Betfair shall be entitled to treat those accounts as if they relate to one person for the purposes of calculating Premium Charges. In such circumstances Betfair shall link those accounts and the linked accounts shall be jointly and severally liable for any unpaid Premium Charge. The Premium Charge will be debited from any such account(s) where applicable.

*By 'gross profits' we mean the amounts won, excluding total charges, less the amounts lost, on all Betfair markets.

**By 'total charges' we mean all commission generated by Betfair as a result of your betting plus any Premium Charges you've incurred. 'Commission generated'

includes half the commission paid on winnings, but also half the commission that Betfair makes from the other customers who win in markets in which you've lost, which we call 'implied commission'. When you win, Betfair collects commission at your rate of commission, but when you lose, the commission collected by Betfair from the winners is at their rate. So we'll determine the commission generated by your betting activity to be:

$$\text{Commission generated} = (\text{Commission} + \text{Implied Commission}) \div 2$$

where

$$\text{Implied Commission} = \text{market losses} \times 3\%$$

We divide by 2 because otherwise we'd be counting each pound of commission twice.

Premium Charge Summary

You will only be considered for the Premium Charge if, over the lifetime of your account, you satisfy the following criteria:

- Your account is in profit;
- Your total charges generated are less than 20%† of gross profits; and
- You bet in more than 250 markets.

Two further conditions reduce the likelihood that you will be required to pay the Premium Charge:

- Any single win that constitutes more than 50% of your gross profits over the lifetime of your account will be excluded from the calculation; and
- Each customer will have a lifetime allowance of £1,000 against the Premium Charge.

Each week the customers who meet all the conditions set out above will be charged the lesser of:

- The difference between 20%† of the previous week's gross profits and the total charges generated during the week; and
- The difference between 20%† of gross profits and the total charges generated during the lifetime of the account.

Examples

Example 1

You have won gross profits of £10,000 since joining Betfair having bet in 800 markets.

You have paid total charges of £980; all of which has been paid through commission generated.

You have not been charged any Premium Charges to date although you have fully used up your allowance of £1,000.

During the previous week you won £500 and paid total charges of £80.

You are therefore charged £20 in Premium Charges ((£500 x 20%) - £80 = £20).

Example 2 - Charge Allowance

You have won gross profits of £10,000 since joining Betfair having bet in 320 markets.

You have generated £1,050 in commission and paid no Premium Charge to date.

During the previous week you won £500 and paid total charges of £50.

In the absence of a charge allowance you would have been charged Premium Charges of £50 ((£500 x 20%) - £50 = £50).

However, the £50 is offset against the £1,000 charge allowance meaning that no additional Premium Charge is paid.

You then carry over the balance of your charge allowance (£950) to offset against potential future Premium Charges.

Example 3 – Excluding ‘big’ wins

You have won gross profits of £8,000 since joining Betfair having bet in 500 markets.

You have paid total charges of £1,025, all of which has been paid through commission generated.

During the previous week you won £5,000 from a single market and paid total charges of £125.

As the win constitutes more than 50% of your total gross profits since joining Betfair, it is excluded for the purposes of calculating the Premium Charge.

However, the commission generated on the win does contribute towards total charges paid.

After the win is removed you have gross profits of £3,000 and total charges of £1,025 and therefore incur no additional Premium Charge.

†Premium Charges at higher rates

Higher rates of Premium Charge will apply to the very small number of customers (less than 0.1%) that satisfy the following conditions over the lifetime of their account:

- Lifetime net profits*** exceed £250,000
- Commission generated less than 40% of lifetime gross profits
- Bet in more than 1,000 markets

The Premium Charge rate applied to each customer that satisfies these conditions is dependent on their lifetime commission generated to gross profits ratio. The exact rate will be determined by the following table:

Lifetime commission generated to gross profits ratio	Applicable Premium Charge Rate
< 5%	60%
5% - 10%	50%
10%+	40%

Please note that any single market win that constitutes more than 50% of your lifetime gross profits will be excluded from all calculations.

If you satisfy the conditions set out above on 20th June 2011, your lifetime commission generated to gross profits ratio on that date will be used to determine the Premium Charge rate that will be applied to your betting thereafter. If you first satisfy the conditions above after 20th June 2011, your Premium Charge rate will be determined based on your lifetime commission generated to gross profits ratio at that time.

The amount of Premium Charge incurred by each customer will be calculated in exactly the same way as the standard Premium Charge with the exception that the standard 20% rate will be replaced with increased rate applicable to the individual in each case.

For the purposes of introducing a change to the Premium Charge rate that applies to your betting, we will assume that you have always incurred the Premium Charge at the prevailing rate. For example, if the Premium Charge rate applicable to your betting increases from 20% to 40%, we will assume that you have always paid Premium Charges at 40%. However, as explained in the “Calculating Potential Charges” section above, this also means that for some customers, some or all of the £1,000 allowance against the charge will have been used in order to offset hypothetical charges paid. Assuming hypothetical charges had been paid prior to introduction of the charge has the effect of reducing the amount that customers would typically incur.

It is possible that your lifetime commission generated to gross profits ratio will change to the extent that your applicable Premium Charge rate will require

adjustment. Should your rate change, we will recalculate as if you had always incurred the Premium Charge at the new rate. If your rate has decreased (eg if your lifetime commission generated to gross profits ratio increases from 4.9% to 5.1% - moving you from a 60% rate to 50% rate), the Premium Charges you 'overpaid' when being charged the higher rate previously will be used to offset future Premium Charges. If your rate has increased, Betfair will notify you directly and give you at least two weeks' notice before the increased rate takes effect. You are entitled to seek review of your Premium Charge rate at any time.

***By 'net profits' we mean the amounts won less the amounts lost, on all Betfair markets, less all commission paid and Premium Charges debited.

7. Inactive Account Fees

From 31 December 2010, we will begin charging you* a fee† (as indicated in the table below) per calendar month ("**Inactive Account Fee**") if:

- a. there has been no log in or log out recorded on your Betfair account for thirteen consecutive months or more (i.e. no "**Account Activity**"); and
- b. the main licence wallet of your Betfair account± is in credit.

We will contact you via email after 12 months' inactivity and, after that, the monthly Inactive Account Fee will apply until your remaining balance reaches zero.

The Inactive Account Fee will be withdrawn from the main licence wallet of your Betfair account (your "**Main Wallet**") on a monthly basis to the extent that the Main Wallet remains in credit and only for the period during which there remains no Account Activity after the initial thirteen month period has passed. If the Inactive Account Fee is due to be withdrawn from your account and the balance of your Main Wallet is less than €5 (or equivalent currency), the Inactive Account Fee shall comprise the remaining funds in your Main Wallet.

If you have been subject to one or more Inactive Account Fee(s), we will reimburse you on request 100% of the amount you have been charged to date.

To request a refund, please contact our Customer Service team [here](#).

For example: if your account is transacted in EUR, the last time you engaged in Account Activity was 28 February 2010, and your Main Wallet held funds of €25 as at 31 March 2011, then Betfair would charge its first Inactive Account Fee on or around 31 March 2011, and would continue to charge the Inactive Account Fee on a monthly basis thereafter. If you then placed a bet on 15 May 2011 and notified Betfair that you would like to be reimbursed, Betfair would reimburse you the €10 Inactive Account Fee imposed (€5 on 31 March and €5 on 30 April).

*Customers registered in Australia or New Zealand shall not be subject to the Inactive Account Fee. If your country of registration is outside the UK and you hold more than one Betfair account, you will only incur an Inactive Account Fee in respect of one account at any one time (meaning that you will never pay more than one Inactive Account Fee per month).

†If you are VAT registered and require a VAT invoice, this will be available on request from the Betfair Helpdesk.

^All charges quoted are inclusive of VAT.

±Funds in the Casino wallet and the Exchange Games wallet of your Betfair account shall not be affected by the Inactive Account Fee.

Currency in which Betfair account is transacted	Inactive Account Fee
CAD	5
DKK	30
EUR	5
	4

Currency in which Betfair account is transacted	Inactive Account Fee
GBP(for customers whose country of registration is outside the UK)	
GBP(for customers whose country of registration is the UK)	5
HKD	30
NOK	30
SEK	30
SGD	5
USD	5

8. Turnover Charge

This section only applies to the Betfair Exchange.

In addition to the other charges detailed above, from Monday 30 July 2012, a very small number of our customers who engage with the Betting Exchange in a particular way on 'turnover charge markets' (as defined below) will incur Turnover Charges.

Please note that if you become eligible to incur Turnover Charges, we will contact you before any charges are paid.

Wagering operators in Australia are required to pay a fee based on 'turnover' (defined as aggregate of back bets) to certain racing bodies for the right to accept bets on their racing.

Who will pay the Turnover Charge?

This charge will only apply to customers who during a particular week (Monday to Sunday GMT) meet each of the below criteria:

- have matched bets on 1000 or more markets on which Betfair is subject to a turnover fee from a racing body ("**turnover charge markets**");
- have matched back bets with an aggregate value of AUS \$2,000 or greater on turnover charge markets; and
- the total commission generated by the customer on turnover charge markets is less than 1.5% of the aggregate value of matched back bets placed by the customer on those markets.

Total commission generated is half of the commission paid plus half of implied commission, calculated by the formula = (commission paid + implied commission) ÷ 2.

Implied commission is 3% of player losses where players make an overall loss on a single market.

Turnover charge markets will be identified in the Market Information (located on every Betfair market either under the tab entitled "Rules" or under the 'Rules' or 'i' button).

What is the Turnover Charge?

The turnover charge will be 1.2% of the aggregate value of matched back bets on turnover charge markets.

The charge will be calculated for the period from each Monday to Sunday (GMT), and will be payable on a retrospective basis. The charge will be debited from a customer's UK wallet each Wednesday, alongside any applicable premium charge.

The charge will only be incurred for any week when a customer's betting activity meets the criteria. Please note the charge will not be applicable to any lay bets.

Example of the Turnover Charge

During a weekly cycle, a customer has matched back bets to an aggregate value of AUS \$10,000 over 1000 NSW and Western Australia thoroughbred markets. The customer has AUS \$100 in Total Commission generated.

Criteria:

CRITERIA	APPLICABLE	ACTIVITY
Back bets placed in 1000 or more turnover charge markets	YES	75 turnover charge markets
Matched back bets with an aggregate of AUS \$2,000 or greater on turnover charge markets	YES	AUS \$10,000 of matched back bets on turnover charge markets
Total Commission generated on turnover charge markets is less than 1.5% of aggregate matched bets	YES	AUS \$100/\$10,000 = 1%

Turnover Charge payable will be 1.2% of \$10,000 = \$120

How will I be notified if I am required to pay the Turnover Charge?

Customers will be contacted directly by a Betfair representative and informed on the first occasion on which this turnover charge would have been payable.

Customers will also be afforded a one-week 'grace period' designed to give them an opportunity to refine their betting habits should they wish to do so.

A summary report of an individual's weekly activity will also be available if requested.

V 02/17 07/04/17

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT- 4" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-4**
Racing.com – Tabcorp targets take out rates
(17 September 2015)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

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Tabcorp target take out rates



Shane Anderson
@Globalgallop

17 September, 2015



Tabcorp is hoping to convince the racing industry that the wagering giant should have flexibility with setting take out rates as it tries to rejuvenate declining interest in pari-mutuel wagering.

Craig Nugent, Tabcorp's Chief Operating Officer - Wagering said in an extensive interview on Racing.com's *Racing Ahead* on RSN that they were willing to confront challenges to pari-mutuel wagering.

"We have tried reduction of tote pricing previously," said Nugent.

"The impact has not been positive; the take up from the customer hasn't been any different from when the price reduction has been introduced.

"We then have had issues justifying that to our stakeholders.

"That said we currently have the capacity to lower the price whenever we want, we don't have any capacity to increase the price when we want.

"What we would like to do is achieve an operating environment where we can do both.

"For example, a customer that bets every day is a very valuable customer of us and we would like to potentially take the price down on certain days and increase the price on other days.

"We would like a pricing flexibility environment."

Nugent understands that there has been customer migration from the pari-mutuel to fixed-odds but also stresses that tote-derivative products offered by corporate bookmakers had had an impact.

"It is clear that fixed-odds wagering has been growing in that category," said Nugent.

"We don't run a business based on what we want customers to bet on, we make sure we give customers what they want.

"There has been strong demand for fixed-odds, when you look at the market in Australia today it is about a \$27 billion market, about 40 per cent of the market is pari-mutuel, about 15 per cent is tote derivatives, about 25 per cent is fixed-odds racing, and the other 20 per cent is in sport.

"The pari-mutuel performance going forward and in the past has been negated by tote-derivative products, and those products now represent 15 per cent of the market.

"So it is very difficult for the pari-mutuel win and place market, where most of the tote derivative or discounting promotion occurs, to grow.

"Our strategy is to combine an offering to customers that has fixed-odds and pari-mutuel."

Nugent reinforced Tabcorp's commitment to the pari-mutuel product but believes that customer migration to fixed-odds betting will make win and place betting on the tote challenging.

"Our focus on the pari-mutuel most likely going forward will be more in the exotic space," said Nugent.

"We've done things around Early Quaddies, we have done things around jackpots, we have a couple of products in the pipeline for the first half of next year in the pari-mutuel exotic space.

"We are also looking at where we can combine pari-mutuel exotic pools and we think that there are attributes that are well worth pursuing and intend to do so next year.

"Hopefully that will give us the opportunity to grow the pari-mutuel."

Nugent highlights that it is far more difficult making changes to the pari-mutuel system than fixed-odds, with regulatory approval and other factors causing delays of 12-18 months.

Nugent was positive about Tabcorp's relationship with Racing Victoria after heated media rights negotiations that saw Victorian thoroughbred racing 'blackout' on Tabcorp's Sky Racing for three months.

He also reinforced the importance of racing to Tabcorp's business.

"The racing industry is strong, it is one of the biggest industries in Australia, and it is vital to our business," said Nugent.

"We have had a very strong year last year and our results are very good with 6 per cent revenue growth driven by 4 per cent growth in racing and 17 per cent growth in sport.

"Importantly, through the last financial year, we were able to, in a really highly competitive battle ground, retain a lot of our customers and, importantly, pick up a whole lot of new customers."

Nugent believes that television coverage of racing is important for continued racing and sport wagering growth, with vision being readily available on digital platforms as well for both.

"Sport has certainly been growing at a higher rate and I think the key thing about that is television," said Nugent.

"If you look at the media today and the amount of sport that is actually covered on television and that has been a massive driver of sports betting.

"Our customers, when something new turns up on any one of the TV channels, their demands for sport are strong and that will continue.

"That said, racing is a large part of our business - still around 80 per cent of our wagering business - and to achieve 4 per cent growth is a very good result."



Craig Nugent Chief Operating Officer Tabcorp

RSN

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9 April, 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT- 5" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

HIGHLY CONFIDENTIAL Annexure **NDT-5**
Volume Weighted Average Yield for Corporate
Bookmakers

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT- 6" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-6**
Bet365 Statutory Account (FY16)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Form 388

Corporations Act 2001

294, 295, 298-300, 307, 308, 319, 321, 322

Corporations Regulations

1.0.08

Copy of financial statements and reports

Company details

Company name

**HILLSIDE (AUSTRALIA NEW MEDIA)
PTY LIMITED**

ACN

148 920 665

Lodgement details

Registered auditor number

293831

Registered auditor name

RODNEY MARK SHANLEY

Reason for lodgement of statement and reports

A large proprietary company that is not a disclosing entity

Dates on which financial
year ends

Financial year end date

31-03-2016

Details of large proprietary company

What is the consolidated revenue of the large proprietary company and the entities that it controls?

96551000

What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

32673000

How many employees are employed by the large proprietary company and the entities that it controls?

245

How many members does the large proprietary company have?

1

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

No

Details of current auditor or auditors

Current auditor

Date of appointment **12-04-2013**

Name of auditor

PITCHER PARTNERS

Address

**'MLC CENTRE' LEVEL 22
19-29 MARTIN PLACE
SYDNEY NSW 2000**

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form

Agent

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been authenticated by

Name **RODNEY MARK SHANLEY**

This form has been submitted by

Name **Rodney SHANLEY**

Date **28-07-2016**

For more help or information

Web	www.asic.gov.au
Ask a question?	www.asic.gov.au/question
Telephone	1300 300 630

**Hillside (Australia New
Media) Pty Limited**

ABN 75 148 920 665

Financial report

For the period ended 27 March 2016

Pitcher Partners
Level 22, MLC Centre
19 Martin Place
Sydney NSW 2000
GPO Box 1615
Sydney NSW 2001

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HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

DIRECTORS' REPORT

The directors present their report together with the financial report of Hillside (Australia New Media) Pty Limited for the period ended 27 March 2016 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors' names

The names of the directors in office at any time during or since the end of the period are:

Anthony Daniel Moran

Glendon Clyde Fox

Christopher Coates

James Anthony Coates

The directors have been in office since the start of the period to the date of this report unless otherwise stated.

Results

The loss of the Company for the period after providing for income tax amounted to \$10,943,000 (2015: \$30,983,000).

Review of operations

In line with the Directors' expectations the Company again returned a loss, AUS\$ 10.9m in the period. This is a significant improvement on the prior year when the Company reported a loss of AUS\$ 31.0m.

Customer numbers increased from the previous financial period demonstrating that the product offering is gaining momentum in the market, supporting the Directors' view that over the longer term the Company will become profitable and, therefore, deliver a positive financial contribution to the Group.

Trading under the bet365 brand overall revenues from the Company's sports betting activities were AUS\$ 96.6m during the period, prior year AUS\$ 58.7m, whilst amounts wagered were in excess of AUS\$ 2,501m, an increase of AUS\$ 438m on the prior year.

Significant marketing expenditure was incurred in the period, as the Company continues to build the 'bet365' brand further in the Australian market.

Significant changes in state of affairs

There were no significant changes in the Company's state of affairs that occurred during the financial period, other than those referred to elsewhere in this report.

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

DIRECTORS' REPORT

Principal activities

The principal activity of the Company during the period was the provision of internet, mobile and telephone sports betting activities.

No significant change in the nature of these activities occurred during the period.

After balance date events

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments

The Directors remain confident of improving the future financial performance of the Company and are committed to maintaining the present level of operations to support that aim.

Environmental regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

No dividends were paid or declared since the start of the period. No recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the Company were granted during or since the end of the period and there were no options outstanding at the end of the period.

Indemnification of officers

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an officer of the Company.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an auditor of the Company.

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

DIRECTORS' REPORT

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial period is provided with this report.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Rounding of amounts

The amounts contained in the report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the board of directors.

Director: _____



Dated this

26

day of

July

2016



PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 9223 1762

www.pitcher.com.au
partners@pitcher-nsw.com.au

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HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED

In relation to the independent audit for the period ended 27 March 2016, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.

ROD SHANLEY

Partner

PITCHER PARTNERS

Sydney

Date: 26 July 2016

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 27 MARCH 2016

	Note	30 March 2015 to 27 March 2016 \$ '000	31 March 2014 to 29 March 2015 \$ '000
Revenue	3	96,551	58,736
Less: expenses			
Depreciation and amortisation expense	4	(824)	(1,266)
Employee benefits expense		(24,705)	(23,032)
Occupancy expense		(715)	(665)
Repairs and maintenance expense		(49)	(86)
Advertising expense		(17,280)	(15,391)
Travel and accommodation expense		(155)	(281)
Information technology and communication expense		(1,407)	(2,445)
Legal and professional expense		(2,181)	(1,675)
Levy expense		(26,613)	(22,763)
Affiliate commissions expense		(6,824)	(4,229)
Allocation of group costs		(24,926)	(13,064)
Other expenses		<u>(1,815)</u>	<u>(4,822)</u>
		<u>(107,494)</u>	<u>(89,719)</u>
Loss before income tax expense		(10,943)	(30,983)
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>(10,943)</u></u>	<u><u>(30,983)</u></u>

The accompanying notes form part of these financial statements.

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

STATEMENT OF FINANCIAL POSITION
AS AT 27 MARCH 2016

	Note	30 March 2015 to 27 March 2016 \$ '000	31 March 2014 to 29 March 2015 \$ '000
Current assets			
Cash and cash equivalents	6	30,178	26,139
Other assets	9	<u>1,039</u>	<u>626</u>
Total current assets		<u>31,217</u>	<u>26,765</u>
Non-current assets			
Intercompany receivables	7	2	185
Property, plant and equipment	8	<u>1,454</u>	<u>1,966</u>
Total non-current assets		<u>1,456</u>	<u>2,151</u>
Total assets		<u>32,673</u>	<u>28,916</u>
Current liabilities			
Trade & other payables	10	<u>28,016</u>	<u>24,851</u>
Total current liabilities		<u>28,016</u>	<u>24,851</u>
Non-current liabilities			
Intercompany payables	10	<u>133,355</u>	<u>121,820</u>
Total non-current liabilities		<u>133,355</u>	<u>121,820</u>
Total liabilities		<u>161,371</u>	<u>146,671</u>
Net assets		<u>(128,698)</u>	<u>(117,755)</u>
Equity			
Accumulated losses	12	<u>(128,698)</u>	<u>(117,755)</u>
Total equity		<u>(128,698)</u>	<u>(117,755)</u>

The accompanying notes form part of these financial statements.

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 MARCH 2016

	Contributed equity \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance as at 31 March 2014	-	(86,772)	(86,772)
Loss for the period	<u>-</u>	<u>(30,983)</u>	<u>(30,983)</u>
Total comprehensive income for the period	<u>-</u>	<u>(30,983)</u>	<u>(30,983)</u>
Balance as at 29 March 2015	<u>-</u>	<u>(117,755)</u>	<u>(117,755)</u>
Balance as at 30 March 2015	-	(117,755)	(117,755)
Loss for the period	<u>-</u>	<u>(10,943)</u>	<u>(10,943)</u>
Total comprehensive income for the period	<u>-</u>	<u>(10,943)</u>	<u>(10,943)</u>
Balance as at 27 March 2016	<u>-</u>	<u>(128,698)</u>	<u>(128,698)</u>

The accompanying notes form part of these financial statements.

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 27 MARCH 2016

	Note	30 March 2015 to 27 March 2016 \$ '000	31 March 2014 to 29 March 2015 \$ '000
Cash flow from operating activities			
Receipts from customers		2,495,413	2,066,138
Payments to suppliers and employees		(2,502,896)	(2,089,177)
Interest received		<u>116</u>	<u>76</u>
Net cash used in operating activities	13(b)	<u>(7,367)</u>	<u>(22,963)</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		20	87
Payment for property, plant and equipment		<u>(332)</u>	<u>(259)</u>
Net cash used in investing activities		<u>(312)</u>	<u>(172)</u>
Cash flow from financing activities			
Proceeds from intercompany loans		<u>11,718</u>	<u>33,274</u>
Net cash provided by financing activities		<u>11,718</u>	<u>33,274</u>
Reconciliation of cash			
Cash at beginning of the financial period		26,139	16,000
Net increase in cash held		<u>4,039</u>	<u>10,139</u>
Cash at end of financial period	13(a)	<u><u>30,178</u></u>	<u><u>26,139</u></u>

The accompanying notes form part of these financial statements.

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 MARCH 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the *Corporations Act 2001*. The directors have determined that the Company is not a reporting entity.

The financial report was approved by the directors as at the date of the directors' report.

The financial report is for the entity Hillside (Australia New Media) Pty Limited as an individual entity. Hillside (Australia New Media) Pty Limited is a Company limited by shares, incorporated and domiciled in Australia. Hillside (Australia New Media) Pty Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*. The financial report complies with the recognition and measurement requirements of the Australian Accounting Standards but does not comply with the disclosure requirements of these standards.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The Company incurred a loss from ordinary activities of \$10,943,000 during the period ended 27 March 2016, and as at that date the Company's total liabilities exceeded total assets by \$128,698,000.

The Company is dependent on the ongoing financial support of the ultimate, immediate parent and common controlled companies at 27 March 2016. The net loans payable to the ultimate, immediate parent and common controlled companies is \$133,355,000 and will not be required to be repaid until such time as there are sufficient cash flows generated by the Company.

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 MARCH 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of the Company are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial period.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial period.

(d) Revenue

Turnover is the revenue resulting from exchange transactions under which the Company supplies to customers the services that it is in business to provide and is net of discounts, marketing inducements, GST and other sales related taxes and is recognised as set out below:

In the case of internet, mobile and telephone sports betting, revenue represents gains and losses from betting activity in the period.

Revenue recognition is stated on a gross win basis for internet, mobile and telephone sports betting operations, in line with industry best practice.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 MARCH 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income tax (Continued)

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Financial instruments

Classification

The Company classifies its financial assets into the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-Company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(h) Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 MARCH 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment (Continued)

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

Class of fixed asset	Depreciation rates	Depreciation basis
Motor vehicles at cost	25%	Straight line
Furniture, fixtures and fittings at cost	15%	Straight line
Computer equipment at cost	33.33%	Straight line

(i) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(j) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(k) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 MARCH 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits (Continued)

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(l) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with the current period's disclosures.

NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 27 MARCH 2016

The following standards and interpretations have been issued at the reporting date but are not yet effective:

<i>Title</i>	<i>Application Date for Group</i>
AASB 9 <i>Financial Instruments</i>	1 April 2018
AASB 15 <i>Revenue from Contracts with Customers</i>	1 April 2018
AASB 16 <i>Leases</i>	1 April 2019

The company has not yet assessed the impact of the standards on the financial statements of the company.

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 MARCH 2016

	30 March 2015 to 27 March 2016 \$ '000	31 March 2014 to 29 March 2015 \$ '000
NOTE 3: REVENUE AND OTHER INCOME		
Wagering, gaming revenue	<u>96,551</u>	<u>58,736</u>
NOTE 4: OPERATING PROFIT		
Losses before income tax has been determined after:		
Depreciation	824	1,266
Employee benefits	24,705	23,032
Net loss on disposal of non-current assets		
- Loss on sale of property, plant and equipment	(10)	(37)
Remuneration of auditors for:		
<i>Pitcher Partners (Sydney)</i>		
Audit and assurance services		
- Audit or review of the financial report	19	20
- Other audit services	2	-
Non-audit services		
- Outsourced accounting, taxation and payroll services	344	306
NOTE 5: INCOME TAX		
(a) Components of tax expense		
Current tax	-	-
Deferred tax	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 MARCH 2016

30 March 2015 to 27 March 2016 \$ '000	31 March 2014 to 29 March 2015 \$ '000
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NOTE 5: INCOME TAX (CONTINUED)

(b) Prima facie tax payable

The prima facie tax payable on loss before income tax is reconciled to the income tax expense as follows:

Prima facie income tax payable on loss before income tax at 30.0% 2014 to 2015: 30.0%

	(3,283)	(9,295)
--	---------	---------

Add tax effect of:

Tax losses and temporary differences not recognised as a deferred tax asset

	<u>3,283</u>	<u>9,295</u>
--	--------------	--------------

Income tax expense attributable to profit

	<u>-</u>	<u>-</u>
--	----------	----------

NOTE 6: CASH AND CASH EQUIVALENTS

Cash on hand

	1	2
--	---	---

Cash at bank

	<u>30,177</u>	<u>26,137</u>
--	---------------	---------------

	<u>30,178</u>	<u>26,139</u>
--	---------------	---------------

NOTE 7: RECEIVABLES

NON CURRENT

Amounts receivable from:

- common controlled companies

	<u>2</u>	<u>185</u>
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NOTE 8: PROPERTY, PLANT AND EQUIPMENT

Plant and equipment

Motor vehicles at cost

	442	493
--	-----	-----

Accumulated depreciation

	<u>(316)</u>	<u>(227)</u>
--	--------------	--------------

	126	266
--	-----	-----

Furniture, fixtures and fittings at cost

	3,095	3,086
--	-------	-------

Accumulated depreciation

	<u>(2,207)</u>	<u>(1,736)</u>
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	888	1,350
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HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 MARCH 2016

	30 March 2015 to 27 March 2016 \$ '000	31 March 2014 to 29 March 2015 \$ '000
NOTE 8: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Computer equipment at cost	6,867	5,762
Accumulated depreciation	<u>(6,427)</u>	<u>(5,412)</u>
	440	350
Total plant and equipment	<u>1,454</u>	<u>1,966</u>
Total property, plant and equipment	<u>1,454</u>	<u>1,966</u>
(a) Reconciliations		
<i>Motor vehicles</i>		
Opening carrying amount	266	216
Additions	-	164
Disposals	(20)	(13)
Depreciation expense	<u>(120)</u>	<u>(101)</u>
Closing carrying amount	<u>126</u>	<u>266</u>
<i>Furniture, fixtures and fittings</i>		
Opening carrying amount	1,350	1,805
Additions	4	8
Depreciation expense	<u>(466)</u>	<u>(463)</u>
Closing carrying amount	<u>888</u>	<u>1,350</u>
<i>Computer equipment</i>		
Opening carrying amount	350	1,038
Additions	328	88
Disposals	-	(75)
Depreciation expense	<u>(238)</u>	<u>(701)</u>
Closing carrying amount	<u>440</u>	<u>350</u>
NOTE 9: OTHER ASSETS		
CURRENT		
Prepayments	406	-
Other current assets	<u>633</u>	<u>626</u>
	<u>1,039</u>	<u>626</u>

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 MARCH 2016

	30 March 2015 to 27 March 2016 \$ '000	31 March 2014 to 29 March 2015 \$ '000
NOTE 10: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors and accruals	6,264	5,753
Sundry creditors and accruals	<u>21,752</u>	<u>19,098</u>
	<u>28,016</u>	<u>24,851</u>
NON CURRENT		
<i>Unsecured liabilities</i>		
Amounts payable to:		
- ultimate, immediate parent and common controlled companies	<u>133,355</u>	<u>121,820</u>

NOTE 11: SHARE CAPITAL

Issued and paid-up capital		
1 (2015: 1) Ordinary shares	<u>-</u>	<u>-</u>

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 12: RETAINED EARNINGS

Retained earnings at beginning of period	(117,755)	(86,772)
Net profit / (loss)	<u>(10,943)</u>	<u>(30,983)</u>
	<u>(128,698)</u>	<u>(117,755)</u>

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 MARCH 2016

30 March 2015 to 27 March 2016 \$ '000	31 March 2014 to 29 March 2015 \$ '000
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NOTE 13: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:

	1	2
Cash on hand		
Cash at bank	<u>30,177</u>	<u>26,137</u>
	<u>30,178</u>	<u>26,139</u>

An amount of \$17,689,000 (2014: \$13,271,000) is held in respect of clients, representing deposits received and customer winnings.

(b) Reconciliation of cash flow from operations with profit after income tax

Loss from ordinary activities after income tax	(10,943)	(30,983)
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Adjustments and non-cash items

Depreciation	824	1,265
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Changes in assets and liabilities

(Increase) / decrease in other assets	(413)	1,175
Increase in payables	<u>3,166</u>	<u>5,580</u>
Cash flows from operating activities	<u>(7,366)</u>	<u>(22,963)</u>

NOTE 14: CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable		
- not later than one year	425	425
- later than one year and not later than five years	<u>355</u>	<u>780</u>
	<u>780</u>	<u>1,205</u>

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27 MARCH 2016

NOTE 15: COMPANY DETAILS

The registered office of the Company is:

Hillside (Australia New Media) Pty Limited
Level 4
90 Arthur Street
North Sydney NSW 2060

The ultimate parent and controlling entity is bet365 Group Limited incorporated in the United Kingdom.

HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

DIRECTORS' DECLARATION

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 - 19, are in accordance with the *Corporations Act 2001*: and
 - (a) comply with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the financial position as at 27 March 2016 and performance for the period ended on that date of the Company in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: _____



Dated this

26

day of

July

2016



PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 9223 1762

www.pitcher.com.au
partners@pitcher-nsw.com.au

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HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED

We have audited the accompanying financial report, being a special purpose financial report of Hillside (Australia New Media) Pty Limited, which comprises the statement of financial position as at 27 March 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.



HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED
ABN 75 148 920 665

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HILLSIDE (AUSTRALIA NEW MEDIA) PTY LIMITED

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion, the financial report of Hillside (Australia New Media) Pty Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 27 March 2016 and of its performance for the period ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

ROD SHANLEY

Partner

PITCHER PARTNERS

Sydney

Date 28 July 2016

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-7" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-7**
Number of bets 15% vs 10% vs 7% margin

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

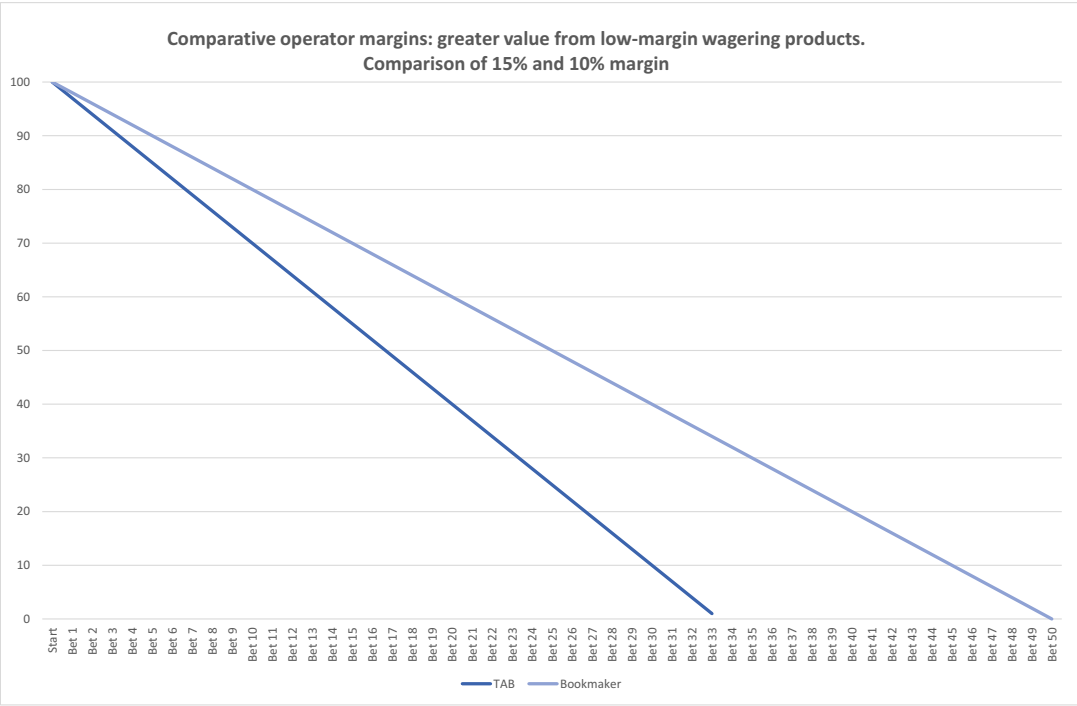
Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

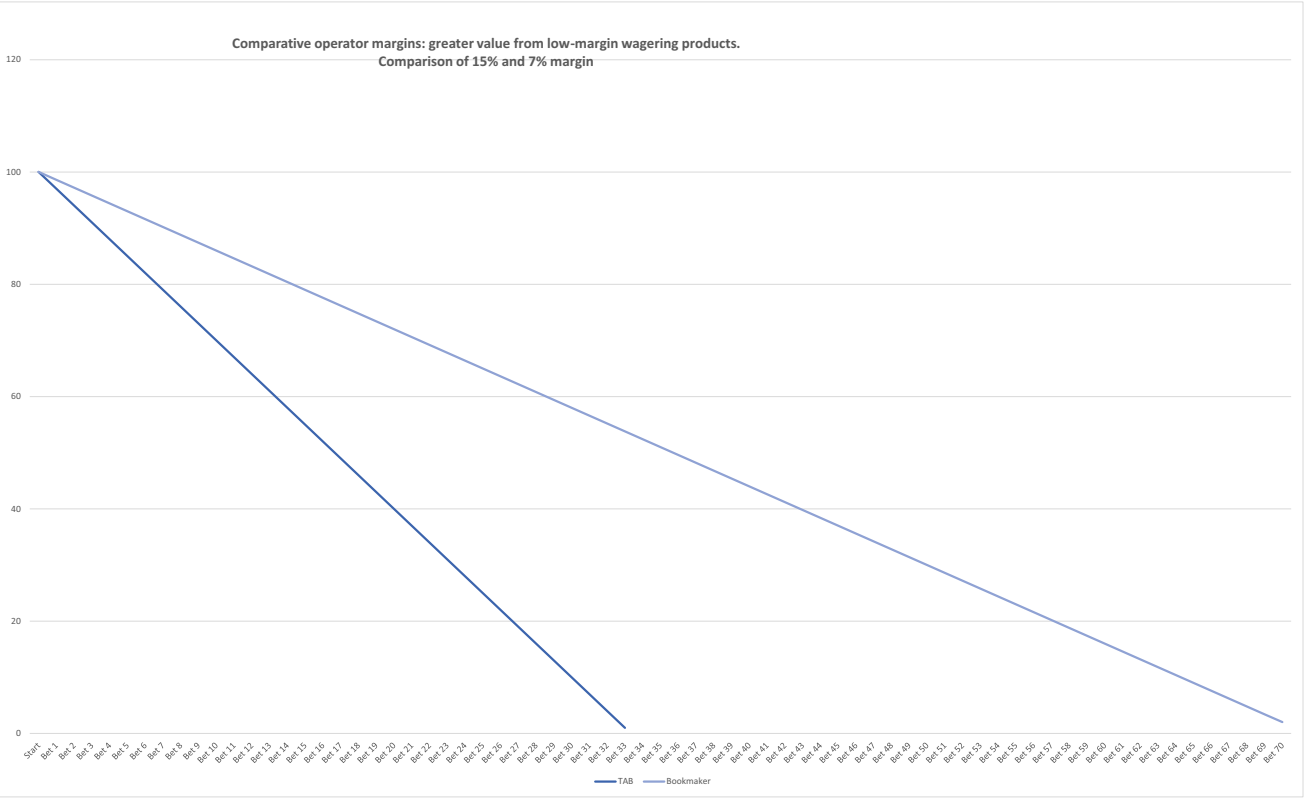
Initial bank	100
Stake	20

Margin	TAB	Bookmaker
	15%	10%
Start	100	100
Bet 1	97	98
Bet 2	94	96
Bet 3	91	94
Bet 4	88	92
Bet 5	85	90
Bet 6	82	88
Bet 7	79	86
Bet 8	76	84
Bet 9	73	82
Bet 10	70	80
Bet 11	67	78
Bet 12	64	76
Bet 13	61	74
Bet 14	58	72
Bet 15	55	70
Bet 16	52	68
Bet 17	49	66
Bet 18	46	64
Bet 19	43	62
Bet 20	40	60
Bet 21	37	58
Bet 22	34	56
Bet 23	31	54
Bet 24	28	52
Bet 25	25	50
Bet 26	22	48
Bet 27	19	46
Bet 28	16	44
Bet 29	13	42
Bet 30	10	40
Bet 31	7	38
Bet 32	4	36
Bet 33	1	34
Bet 34		32
Bet 35		30
Bet 36		28
Bet 37		26
Bet 38		24
Bet 39		22
Bet 40		20
Bet 41		18
Bet 42		16
Bet 43		14
Bet 44		12
Bet 45		10
Bet 46		8
Bet 47		6
Bet 48		4
Bet 49		2
Bet 50		0



Initial bank 100
Stake 20

Margin	TAB Bookmaker	
	15%	7%
Start	100	100
Bet 1	97	98.6
Bet 2	94	97.2
Bet 3	91	95.8
Bet 4	88	94.4
Bet 5	85	93
Bet 6	82	91.6
Bet 7	79	90.2
Bet 8	76	88.8
Bet 9	73	87.4
Bet 10	70	86
Bet 11	67	84.6
Bet 12	64	83.2
Bet 13	61	81.8
Bet 14	58	80.4
Bet 15	55	79
Bet 16	52	77.6
Bet 17	49	76.2
Bet 18	46	74.8
Bet 19	43	73.4
Bet 20	40	72
Bet 21	37	70.6
Bet 22	34	69.2
Bet 23	31	67.8
Bet 24	28	66.4
Bet 25	25	65
Bet 26	22	63.6
Bet 27	19	62.2
Bet 28	16	60.8
Bet 29	13	59.4
Bet 30	10	58
Bet 31	7	56.6
Bet 32	4	55.2
Bet 33	1	53.8
Bet 34		52.4
Bet 35		51
Bet 36		49.6
Bet 37		48.2
Bet 38		46.8
Bet 39		45.4
Bet 40		44
Bet 41		42.6
Bet 42		41.2
Bet 43		39.8
Bet 44		38.4
Bet 45		37
Bet 46		35.6
Bet 47		34.2
Bet 48		32.8
Bet 49		31.4
Bet 50		30
Bet 51		28.6
Bet 52		27.2
Bet 53		25.8
Bet 54		24.4
Bet 55		23
Bet 56		21.6
Bet 57		20.2
Bet 58		18.8
Bet 59		17.4
Bet 60		16
Bet 61		14.6
Bet 62		13.2
Bet 63		11.8
Bet 64		10.4
Bet 65		9
Bet 66		7.6
Bet 67		6.2
Bet 68		4.8
Bet 69		3.4
Bet 70		2



IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT- 8" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-8**
Racing Australia Racing Season Fact Book 2015-2016

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



www.racingaustralia.horse

A GUIDE TO THE THOROUGHBRED INDUSTRY IN AUSTRALIA
Racing Season 1st August 2015 - 31st July 2016



Picture supplied courtesy of Goldin Farms

Cover Pictures supplied courtesy of Racing NSW, Racing Photos, Queensland Racing & NT

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AUSTRALIAN THOROUGHBRED RACING STRUCTURE

AUSTRALIAN RULES OF RACING

The Racing Australia Board is the only authority which is empowered to set and amend the Australian Rules of Racing which for more than a century have provided common practices, conditions and integrity standards for thoroughbred racing throughout Australia.

The individual State and Territory Principal Racing Authorities (PRAs) may make Local Rules for specific local conditions provided that they are not inconsistent with the principles established by the Australian Rules of Racing.

Broadly described, there are nine parts to the Australian Rules of Racing:

I. INTERPRETATION

Glossaries with accompanying definitions and interpretations.

II. STEWARDS

Providing for the appointment, functions and powers of the Stewards.

III. REGISTRATION / LEASES

Providing for the registration of race clubs and race meetings and the appointment, functions and powers of the Registrar of Racehorses.

IV. RACE MEETINGS

Providing uniform conditions for the conduct of race meetings including nominations and acceptances, stakes and forfeits, weight penalties and allowances, scratching, weighing out and weighing in, starting, running, judging and protests.

V. LICENSING

Providing for the licensing of jockeys, apprentice jockeys, amateur riders and trainers, their movement between States and outside Australia, apprentices allowances, rider safety.

VI. SYNDICATES

Regulating the public and private formation, conduct and termination of racing syndicates.

VII. OFFENCES

Proscribing dishonest, corrupt, fraudulent, improper or dishonorable actions or practices in connection with racing, including a list and setting out the regime relating to prohibited substances.

VIII. PENALTIES

Providing the penalties of fines, suspension, disqualification, warning off.

IX. CONSTITUTIONAL

Providing the structure, powers and functions of Racing Australia.

The major benefits of the Australian Rules have been:

I. FREE TRAFFIC BETWEEN STATES.

Uniform rules allow horses, trainers and jockeys to move freely between States.

II. MUTUAL RECOGNITION OF DISCIPLINARY AND PROTECTIVE ACTION.

The Australian Rules provide a disciplinary code that has been tested to the level of the High Court of Australia, and allow mutual recognition of disciplinary and protective actions across the Commonwealth and internationally.

III. INTERNATIONAL

Racing and wagering are globalising rapidly. The Australian Rules are recognised by international racing authorities and wagering operators.

PRINCIPAL RACING AUTHORITIES

Racing Australia membership consists of the six State and two Territory racing authorities, which are recognised by the Australian Rules as Principal Racing Authorities.

The Principal Racing Authorities in each State and Territory are as follows:

New South Wales	Racing NSW
Victoria	Racing Victoria Limited
Queensland	Racing Queensland
Western Australia	Racing & Wagering Western Australia
South Australia	Thoroughbred Racing S.A. Limited
Northern Territory	Thoroughbred Racing NT
Tasmania	Tasracing Pty Ltd
Australian Capital Territory	Canberra Racing Club Inc.

In discharging its responsibility for the control and supervision of thoroughbred racing in its State or Territory each of these bodies has such functions as:

- Registering and supervising race clubs
- Licensing trainers, jockeys, bookmakers and their clerks and other industry participants
- Handicapping
- Industry Marketing
- Industry Publications
- Administration of industry funding
- Appointing Stewards' panels to apply the Rules of Racing
- Industry strategic planning
- Intellectual Property

MAJOR RACING ASSOCIATIONS

Major Racing Associations are bodies that represent a number of race clubs within a specific region, usually a group of non-metropolitan race clubs within a State. The Major Racing Associations in each State and Territory are as follows:

New South Wales	Provincial Racing Association of NSW Racing NSW Country
Victoria	Country Racing Victoria Inc
Queensland	Queensland Country Racing Committee
Western Australia	WA Provincial Racing Association
South Australia	Country Racing Association of WA South Australian Racing Clubs Council

The roles of these bodies include:

- To provide collective representation on behalf of race clubs to Principal Racing Authorities
- Encourage participation and provide benefits from racing for members, owners, on-course and off-course customers, and industry participants within their jurisdiction
- Develop relationships with other industry bodies
- Maintaining and enhance racing and training facilities
- Maintaining and enhance customer service and facilities

MAJOR RACE CLUBS

Australia has 375 race Clubs, the Major Race Clubs in each State and Territory are:

State	Club	Racetrack(s)
Victoria	Victoria Racing Club	Flemington
		Caulfield
		Sandown
		Mornington
	Moonee Valley Racing Club	Moonee Valley
New South Wales	Australian Turf Club	Randwick
		Rosehill
		Canterbury
		Warwick Farm
Queensland	Brisbane Racing Club	Eagle Farm
		Doomben
South Australia	South Australian Jockey Club	Morphettville
Western Australia	Western Australian Turf Club	Ascot
		Belmont Park
Tasmania	Tasmanian Racing Club	Hobart (Elwick)
	Tasmanian Turf Club	Launceston (Mowbray)
ACT	Canberra Racing Club	Canberra
Northern Territory	Darwin Turf Club	Fannie Bay

Race Club roles and responsibilities include:

- Conducting race meetings
- Club promotion & events
- Club membership
- Management of club wagering and gaming products
- Manage club revenues, costs and assets
- Race programming
- Carnival/Feature race day strategy & development
- Corporate entertainment
- Race sponsorship
- Catering
- Provide training facilities
- Maintain grounds & facilities

INDUSTRY BODIES AND ASSOCIATIONS

There are a number of bodies in Australia that represent the interests of different stakeholders within the racing and breeding industry. Some of these bodies have State branches that represent a smaller membership and provide delegates to a national body.

National Industry Bodies and Associations are as follows:

Thoroughbred Breeders Australia
Aushorse Ltd
Australian Thoroughbred Racehorse Owners Council
Australian Trainers Association
Australian Jockeys Association
Australian Bookmakers Association
Equine Veterinary Association
Federation of Bloodstock Agents Australia Limited

The roles and responsibilities of Industry Bodies and Associations include:

- Representing members at a State and national level
- Represent the interests of members with Federal & State Governments
- Liaising with other organisations on behalf of members
- Industry marketing and promotion

NATIONAL INDUSTRY SERVICES PROVIDER

Racing Australia Limited

Racing Australia is the national industry body representing thoroughbred racing in Australia.

Commencing operations on the 13th of April 2015, Racing Australia merged the functions and assets of the Australian Racing Board (ARB), Racing Information Services Australia (RISA) and the Australian Stud Book (ASB) into one entity.

Racing never stops and neither does Racing Australia. Its key Trainers and Racing Service is open seven days a week and other specialist services operate whenever racing is taking place. Racing Australia's escalation and support services are available 24/7, 363 days. Racing Australia's website provides access and the ability to transact specific industry functions at any time.

With established products and services and a team of committed people, Racing Australia is Australia's leading provider of innovative low cost services to the Racing Industry.

Importantly, Racing Australia commercialises the industry's racing materials on a national basis, through the sale of a variety of products and services such as Fields, Form and Results to a diverse range of print and digital publishers domestically and internationally.

Racing Australia continues to develop and expand the number of integrated products and services available to Principal Racing Authorities, race clubs, owners, breeders, trainers, jockeys, punters and racing enthusiasts.

Industry Governance & National Coordination

Rules - Administer and amend the Australian Rules of Racing and the Rules of the Australian Stud Book in adherence to world's best practice standards of integrity and animal welfare.

Government - Foster strong working relationships at the political and departmental levels, including participation in government/industry partnerships, ensuring that the Commonwealth and State Governments are at all times aware of the views and objectives of the Australian Thoroughbred racing industry.

Industry - Maintain and build upon effective lines of consultation and communication which will inform industry stakeholders and customers of Racing Australia's aims and objectives.

Media - Promote a better understanding, knowledge and media coverage of Thoroughbred racing as a local, regional and national industry and sport.

International - Build on Racing Australia's position as a globally recognised influencer and standard-setter of Thoroughbred racing with the capacity to promote Australia's interests internationally.

Racing Australia is a member of:

IFHA - International Federation of Horse racing Authorities - www.horseracingintfed.com

ARF - Asian Racing Federation - www.asianracing.org

ISBC - International Stud Book Committee - www.internationalstudbook.com



Picture supplied courtesy of Racing NSW

RACING



KEY STATISTICS - 2015/16

TABLE 1. AUSTRALIAN RACING STATISTICS, STATE BY STATE 2015/16

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUSTRALIA
Clubs	121	69	115	24	35	5	5	1	375
Tracks	116	74	107	22	35	6	5	2	367
Race Meetings	742	550	693	196	297	73	76	24	2,651
Flat Races	5,541	4,339	4,540	1,441	2,268	570	423	181	19,303
Jumping Races	-	70	-	20	-	-	-	-	90
Total Races	5,541	4,409	4,540	1,461	2,268	570	423	181	19,393
Flat Horses	10,463	8,631	7,336	2,955	3,727	969	626	939	35,646
Jumping Horses	-	197	-	53	-	-	-	-	250
Total Horses	10,463	8,828	7,336	3,008	3,727	969	626	939	35,896
Flat Starters	52,374	43,334	42,527	13,724	22,965	5,583	3,302	1,662	185,471
Jumping Starters	-	554	-	116	-	-	-	-	670
Total Starters	52,374	43,888	42,527	13,840	22,965	5,583	3,302	1,662	186,141
Prizemoney (Inc Trophies)	\$174,046,333	\$178,440,691	\$100,097,650	\$34,994,715	\$60,289,562	\$9,888,799	\$7,189,264	\$3,918,500	\$568,865,514
Incentive Scheme Payouts (\$)	\$8,960,000	\$8,871,750	\$6,858,675	\$1,434,950	\$5,603,952	\$203,800	\$300,000	\$240,000	\$32,473,127
Other Returns To Owners	\$10,992,887	\$18,900,000	\$12,534,211	\$3,602,125	\$6,643,379	\$2,161,536	\$1,001,140	\$31,926	\$55,867,204
Fees Paid By Owners (-)	\$6,209,000	\$11,158,019	\$5,096,409	\$2,091,420	\$3,111,450	\$721,334	\$1,128,782	\$213,517	\$29,729,931
Total Return	\$187,790,220	\$195,054,422	\$114,394,127	\$37,940,370	\$69,425,443	\$11,532,801	\$7,361,622	\$3,976,909	\$627,475,914
Bookmakers	157	180	72	12	0	8	32	10	471
Jockeys	132	131	147	27	51	15	20	*	523
Apprentice Jockeys	79	40	82	19	28	18	4	*	270
Amateur Jockeys	17	32	8	-	23	-	-	*	80
Total Riders	228	203	237	46	102	33	24	*	873
Trainers	951	794	804	277	492	92	48	*	3,458

*Other Returns to Owners include starters rebates, appearance fees, float rebates, fees paid on behalf of owners etc.

Fees paid by owners include, nominations, acceptances, bonus scheme registration

**ACT Jockeys were counted in NSW

CHART 1. PRIZEMONEY 1995/96- 2015/16

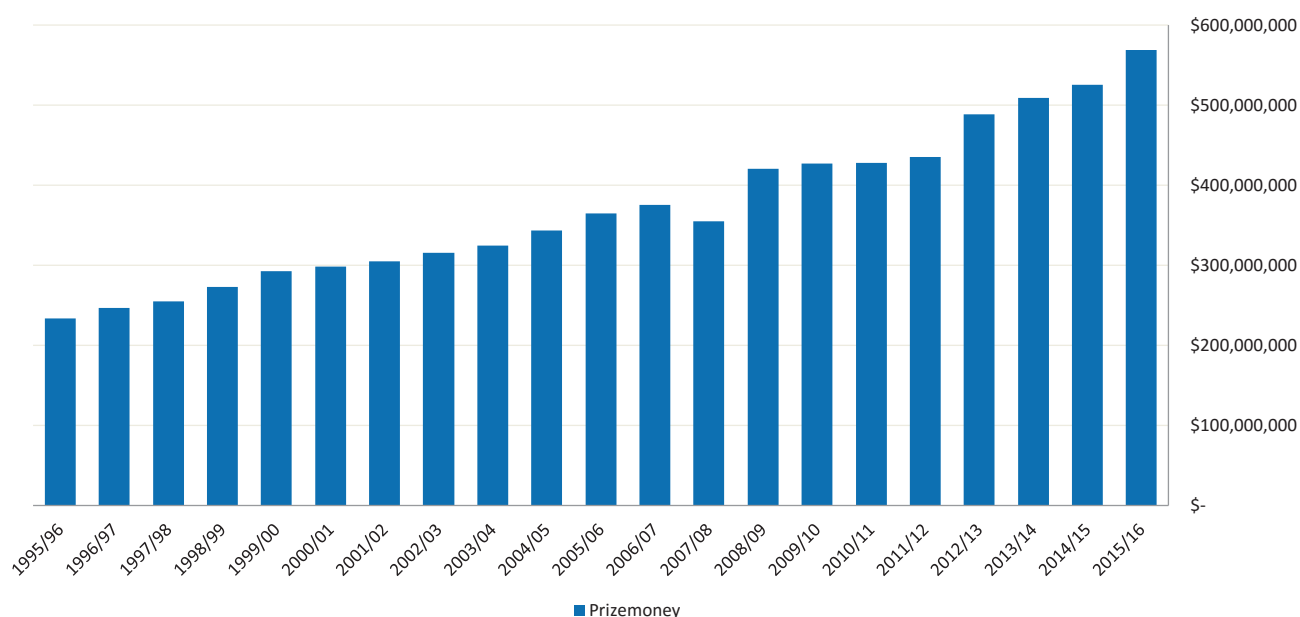


TABLE 2. STATISTICS BY TAB COVERAGE, STATE BY STATE 2015/16

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUSTRALIA
TAB Meeting	620	508	420	187	274	66	75	24	2,174
Non TAB Meeting	122	42	273	9	23	7	1	-	477
TAB Races	4,684	4,156	3,126	1,409	2,128	535	417	181	16,636
Non TAB Races	676	253	1,414	52	140	35	6	-	2,576
TAB Starts	47,270	42,113	30,950	13,463	22,119	5,377	3,255	1,662	166,209
Non TAB Starts	5,104	1,775	11,577	377	846	206	47	-	19,932

CHART 2. TAB RACES VS NON TAB RACES 2015/16

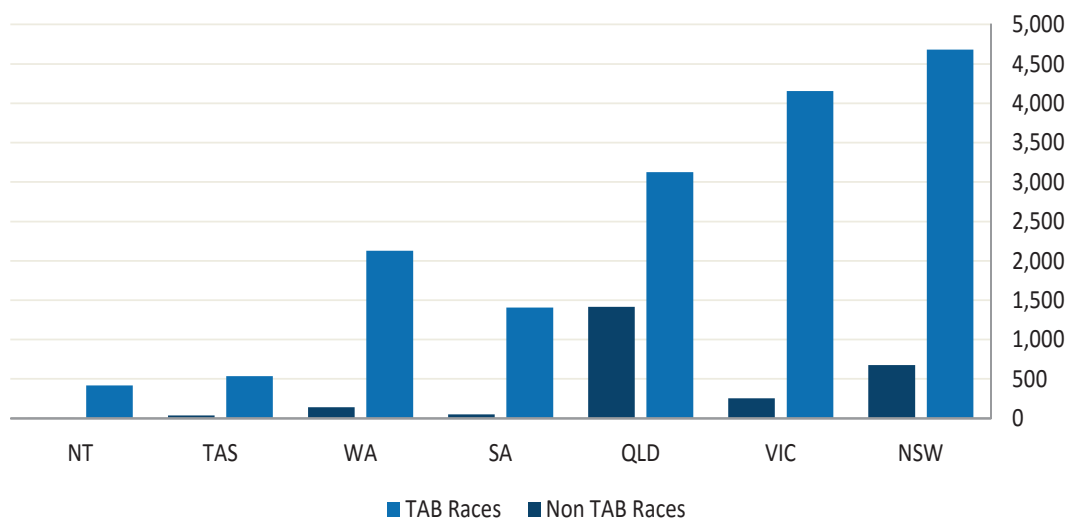


TABLE 3. PRIZEMONEY & INCENTIVE PAYMENTS IN AUSTRALIA 1995/96 - 2015/16

SEASON	PRIZEMONEY	% CHANGE	INCENTIVE SCHEME PAYOUTS	% CHANGE
2015/16	\$568,865,514	8.16%	\$32,473,127	3.15%
2014/15	\$525,956,559	3.21%	\$31,481,800	0.88%
2013/14	\$509,592,945	4.27%	\$31,207,412	5.55%
2012/13	\$488,709,074	12.25%	\$29,567,694	6.92%
2011/12	\$435,385,165	1.64%	\$27,653,332	2.05%
2010/11	\$428,339,959	0.26%	\$27,097,630	4.83%
2009/10	\$427,245,771	1.46%	\$25,848,180	7.17%
2008/09	\$421,095,890	18.60%	\$24,118,081	26.19%
2007/08	\$355,043,530	-5.45%	\$19,112,670	5.11%
2006/07	\$375,512,579	2.97%	\$18,183,678	-6.16%
2005/06	\$364,681,731	6.15%	\$19,378,075	5.04%
2004/05	\$343,550,700	5.84%	\$18,448,469	-5.86%
2003/04	\$324,586,453	2.74%	\$19,597,042	26.11%
2002/03	\$315,933,356	3.49%	\$15,539,310	20.86%
2001/02	\$305,293,254	2.24%	\$12,857,434	0.84%
2000/01	\$298,592,625	1.95%	\$12,750,456	3.11%
1999/00	\$292,869,666	7.18%	\$12,365,670	6.95%
1998/99	\$273,249,565	7.21%	\$11,562,106	9.30%
1997/98	\$254,881,377	3.18%	\$10,578,296	12.61%
1996/97	\$247,036,322	5.56%	\$9,393,801	57.82%
1995/96	\$234,020,189	-	\$5,952,192	-

AUSTRALIAN STAKES RACES

TABLE 4. TOP 50 RACES 2015/16 (BY PRIZEMONEY)

	Date	Race	Venue	Dist.(m)	Group	Value	1st
1	03-Nov-15	Emirates Melbourne Cup	Flemington	3200	Group 1	\$6,000,000	\$3,600,000
2	09-Apr-16	Longines Queen Elizabeth Stakes	Royal Randwick	2000	Group 1	\$4,000,000	\$2,400,000
3	19-Mar-16	Longines Golden Slipper	Rosehill Gardens	1200	Group 1	\$3,500,000	\$2,000,000
4	02-Apr-16	The Star Doncaster Mile	Royal Randwick	1600	Group 1	\$3,000,000	\$1,800,000
5	24-Oct-15	William Hill Cox Plate	Moonee Valley	2040	Group 1	\$3,000,000	\$1,800,000
6	17-Oct-15	BMW Caulfield Cup	Caulfield	2400	Group 1	\$3,000,000	\$1,750,000
7	02-Apr-16	Darley T J Smith Stakes	Royal Randwick	1200	Group 1	\$2,500,000	\$1,400,000
8	09-Jan-16	Gold Coast Magic Millions 3Yo Guineas (R.L.)	Gold Coast	1400	Restricted Listed	\$2,000,000	\$1,200,000
9	02-Apr-16	BMW Australian Derby	Royal Randwick	2400	Group 1	\$2,000,000	\$1,200,000
10	09-Jan-16	Jeep Magic Millions 2Yo Classic (R.L.)	Gold Coast	1200	Restricted Listed	\$2,000,000	\$1,200,000
11	09-Apr-16	Schweppes Sydney Cup	Royal Randwick	3200	Group 1	\$2,000,000	\$1,200,000
12	26-Mar-16	The BMW	Rosehill Gardens	2400	Group 1	\$1,500,000	\$900,000
13	12-Mar-16	Australian Cup	Flemington	2000	Group 1	\$1,500,000	\$900,000
14	31-Oct-15	AAMI Victoria Derby	Flemington	2500	Group 1	\$1,500,000	\$900,000
15	27-Feb-16	Ladbrokes Blue Diamond Stakes	Caulfield	1200	Group 1	\$1,500,000	\$900,000
16	11-Jun-16	AAMI Stradbroke Handicap	Eagle Farm	1400	Group 1	\$1,500,000	\$1,000,000
17	12-Mar-16	Lexus Newmarket Handicap	Flemington	1200	Group 1	\$1,250,000	\$750,000
18	21-Nov-15	Crown Perth-Winterbottom Stakes	Ascot	1200	Group 1	\$1,000,000	\$612,500
19	23-Oct-15	William Hill Manikato Stakes	Moonee Valley	1200	Group 1	\$1,000,000	\$600,000
20	09-Apr-16	James Boag's Premium Australian Oaks	Royal Randwick	2400	Group 1	\$1,000,000	\$600,000
21	03-Oct-15	The Star 150 th Epsom	Royal Randwick	1600	Group 1	\$1,000,000	\$600,000
22	07-Nov-15	Darley Classic	Flemington	1200	Group 1	\$1,000,000	\$600,000
23	05-Dec-15	Tabtouch-Kingston Town Classic	Ascot	1800	Group 1	\$1,000,000	\$612,500
24	10-Oct-15	Beck Caulfield Guineas	Caulfield	1600	Group 1	\$1,000,000	\$600,000
25	07-Nov-15	Emirates Stakes	Flemington	1600	Group 1	\$1,000,000	\$600,000
26	09-Apr-16	The Coolmore Legacy Stakes	Royal Randwick	1600	Group 1	\$1,000,000	\$600,000
27	31-Oct-15	Longines Mackinnon Stakes	Flemington	2000	Group 1	\$1,000,000	\$600,000
28	21-Nov-15	James Boag's Premium-Railway Stakes	Ascot	1600	Group 1	\$1,000,000	\$612,500
29	02-Apr-16	Inglis Sires' Produce	Royal Randwick	1400	Group 1	\$1,000,000	\$600,000
30	05-Nov-15	Crown Oaks	Flemington	2500	Group 1	\$1,000,000	\$600,000
31	19-Mar-16	China Horse Club George Ryder Stakes	Rosehill Gardens	1500	Group 1	\$1,000,000	\$600,000
32	12-Sep-15	De Bortoli Wines Golden Rose Stakes	Rosehill Gardens	1400	Group 1	\$1,000,000	\$600,000
33	09-Jan-16	Myer Magic Millions Sprint	Gold Coast	1100	Special Race	\$1,000,000	\$606,668
34	09-Jan-16	Crown Resorts Magic Millions Trophy (Stayers Cup)	Gold Coast	1800	Special Race	\$1,000,000	\$603,334
35	09-Jan-16	Jewel Magic Millions Cup (R.I.)	Gold Coast	1400	Restricted Listed	\$1,000,000	\$600,000
36	05-Mar-16	Girvan Waugh Randwick Guineas	Royal Randwick	1600	Group 1	\$1,000,000	\$600,000
37	09-Jan-16	Magic Millions Fillies & Mares Handicap	Gold Coast	1300	Special Race	\$1,000,000	\$600,000
38	09-Jan-16	Magic Millions Qtis Open Plate	Gold Coast	1300	Special Race	\$985,000	\$600,000
39	05-Mar-16	Australian Guineas	Flemington	1600	Group 1	\$750,000	\$450,000
40	28-May-16	James Boag's Premium Doomben 10,000	Doomben	1350	Group 1	\$750,000	\$480,000
41	03-Oct-15	Mcgrath Estate Agents Metropolitan	Royal Randwick	2400	Group 1	\$750,000	\$450,000
42	20-Feb-16	Black Caviar Lightning	Flemington	1000	Group 1	\$720,000	\$450,000
43	19-Mar-16	Banjo Galaxy	Rosehill Gardens	1100	Group 1	\$700,000	\$420,000
44	19-Mar-16	Ranvet Stakes	Rosehill Gardens	2000	Group 1	\$700,000	\$420,000
45	21-May-16	Hardy Brothers Doomben Cup	Doomben	2000	Group 1	\$650,000	\$416,000
46	11-Jun-16	Channel 7 Queensland Derby	Eagle Farm	2400	Group 1	\$600,000	\$384,000
47	27-Feb-16	Precise Air Chipping Norton Stakes	Royal Randwick	1600	Group 1	\$600,000	\$360,000
48	11-Jun-16	BMW J.J. Atkins	Eagle Farm	1600	Group 1	\$600,000	\$384,000
49	19-Mar-16	Sky Racing Rosehill Guineas	Rosehill Gardens	2000	Group 1	\$600,000	\$360,000
50	12-Mar-16	Coolmore Classic	Rosehill Gardens	1500	Group 1	\$600,000	\$360,000

GROUP & LISTED RACES

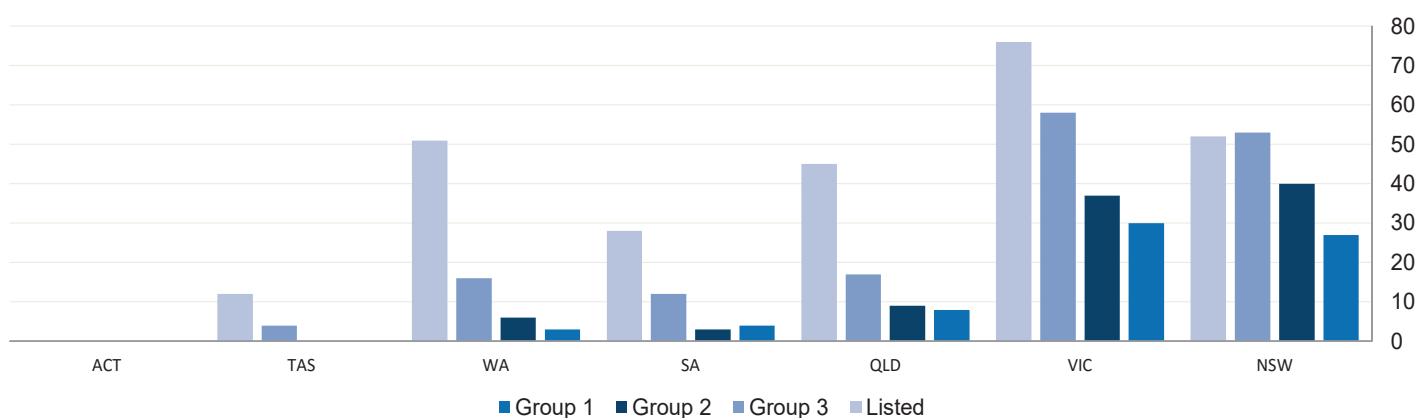
TABLE 5. AUSTRALIAN GROUP & LISTED STATISTICS 2015/16

	NSW	VIC	QLD	SA	WA	TAS	ACT	Australia
Group 1	27	30	8	4	3	-	-	72
Group 1 P\$	\$33,050,000	\$32,100,000	\$5,600,000	\$1,800,000	\$3,000,000	\$0	\$0	\$75,550,000
Group 2	40	37	9	3	6	-	-	95
Group 2 P\$	\$9,350,000	\$8,350,000	\$2,233,000	\$825,000	\$2,400,000	\$0	\$0	\$23,158,000
Group 3	53	58	17	12	16	4	-	160
Group 3 P\$	\$8,675,000	\$10,175,000	\$2,425,000	\$1,470,000	\$2,700,000	\$650,000	\$0	\$26,095,000
Listed	52	76	45	28	51	12	-	264
Listed P\$	\$6,175,000	\$10,680,000	\$5,100,000	\$2,800,000	\$5,390,000	\$1,200,000	\$450,000	\$31,795,000
G & L Races	4	2	3	-	2	-	-	11
G & L P\$	\$1,350,000	\$500,000	\$4,725,000	\$0	\$400,000	\$0	\$0	\$6,975,000

TABLE 6. AUSTRALIAN GROUP & LISTED STATISTICS 2009/10 – 2015/16

	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Group 1 Races	72	72	72	68	68	68	67
Group 2 Races	95	92	89	84	85	85	83
Group 3 Races	160	162	148	120	116	112	110
Listed Races	264	268	273	303	291	289	282
Restricted Listed Races	11	-	-	-	-	-	-
Total Black Type Races	602	594	582	575	560	554	542
Group Race \$P	\$124,803,000	\$117,123,000	\$112,538,000	\$93,060,000	\$92,710,000	\$87,102,000	\$89,814,585
Listed & Restricted Listed Race \$P	\$38,770,000	\$31,145,000	\$31,480,000	\$32,150,000	\$31,181,500	\$29,925,000	\$29,164,355
Total Black Type	\$163,573,000	\$148,268,000	\$144,018,000	\$125,210,000	\$123,891,500	\$117,027,000	\$118,978,940

CHART 3. BLACK TYPE RACES BY STATE



GROUP ONE WINNERS - 2015/16

TABLE 7

Date	Track	Race Name	Distance	Horse	Kg	Jockey	Trainer
29-Aug-15	Caulfield	Memsie Stakes	1400	Boban	59	G Schofield	C Waller
12-Sep-15	Rosehill	Golden Rose Stakes	1400	Exosphere	57	J B McDonald	J O'Shea
12-Sep-15	Flemington	Makybe Diva Stakes	1600	Fawkner	59	D Oliver	R Hickmott
19-Sep-15	Randwick	George Main Stakes	1600	Kermadec (NZ)	59	G Schofield	C Waller
26-Sep-15	Caulfield	Underwood Stakes	1800	Mourinho	59	V Duric	P Gelagotis
26-Sep-15	Caulfield	Sir Rupert Clarke Stakes	1400	Stratum Star	55	C Williams	D Weir
02-Oct-15	Moonee Valley	City Jeep Moir Stakes	1000	Buffering	59	D Browne	R Heathcote
03-Oct-15	Randwick	The Metropolitan	2400	Magic Hurricane (IRE)	56	J B McDonald	J O'Shea
03-Oct-15	Randwick	Flight Stakes	1600	Speak Fondly	56	T Berry	G Waterhouse
03-Oct-15	Randwick	Epsom Handicap	1600	Winx	57	H Bowman	C Waller
04-Oct-15	Flemington	Yellowglenturnbull Stks	2000	Preferment (NZ)	57	H Bowman	C Waller
10-Oct-15	Caulfield	Beck Caulfield Guineas	1600	Press Statement	57	H Bowman	C Waller
10-Oct-15	Caulfield	Thousand Guineas	1600	Stay With Me	56	D Dunn	D Hayes & T Dabernig
10-Oct-15	Caulfield	Caulfield Stakes	2000	Criterion (NZ)	59	M J Walker	D Hayes & T Dabernig
10-Oct-15	Caulfield	Toorak Handicap	1600	Lucky Hussler	58	G Boss	D Weir
10-Oct-15	Randwick	Spring Champion Stakes	2000	Vanbrugh	57	G Schofield	C Waller
17-Oct-15	Caulfield	BMW Caulfield Cup	2400	Mongolian Khan	55	O P Bosson	M Baker (NZ)
23-Oct-15	Moonee Valley	William Hill Manikato Stk	1200	Chautauqua	59	T Berry	M, Wayne & J Hawkes
24-Oct-15	Moonee Valley	William Hill Cox Plate	2040	Winx	56	H Bowman	C Waller
31-Oct-15	Flemington	Coolmore Stud Stakes	1200	Japonisme	57	G Schofield	C Waller
31-Oct-15	Flemington	Longines Mackinnon Stakes	2000	Gailo Chop (FR)	59	B J Melham	A de Watrigant (FR)
31-Oct-15	Flemington	AAMI Victoria Derby	2500	Tarzino (NZ)	56	C Newitt	M Price
31-Oct-15	Flemington	Myer Classic	1600	Politeness	57	D Dunn	R Smerdon
03-Nov-15	Flemington	Emirates Melbourne Cup	3200	Prince of Penzance (NZ)	53	M Payne	D Weir
05-Nov-15	Flemington	Crown Oaks	2500	Jameka	56	D Oliver	C Maher
07-Nov-15	Flemington	Emirates Stakes	1600	Turn Me Loose (NZ)	57	K McEvoy	M Baker (NZ)
07-Nov-15	Flemington	Darley Classic	1200	Delectation	59	J B McDonald	C Waller
21-Nov-15	Ascot	Winterbottom Stakes	1200	Buffering	59	D Browne	R Heathcote
21-Nov-15	Ascot	Railway Stakes	1600	Good Project	53	C Williams	C Waller
05-Dec-15	Ascot	Kingston Town Classic	1800	Perfect Reflection	50	W A Pike	G Williams
13-Feb-16	Caulfield	C.F. Orr Stakes	1400	Suavito (NZ)	57	L Currie	N Blackiston
20-Feb-16	Flemington	Black Caviar Lightning	1000	Chautauqua	59	D Dunn	M, Wayne & J Hawkes
27-Feb-16	Caulfield	Futurity Stks	1400	Turn Me Loose (NZ)	59	O P Bosson	M Baker (NZ)
27-Feb-16	Randwick	Chipping Norton Stakes	1600	Winx	57	H Bowman	C Waller
27-Feb-16	Caulfield	Oakleigh Plate	1100	Flamberge	58	D M Lane	P Moody
27-Feb-16	Caulfield	Blue Diamond Stks	1200	Extreme Choice	57	C Newitt	M Price
05-Mar-16	Randwick	Canterbury Stakes	1300	Holler	56	J B McDonald	J O'Shea
05-Mar-16	Flemington	Australian Guineas	1600	Palentino	57	M J Zahra	D Weir
05-Mar-16	Randwick	Randwick Guineas	1600	Le Romain	57	C Reith	K Lees
12-Mar-16	Flemington	Australian Cup	2000	Preferment (NZ)	59	H Bowman	C Waller
12-Mar-16	Flemington	Lexus Newmarket Handicap	1200	The Quarterback	52	C Newitt	R Griffiths
12-Mar-16	Rosehill	Coolmore Classic	1500	Peeping	54	S Clipperton	R Quinton
19-Mar-16	Rosehill	Ranvet Stakes	2000	The United States (IRE)	59	K McEvoy	R Hickmott
19-Mar-16	Rosehill	George Ryder Stakes	1500	Winx	57	H Bowman	C Waller
19-Mar-16	Rosehill	Rosehill Guineas	2000	Tarzino (NZ)	57	C Newitt	M Price
19-Mar-16	Rosehill	The Galaxy	1100	Griante	51	C Williams	D Brideoake
19-Mar-16	Rosehill	Golden Slipper	1200	Capitalist	57	B Shinn	P. & P. Snowden
24-Mar-16	Moonee Valley	William Reid Stakes	1200	Flamberge	59	B Rawiller	P Moody
26-Mar-16	Rosehill	The BMW	2400	Preferment (NZ)	59	H Bowman	C Waller
26-Mar-16	Rosehill	Vinery Stud Stakes	2000	Single Gaze	56	K O'Hara	N Olive
02-Apr-16	Randwick	Doncaster Mile	1600	Winx	57	H Bowman	C Waller
02-Apr-16	Randwick	T J Smith Stakes	1200	Chautauqua	59	T Berry	M, Wayne & J Hawkes
02-Apr-16	Randwick	Australian Derby	2400	Tavago (NZ)	57	T Berry	T Busuttin & N Young (NZ)
02-Apr-16	Randwick	Sires Produce	1400	Yankee Rose	55	Z Purton	D Vandyke
09-Apr-16	Randwick	Queen Of The Turf Stakes	1600	Azkadellia (NZ)	57	D Oliver	C Maher
09-Apr-16	Randwick	Queen Elizabeth Stakes	2000	Lucia Valentina (NZ)	57	D Oliver	K Lees
09-Apr-16	Randwick	Australian Oaks	2400	Sofia Rosa (NZ)	56	H Bowman	S Marsh (NZ)
09-Apr-16	Randwick	Sydney Cup	3200	Gallante (IRE)	52	K McEvoy	R Hickmott
16-Apr-16	Randwick	All Aged Stakes	1400	English	55	S Clipperton	G Waterhouse
16-Apr-16	Randwick	Champagne Stakes	1600	Prized Icon	57	G Schofield	J Cummings
07-May-16	Morphettville	Ubet Classic	1200	Precious Gem	57	J Noonan	H Dwyer
07-May-16	Morphettville	Schweppes Oaks	2000	Abbey Marie	56	L Nolen	M Kent
14-May-16	Morphettville	SA Derby	2500	Howard Be Thy Name	57	J M Allen	D Weir
14-May-16	Doomben	BTC Cup	1200	Malaguerra	59	G Colless	Lee & A Freedman
21-May-16	Morphettville	Goodwood	1200	Black Heart Bart	57	B Rawiller	D Weir
21-May-16	Doomben	Doomben Cup	2000	Our Ivanhowe (GER)	59	K McEvoy	Lee & A Freedman
28-May-16	Doomben	Doomben 10,000	1350	Music Magnate (NZ)	59	K McEvoy	B Baker
11-Jun-16	Eagle Farm	Queensland Oaks	2400	Provocative (NZ)	56.50	L G Innes	T Pike (NZ)
11-Jun-16	Eagle Farm	Stradbroke Handicap	1400	Under the Louvre	54.50	D Dunn	R Smerdon
11-Jun-16	Eagle Farm	J.J. Atkins Plate	1600	Sacred Elixir (NZ)	57.00	Z Purton	T Pike (NZ)
11-Jun-16	Eagle Farm	Queensland Derby	2400	Eagle Way	57.00	T Berry	B Guy
25-Jun-16	Eagle Farm	Tatt'S Club Tiara	1400	Miss Cover Girl	57.00	D Browne	K Schweida

PRIZEMONEY EARNERS

TABLE 8. TOP 10 HORSES EARNING IN EXCESS OF 1 MILLION DOLLARS IN AUSTRALIAN RACES DURING 2015/16



1. Winx \$5,430,000



2. Prince of Penzance (NZ)
\$3,693,000



3. Capitalist
\$3,472,000



4. Chautauqua
\$2,982,500



5. Lucia Valentina (NZ)
\$ 2,721,750



6. Preferment (NZ)
\$2,250,000



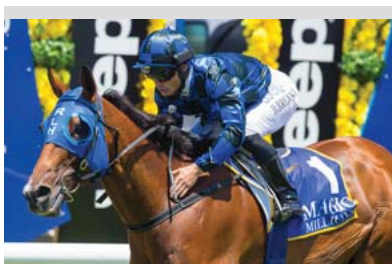
7. Mongolian Khan
\$1,901,000



8. Mahuta
\$1,692,960

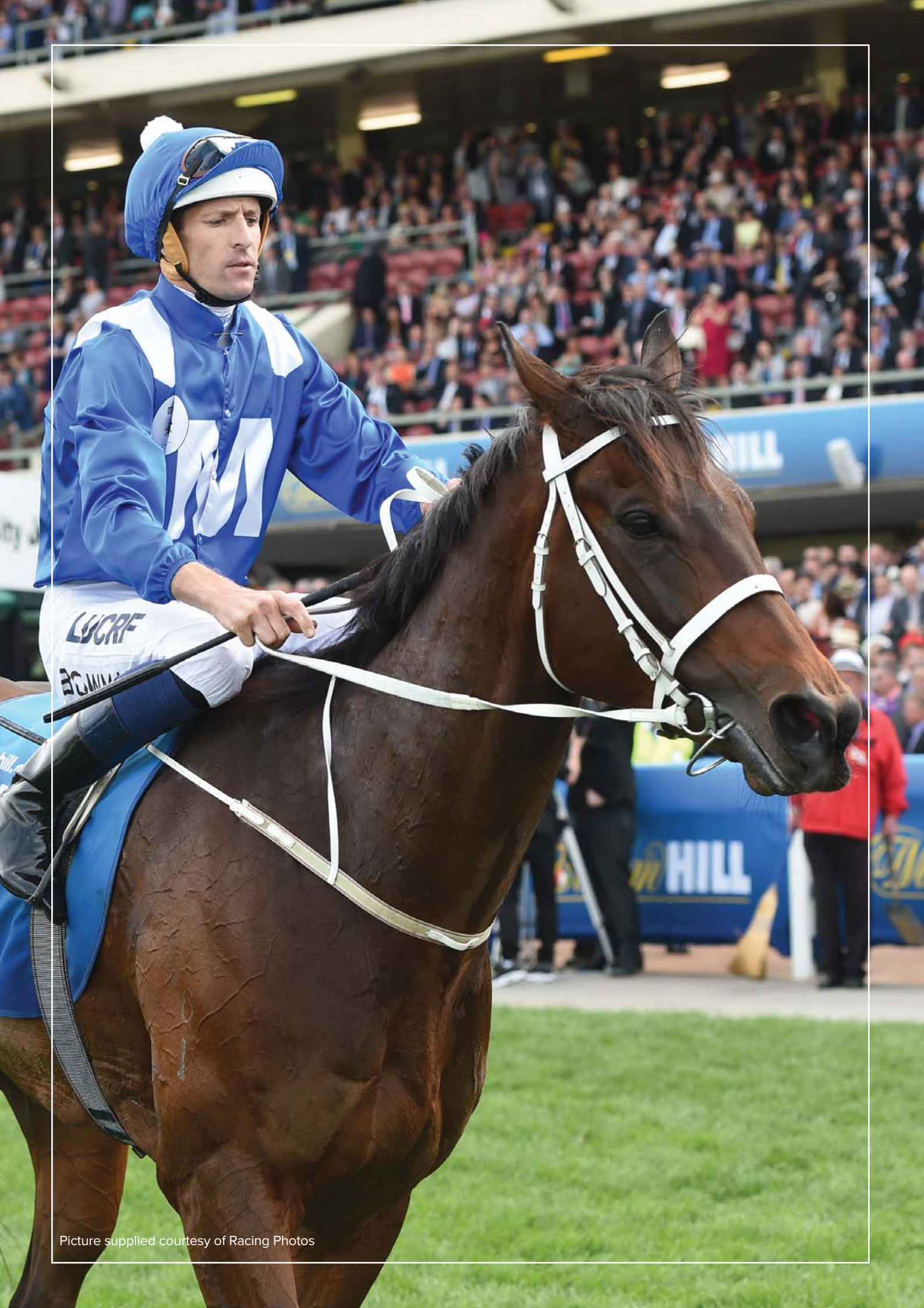


9. Tarzino (NZ)
\$1,598,650



10. Buffering
\$1,552,500

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Picture supplied courtesy of Racing Photos

RACEHORSE OF THE YEAR

The awards night for Australia's Champion Racehorse of the Year 2015/16 was held at the Four Seasons Hotel, on Thursday, 29th September 2016. Executive members of Principal Racing Authorities and members of the Australian Press vote for the awards.

TABLE 9. HORSE OF THE YEAR CATEGORY WINNERS 2015/16

Champion Horse of the Year	Winx	Champion Two Year Old	Capitalist
Champion Stayer	Preferment	Champion Three Year Old Filly	English
Champion Middle Distance	Winx	Champion Three Year Old Colt or Gelding	Tarzino
Champion Sprinter	Chautauqua	Champion Jumper	Zanteco

TABLE 10. OTHER CATEGORY WINNERS 2015/16

Champion Group 1 Jockey	Hugh Bowman
Champion Group 1 Trainer	Chris Waller
Champion Sire	Street Cry

TABLE 11. CHAMPION RACEHORSE OF THE YEAR 1969/70 – 2015/16

2015/16	Winx	1990/91	Better Loosen Up
2014/15	Dissident	1989/90	Almaraad
2013/14	Lankan Rupee	1988/89	Research
2012/13	Black Caviar	1987/88	Beau Zam
2011/12	Black Caviar	1986/87*	Bonecrusher
2010/11	Black Caviar		Placid Ark
2009/10	Typhoon Tracy	1985/86	Bounding Away
2008/09	Scenic Blast	1984/85	Red Anchor
2007/08	Weekend Hussler	1983/84	Emancipation
2006/07	Miss Andretti	1982/83*	Strawberry Road
2005/06	Makybe Diva		Gurner's Lane
2004/05	Makybe Diva	1981/82	Rose of Kingston
2003/04	Lonhro	1980/81	Hyperno
2002/03	Northerly	1979/80	Kingston Town
2001/02	Sunline	1978/79	Manikato
2000/01	Sunline	1977/78	Maybe Mahal
1999/00	Sunline	1976/77	Surround
1998/99	Might and Power	1975/76	Lord Dudley
1997/98	Might and Power	1974/75	Leilani
1996/97	Saintly	1973/74	Taj Rossi
1995/96	Octagonal	1972/73	Dayana
1994/95	Jeune	1971/72	Gunsynd
1993/94	Mahogany	1970/71	Gay Icarus
1992/93	Veandercross	1969/70	Vain
1991/92	Let's Elope		

*Denotes two winners for that season

MELBOURNE CUP

TABLE 12. MELBOURNE CUP RACE RESULT 2016

Place	Horse	Jockey	Trainer	Barrier	Wgt	SP	Margin	Prize
1st	Almandin (GER)	Kerrin McEvoy	Robert Hickmott	17	52Kg	\$11		\$3,600,000
2nd	Heartbreak City (FR)	Joao Moreira	Tony Martin	13	54Kg	\$19	0.2L	\$900,000
3rd	Hartnell (GB)	James McDonald	John O'Shea	6	56Kg	\$5.5	4.45L	\$450,000
4th	Qewy (IRE)	Craig Williams	Charlie Appleby	23	51.5Kg	\$21	6.7L	\$250,000
5th	Who Shot Thebarman (NZ)	Hugh Bowman	Chris Waller	7	56Kg	\$26	6.8L	\$175,000
6th	Almoonqith (USA)	Michael Walker	David & B Hayes & T Dabernig	9	54.5Kg	\$31	6.9L	\$125,000
7th	Beautiful Romance (GB)	Damian Lane	Saeed Bin Suroor	16	52.5Kg	\$71	7.9L	\$125,000
8th	Exospheric (GB)	Damien Oliver	Lee & Anthony Freedman	5	56Kg	\$21	8.65L	\$125,000
9th	Pentathlon (NZ)	Mark Du Plessis	John Wheeler	22	51.5Kg	\$81	9.4L	\$125,000
10th	Big Orange (GB)	James Spencer	Michael Bell	1	57Kg	\$14	9.5L	\$125,000
11th	Grand Marshal (GB)	Ben Melham	Chris Waller	11	54.5Kg	\$31	9.8L	-
12th	Oceanographer (GB)	Chad Schofield	Charlie Appleby	20	52Kg	\$9	10L	-
13th	Bondi Beach (IRE)	Ryan Moore	Aidan O'Brien	4	56Kg	\$13	10.75L	-
14th	Grey Lion (IRE)	Glen Boss	Matt Cumani	19	52Kg	\$41	13.75L	-
15th	Jameka	Nicholas Hall	Ciaran Maher	12	54.5Kg	\$8.50	13.95L	-
16th	Excess Knowledge (GB)	Vlad Duric	Gai Waterhouse & Adrian Bott	15	53.5Kg	\$61	15.7L	-
17th	Our Ivanhowe (GER)	Dwayne Dunn	Lee & Anthony Freedman	2	57Kg	\$51	15.8L	-
18th	Sir John Hawkwood (IRE)	Blake Spriggs	John P Thompson	14	54Kg	\$81	20.8L	-
19th	Assign (IRE)	Ms Katelyn Mallyon	Robert Hickmott	18	52Kg	\$51	20.9L	-
20th	Gallante (IRE)	Blake Shinn	Robert Hickmott	10	54.5Kg	\$51	22.15L	-
21st	Secret Number (GB)	Stephen Baster	Saeed Bin Suroor	21	52Kg	\$31	22.35L	-
22nd	Wicklow Brave (GB)	Frankie Dettori	William Mullins	8	56Kg	\$16	24.35L	-
23rd	Curren Mirotic (JPN)	Tommy Berry	Osamu Hirata	3	56.5Kg	\$51	27.35L	-
24th	Rose Of Virginia (NZ)	Ben E Thompson (a)	Lee & Shannon Hope	24	51Kg	\$61	99.9L	-



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TABLE 13. MELBOURNE CUP HISTORIC

Year	Horse	Jockey	Trainer	Age/Sex	Barrier	Wgt	SP	Time
2016	Almandin (GER)	K McEvoy	R Hickmott	7G	17	52	\$11	3-20.58
2015	Prince of Penzance(NZ)	M Payne	D Weir	6G	1	53	\$101	3-23.15
2014	Protectionist(GER)	R Moore	A Wohler	5H	10	56.5	\$8	3-17.71
2013	Fiorente (IRE)	D Oliver	G Waterhouse	6H	5	55	\$7F	3-20.30
2012	Green Moon	B Prebble	R Hickmott	6H	5	53.5	\$20	3-20.45
2011	Dunaden	C Lemaire	M Delzangles	6H	13	54.5	\$8.50	3-20.84
2010	Americain	G Mosse	A Royer Dupre	6H	11	54.5	\$13	3-26.87
2009	Shocking	C Brown	M Kavanagh	4H	21	51	\$10	3-23.84
2008	Viewed	B Shinn	B Cummings	5H	8	53	\$41	3-20.40
2007	Efficient	M Rodd	G Rogerson	4G	10	54.5	\$17	3-23.34
2006	Delta Blues	Y Iwata	K Sumii	6H	10	56	\$18	3-21.42
2005	Makybe Diva	G Boss	L Freedman	7M	14	58	\$4.50	3-19.78

Year	Winner	Year	Winner	Year	Winner	Year	Winner
2004	Makybe Diva	1968	Rain Lover	1932	Peter Pan	1896	Newhaven
2003	Makybe Diva	1967	Red Handed	1931	White Nose	1895	Auraria
2002	Media Puzzle	1966	Galilee	1930	Phar Lap	1894	Patron
2001	Ethereal	1965	Light Fingers	1929	Nightmarch	1893	Tarcoola
2000	Brew	1964	Polo Prince	1928	Statesman	1892	Glenloth
1999	Rogan Josh	1963	Gatum Gatum	1927	Trivalve	1891	Malvolio
1998	Jezabeel	1962	Even Stevens	1926	Spearfelt	1890	Carbine
1997	Might And Power	1961	Lord Fury	1925	Windbag	1889	Bravo
1996	Saintly	1960	Hi Jinx	1924	Backwood	1888	Mentor
1995	Doriemus	1959	Macdougall	1923	Bitalli	1887	Dunlop
1994	Jeune	1958	Baystone	1922	King Ingodas	1886	Jarsenal
1993	Vintage Crop	1957	Straight Draw	1921	Sister Olive	1885	Sheet Anchor
1992	Subzero	1956	Evening Peal	1920	Poitrel	1884	Malua
1991	Lets Elope	1955	Toparoa	1919	Artilleryman	1883	Marini-Henri
1990	Kingston Rule	1954	Rising Fast	1918	Nightwatch	1882	The Assyrian
1989	Tawrrific	1953	Wodalla	1917	Westcourt	1881	Zulu
1988	Empire Rose	1952	Dalray	1916	Sasanof	1880	Grand Flaneur
1987	Kensei	1951	Delta	1915	Patrobas	1879	Darriwell
1986	At Talaq	1950	Comic Court	1914	Kingsburgh	1878	Calamia
1985	What A Nuisance	1949	Foxami	1913	Posinatus	1877	Chester
1984	Black Knight	1948	Rimfire	1912	Piastre	1876	Briseis
1983	Kiwi	1947	Hiraji	1911	The Parisian	1875	Wollomai
1982	Gurners Lane	1946	Russia	1910	Comedy King	1874	Haricot
1981	Just A Dash	1945	Rainbird	1909	Prince Foote	1873	Don Juan
1980	Beldale Ball	1944	Sirius	1908	Lord Nolan	1872	The Quack
1979	Hyperno	1943	Dark Felt	1907	Apologue	1871	The Pearl
1978	Arwon	1942	Colonus	1906	Poseidon	1870	Nimblefoot
1977	Gold And Black	1941	Skipton	1905	Blue Spec	1869	Warrior
1976	Van Der Hum	1940	Old Rowley	1904	Acrasia	1868	Glencoe
1975	Think Big	1939	Rivette	1903	Lord Cardigan	1867	Tim Whiffler
1974	Think Big	1938	Catalogue	1902	The Victory	1866	The Barb
1973	Gala Supreme	1937	The Trump	1901	Revenue	1865	Toryboy
1972	Piping Lane	1936	Wotan	1900	Clean Sweep	1864	Lantern
1971	Silver Knight	1935	Maraboa	1899	Merriwee	1863	Banker
1970	Bagdad Note	1934	Peter Pan	1898	The Grafter	1862	Archer
1969	Rain Lover	1933	Hall Mark	1897	Gaulus	1861	Archer



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GOLDEN SLIPPER

TABLE 14. GOLDEN SLIPPER FIELD 2016

Place	Horse	Jockey	Trainer	Age/Sex	Barrier	Wgt	SP	Margin	Prize
1st	Capitalist	Blake Shinn	Peter & Paul Snowden	C	2	56.5kg	\$8		\$2,000,000
2nd	Yankee Rose	Zac Purton	David Vandyke	F	3	54.5kg	\$21	0.5L	\$620,000
3rd	Flying Artie	Damien Oliver	Mick Price	C	4	56.5kg	\$4	2.3L	\$310,000
4th	Telperion	James Doyle	John O'Shea	C	11	56.5kg	\$21	2.4L	\$190,000
5th	Honesty Prevails	Jason Collett	Rick Worthington	F	5	54.5kg	\$71	2.9L	\$130,000
6th	Star Turn	Dwayne Dunn	Michael, Wayne & John Hawkes	C	10	56.5kg	\$51	3.2L	\$50,000
7th	Sweet Sherry	Thomas Huet	Brent Stanley	F	7	54.5kg	\$151	3.7L	\$50,000
8th	Extreme Choice	Craig Newitt	Mick Price	C	6	56.5kg	\$3.20	4.3L	\$50,000
9th	Quick Feet	Damian Lane	Peter & Paul Snowden	F	1	54.5kg	\$101	5.4L	\$50,000
10th	Good Standing	Hugh Bowman	Jame Cummings	C	9	56.5kg	\$14	6.7L	\$50,000
11th	Astern	James McDonald	John O'Shea	C	16	56.5kg	\$10	7.1L	\$0
12th	Calliope	Sam Clipperton	John O'Shea	F	14	54.5kg	\$26	8.6L	\$0
13th	Defcon	Brett Prebble	Peter & Paul Snowden	C	13	56.5kg	\$31	8.8L	\$0
14th	French Fern	Opie Bosson	David Payne	F	12	54.5kg	\$151	12.3L	\$0
15th	Kiss And Make Up	Kerrin McEvoy	Gail Waterhouse	C	8	56.5kg	\$11	16.5L	\$0
16th	Scarlet Rain	Tommy Berry	Gail Waterhouse	F	15	54.5kg	\$31	30.6L	\$0

TABLE 15. GOLDEN SLIPPER HISTORIC

Year	Horse	Jockey	Trainer	Age/Sex	Barrier	Wgt	SP	Time
2016	Capitalist	B Shinn	P. & P. Snowden	2C	2	56.5kg	\$8	1-10.59
2015	Vancouver	T Berry	G. Waterhouse	2C	16	56.5	\$2.50F	1-09.74
2014	Mossfun	J McDonald	M, W & J Hawkes	2F	11	54.5	\$5.50	1-12.17
2013	Overreach	T Berry	G Waterhouse	2F	1	54.5	\$2.80F	1-11.00
2012	Pierro	N Rawiller	G Waterhouse	2C	1	56.5	\$6.50	1-09.74
2011	Sepoy	K McEvoy	P Snowden	2C	8	56.5	\$2.80	1-10.05
2010	Crystal Lily	B Prebble	M Ellerton & S Zahra	2F	1	54.5	\$6.00	1-10.78
2009	Phelan Ready	B Rawiller	B & J McLachlan	2G	16	56.5	\$26.00	1-11.78
2008	Sebring	G Boss	G Waterhouse	2C	5	56.5	\$6.00	1-12.88
2007	Forensics	D Oliver	J Hawkes	2F	1	54.5	\$14.00	1-09.33
2006	Miss Finland	C Williams	D Hayes	2F	7	54.5	\$5.50	1-09.52
2005	Stratum	L Beasley	P Perry	2C	6	56.5	\$10.00	1-09.67
2004	Dance Hero	C Munce	G Waterhouse	2G	2	56.5	\$5.50	1-08.60
2003	Polar Success	D Beasley	G Rogerson	2F	14	53.5	\$11.00	1-09.07
2002	Calaway Gal	S Seamer	B Brown	2F	6	52.5	\$14.00	1-08.81
2001	Ha Ha	J Cassidy	G Waterhouse	2F	11	52.5	\$13.00	1-08.94
2000	Belle du Jour	L Beasley	C Conners	2F	11	52.5	\$9.00	1-09.51
1999	Catbird	M De Montfort	F Cleary	2C	3	55.5	11-2	1-09.99
1998	Prowl	C Munce	C Conners	2G	1	55.5	8-1	1-09.54
1997	Guineas	D Beadman	J Hawkes	2C	11	55.5	6-1	1-08.99
1996	Merlene	G Hall	L Freedman	2F	1	52.5	15-4	1-09.31
1995	Flying Spur	G Boss	L Freedman	2C	1	55.5	25-1	1-10.21
1994	Danzero	G Hall	L Freedman	2C	10	55.5	4-1	1-09.81
1993	Bint Marscay	L Dittman	L Freedman	2F	14	52.5	7-2	1-08.88
1992	Burst	R S Dye	C Conners	2F	10	52.5	9-2	1-10.20
1991	Tierce	R S Dye	C Conners	2C	5	55.5	4-1	1-09.30
1990	Canny Lad	R S Dye	R Hore - Lacy	2C	5	55.5	11-2	1-15.41
1989	Courtza	R S Dye	R McDonald	2F	10	52.5	7-2	1-12.80
1988	Star Watch	L Olsen	T J Smith	2F	15	55.5	13-2	1-13.00
1987	Marauding (NZ)	R Quinton	B Mayfield - Smith	2C	5	55.5	5-1	1-10.60
1986	Bounding Away	L Dittman	T J Smith	2F	8	52.5	5-4	1-09.90
1985	Rory's Jester	R Quinton	C Hayes	2C	2	55.5	10-1	1-10.30
1984	Inspired	D Beadman (a)	T Green	2G	12	54.0	13-4	1-11.60
1983	Sir Dapper	R Quinton	L Bridge	2C	10	54.0	7-2	1-09.90
1982	Marscay	R Quinton	J Denham	2C	3	54.0	7-2	1-10.60
1981	Full on Aces	L Dittman	A Armanasco	2C	1	54.0	16-1	1-13.10
1980	Dark Eclipse	K Moses	N Begg	2F	8	51.0	5-1	1-10.40
1979	Century Miss	W Harris (a)	B Cummings	2F	4	51.0	9-2	1-10.70
1978	Manikito	G Willetts	N Hoysted	2G	8	54.0	7-2	1-10.70
1977	Luskin Star	J Wade	M Lees	2C	10	54.0	11-4	1-10.00
1976	Vivarchi	J Duggan	B Cummings	2F	3	51.0	9-1	1-11.70
1975	Toy Show	K Langby	T J Smith	2F	14	51.0	2-1	1-12.00
1974	Hartshill	K Langby	T J Smith	2F	3	51.0	5-2	1-13.00
1973	Totonan	R Higgins	B Cummings	2G	12	54.0	6-1	1-11.70
1972	John's Hope	K Langby	T J Smith	2C	14	8.7st	9-4	1-11.10
1971	Fairy Walk	K Langby	T J Smith	2F	3	8.1st	12-1	1-12.60
1970	Baguette	G Moore	F Allotta	2C	8	8.7st	5-4	1-12.70
1969	Vain	P Hyland	J Moloney	2C	4	8.7st	9-2	1-12.10
1968	Royal Parma	N Campton	J Daniels	2C	6	8.7st	7-1	1-11.90
1967	Sweet Embrace	C Clare	E Stanton	2F	9	8.7st	40-1	1-13.20
1966	Storm Queen	R Higgins	B Cummings	2F	9	8.0st	4-1	1-12.90
1965	Reisling	L Billett	J Norman	2F	4	8.0st	1-1	1-11.10
1964	Eskimo Prince	A Mulley	C Rolls	2C	4	8.7st	7-4	1-11.90
1963	Pago Pago	W Pyers	T Jenner	2C	8	8.7st	2-1	1-15.50
1962	Birthday Card	R Greenwood	R Ferris	2F	7	8.0st	5-1	1-11.40
1961	Magic Night	M Schumacher	H Plant	2F	1	8.0st	15-1	1-11.90
1960	Sky High	A Mulley	J Green	2C	3	8.7st	4-7	1-11.90

LEADING TRAINERS & JOCKEYS IN AUSTRALIA

TABLE 16. LEADING GROUP RACE TRAINERS BY GROUP WINS IN AUSTRALIA 2015/16

Trainer	Winners				Group Prizemoney
	Group 1	Group 2	Group 3	Total	
Chris Waller	15	12	16	43	\$13,672,500
Darren Weir	6	4	13	23	\$6,959,600
John O'Shea	3	16	9	28	\$4,106,000
Michael, Wayne & John Hawkes	3	4	1	8	\$3,150,000
Mick Price	3	2	3	8	\$2,730,000
Robert Hickmott	3	2	0	5	\$2,250,000
Murray Baker	3	1	0	4	\$2,770,000
Gai Waterhouse	2	5	4	11	\$1,985,000
Robert Smerdon	2	3	3	8	\$1,994,800
Peter G Moody	2	1	3	6	\$975,000
Ciaran Maher	2	1	3	6	\$1,605,000
Kris Lees	2	1	2	5	\$3,390,000
Lee & Anthony Freedman	2	0	5	7	\$1,202,800
Tony Pike	2	0	0	2	\$704,000
Robert Heathcote	2	0	0	2	\$882,500
David Hayes & Tom Dabernig	2	7	8	17	\$2,592,800
Grant Williams	1	3	3	7	\$1,676,500
Bjorn Baker	1	2	1	4	\$787,000
Peter & Paul Snowden	1	1	9	11	\$3,020,000
James Cummings	1	1	4	6	\$795,000

TABLE 17. LEADING TRAINERS BY WINS IN AUSTRALIA 2015/16

Trainer	Win/Place			Strike Rate	Runners	Total Prizemoney without trophy
	1st	2nd	3rd			
Darren Weir	348	265	251	15.75%	2,209	\$21,541,563
Chris Waller	281	242	218	14.89%	1,887	\$30,034,407
David Hayes & Tom Dabernig	189	165	144	14.70%	1,286	\$10,923,888
John O'Shea	183	195	184	16.04%	1,141	\$15,267,262
Peter & Paul Snowden	138	108	93	18.67%	739	\$11,191,182
Adam Durrant	123	77	77	18.41%	668	\$3,687,270
Bjorn Baker	121	80	78	19.42%	623	\$4,653,180
Paul Perry	109	98	103	11.35%	960	\$2,471,395
Peter G Moody	108	70	80	16.05%	673	\$4,819,580
Tony Gollan	107	102	67	15.22%	703	\$4,494,255
Robert Smerdon	106	73	83	14.70%	721	\$6,392,698
Michael, Wayne & John Hawkes	105	84	71	16.54%	635	\$8,742,589
Gai Waterhouse	104	82	77	16.12%	645	\$7,892,700
Grant Williams	103	66	47	24.12%	427	\$5,035,330
Kris Lees	99	99	72	14.00%	707	\$7,223,577
John Manzelmann	99	94	101	11.88%	833	\$1,138,680
Gerald Ryan	98	101	89	14.65%	669	\$4,173,075
Mick Price	97	93	83	13.38%	725	\$7,886,247
Tony McEvoy	96	92	86	14.61%	657	\$4,347,117
Matthew Dunn	92	81	53	18.04%	510	\$2,096,520
Robbie Griffiths	89	89	90	11.42%	779	\$3,522,890

TABLE 18. LEADING GROUP RACE JOCKEYS BY GROUP WINS IN AUSTRALIA 2015/16

Jockey	Winners				Total Prizemoney
	Group 1	Group 2	Group 3	Total	
Hugh Bowman	10	12	8	30	\$11,453,000
Kerrin McEvoy	5	4	8	17	\$4,361,000
Tommy Berry	5	2	1	8	\$4,394,000
Glyn Schofield	5	0	3	8	\$1,770,000
James McDonald	4	9	15	28	\$4,546,000
Damien Oliver	4	4	10	18	\$5,370,000
Dwayne Dunn	4	3	6	13	\$3,104,800
Craig Newitt	4	2	0	6	\$3,150,000
Craig Williams	3	6	4	13	\$2,489,300
Damian Browne	3	0	1	4	\$1,282,500
Sam Clipperton	2	6	1	9	\$1,605,000
Brad Rawiller	2	2	8	12	\$1,591,800
Zac Purton	2	1	1	4	\$1,202,000
Opie Bosson	2	1	1	4	\$2,260,000
Blake Shinn	1	5	10	16	\$3,621,000
William Pike	1	2	4	7	\$1,482,500
Mark Zahra	1	2	3	6	\$960,000
Michelle Payne	1	2	0	3	\$3,840,000
Damian Lane	1	1	5	7	\$1,080,000
Glen Boss	1	1	4	6	\$720,000
Kathy O'Hara	1	1	2	4	\$600,000

TABLE 19. LEADING JOCKEYS BY WINS IN AUSTRALIA 2015/16

Jockey	Win/Place			Strike Rate	Runners	Total Prizemoney without trophy
	1st	2nd	3rd			
William Pike	222	141	99	25.28%	878	\$8,012,828
Dean Yendall	165	127	113	18.97%	870	\$3,842,408
Brenton Avdulla	144	117	120	15.48%	930	\$8,154,924
James Orman	142	120	133	12.38%	1,155	\$4,002,025
Greg Ryan	130	98	76	19.17%	678	\$2,004,815
Damian Lane	124	77	89	16.36%	758	\$6,542,569
Jim Byrne	122	122	107	14.61%	835	\$4,601,375
Brad Rawiller	118	92	84	17.35%	680	\$7,520,684
Blake Shinn	117	99	81	17.75%	659	\$12,224,588
James McDonald	116	88	88	19.40%	598	\$13,133,609
Jeff Lloyd	115	112	96	14.65%	785	\$4,477,710
Mark Zahra	110	96	71	18.43%	597	\$5,975,416
Jamie Kah	110	91	82	17.00%	647	\$2,109,838
Clint Johnston-Porter	107	101	96	11.48%	932	\$2,535,360
Matthew McGuren	104	82	71	17.54%	593	\$1,620,830
Grant Buckley	103	115	114	9.54%	1,080	\$2,255,342
Jason Collett	103	93	94	12.42%	829	\$5,410,280
Craig Williams	103	86	76	14.91%	691	\$8,816,625
Lucy Warwick	102	59	69	17.68%	577	\$3,385,870
Jeff Penza	100	106	117	10.12%	988	\$2,320,420
Tim Clark	99	105	72	13.71%	722	\$5,907,465

COURSE RECORDS AROUND AUSTRALIAN STATES

TABLE 20. COURSE RECORDS PER TRACK

Distance	Time	Randwick	Date	Distance	Time	Sandown Lakeside	Date
870m	0-49.22	Pastime	20-October-2001	1000m	0- 55.64	Cocinero	01-March-2005
870m	0-49.22	Strabane	20-October-2001	1200m	1- 08.97	Tesbury Jack	18-November-2006
1000m	0-56.60	Inside Job	29-November-2013	1300m	1- 15.94	Jennings	18-November-2006
1000m	0-55.92	De Lightning Ridge	13-March-2010	1400m	1- 22.00	Swick(NZ)	18-November-2006
1100m	1-01.96	Famous Seamus (NZ)	20-October-2012	1500m	1- 28.47	Index Linked(GB)	17-April-2013
1100m	1-02.20	Griffon	20-January-2010	1600m	1- 34.87	Sender(NZ)	18-November-2006
1150m	1-05.22	Bank Robber	09-January-2008	2100m	2- 07.52	Highclere	26-January-2006
1180m	1-08.27	Exceed And Excel	14-February-2004	2200m	2- 17.01	Cocorico	25-January-2003
1200m	1-08.15	That's a Good Idea	07-September-2013	2400m	2- 27.67	Genebel	14-December-2005
1300m	1-15.73	Magical Anna	15-December-2010	3000m	3- 21.84	Super Cobra(NZ)	09-March-2005
1300m	1-15.08	Charlie Boy	27-February-2016	3000m (H)	3- 12.96	Conzeal(NZ)	03-August-2005
1400m	1-20.34	Solicit	27-February-2016	3100m	3- 16.12	Mr Riggs	03-March-2010
1400m	1-21.63	Messene	07-December-2013	3100m (H)	3- 27.50	Specular	29-March-2003
1550m	1-31.07	Brayroan (NZ)	15-December-2010	3200m	3- 33.23	New Kid in Town(NZ)	19-May-2007
1550m	1-33.94	Iron Cross	26-June-2002	3200m (H)	3- 35.71	Liquid Lunch	09-July-2003
Distance	Time	Flemington	Date	3300m (H)	3- 44.36	Xaar Best	17-April-2013
900m	0-50.28	Fappiano's Son	05-October-1998	3300m (S)	3- 48.52	Enzed	02-June-2007
1000m	0-55.42	Black Caviar	16-February-2013	3400m (S)	4- 04.80	Millennium Dancer(NZ)	03-September-2003
1100m	1-02.15	Loveyamadly	02-March-2013	3450m (H)	3- 59.45	Some Are Bent	02-June-2007
1200m	1-07.16	Iglesia	01-January-2001	3450m (S)	3- 53.67	Physique	21-April-2007
1400m	1-20.60	Lovey	12-December-1992	3900m (H)	4- 31.28	Black And Bent	16-August-2009
1600m	1-33.49	Scenic Peak	09-November-2002	4530m (S)	5- 41.28	Clearview Bay	07-July-2007
1700m	1-40.83	Niconoise	16-February-2013	4530m (H)	5- 25.31	Desert Master	30-August-2009
1800m	1-47.05	Depeche Mode	02-November-1999	Distance	Time	Sandown Hillside	Date
2000m	1-58.73	Makybe Diva (GB)	12-March-2005	900m	0-49.30	Il Cavallo	27-March-2013
2500m	2-33.00	Kawtuban (IRE)	07-November-1992	1000m	0-55.07	Definitely Ready	16-September-2009
2600m	2-41.00	Jovial Knight	02-October-1965	1250m	1-13.45	Dismissal	14-May-2005
2800m	2-52.40	Verdant (GB)	06-November-2012	1300m	1-15.52	Confidence Reef	03-February-2010
2800m (H)	3-00.84	Moon Chase	06-March-1999	1400m	1-21.99	Smokin' Joey	22-February-2012
3090m (H)	3-25.19	Mister Twister	16-May-2005	1500m	1-28.79	Kallogg	24-March-2010
3200m (H)	3-28.60	Ciba Geigy (NZ)	01-November-1994	1600m	1-35.17	Our Raphael	27-April-2007
3200m	3-16.30	Kingston Rule (USA)	06-November-1990	1700m	1-42.30	Instructor (NZ)	14-May-2008
3300m (S)	3-44.48	Kaisersosa	14-June-2004	1800m	1-48.03	Abitofado (NZ)	03-February-2010
3400m (H)	3-44.64	Emgee Rex	31-May-2008	2273m	2-23.20	Heist	19-March-2003
3400m (S)	3-53.68	Manzeal (NZ)	03-June-2006	2400m	2-28.13	Road to Athens	18-April-2007
3600m (H)	3-55.30	Big Zam	07-July-1979	3000m (H)	3-14.59	Menkaure	28-March-2007
4000m (S)	4-21.68	Manzeal (NZ)	01-July-2006	3000m	3-09.09	Singing Sovereign (NZ)	26-November-2008
4000m (H)	4-26.10	Coltara	08-November-1962	Distance	Time	Moonee Valley	Date
4300m (H)	4-52.60	Busby Glenn (NZ)	01-July-2006	955m	0-54.69	Vatican	22-February-2013
4500m (S)	5-05.32	Personal Drum (NZ)	08-July-2006	1000m	0-57.19	Sweet Emily	27-December-2014
4700m (S)	5-29.01	Leading Bounty (NZ)	08-July-2000	1200m	1-09.29	Miss Andretti	16-September-2006
Distance	Time	Caulfield	Date	1500m	1-29.59	Raw Impulse (GB)	24-March-2016
900m	0-51.40	Follow Me Through	13-October-1984	1600m	1-34.78	Cabeza (NZ)	31-December-2010
1000m	0-55.97	Lucky Secret	10-October-2009	2040m	2-02.98	Winx	24-October-2015
1100m	1-01.73	Here de Angels	06-February-2010	2500m	2-34.43	The United States (IRE)	24-October-2015
1200m	1-07.74	Miss Andretti	10-March-2007	2900m (H)	3-10.75	Tahbob	19-April-1997
1400m	1-21.20	Exceed And Excel	21-September-2003	3000m	3-08.95	Phayes Tip	17-February-2005
1600m	1-34.28	Fields of Omagh	04-March-2006	3200m (H)	3-33.56	Big Barron (NZ)	11-May-1996
1700m	1-41.42	Niagara Falls	26-December-2004	3200m (S)	3-39.50	Outback Bronze	18-April-1998
1800m	1-47.19	Cent Home (NZ)	24-February-2001				
2000m	2-00.38	Tremezzo	08-December-2007				
2400m	2-25.32	Diatribes	21-October-2000				
2800m (H)	2-57.50	Silver Showman	26-December-1994				
3000m (H)	3-14.28	Prince Keystone	24-July-1999				
3200m (H)	3-30.00	Our Running Star (NZ)	28-May-1994				

Distance	Time	Morphettville Parks	Date
1000m	0- 56.72	Happy Angel	21-January-2012
1250m	1- 13.15	Yoenis	31-October-2015
1300m	1- 16.64	Bagman	24-March-2012
1400m	1- 22.25	Magical Pearl	22-August-2009
1550m	1- 32.69	Tear Gas(NZ)	17-January-2015
1950m	1- 59.42	Blue Maggich(NZ)	24-October-2009
2250m	2- 19.64	Birchmore Road	24-December-2011
2400m	2- 30.97	Six Foot	07-March-2015
3100m (H)	3- 24.13	Morsonique	22-August-2009
3500m (S)	4- 00..09	Zataglio(NZ)	29-August-2015

Distance	Time	Morphettville	Date
1000m	0- 56.35	Social Glow	28-January-2006
1050m	0- 58.86	Identifiable	08-March-2003
1100m	1- 02..09	Kymatt	16-October-2004
1200m	1- 08.21	Navy Shaker	04-February-2006
1522m	1- 30.70	Taken	08-May-2004
1600m	1- 34.53	Chickaloo	01-November-2005
1800m	1- 47.81	Tingirana(NZ)	03-February-2007
2000m	2- 01.40	Ready for More	20-October-2007
2030m	2- 04.79	Texan Warney	24-April-2010
2400m	2- 28.03	Scotch And Dry	06-May-1972
2500m	2- 36.02	Irish Darling	16-May-2005
2600m	2- 42.00	Vicello(NZ)	20-October-2007
2700m	2- 49.00	Seto Bridge	25-May-1996
2700m (H)	2- 56.02	Title Roll(NZ)	24-October-1998
3200m (H)	3- 29.89	Harlem Town	20-May-1996
3200m	3- 20.90	Gallic(NZ)	12-March-2007
3230m (S)	3- 41.75	Super Cobra(NZ)	17-July-2004
3400m (S)	4- 02.90	Burkhill's Lane	12-August-1989
3500m (H)	3- 56.24	Liquid Lunch	19-July-2003
3500m (H)	3- 53.09	Bogan Cloud	06-March-1971
3500m (S)	4- 01.57	Clearview Bay	19-August-2006
3550m (H)	3-53.09	Bogan Cloud	6/03/1971
3600m (S)	4-01.57	Clearview Bay	19/08/2006
3600m (S)	4-01.57	Clearview Bay	19/08/06

Distance	Time	Ascot	Date
900m	0-54.16	Sheer Pleasure	01-January-1983
1000m	0-56.19	Danny Beau	01-January-2009
1100m	1-02.56	Moonlight Drive	17-October-2009
1200m	1-08.00	Danny Beau	15-November-2008
1400m	1-20.90	Broome Time	16-October-2010
1400m	1-20.90	Premardal	27-November-2010
1450m	1-24.55	Asian Beau	16-December-1978
1500m	1-26.39	Famous Roman	15-November-2008
1600m	1-33.73	Marwong	13-December-1988
1800m	1-46.80	Golden Heights (NZ)	23-February-1980
2100m	2-07.67	Kim Joy	02-December-2006
2200m	2-13.31	Green Range Boy	06-May-1989
2400m	2-25.99	Guyno (NZ)	01-January-2009
3200m	3-16.80	Saratov	02-January-1989

Distance	Time	Belmont	Date
900m	0-51.95	Elegant Shell	30-September-1978
1000m	0-56.14	Waratah's Secret	09-October-2010
1200m	1-09.46	Foxy Boy	10-June-2009
1300m	1-15.71	Brava Mento	27-September-1986
1400m	1-21.13	Western Pago	12-September-1987
1600m	1-34.91	Laudanum	12-October-1991
1650m	1-38.29	Palace Guest	29-September-1990
1700m	1-42.02	Accept the Rose	07-June-2006
2000m	2-01.47	Friar's Touch	26-September-2009
2100m	2-07.49	Belele	16-September-1989
2200m	2-13.91	Test the Angels	06-October-2010
2400m	2-26.97	Special Reign	12-October-1991
2600m	2-42.00	Williamson	17-July-1976
2800m	2-54.98	Calamar (NZ)	14-May-1983

Distance	Time	Darwin	Date
900m	0-51.85	Fine Option	17-July-2002
1000m	0-56.10	Lord Harold	10-July-2004
1100m	1-01.99	Captain Punch	11-June-2016
1200m	1-07.42	Jade City	09-June-2007
1300m	1-13.59	Shout Out Loud	26-June-2010
1500m	1-29.05	Hi Tail	29-June-2002
1600m	1-34.53	Lightinthenite	11-July-2015
1800m	1-49.28	Kingston Reserve	22-July-1995
1900m	1-54.40	Brave Decision	20-July-2002
2000m	2-00.23	Lightinthenite	03-August-2015

Distance	Time	Rosehill Gardens	Date
900m	0-50.80	Been There	23-October-1982
1100m	1-02.51	Westicaro	24-February-2007
1200m	1-08.39	All Our Mob	01-March-1997
1300m	1-15.08	Alquoz	08-September-1990
1350m	1-18.42	Loretta's Wish	19-November-1994
1400m	1-21.38	Somepin Anypin (NZ)	22-October-2011
1500m	1-27.21	Shindig (NZ)	21-March-1998
1750m	1-45.62	Riverina Charm (NZ)	16-September-1989
1800m	1-47.99	Intergaze	01-March-1997
1900m	1-53.96	Balmeressa (NZ)	01-April-1995
2000m	1-59.99	Octagonal (NZ)	23-March-1996
2000m	1-59.99	Danewin	01-April-1995
2400m	2-25.78	Grand Zulu	03-April-2004
2800m	2-58.20	Bouton D'Or	01-December-1979
3200m (H)	3-29.40	Doctor Sam	12-November-1988
3200m	3-23.70	Kilmallock Boy (IRE)	19-May-1979

Distance	Time	Canterbury Park	Date
1000m	0-57.61	Joanne	31-August-1991
1100m	1-03.04	Deep Field	24-September-2014
1200m	1-09.03	Hoystar	05-April-2008
1250m	1-12.36	That's a Good Idea	21-August-2013
1550m	1-31.40	Penrickson (NZ)	18-December-2008
1580m	1-34.12	Lachaim	11-August-2004
1900m	1-54.50	Prince Granada	08-January-1983
2800m (H)	2-54.47	Doc Hennessy	14-April-2010
2800m	3-05.55	Newsbeat	14-November-1992
3400m	3-37.10	Mighty Flash (NZ)	26-March-1980

TABLE 20. COURSE RECORDS PER TRACK CONTINUED...

Distance	Time	Warwick Farm	Date	Distance	Time	Doomben	Date	
1000m	0-56.16	Snitzerland	16-March-2013	1010m	0-56.63	Star of Florida	23-October-2004	
1100m	1-02.15	Rain Affair	02-January-2012	1050m	0-59.19	Hidden Pearl	17-October-2015	
1200m	1-08.60	Boasting	18-February-1989	1110m	1-03.09	Cape Kidnappers	24-May-2014	
1250m	1-16.04	Truth On Toe	04-May-2011	1200m	1-07.88	Takeover Target	10-December-2005	
1300m	1-15.34	Impregnable	01-November-2000	1350m	1-17.09	Natural Destiny	23-December-2006	
1400m	1-21.06	Filante (NZ)	23-August-1997	1600m	1-34.21	Rudy	14-May-2016	
1600m	1-34.80	Heat of the Moment	22-February-1986	1600m	1-34.21	Jumbo Prince	14-May-2016	
2095m	2-07.58	Straight Albert	02-January-2012	1615m	1-34.29	Arrabeea (NZ)	12-May-2001	
2100m	2-07.93	Fuego Bravo (NZ)	01-January-2001	1640m	1-37.34	Sommersea Drive	03-October-2009	
2110m	2-10.91	Command Decision	16-March-2005	1650m	1-38.54	Young Lion	18-April-2007	
2112m	2-11.00	Beale Street	03-January-2004	2000m	2-00.96	Real Love	14-May-2016	
2135m	2-13.20	Sir Dannock	11-November-2005	2020m	2-00.53	Might And Power (NZ)	23-May-1998	
2140m	2-12.30	Papal	29-November-2000	2050m	2-06.04	Gold Cracker (NZ)	16-February-2005	
2200m	2-13.20	Just Trish	18-February-1989	2100m	2-06.56	Fantastic Blue	05-February-2011	
2400m	2-26.70	Grey Affair	02-April-1977	2150m	2-12.17	Double Portion	12-November-2005	
2400m	2-26.70	Noble Heights (NZ)	24-September-1983	2200m	2-11.67	Defier	29-May-2004	
Distance	Time	Kensington	Date	Distance	Time	Canberra	Date	
870m	0-49.22	Strabane	20-October-2001	1000m	0-56.93	Gorgeous Amelia	27-February-2011	
870m	0-49.22	Pastime	20-October-2001	1030m	0-59.46	Majanui	20-February-2001	
1000m	0-55.92	De Lightning Ridge	13-March-2010	1200m	1-08.92	Rock Revival	19-March-2006	
1000m	0-56.60	Inside Job	29-November-2013	1230m	1-12.40	Sutton Echo	20-February-2001	
1100m	1-01.96	Famous Seamus (NZ)	20-October-2012	1300m	1-15.81	Marendez	13-November-2005	
1100m	1-02.20	Griffon	20-January-2010	1400m	1-21.52	New Atlantis	06-March-1988	
1150m	1-05.22	Bank Robber	09-January-2008	1600m	1-34.63	McJoey	01-March-1998	
1180m	1-08.27	Exceed And Excel	14-February-2004	1630m	1-38.88	The Godfather	20-February-2001	
1200m	1-08.15	That's a Good Idea	07-September-2013	2000m	2-02.02	Padfoot Charlie	07-October-2001	
1300m	1-15.08	Charlie Boy	27-February-2016	2047m	2-07.37	Son of Tara	18-January-2004	
1300m	1-15.73	Magical Anna	15-December-2010	2054m	2-07.37	Latin Love	16-April-2004	
1400m	1-21.63	Messene	07-December-2013	2058m	2-12.82	Top Hole	14-June-2002	
1400m	1-20.34	Solicit	27-February-2016	2100m	2-09.06	Brinooka	28-January-1989	
1550m	1-31.07	Brayroan (NZ)	15-December-2010	2200m	2-16.32	Skillian	07-February-1987	
1550m	1-33.94	Iron Cross	26-June-2002	2400m	2-27.03	Native Neptune	07-October-1990	
1600m	1-33.13	Ike's Dream	18-December-2004	2600m	2-45.30	Eating Cake	01-February-1986	
1800m	1-48.50	Our Shout (NZ)	29-January-1983	2800m	2-59.90	Amber Spirit	16-February-1986	
1800m	1-48.70	Solemn	07-December-2013	3200m (H)	3-29.36	My Court Jewel (NZ)	11-October-1987	
1800m	1-48.50	Jumpin' Pin	05-October-1981	3200m	3-22.81	Ivor Lass	03-November-1987	
2000m	2-00.19	Hampton Court	11-October-2014	<th>Distance</th> <th>Time</th> <th>Canberra Acton</th> <th>Date</th>	Distance	Time	Canberra Acton	Date
2400m	2-26.36	Spechenka	26-December-2010	1080m	1- 01.69	Mixed Up Miss	07-August-2009	
2400m	2-28.38	Philidor	20-October-2001	1206m	1- 08.85	Acta Non Verba	19-August-2011	
2500m	2-37.63	Assilem	06-November-2001	1280m	1- 13.41	Trescorpioni(NZ)	02-September-2011	
Distance	Time	Eagle Farm	Date	1750m	1- 44.89	Celtic Soul	01-July-2011	
900m	0-51.90	Wish Me Well	04-December-1976	1900m	1- 55.51	Prince Warrior	25-May-2012	
1000m	0-55.99	Azzaland	23-January-2010					
1200m	1-11.02	My Country	11-June-2016					
1300m	1-17.23	Spill the Beans	11-June-2016					
1400m	1-23.72	Under the Louvre	11-June-2016					
1500m	1-27.50	Empire Blue	12-August-1989					
1500m	1-27.50	Armed for Action	24-January-1998					
1500m	1-27.50	Western Brace	26-December-2003					
1500m	1-27.50	Lord Denning	01-June-2002					
1600m	1-36.22	Hopfgarten	11-June-2016					
1800m	1-47.35	Bikkie Tin Blues	12-August-2006					
1810m	1-48.00	Top Marc	13-August-2003					
1849m	1-54.70	Show Martial	02-July-2003					
2100m	2-07.10	Celtic Trial	19-February-2005					
2150m	2-11.50	Lawler	16-May-2004					
2200m	2-12.00	Czar Oak (NZ)	10-June-1995					
2400m	2-25.20	De Gaulle Lane (NZ)	09-June-2001					
2900m (H)	3-12.30	Snow Gypsy	01-September-1990					
2900m	3-01.20	Crying Game	13-July-1996					
3200m	3-15.70	Sky Flyer (NZ)	13-June-1994					

Distance	Time	Hobart (Elwick)	Date
900m	0-52.50	La Molokai	04-April-1998
940m	0-56.40	Moondraan	08-December-1996
1000m	0-57.71	Cherry Wild	31-October-2004
1080m	1-05.22	Tregrehan	06-January-2008
1100m	1-02.96	Dramaway	16-December-2001
1200m	1-12.30	Matinello	13-August-2006
1200m	1-09.77	Zarina Boy	10-October-2004
1205m	1-10.89	Sedation	05-November-2002
1310m	1-18.78	Paris Rhyme	21-March-2004
1310m	1-17.60	Western Romeo	14-November-2004
1400m	1-23.20	O'Donnell	13-November-1999
1400m	1-25.37	Getitdone	29-May-2011
1550m	1-33.20	Repriced	03-November-1998
1600m	1-35.41	Lord Baracus	03-February-2002
1920m	1-58.50	Mookara	12-December-1998
1920m	1-57.12	West Highland Way	30-December-2001
1950m	2-01.91	Sharpest	25-November-2000
2080m	2-09.03	Rich Boy	24-October-2009
2100m	2-08.04	Our Dashing Dane	14-February-2005
2120m	2-09.65	Gold God	30-December-2001
2200m	2-14.53	True Courser	13-February-2006
2400m	2-27.65	St. Andrews	11-February-2002

Distance	Time	Launceston	Date
1100m	1-03.60	Geegees Doublejay	02-December-2015
1200m	1-09.15	Hellova Street	03-December-2014
1400m	1-22.67	I Love It	21-February-2016
1600m	1-35.16	Geegees Blackflash	31-December-2013
2100m	2-09.91	Sh'bourne Leader	25-November-2010
2400m	2-29.67	Genuine Lad	25-February-2015
2600m	2-39.60	Brallos	25-February-1976
2900m (H)	3-15.89	Our Oregon (NZ)	19-November-2006
3000m (H)	3-18.75	Lieutenant Flynn	26-February-1986
3200m	3-25.60	Sir Lykon	13-April-1991
3200m (H)	3-34.90	Mansion Downs	23-March-1985



Picture supplied courtesy of Racing Photos



Picture supplied courtesy of Pixabay

BREEDING



BREEDING STATISTICS

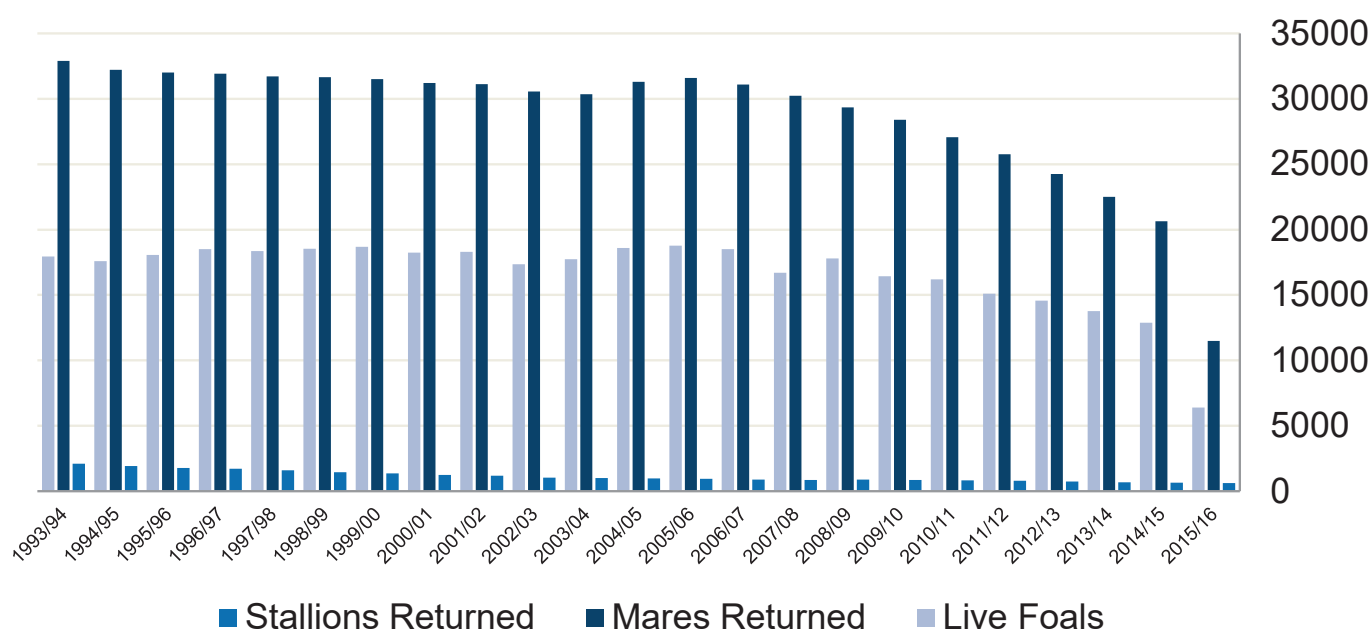
TABLE 21. BREEDING FIGURES 1993/94 – 2015/16

Season	Stallions Returned	Mares Returned	Mares Covered	Live Foals	Live Foals / Mares Returned %
2015/16	628	11,481	19,281	6,407	55.80%
2014/15	665	20,631	19,368	12,871	62.40%
2013/14	692	22,496	20,361	13,782	61.30%
2012/13	757	24,260	21,463	14,572	60.10%
2011/12	794	25,758	22,585	15,097	58.60%
2010/11	824	27,063	24,199	16,193	59.80%
2009/10	872	28,393	24,614	16,445	57.90%
2008/09	891	29,332	26,623	17,790	60.70%
2007/08	860	30,240	24,585	16,693	55.20%
2006/07	879	31,100	26,861	18,502	59.50%
2005/06	939	31,596	27,171	18,758	59.40%
2004/05	967	31,296	26,606	18,592	59.40%
2003/04	994	30,351	25,526	17,742	58.50%
2002/03	1,046	30,543	25,225	17,338	56.80%
2001/02	1,183	31,115	26,694	18,310	58.80%
2000/01	1,241	31,193	26,272	18,244	58.50%
1999/00	1,356	31,508	26,685	18,671	59.30%
1998/99	1,457	31,663	26,354	18,550	58.60%
1997/98	1,607	31,712	27,234	18,351	57.90%
1996/97	1,708	31,911	27,201	18,510	58.00%
1995/96	1,776	32,011	26,983	18,065	56.40%
1994/95	1,933	32,206	27,582	17,592	54.60%
1993/94	2,091	32,897	28,366	17,947	54.60%

Source: Australian Stud Book

Please note: All figures are correct as of 15 October 2016

CHART 4. BREEDING TRENDS





Picture supplied courtesy of Goldin Farm

BREEDING DISTRIBUTION IN AUSTRALIA

TABLE 22. SHUTTLE STALLIONS IN AUSTRALIA 1993/94 – 2015/16

Season	Number of Shuttle Stallions	Total Stallions	% Shuttles to Total Stallions	No. of Mares Covered by Shuttles	Total Mares Covered	% Mares Covered by Shuttles	Av Book Per Shuttle Stallion
2015/16	28	628	4.46%	3,031	19,281	15.7%	108
2014/15	39	655	5.95%	4,593	19,368	23.7%	118
2013/14	42	692	6.07%	4,561	20,361	22.4%	109
2012/13	36	757	4.76%	3,478	21,463	16.2%	97
2011/12	38	794	4.79%	4,228	22,585	18.7%	111
2010/11	39	824	4.73%	3,717	24,199	15.4%	95
2009/10	44	872	5.05%	4,035	24,614	16.4%	92
2008/09	43	891	4.83%	4,710	26,623	17.7%	110
2007/08	30	860	3.49%	2,912	24,585	11.8%	97
2006/07	60	879	6.83%	5,363	26,861	20.0%	89
2005/06	57	939	6.07%	4,994	27,171	18.4%	88
2004/05	62	967	6.41%	5,848	26,606	22.0%	94
2003/04	69	994	6.94%	5,092	25,526	19.9%	74
2002/03	68	1,046	6.50%	4,964	25,225	19.7%	73
2001/02	48	1,183	4.06%	3,728	26,694	14.0%	78
2000/01	41	1,241	3.30%	2,824	26,272	10.7%	69
1999/00	45	1,356	3.32%	3,111	26,685	11.7%	69
1998/99	50	1,457	3.43%	3,461	26,354	13.1%	69
1997/98	46	1,607	2.86%	3,677	27,234	13.5%	80
1996/97	43	1,708	2.52%	3,144	27,201	11.6%	73
1995/96	35	1,776	1.97%	2,566	26,983	9.5%	73
1994/95	22	1,933	1.14%	1,749	27,582	6.3%	80
1993/94	10	2,091	0.48%	827	28,366	2.9%	83

Source: Australian Stud Book

Please note: All figures are correct as of 15 October 2016

TABLE 23. BREEDING DISTRIBUTION BY STATE 2014/15

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Stallions	229	151	157	76	30	20	0	1	665
% of total	34%	23%	24%	11%	5%	3%	0%	0%	100%
Broodmares	7,671	5,153	3,776	2,232	1,114	501	160	25	20,631
% of total	37%	25%	18%	11%	5%	2%	1%	0%	100%
Mares Covered	9,502	4,763	2,456	1,715	644	288	0	1	19,368
% of total	49%	25%	13%	9%	3%	1%	0%	0%	100%
Foals	5,806	3,067	1,968	1,213	567	240	9	1	12,871
% of total	45%	24%	15%	9%	4%	2%	0%	0%	100%
Live Foals to Mares Returned	76%	60%	52%	54%	51%	48%	6%	4%	62%
Average Book per Stallion	41.5	31.5	15.6	22.6	21.5	14.2	0.0	0.0	29.1

Source: Australian Stud Book

Please note: All figures are correct as of 15 October 2016

TABLE 24. STALLION DISTRIBUTION BY STATE 2007/08 - 2015/16

Year	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2015/16	211	158	141	67	32	18	0	1	628
2014/15	229	151	157	76	30	20	0	1	665
2013/14	229	176	160	74	30	22	1	0	692
2012/13	247	184	186	82	32	24	1	1	757
2011/12	252	197	190	92	38	23	1	1	794
2010/11	260	196	211	94	36	25	1	1	824
2009/10	281	204	214	108	38	25	0	2	872
2008/09	293	208	217	102	45	22	1	3	891
2007/08	292	188	209	98	44	25	0	4	860

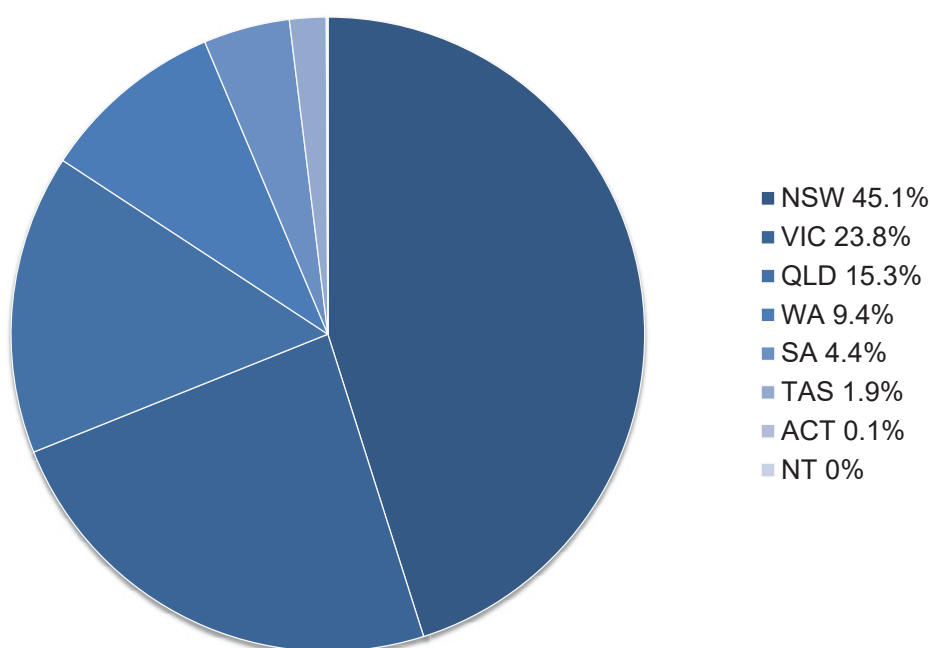
TABLE 25. BROODMARE DISTRIBUTION BY STATE 2007/08 - 2014/15

Year	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2014/15	7,671	5,153	3,776	2,232	1,114	501	160	25	20,631
2013/14	8,287	5,567	4,143	2,560	1,227	512	176	25	22,496
2012/13	8,824	5,996	4,562	2,806	1,305	552	182	32	24,260
2011/12	9,379	6,205	4,961	3,008	1,362	627	179	36	25,758
2010/11	9,815	6,344	5,287	3,249	1,454	701	182	31	27,063
2009/10	10,157	6,649	5,671	3,463	1,493	751	180	29	28,393
2008/09	10,296	6,994	5,963	3,551	1,531	794	166	37	29,332
2007/08	10,709	7,073	6,200	3,564	1,678	818	154	44	30,240

TABLE 26. FOAL DISTRIBUTION BY STATE 2007/08 - 2014/15

Year	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2014/15	5,806	3,067	1,968	1,213	567	240	9	1	12,871
2013/14	6,234	3,352	2,110	1,302	518	252	14	0	13,782
2012/13	6,550	3,518	2,342	1,399	508	240	12	2	14,572
2011/12	6,505	3,696	2,680	1,460	481	257	16	2	15,097
2010/11	6,892	3,786	2,771	1,758	641	329	16	1	16,193
2009/10	6,924	3,806	2,879	1,818	637	342	33	6	16,445
2008/09	7,309	4,210	3,318	1,899	681	332	36	5	17,790
2007/08	6,526	4,340	2,737	1,960	704	389	34	3	16,693

CHART 5. AUSTRALIAN FOAL CROP DISTRIBUTION 2014/15



AUSTRALIA'S LEADING SIRES

TABLE 27. LEADING AUSTRALIAN SIRES BY PRIZEMONEY 2015/16

	Stallion	Rnrs	Wnrs Total	Wnrs Stakes	Wins Total	Wins Stakes	Earnings	Top Season Earner
1	Street Cry (IRE)	173	85	12	144	22	\$12,974,854	Winx, \$5,627,500
2	Not a Single Doubt	286	153	12	255	20	\$12,451,574	Extreme Choice, \$1,349,750
3	Written Tycoon	256	130	7	223	11	\$10,028,144	Capitalist, \$3,508,700
4	Fastnet Rock	271	124	12	202	17	\$9,767,253	Missrock, \$500,500
5	Lonhro	305	141	9	236	12	\$9,211,175	Exosphere, \$966,650
6	Encosta de Lago	175	90	6	144	14	\$8,941,102	Chautauqua, \$3,117,500
7	Redoute's Choice	208	106	13	177	18	\$8,619,356	Peeping, \$707,300
8	Snitzel	265	130	5	204	7	\$8,514,749	Spill the Beans, \$474,700
9	Sebring	261	119	7	184	7	\$8,471,705	Criterion (NZ), \$1,207,750
10	Choisir	291	123	8	201	10	\$7,637,078	Japonisme, \$1,094,250
11	High Chaparral (IRE)	262	120	7	191	9	\$7,481,071	Sacred Eye, \$424,650
12	More Than Ready (USA)	244	104	7	166	11	\$7,154,557	Perfect Reflection, \$884,450
13	Exceed and Excel	225	102	11	165	16	\$6,649,143	Flamberge, \$735,330
14	Magnus	198	107	5	173	10	\$6,161,666	Malaguerra, \$655,500
15	Stratum	199	98	5	151	7	\$6,052,166	Stratum Star, \$635,150
16	Pentire (GB)	89	39	3	65	3	\$5,920,513	Prince of Penzance (NZ), \$3,893,000
17	Zabeel (NZ)	100	46	6	75	10	\$5,805,116	Preferment (NZ), \$2,285,700
18	Mossman	169	81	8	128	12	\$5,760,797	Buffering, \$1,564,000
19	Savabeel	113	47	1	80	2	\$5,704,822	Lucia Valentina (NZ), \$2,838,250
20	Commands	183	86	4	135	6	\$5,275,191	Holler, \$671,525

Source: Bloodstock Information Services

TABLE 28. LEADING AUSTRALIAN FIRST CROP SIRES BY PRIZEMONEY 2015/16

	Stallion	Rnrs	Wnrs Total	Wnrs Stakes	Wins Total	Wins Stakes	Earnings	Top Season Earner
1	Smart Missile	49	7	0	7	0	\$454,705	Jericho, \$60,275
2	Dream Ahead (USA)	20	4	0	8	0	\$447,550	Happy Event, \$160,800
3	Pour Moi (IRE)	4	1	1	2	1	\$431,975	Sacred Elixir (NZ), \$424,200
4	Sepoy	30	4	0	4	0	\$430,335	She's Positive, \$172,200
5	Love Conquers All	22	8	0	9	0	\$412,725	Love Spy, \$154,500
6	Sidereus	31	9	0	14	0	\$374,420	Starante, \$81,850
7	Foxwedge	41	6	0	7	0	\$361,935	Foxplay, \$98,310
8	Moshe	27	4	1	4	1	\$259,680	Moshki, \$94,650
9	Poet's Voice (GB)	16	4	1	7	1	\$215,375	My Country, \$115,250
10	Uncle Mo (USA)	9	2	0	3	0	\$204,955	Conchita, \$138,500
11	Helmet	26	2	1	2	1	\$181,395	Archives, \$72,350
12	So You Think (NZ)	17	1	0	1	0	\$179,425	Rivo Boy, \$53,960
13	Zoffany (IRE)	19	5	0	5	0	\$166,740	Southerly Wind, \$65,000
14	Rogano	8	3	0	3	0	\$161,400	Hit Tune, \$77,900
15	Benfica	8	2	0	2	0	\$144,130	Barbass, \$107,100
16	Toorak Toff	14	4	0	4	0	\$131,370	Pop, \$57,050
17	Pluck (USA)	26	4	0	5	0	\$128,870	Cogliere, \$60,780
18	Master of Design	10	0	0	0	0	\$88,680	Kinetic Design, \$58,600
19	Canford Cliffs (IRE)	12	1	0	1	0	\$86,140	Cliff Hanger, \$35,150
20	Gio Ponti (USA)	10	1	0	1	0	\$77,320	Pearl Congenial, \$47,850

Source: Bloodstock Information Services

TABLE 29. LEADING AUSTRALIAN SIRES – BROODMARE SIRES BY PRIZEMONEY – 2015/16

	Stallion	Rnrs	Wnrs Total	Wnrs Stakes	Wins Total	Wins Stakes	Earnings	Top Season Earner
1	Encosta de Lago	598	248	15	400	19	\$16,697,352	Happy Clapper, \$1,164,500
2	Zabeel (NZ)	453	207	16	341	22	\$14,920,235	Mahuta, \$1,701,960
3	Danehill (USA)	517	216	10	352	16	\$13,169,008	Turn Me Loose (NZ), \$1,177,100
4	Flying Spur	470	195	9	306	15	\$11,711,253	Preferment (NZ), \$2,285,700
5	Redoute's Choice	401	177	13	264	16	\$10,067,985	Arcadia Dream, \$589,000
6	Fusaichi Pegasus (USA)	209	90	3	133	6	\$6,998,827	Capitalist, \$3,508,700
7	General Nediym	225	105	4	167	6	\$6,997,374	Jameka, \$1,407,300
8	Anabaa (USA)	201	89	7	135	10	\$6,939,365	Buffering, \$1,564,000
9	Royal Academy (USA)	310	137	5	221	6	\$6,707,502	Husson Eagle, \$628,018
10	Stravinsky (USA)	176	98	9	153	11	\$6,314,941	Tavago (NZ), \$1,331,000
11	Strategic	190	84	6	139	9	\$6,218,276	Le Romain, \$794,025
12	Danehill Dancer (IRE)	262	110	4	179	6	\$6,066,098	Music Magnate (NZ), \$721,600
13	Centaine	133	59	2	92	3	\$5,988,187	Mongolian Khan, \$2,051,000
14	Al Akbar	16	4	2	13	8	\$5,982,216	Winx, \$5,627,500
15	Danzero	299	133	2	192	4	\$5,677,147	Exosphere, \$966,650
16	Scenic (IRE)	253	103	4	182	6	\$5,309,838	Delicacy, \$711,000
17	Canny Lad	330	133	4	203	4	\$5,220,407	Felicienne, \$180,240
18	Lion Hunter	134	65	3	108	7	\$5,194,376	Chautauqua, \$3,117,500
19	Commands	220	99	2	160	5	\$4,914,575	Politeness, \$710,000
20	Dehere (USA)	192	90	3	148	4	\$4,876,804	Hauraki, \$595,000

Source: Bloodstock Information Services

TABLE 30. LEADING AUSTRALIAN SIRES – TWO YEAR OLDS BY PRIZEMONEY – 2015/16

	Stallion	Rnrs	Wnrs Total	Wnrs Stakes	Wins Total	Wins Stakes	Earnings	Top Season Earner
1	Written Tycoon	24	10	3	21	6	\$4,271,706	Capitalist, \$3,508,700
2	Snitzel	72	29	2	38	2	\$2,429,790	Nikitas, \$451,600
3	Not a Single Doubt	30	13	3	16	4	\$2,239,615	Extreme Choice, \$1,349,750
4	All American	19	7	1	9	1	\$1,705,690	Yankee Rose, \$1,511,700
5	Hinchinbrook	37	12	4	19	7	\$1,497,870	Whispering Brook, \$635,350
6	Artie Schiller (USA)	30	10	2	16	2	\$1,489,400	Flying Artie, \$739,000
7	More Than Ready (USA)	42	14	2	18	3	\$1,181,535	Prized Icon, \$500,850
8	Sebring	57	15	1	19	1	\$1,161,010	Candika, \$280,700
9	Redoute's Choice	32	10	3	12	3	\$915,775	Honesty Prevails, \$236,000
10	Fastnet Rock	34	5	1	6	2	\$845,015	Missrock, \$500,500
11	Exceed and Excel	33	10	2	14	3	\$817,665	Calliope, \$202,000
12	I Am Invincible	49	15	2	19	2	\$806,965	I Am a Star (NZ), \$122,700
13	Street Cry (IRE)	30	3	1	3	1	\$771,515	Telperion, \$482,100
14	Beneteau	19	7	2	7	2	\$752,110	Twist Tops, \$209,250
15	Show a Heart	18	5	1	8	1	\$696,050	Royal Tithe, \$317,000
16	Medaglia d'Oro (USA)	16	4	3	8	4	\$678,795	Astern, \$301,750
17	Lonhro	23	7	2	8	2	\$640,840	Souchez, \$239,750
18	Choisir	36	6	1	10	1	\$625,575	Defcon, \$251,500
19	Reward for Effort	40	8	0	11	0	\$588,340	Dalradian, \$203,600
20	Stratum	22	4	1	6	2	\$552,780	Attention, \$304,500

Source: Bloodstock Information Services

AUSTRALIA'S LEADING SIRES

TABLE 31. HISTORIC LEADING SIRES 1977/78 – 2015/16

	Stallion	Rnrs	Wnrs Total	Wnrs Stakes	Wins Total	Wins Stakes	Earnings
2015/16	Street Cry (IRE)	173	85	12	144	22	\$12,974,854
2014/15	Fastnet Rock	309	146	15	217	20	\$10,288,914
2013/14	Redoute's Choice	217	96	10	150	18	\$10,311,293
2012/13	Exceed and Excel	266	140	17	233	25	\$11,424,241
2011/12	Fastnet Rock	273	130	16	231	31	\$12,688,076
2010/11	Lonhro	241	129	14	229	20	\$8,743,094
2009/10	Redoute's Choice	270	138	14	193	18	\$9,085,612
2008/09	Encosta De Lago	316	147	11	227	15	\$9,922,090
2007/08	Encosta De Lago	312	132	12	204	16	\$10,442,843
2006/07	Flying Spur	248	129	17	218	24	\$10,465,326
2005/06	Redoute's Choice	177	89	12	151	20	\$11,095,730
2004/05	Danehill	219	110	21	188	36	\$11,468,820
2003/04	Danehill	226	104	13	156	21	\$7,939,511
2002/03	Danehill	215	116	21	192	24	\$7,099,634
2001/02	Danehill	202	109	26	187	32	\$7,805,297
2000/01	Danehill	188	93	13	161	21	\$7,750,263
1999/00	Danehill	188	108	15	203	21	\$7,844,280
1998/99	Zabeel	115	69	16	137	30	\$10,793,787
1997/98	Zabeel	103	58	7	131	16	\$7,310,015
1996/97	Danehill	121	56	15	105	28	\$6,199,689
1995/96	Danehill	91	52	14	109	30	\$7,217,423
1994/95	Danehill	61	36	8	61	18	\$4,421,034
1993/94	Last Tycoon	41	29	3	45	3	\$2,546,949
1992/93	Marscay	116	53	7	106	13	\$3,146,763
1991/92	Nassipour	46	24	7	51	17	\$5,007,156
1990/91	Marscay	129	54	5	118	13	\$3,915,131
1989/90	Sir Tristram	144	52	11	84	-	\$4,703,704
1988/89	Sir Tristram	124	52	10	94	-	\$3,900,890
1987/88	Zamazaa	106	38	4	70	-	\$3,290,042
1986/87	Sir Tristram	156	70	11	118	-	\$3,996,610
1985/86	Sir Tristram	146	54	8	99	-	\$1,959,465
1984/85	Sir Tristram	124	49	14	84	-	\$1,606,765
1983/84	Vain	94	57	10	157	-	\$1,508,175
1982/83	Sir Tristram	79	38	10	83	-	\$1,982,315
1981/82	Bleachingly	65	40	4	96	-	\$950,610
1980/81	Bleachingly	56	35	3	92	-	\$623,200
1979/80	Bleachingly	39	25	1	58	-	\$876,575
1978/79	Century	43	27	4	58	-	\$621,093
1977/78	Showdown	105	51	6	106	-	\$584,269

Source: Bloodstock Information Services

TABLE 32. AUSTRALIAN SIRES BY SERVICE FEE 2015/16

	Stallion	Advertised Service Fee (AUD)*	Mares Served	Stud	State Standing
1	Exceed And Excel (AUS) 2000	\$110,000	137	Darley	NSW
2	Redoute's Choice (AUS) 1996	\$110,000	128	Arrowfield Group Pty Ltd	NSW
3	Medaglia D'Oro (USA) 1999	\$110,000	97	Darley	NSW
4	Snitzel (AUS) 2002	\$88,000	213	Arrowfield Group Pty Ltd	NSW
5	Lonhro (AUS) 1998	\$88,000	82	Darley	NSW
6	Pierro (AUS) 2009	\$77,000	141	Coolmore Australia	NSW
7	Sebring (AUS) 2005	\$66,000	176	Widden Stud Australia Pty Ltd	NSW
8	Sepoy (AUS) 2008	\$66,000	109	Darley	NSW
9	I Am Invincible (AUS) 2004	\$55,000	198	Yarraman Park Stud Pty Ltd	NSW
10	All Too Hard (AUS) 2009	\$55,000	183	Vinery Stud (Australia) Pty Ltd	NSW
11	So You Think (NZ) 2006	\$49,500	172	Coolmore Australia	NSW
12	Zoustar (AUS) 2010	\$44,000	158	Woodside Park Stud Pty Ltd	VIC
13	Brazen Beau (AUS) 2011	\$44,000	139	Darley	VIC
14	Starspangledbanner (AUS) 2006	\$44,000	77	Rosemont Stud	VIC
15	Dissident (AUS) 2010	\$38,500	197	Newgate Operations Pty Ltd	NSW
16	Shooting To Win (AUS) 2011	\$38,500	156	Darley	NSW
17	Wandjina (AUS) 2011	\$33,000	153	Newgate Operations Pty Ltd	NSW
18	Not A Single Doubt (AUS) 2001	\$33,000	140	Arrowfield Group Pty Ltd	NSW
19	Helmet (AUS) 2008	\$33,000	124	Darley	VIC
20	Hallowed Crown (AUS) 2011	\$33,000	100	Darley	NSW
21	Stratum (AUS) 2002	\$33,000	95	Widden Stud Australia Pty Ltd	NSW
22	Animal Kingdom (USA) 2008	\$33,000	77	Arrowfield Group Pty Ltd	NSW
23	Choisir (AUS) 1999	\$29,700	135	Coolmore Australia	NSW

* All Service Fees include GST

Source: Australian Stud Book

Please note: All figures are correct as of 15 October 2016

TABLE 33. AUSTRALIAN SIRES BY MARES SERVED 2015/16

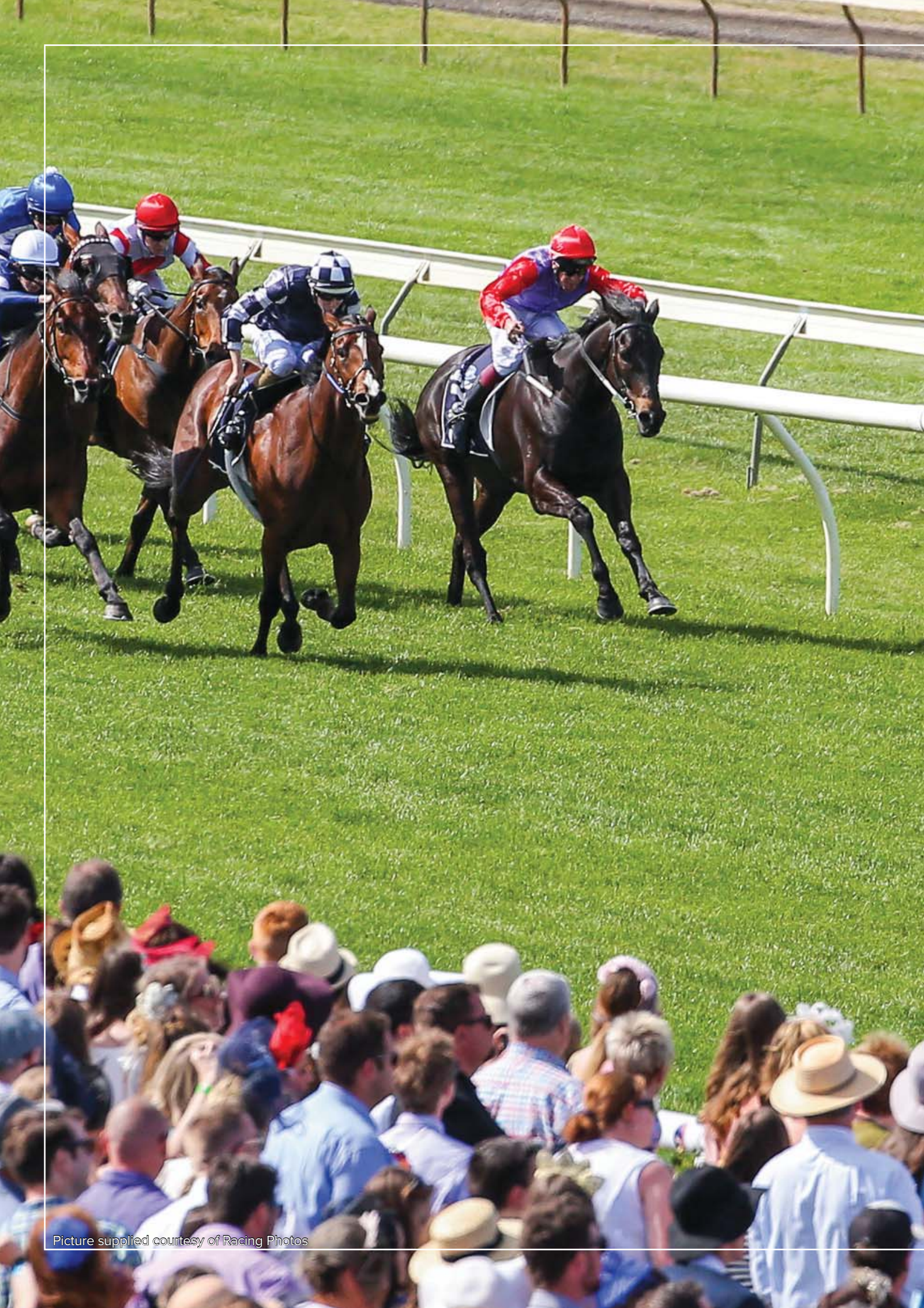
	Stallion	Advertised Service Fee (AUD) *	Mares Served	Stud	State Standing
1	Deep Field (AUS) 2010	\$22,000	257	Newgate Operations Pty Ltd	NSW
2	Rubick (AUS) 2011	\$17,600	214	Coolmore Australia	NSW
3	Snitzel (AUS) 2002	\$88,000	213	Arrowfield Group Pty Ltd	NSW
3	Zoffany (IRE) 2008	\$8,800	213	Coolmore Australia	NSW
4	Reward For Effort (AUS) 2006	\$11,000	209	Chatswood Stud Holdings Pty Ltd	VIC
5	Fastnet Rock (AUS) 2001	** F.O.A	206	Coolmore Australia	NSW
6	Smart Missile (AUS) 2008	\$22,000	202	Arrowfield Group Pty Ltd	NSW
7	I Am Invincible (AUS) 2004	\$55,000	198	Yarraman Park Stud Pty Ltd	NSW
8	Dissident (AUS) 2010	\$38,500	197	Newgate Operations Pty Ltd	NSW
9	Uncle Mo (USA) 2008	\$16,500	193	Coolmore Australia	NSW
10	Love Conquers All (AUS) 2006	\$11,000	184	Eliza Park International Pty Ltd	QLD
10	Written Tycoon (AUS) 2002	\$19,800	184	Woodside Park Stud Pty Ltd	VIC

* All Service Fees include GST

Source: Australian Stud Book

Please note: All figures are correct as of 15 October 2016

** F.O.A Fee on application



Picture supplied courtesy of Racing Photos

REGISTRATIONS



PROTECTED THOROUGHBRED HORSE NAMES

Thoroughbred horse names protected through the ISBC as having met the necessary criteria of either being the sire of at least 15 Group 1 winners or the dam of at least two Group 1 winners and one other black type winner:

In January 2016, the list of Protected Names contains 3007 names.
34 names have been added to the previous List dated January 2015:

THE NAMES OF WINNERS OF THE MOST FAMOUS INTERNATIONAL RACES

A Shin Hikari (Longines Hong Kong Cup)	Hi Happy (Gran Premio Carlos Pellegrini)
American Pharoah (Breeders' Cup Classic)	Postponed (King George VI And Queen Elizabeth Stakes)
Barolo (Gran Premio De Brasil)	Prince Bishop (Dubai World Cup)
Found (Longines Breeders' Cup Turf)	Prince Of Penzance (Emirates Melbourne Cup)
Golden Horn (Qatar Prix De L'arc De Triomphe & Qipco Irish Champion Stakes)	Shonan Pandora (Japan Cup In Association With Longines)
Kitasan Black (Japan Cup In Association With Longines)	

ON REQUEST OF INTERNATIONAL STUD BOOK COMMITTEE :

Stallions	Broodmares
Distorted Humor	Bohemian Blues
More Than Ready	Eustaci
Smart Strike	Expanse
Tapit	Glatissant
Silvano	Holy Moon
	Kossanova
	La Bamba
	Parfore
	Petite Lune
	Rebridled Dreams
	Silk And Scarlet
	Skates
	Universal Rara
	Vadala
	Riveting Drama

ON REQUEST OF IFHA EXECUTIVE COUNCIL:

Bernborough
Hurricane Fly
Kingman
Sir Fever

2016 FAMOUS INTERNATIONAL RACE PROTECTIONS

Arrogate	Almanzor
My Cherie Amour	California Chrome
Highland Reel	Almandin
Found	Kitasan Black

** In respect of Article 14 of the International Agreement, names shown on the present list cannot be allowed for any horse.*

In January 2015, the list of Protected Names contains 3105 names.
20 names have been added to the previous List dated October 2014:

THE NAMES OF WINNERS OF THE MOST FAMOUS INTERNATIONAL RACES

African Story (Dubai World Cup)

Bal A Bali (Gran Premio De Brasil)

Bayern (Breeders' Cup Oassic)

Designs On Rome (Longines Hong Kong Cup)

Epiphaneia (Japan Cup In Association With Longines)

The Grey Gatsby (Qipco Irish Champion Stakes)

Idolo Portend (Gran Premio Carlos Pellegrini)

Gran Premio Carlos Pellegrini (Longines Breeders' Cup Turf)

Prince Bishop (Dubai World Cup)

Protectionist (Emirates Melbourne Cup)

Taghrooda (King George VI And Queen Elizabeth Stakes)

TREVE, winner in 2014 of the Qatar Prix de l'Arc de Triomphe, was already registered as winner of the 2013 Qatar Prix de l'Arc de Triomphe.

ON REQUEST OF INTERNATIONAL STUD BOOK COMMITTEE :

Stallions	Broodmares
Dubawi	Cuanta Bondad
Fastnet Rock	First Arrival
Street Cry	Kind
	Princess Olivia
	Set Them Free

ON REQUEST OF IFHA EXECUTIVE COUNCIL:

Moonlight Cloud

Wise Dan

** In respect of Article 14 of the International Agreement, names shown on the present list cannot be allowed for any horse.*

In January 2014, the list of Protected Names contains 3085 names.
47 names have been added to the previous List dated January 2013:

THE NAMES OF WINNERS OF THE MOST FAMOUS INTERNATIONAL RACES

Aerosol (Brz) (Grande Premio Brazil)

Akeed Mofeed (Hong Kong Cup)

Animal Kingdom (Dubai World Cup)

Fiorente (Melbourne Cup)

Magician (Breeders' Cup Turf)

Novellist (King George VI And Queen Elizabeth Stakes)

Soy Carambolo (Gran Premio Carlos Pellegrini)

The Fugue (Irish Champion Stakes)

Treve (Prix De l' Arc De Triomphe)

Mucho Macho Man (Breeders' Cup Classic)

GENTILDONNA, winner in 2013 of the Japan Cup, was already registered as winner of the 2012 Japan Cup.

ON REQUEST OF INTERNATIONAL STUD BOOK COMMITTEE :

Anabaa	Bleachingly	Dansili	Esnaola	Griffe De Paris
Aquasarto	Bordighera	Eletrizada	Exing	Ice The Champagne
Ingabelle	Joy Valley	Kingston Town	Le Filou	Loyal Linda
Merry Sweet	Moonlight's Box	Mysteria	Ollies Last	Orpen
Sabatina Fitz	Scarlet Bouquet	Sichilla	Sociedad	Star Kingdom
Summertime	Sweet Biscuit	Tawny Red	Teclafields	Trade Enquiry
Tulloch	Unbridled's Song	Valais	Vale Mas	Wenona Girl
Wilkes	Zamazaan			

** In respect of Article 14 of the International Agreement, names shown on the present list cannot be allowed for any horse.*

AUSTRALIAN REGISTRATIONS

TABLE 34. AUSTRALIAN THOROUGHBRED REGISTRATIONS 1987/88 – 2015/16 (FIGURES FOR RACING YEAR)

Season	Total Registrations	Season	Total Registrations
2015/2016	11,613	2000/2001	14,573
2014/2015	11,832	1999/2000	14,445
2013/2014	12,478	1998/1999	14,177
2012/2013	12,684	1997/1998	13,847
2011/2012	12,872	1996/1997	14,772
2010/2011	12,971	1995/1996	14,063
2009/2010	13,256	1994/1995	14,762
2008/2009	14,293	1993/1994	15,845
2007/2008	13,570	1992/1993	15,539
2006/2007	13,988	1991/1992	16,845
2005/2006	13,618	1990/1991	15,607
2004/2005	14,018	1989/1990	16,918
2003/2004	13,586	1988/1989	18,147
2002/2003	14,332	1987/1988	18,439
2001/2002	14,139		

TABLE 35. NUMBER OF HORSES REGISTERED IN EACH STATE 2015/16

NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Other	Total
3,642	3,074	2,037	625	1,447	271	34	84	399	11,613

Source: Registrar of Racehorses

CHART 6. REGISTRATIONS BY SEX 2005/06 – 2015/16

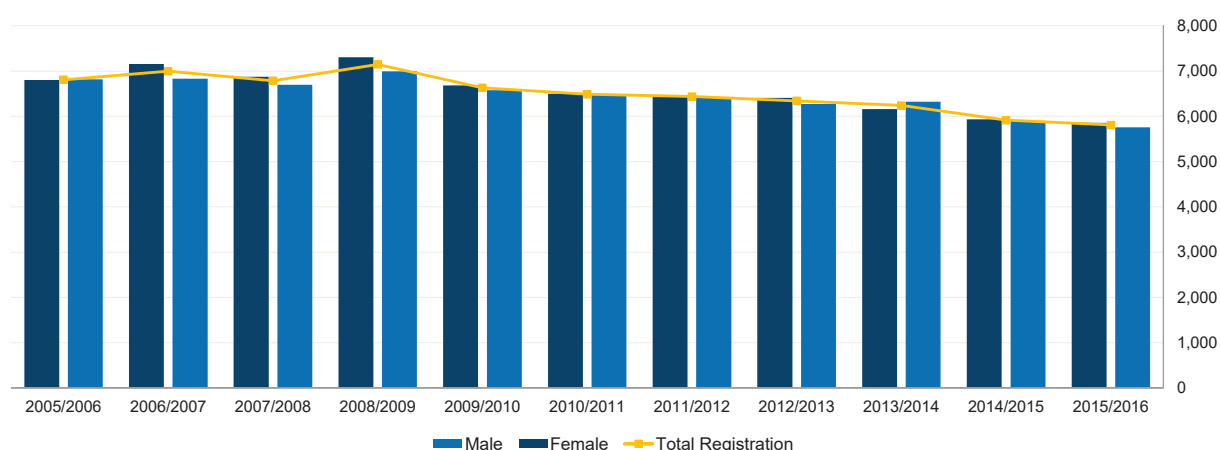


TABLE 36. NUMBER OF OWNERS PER HORSE 2005/06 – 2015/16

Season	One	Two	Three	Four	Five	Six	Seven	Eight	Nine	Ten +
2015/2016	4,418	2,329	882	742	464	410	274	232	223	1,639
2014/2015	4,626	2,524	836	704	490	452	285	284	235	1,283
2013/2014	4,859	2,717	986	836	518	427	304	273	241	1,317
2012/2013	5,037	2,807	983	846	498	458	303	312	303	1,137
2011/2012	5,070	2,952	1,020	879	561	468	380	360	344	838
2010/2011	5,043	3,069	1,017	877	577	480	386	333	375	814
2009/2010	5,241	3,391	1,056	894	581	444	328	343	319	659
2008/2009	5,720	3,665	1,107	999	520	537	359	372	320	694
2007/2008	5,291	3,547	1,130	924	519	459	365	337	315	683
2006/2007	5,466	3,736	1,136	942	563	512	350	340	283	660
2005/2006	5,180	3,727	1,120	972	547	470	346	342	255	659

Source: Registrar of Racehorses

TABLE 37. REGISTRATIONS BY SEX
2005/06 – 2015/16

Season	Male	Female
2015/2016	5,760	5,853
2014/2015	5,896	5,936
2013/2014	6,320	6,158
2012/2013	6,275	6,409
2011/2012	6,405	6,467
2010/2011	6,469	6,502
2009/2010	6,575	6,681
2008/2009	6,992	7,301
2007/2008	6,694	6,876
2006/2007	6,834	7,154
2005/2006	6,818	6,800

Source: Registrar of Racehorses

TABLE 38. REGISTRATIONS IN AUSTRALIA BY
COUNTRY OF BIRTH 2005/06 – 2015/16

Season	AUS	NZ	USA	Other
2015/2016	10,933	588	8	84
2014/2015	11,139	562	9	122
2013/2014	11,758	579	9	132
2012/2013	11,939	621	25	99
2011/2012	12,131	633	33	75
2010/2011	12,207	683	11	70
2009/2010	12,695	500	9	52
2008/2009	13,652	576	12	53
2007/2008	12,939	585	16	30
2006/2007	13,407	523	15	43
2005/2006	12,815	750	12	41

TABLE 39. REGISTRATIONS BY AGE 2006/07 – 2015/16

Season	Yearling	2YO	3YO	4YO	5YO	6YO	7YO	8YO+
2015/2016	1,576	6,887	2,133	655	200	79	52	31
2014/2015	1,631	6,936	2,306	598	206	71	57	27
2013/2014	1,659	7,366	2,425	682	189	43	41	73
2012/2013	1,778	7,353	2,558	638	211	56	57	33
2011/2012	1,710	7,769	2,394	664	180	70	32	38
2010/2011	1,896	7,415	2,674	643	206	64	15	58
2009/2010	1,959	7,656	2,657	619	193	59	34	79
2008/2009	2,426	8,222	2,573	684	211	66	26	85
2007/2008	2,195	8,036	2,376	613	197	74	38	41
2006/2007	1,992	8,156	2,715	751	208	79	38	49

Source: Registrar of Racehorses

TABLE 40. TWO YEAR OLD REGISTRATIONS 2005/06 – 2015/16

Season of Reg.	Horses Reg.	Year of Foaling	Total Foal Crop	% of Foals Reg.
2015/2016	6,887	2013	14,572	47.3%
2014/2015	6,936	2012	15,097	45.9%
2013/2014	7,366	2011	16,193	45.5%
2012/2013	7,353	2010	16,445	44.7%
2011/2012	7,769	2009	17,790	43.7%
2010/2011	7,415	2008	16,693	44.4%
2009/2010	7,656	2007	18,480	41.40%
2008/2009	8,222	2006	18,758	43.80%
2007/2008	8,036	2005	18,599	43.20%
2006/2007	8,156	2004	17,750	45.90%
2005/2006	7,828	2003	17,347	45.10%

Source: Registrar of Racehorses

AUSTRALIAN OWNERSHIP & SYNDICATION

TABLE 41. NUMBER OF INDIVIDUALS WHO OWN HORSES WHICH HAVE RACED 2015/16

NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Overseas	Total
21,829	23,673	14,254	8,432	5,579	1,688	1,086	1,020	1,334	78,895

OWNER BY AGE

SEASON 2014-15

RANGE	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	OVERSEAS	TOTAL
<25	757	757	592	312	206	66	36	39	4	2,769
26-50	9,654	10,822	6,738	4,057	2,334	741	545	572	495	35,958
51-75	9,716	10,509	6,511	4,023	2,612	829	454	378	727	35,759
>76	708	596	396	234	178	57	33	9	70	2,281
	20,835	22,684	14,237	8,626	5,330	1,693	1,068	998	1,296	76,767

SEASON 2013-14

RANGE	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	OVERSEAS	TOTAL
<25	760	749	565	325	180	54	39	43	9	2724
26-50	9673	10626	6659	4107	2292	696	554	530	487	35624
51-75	9327	9782	6182	3867	2474	860	414	366	705	33977
>76	675	557	364	209	166	47	23	10	72	2123
	20435	21714	13770	8508	5112	1657	1030	949	1273	74448

SEASON 2012-13

RANGE	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	OVERSEAS	TOTAL
<25	656	695	526	327	172	59	30	37	13	2515
26-50	9103	10037	6047	4169	2249	712	504	510	466	33797
51-75	8531	9077	5683	3767	2340	843	382	336	565	31524
>76	611	538	323	191	153	41	15	12	50	1934
	18901	20347	12579	8454	4914	1655	931	895	1094	69770

SEASON 2011-12

RANGE	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	OVERSEAS	TOTAL
<25	625	654	528	336	159	72	31	42	11	2458
26-50	8827	9894	5989	4145	2380	779	441	507	460	33422
51-75	8195	8486	5508	3713	2371	855	345	315	589	30377
>76	606	508	336	195	142	43	15	10	61	1916
	18253	19542	12361	8389	5052	1749	832	874	1121	68173

SEASON 2010-11

RANGE	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	OVERSEAS	TOTAL
<25	670	667	532	333	171	67	26	39	10	2515
26-50	9095	10012	6221	4262	2405	788	441	560	460	34244
51-75	8203	8319	5634	3611	2255	828	342	304	545	30041
>76	621	529	325	179	119	40	13	10	61	1897
	18589	19527	12712	8385	4950	1723	822	913	1076	68697

SEASON 2009-10

RANGE	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	OVERSEAS	TOTAL
<25	692	691	567	335	174	82	36	33	11	2621
26-50	9466	10467	6602	4268	2415	776	443	543	440	35420
51-75	8214	8439	5603	3467	2179	786	301	289	529	29807
>76	620	530	329	174	119	45	13	17	66	1913
	18992	20127	13101	8244	4887	1689	793	882	1046	69761

SEASON 2008-09

RANGE	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	OVERSEAS	TOTAL
<25	665	708	566	347	169	68	33	31	12	2599
26-50	9888	10851	6651	4193	2506	801	469	567	451	36377
51-75	8232	8350	5593	3341	2164	777	330	285	570	29642
>76	581	529	324	174	120	45	17	16	55	1861
	19366	20438	13134	8055	4959	1691	849	899	1088	70479

SEASON 2007-08

RANGE	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	OVERSEAS	TOTAL
<25	598	708	490	329	176	77	41	31	15	2465
26-50	9382	11277	6278	3972	2589	857	459	531	497	35842
51-75	7649	8050	5201	3143	2151	758	310	280	589	28131
>76	541	526	336	170	134	55	14	17	55	1848
	18170	20561	12305	7614	5050	1747	824	859	1156	68286

SEASON 2006-07

RANGE	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	OVERSEAS	TOTAL
<25	696	712	546	289	202	70	41	30	14	2600
26-50	10346	11693	6677	3595	2747	839	476	494	556	37423
51-75	7989	7930	5267	2808	2143	731	311	265	614	28058
>76	524	505	341	169	120	46	13	9	62	1789
	19555	20840	12831	6861	5212	1686	841	798	1246	69870

SEASON 2005-06

RANGE	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	OVERSEAS	TOTAL
<25	680	760	547	232	192	60	43	28	23	2565
26-50	10654	11567	6616	3317	2759	799	477	460	620	37269
51-75	7871	7441	5004	2475	2038	685	298	248	594	26654
>76	501	477	293	156	116	44	12	9	97	1705
	19706	20245	12460	6180	5105	1588	830	745	1334	68193

TABLE 42. NUMBER OF HORSE SYNDICATES 2015/16

NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Overseas	Total
1,155	2,464	590	322	305	45	54	31	69	5,035

TABLE 43. NUMBER OF SYNDICATE MEMBERS 2015/16

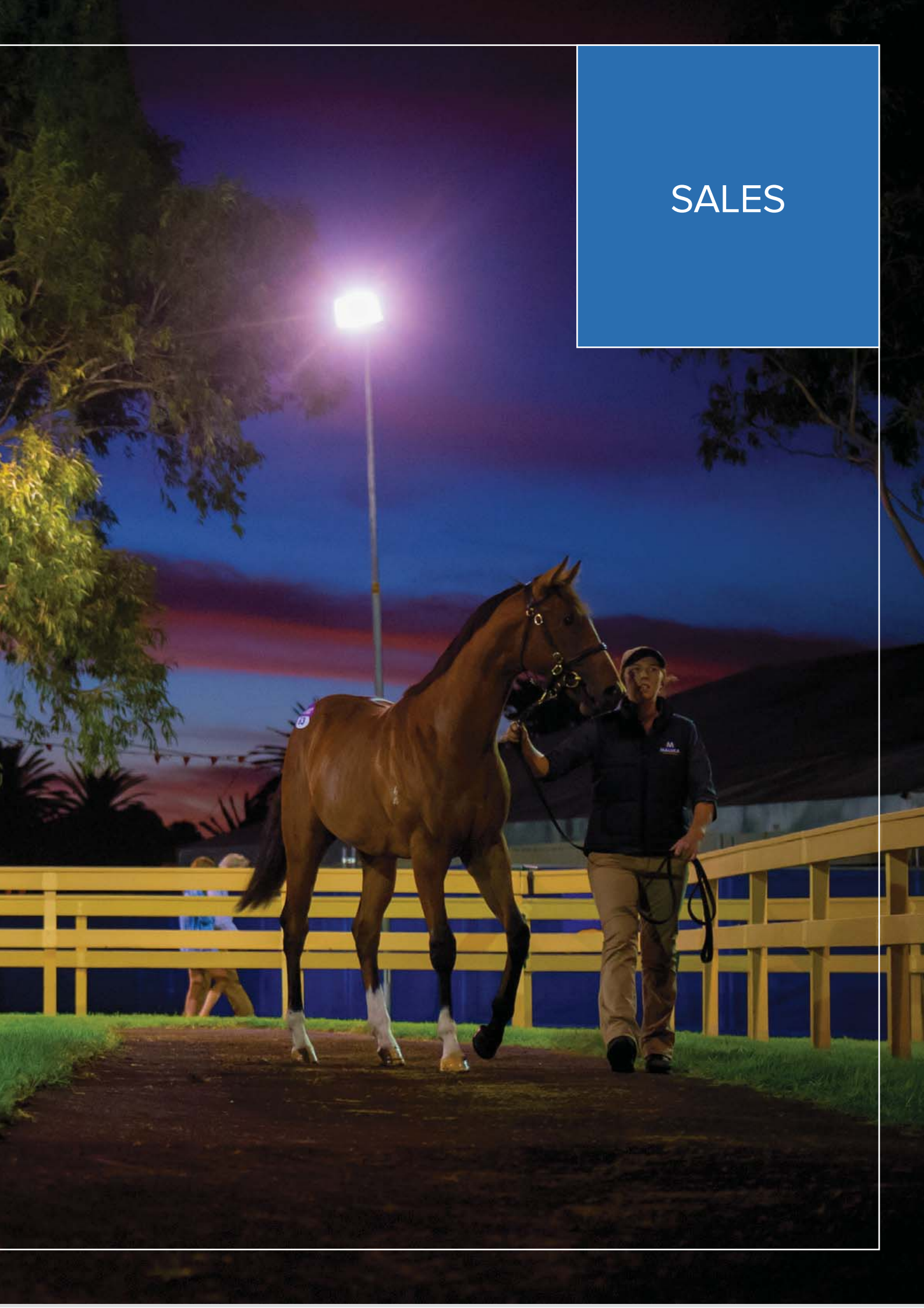
NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Overseas	Total
5,238	14,431	2,904	1,553	1,965	333	285	284	358	27,351

Source: Registrar of Racehorses



Picture supplied courtesy of Magic Millions

SALES



AUSTRALIAN SALES RESULTS

TABLE 44. AUSTRALIAN AUCTION SALES RESULTS 2015/16

Category	No. Sold	Gross Sales	Average	Median
Weanlings	804	\$30,355,900	\$37,756	\$18,000
Yearlings	4,241	\$375,674,750	\$88,582	\$45,000
2 Year Olds	238	\$14,787,000	\$62,130	\$50,000
Broodmares	1,507	\$109,183,100	\$72,451	\$20,000

Source: Bloodstock Computer Services

TABLE 45. MAJOR SALES RESULTS 2015/16

Sale	Sale Gross	Sale Mean	Top Price	Category	Breeding
Magic Millions Gold Coast Yearling	\$129,002,500	\$120,000	\$1,600,000	Yearling	Snitzel - Mirror Mirror (B C 29/08/2014)
Inglis Australian Easter Yearling	\$106,602,500	\$160,000	\$2,300,000	Yearling	Snitzel - Vegas Showgirl (NZ) (B C 24/11/2014)
Inglis Melbourne Premier Yearling	\$58,446,000	\$70,000	\$700,000	Yearling	Snitzel - Beauty World (B C 15/10/2014)
Inglis Classic Yearling	\$27,043,000	\$42,500	\$410,000	Yearling	I Am Invincible - Quirina (GB) (B C 04/09/2014)
Magic Millions National Yearling	\$13,580,000	\$22,000	\$240,000	Yearling	Street Cry (IRE) - Jersey Lily (CH C 27/07/2014)
Magic Millions Adelaide Yearling	\$11,835,000	\$24,000	\$230,000	Yearling	Sebring - Aussie Crawl (B F 10/09/2014)
Magic Millions Perth Yearling	\$10,479,000	\$30,000	\$300,000	Yearling	Street Cry (IRE) - Verse (BR C 13/10/2014)
Magic Millions March Yearling	\$8,559,000	\$21,000	\$180,000	Yearling	Mossman - The Spear (ChH F 30/10/2014)
Magic Millions National Broodmare	\$74,540,250	\$51,000	\$3,400,000	Broodmare	Listen Here (CH M 2004)
Inglis Australian Broodmare	\$29,470,150	\$25,000	\$780,000	Broodmare	Comaneci (B M 2011)

Source: Bloodstock Computer Services



Picture supplied courtesy of Inglis

TABLE 46. YEARLING SALES RESULTS 2002/03 - 2015/16

Year	No. Sold	% Change	Average (\$)	% Change	Gross (\$)	% Change	Median (\$)	% Change
2015/16	4,241	6.99%	\$88,540	7.92%	\$375,674,750	15.52%	\$45,000	12.50%
2014/15	3,964	-19.63%	\$82,039	18.16%	\$325,203,100	-5.03%	\$40,000	14.29%
2013/14	4,932	24.17%	\$69,428	6.26%	\$342,420,700	31.94%	\$35,000	16.67%
2012/13	3,972	2.50%	\$65,337	8.16%	\$259,520,232	10.87%	\$30,000	0.00%
2011/12	3,875	-16.59%	\$60,406	13.68%	\$234,071,700	-5.19%	\$30,000	25.00%
2010/11	4,646	-3.83%	\$53,138	0.24%	\$246,880,314	-3.60%	\$24,000	14.29%
2009/10	4,831	2.14%	\$53,009	2.45%	\$256,088,752	4.64%	\$21,000	10.53%
2008/09	4,730	-3.53%	\$51,741	-31.79%	\$244,733,852	-34.21%	\$19,000	-24.00%
2007/08	4,903	-7.82%	\$75,853	7.21%	\$372,003,961	-1.15%	\$25,000	4.17%
2006/07	5,319	8.24%	\$70,752	14.06%	\$376,328,109	23.46%	\$24,000	-4.00%
2005/06	4,914	1.59%	\$62,030	18.76%	\$304,816,100	20.65%	\$25,000	13.64%
2004/05	4,837	8.57%	\$52,232	5.28%	\$252,646,928	14.31%	\$22,000	-2.22%
2003/04	4,455	9.81%	\$49,612	20.86%	\$221,019,673	32.72%	\$22,500	12.50%
2002/03	4,057	-	\$41,048	-	\$166,531,465	-	\$20,000	-

Source: Bloodstock Computer Services

TABLE 47. WEANLING SALES RESULTS 2002/03 - 2015/16

Year	No. Sold	% Change	Average (\$)	% Change	Gross (\$)	% Change	Median (\$)	% Change
2015/16	804	2.81%	\$37,756	11.99%	\$30,355,900	15.14%	\$18,000	28.57%
2014/15	782	-0.13%	\$33,715	13.52%	\$26,365,150	13.38%	\$14,000	40.00%
2013/14	783	12.82%	\$29,700	46.49%	\$23,254,100	65.26%	\$10,000	42.86%
2012/13	694	-38.42%	\$20,275	28.05%	\$14,070,890	-20.44%	\$7,000	27.27%
2011/12	1,127	14.88%	\$15,834	7.60%	\$17,686,200	22.51%	\$5,500	10.00%
2010/11	981	-14.47%	\$14,716	-32.58%	\$14,436,459	-42.34%	\$5,000	-37.50%
2009/10	1,147	16.92%	\$21,828	46.23%	\$25,036,850	70.97%	\$8,000	33.33%
2008/09	981	-19.79%	\$14,927	-41.77%	\$14,643,750	-53.29%	\$6,000	-25.00%
2007/08	1,223	-13.20%	\$25,635	10.49%	\$31,352,000	-4.10%	\$8,000	0.00%
2006/07	1,409	25.36%	\$23,202	8.76%	\$32,691,775	36.33%	\$8,000	6.67%
2005/06	1,124	6.74%	\$21,334	33.25%	\$23,979,100	42.23%	\$7,500	15.38%
2004/05	1,053	24.47%	\$16,011	6.38%	\$16,859,955	32.41%	\$6,500	0.78%
2003/04	846	-2.31%	\$15,051	31.62%	\$12,732,800	28.57%	\$6,450	41.45%
2002/03	866	-	\$11,435	-	\$9,903,100	-	\$4,560	-

Source: Bloodstock Computer Services

CHART 7. YEARLING AUCTIONS RESULTS 2003/04 - 2015/16

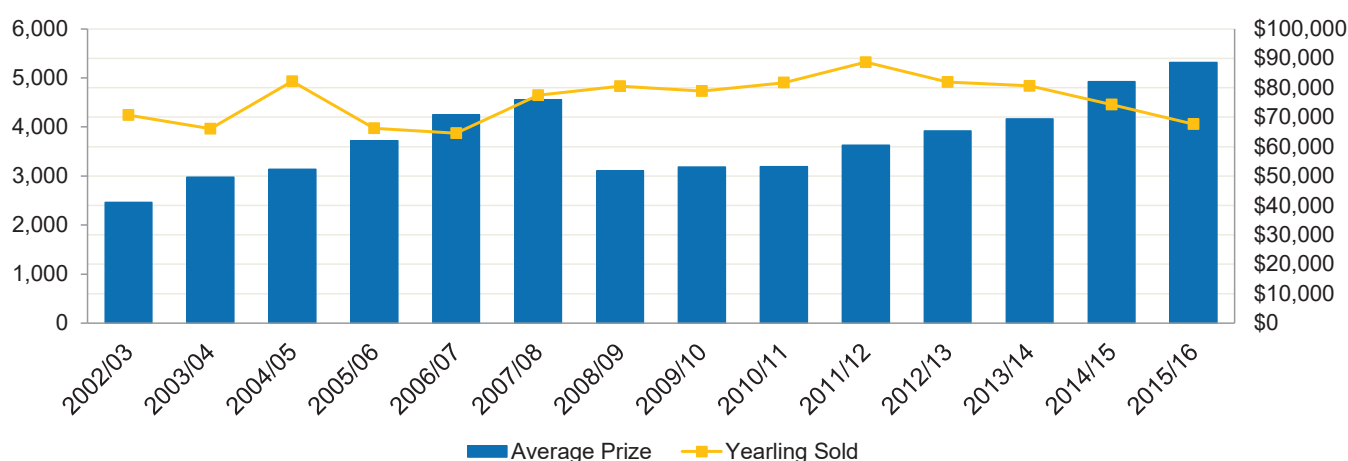


TABLE 48. TWO YEAR OLD SALES RESULTS 2002/03 - 2015/16

Year	No. Sold	% Change	Average (\$)	% Change	Gross (\$)	% Change	Median (\$)	% Change
2015/16	238	-4.42%	\$64,899	33.88%	\$14,787,000	22.51%	\$50,000	56.25%
2014/15	249	0.00%	\$48,476	-10.72%	\$12,070,500	-10.72%	\$32,000	-15.79%
2013/14	249	15.28%	\$54,295	35.13%	\$13,519,800	53.72%	\$38,000	40.74%
2012/13	216	21.35%	\$40,179	-1.59%	\$8,795,250	21.02%	\$27,000	-10.00%
2011/12	178	-53.40%	\$40,829	48.77%	\$7,267,500	-30.68%	\$30,000	155.32%
2010/11	382	-23.45%	\$27,444	14.89%	\$10,483,650	-12.05%	\$11,750	46.88%
2009/10	499	-5.85%	\$23,887	1.21%	\$11,919,700	-4.71%	\$8,000	-33.33%
2008/09	530	6.00%	\$23,602	-9.43%	\$12,508,800	-4.00%	\$12,000	-25.00%
2007/08	500	-17.49%	\$26,060	15.04%	\$13,030,150	-5.08%	\$16,000	60.00%
2006/07	606	3.95%	\$22,653	-3.39%	\$13,727,600	0.42%	\$10,000	-33.33%
2005/06	583	23.78%	\$23,447	14.58%	\$13,669,550	41.82%	\$15,000	50.00%
2004/05	471	52.43%	\$20,464	34.98%	\$9,638,450	105.75%	\$10,000	60.00%
2003/04	309	-8.85%	\$15,161	-20.48%	\$4,684,600	-27.52%	\$6,250	-3.85%
2002/03	339	-	\$19,066	-	\$6,463,400	-	\$6,500	-

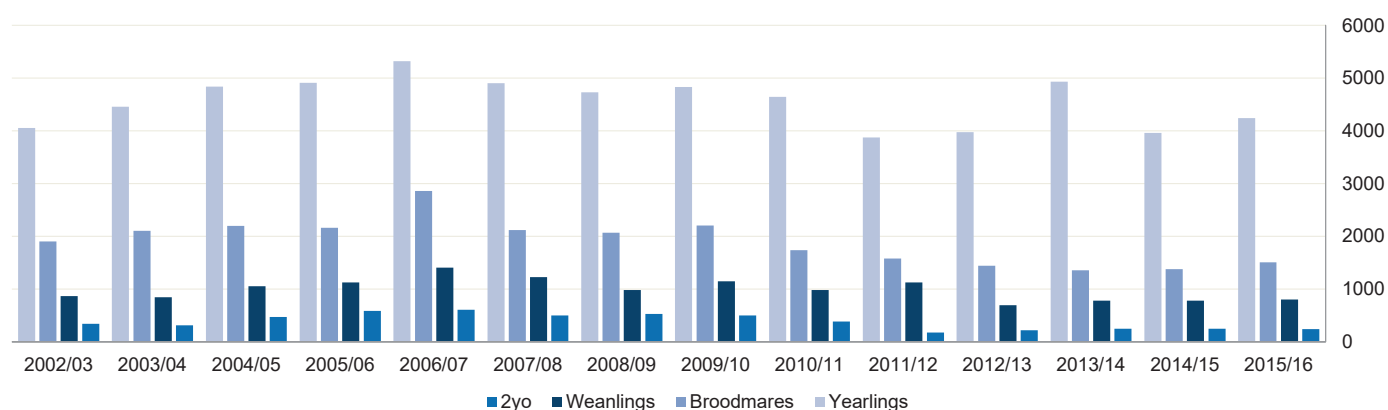
Source: Bloodstock Computer Services

TABLE 49. BROODMARE SALES RESULTS 2002/03 - 2015/16

Year	No. Sold	% Change	Average (\$)	% Change	Gross (\$)	% Change	Median (\$)	% Change
2015/16	1,507	9.44%	\$72,453	18.82%	\$109,183,100	30.04%	\$20,000	53.85%
2014/15	1,377	1.70%	\$60,975	-7.80%	\$83,961,925	-6.24%	\$13,000	18.18%
2013/14	1,354	-6.17%	\$66,136	97.26%	\$89,548,400	85.09%	\$11,000	46.67%
2012/13	1,443	-8.73%	\$33,528	9.14%	\$48,380,825	-0.38%	\$7,500	7.14%
2011/12	1,581	-8.88%	\$30,720	17.80%	\$48,567,800	7.35%	\$7,000	55.56%
2010/11	1,735	-21.35%	\$26,077	-3.00%	\$45,243,350	-23.71%	\$4,500	-10.00%
2009/10	2,206	6.67%	\$26,883	7.85%	\$59,303,650	15.04%	\$5,000	11.11%
2008/09	2,068	-2.36%	\$24,927	-50.99%	\$51,549,659	-52.15%	\$4,500	-28.00%
2007/08	2,118	-25.89%	\$50,860	28.00%	\$107,720,775	-5.14%	\$6,250	-10.71%
2006/07	2,858	32.19%	\$39,735	13.88%	\$113,561,900	50.54%	\$7,000	-6.67%
2005/06	2,162	-1.73%	\$34,892	-14.00%	\$75,435,500	-15.49%	\$7,500	-16.67%
2004/05	2,200	4.41%	\$40,574	73.50%	\$89,262,075	81.16%	\$9,000	73.08%
2003/04	2,107	10.60%	\$23,385	25.44%	\$49,271,950	38.74%	\$5,200	30.00%
2002/03	1,905	-	\$18,643	-	\$35,514,840	-	\$4,000	-

Source: Bloodstock Computer Services

CHART 8. AUCTION RESULTS HORSES SOLD 2002/03 - 2015/16



AUSTRALIAN IMPORTS & EXPORTS

CHART 9. EXPORTS VS IMPORTS 2005/06 - 2015/16

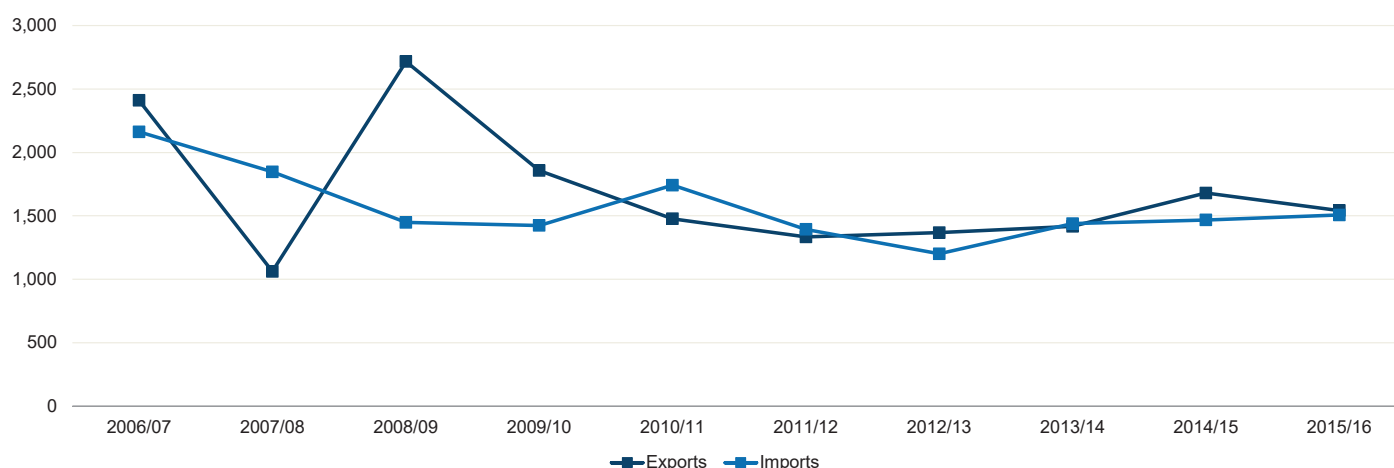


TABLE 50. EXPORTED AND IMPORTED BLOODSTOCK 2006/07 - 2015/16

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total
Exports	2,410	1,061	2,716	1,857	1,478	1,334	1,367	1,417	1,680	1,542	16,862
Imports	2162	1,847	1,448	1,424	1,741	1,394	1,200	1,439	1,468	1,506	15,629

Source: Australian Stud Book at 31st October 2016

TABLE 51. AUSTRALIAN THOROUGHBRED EXPORTS BY COUNTRY 2006/07 – 2015/16

Country Exported To	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
ARGENTINA	-	1	11	-	6	-	-	-	-	1
CHINA	3	1	202	44	94	14	106	157	192	175
FRANCE	1	8	1	2	2	3	4	4	2	10
GREAT BRITAIN	24	25	16	29	14	8	24	21	17	21
HONG KONG	129	119	182	148	121	128	160	172	174	195
INDIA	2	1	-	2	-	-	-	-	-	-
INDONESIA	11	-	11	2	5	-	-	3	8	-
IRAN	6	42	3	3	-	-	-	-	1	6
IRELAND	29	24	32	19	17	22	18	23	28	16
ITALY	4	-	1	1	-	-	2	-	12	-
JAPAN	46	22	20	15	19	11	11	9	10	31
KOREA	200	94	121	64	45	37	33	27	60	20
LIBYA	-	-	-	18	-	3	-	-	3	-
MACAU	86	56	105	83	111	57	99	39	81	36
MALAYSIA	184	7	283	162	67	64	110	76	23	53
NEW CALEDONIA	3	2	8	-	2	11	-	17	37	19
NEW ZEALAND	1011	185	978	774	477	481	419	534	602	623
PHILIPPINES	184	143	145	62	71	99	59	13	54	27
SAUDI ARABIA	-	-	-	-	-	-	-	-	-	-
SINGAPORE	214	190	379	269	284	233	224	191	195	198
SOUTH AFRICA	193	85	107	90	101	111	67	98	162	86
SPAIN	-	-	1	-	-	-	-	-	-	-
THAILAND	21	18	43	18	20	24	-	-	2	1
UNITED ARAB EMIRATES	23	1	13	26	3	4	8	7	1	4
UNITED STATES OF AMERICA	33	37	37	25	19	24	22	26	16	20
VENEZUELA	-	-	-	1	-	-	1	-	-	-
VIETNAM	3	-	17	-	-	-	-	-	-	-
TOTAL	2,410	1,061	2,716	1,857	1,478	1,334	1,367	1,417	1,680	1,542

Source: Australian Stud Book at 31st October 2016



Picture supplied courtesy of Darwin Turf Club

INDUSTRY TRENDS



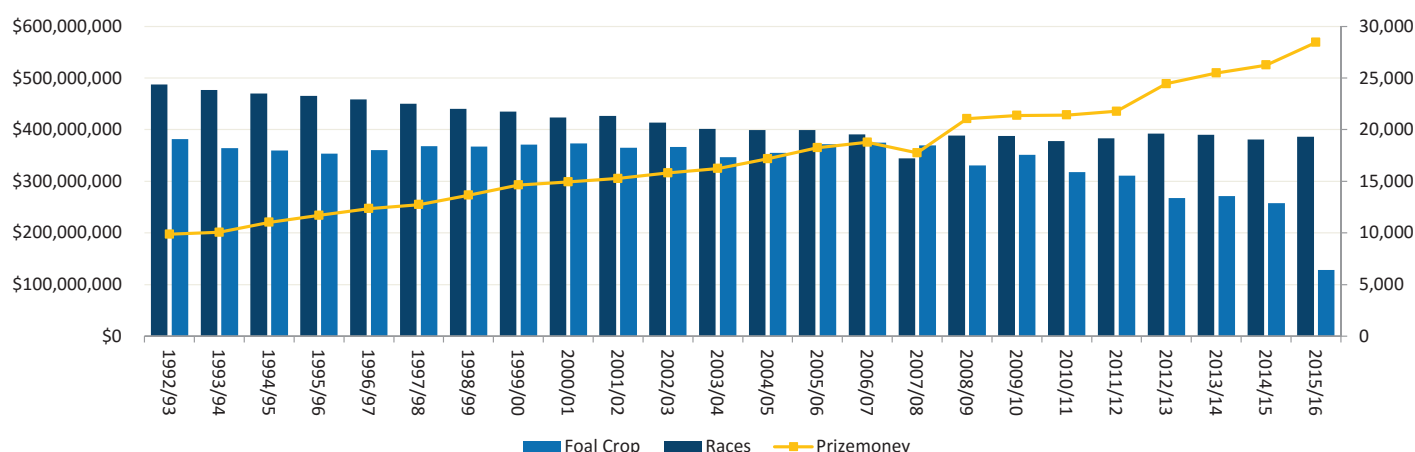
INDUSTRY TRENDS

TABLE 52. RACES, PRIZEMONEY AND FOAL CROPS 1992/93 – 2015/16

Season	Foal Crop	% Change	Races	% Change	Prizemoney	% Change
2015/16	6,407	-50.22%	19,303	1.40%	\$568,865,514	8.35%
2014/15	12,871	-5.04%	19,036	-2.43%	\$525,015,476	3.03%
2013/14	13,554	1.41%	19,511	-0.59%	\$509,566,525	4.27%
2012/13	13,365	-14.00%	19,626	2.39%	\$488,709,074	12.25%
2011/12	15,540	-2.22%	19,168	1.48%	\$435,385,165	1.64%
2010/11	15,893	-9.46%	18,888	-2.52%	\$428,339,959	0.26%
2009/10	17,553	6.05%	19,376	-0.32%	\$427,245,771	1.46%
2008/09	16,552	-10.43%	19,438	12.94%	\$421,095,890	18.60%
2007/08	18,480	-1.48%	17,211	-11.94%	\$355,043,530	-5.45%
2006/07	18,758	0.85%	19,545	-2.09%	\$375,512,579	2.97%
2005/06	18,599	4.78%	19,963	-0.03%	\$364,681,731	6.15%
2004/05	17,750	2.32%	19,968	-0.52%	\$343,550,700	5.84%
2003/04	17,347	-5.29%	20,072	-3.04%	\$324,586,453	2.74%
2002/03	18,316	0.41%	20,702	-2.92%	\$315,933,356	3.49%
2001/02	18,242	-2.29%	21,324	0.63%	\$305,293,254	2.24%
2000/01	18,670	0.66%	21,190	-2.64%	\$298,592,625	1.95%
1999/00	18,548	1.05%	21,764	-1.15%	\$292,869,666	7.18%
1998/99	18,355	-0.33%	22,018	-2.13%	\$273,249,565	7.21%
1997/98	18,416	2.28%	22,498	-1.91%	\$254,881,377	3.18%
1996/97	18,006	1.86%	22,935	-1.48%	\$247,036,322	5.56%
1995/96	17,678	-1.64%	23,280	-0.95%	\$234,020,189	6.13%
1994/95	17,972	-1.29%	23,503	-1.41%	\$220,497,827	9.61%
1993/94	18,207	-4.58%	23,840	-2.26%	\$201,174,190	1.88%
1992/93	19,080	-	24,390	-	\$197,461,251	-

* The foal crop figure can't be supplied at this point in time as foals are still being born

CHART 10. RACES, PRIZEMONEY AND FOAL CROPS 1992/93 – 2015/16



PRIZEMONEY TRENDS

TABLE 53. STAKES & STANDARD RACE PRIZEMONEY 2001/02 – 2015/16

Year	Stakes Race Prizemoney	% Change	Standard Race Prizemoney	% Change	Total Prizemoney	% Change
2015/16	\$163,573,000	10.32%	\$405,292,514	7.58%	\$568,865,514	8.16%
2014/15	\$148,268,000	2.95%	\$376,747,476	3.06%	\$525,956,559	3.21%
2013/14	\$144,018,000	15.02%	\$365,548,525	2.18%	\$509,592,945	4.27%
2012/13	\$125,210,000	1.06%	\$357,754,074	15.34%	\$488,709,074	12.25%
2011/12	\$123,891,500	0.00%	\$310,175,165	1.88%	\$435,385,165	1.64%
2010/11	\$123,891,500	5.87%	\$304,448,459	-1.86%	\$428,339,959	0.26%
2009/10	\$117,027,000	-1.64%	\$310,218,771	2.68%	\$427,245,771	1.46%
2008/09	\$118,978,940	10.38%	\$302,116,950	22.19%	\$421,095,890	18.60%
2007/08	\$107,793,010	-5.32%	\$247,250,520	-5.51%	\$355,043,530	-5.45%
2006/07	\$113,852,695	1.77%	\$261,659,884	3.50%	\$375,512,579	2.97%
2005/06	\$111,872,700	7.23%	\$252,809,031	5.68%	\$364,681,731	6.15%
2004/05	\$104,328,071	2.13%	\$239,222,629	7.55%	\$343,550,700	5.84%
2003/04	\$102,155,473	1.18%	\$222,430,980	3.47%	\$324,586,453	2.74%
2002/03	\$100,962,330	4.99%	\$214,971,026	2.79%	\$315,933,356	3.49%
2001/02	\$96,166,080	-	\$209,127,174	-	\$305,293,254	-

CHART 11. STAKES AND STANDARD RACE PRIZEMONEY 2001/02 – 2015/16

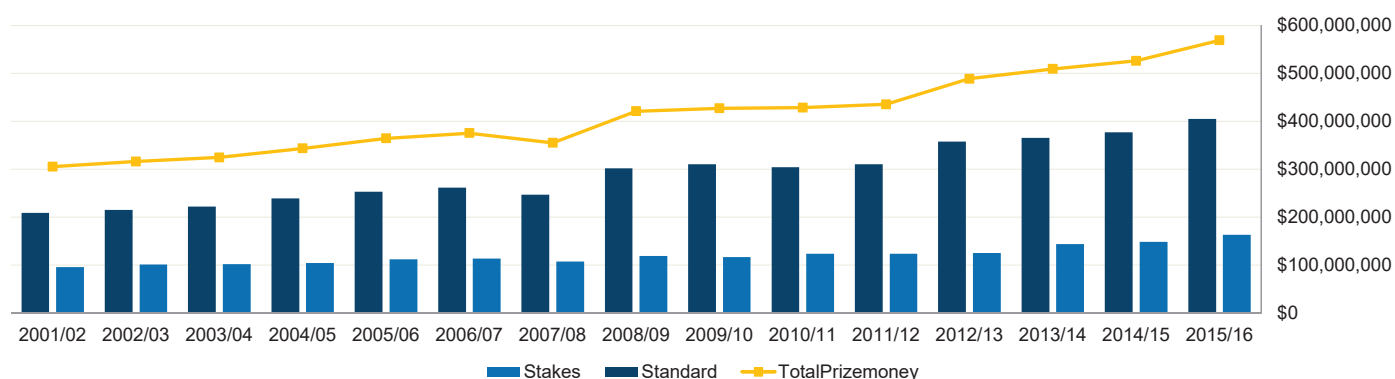


TABLE 54. PRIZEMONEY EARNED BY EACH INDIVIDUAL STARTER 2002/03 - 2015/16

Year	0\$	\$1-\$9,999	\$10,000-\$99,999	\$100,000-\$499,000	\$500,000+	Total
2015/16	3,827	13,338	11,280	881	75	29,401
2014/15	4,091	14,030	10,786	821	65	29,793
2013/14	4,220	14,965	10,280	705	59	30,229
2012/13	4,308	15,288	10,186	659	48	30,489
2011/12	6,442	14,865	8,815	587	48	30,757
2010/11	7,193	14,880	8,468	595	45	31,181
2009/10	7,721	14,932	8,488	585	47	31,773
2008/09	7,706	14,594	8,685	627	47	31,659
2007/08	9,822	12,390	7,201	510	49	29,972
2006/07	9,809	13,447	7,582	533	48	31,419
2005/06	9,568	13,721	7,394	519	46	31,248
2004/05	9,763	13,715	7,052	466	41	31,037
2003/04	9,782	14,109	6,786	411	38	31,126
2002/03	10,127	14,453	6,631	386	42	31,639

AUSTRALIAN RACING TRENDS

TABLE 55. METROPOLITAN & COUNTRY RACE TRENDS 2003/04 – 2015/16

Year	Meetings	% Change	Metro Races	% Change	Country Races	% Change	Total Races	% Change
2015/16	2,651	0.65%	4,633	-1.17%	14,579	1.61%	19,212	0.92%
2014/15	2,634	-3.34%	4,688	1.58%	14,348	-3.68%	19,036	-2.43%
2013/14	2,725	-0.62%	4,615	-1.16%	14,896	-0.54%	19,511	-0.69%
2012/13	2,742	2.50%	4,669	3.53%	14,977	2.18%	19,646	2.49%
2011/12	2,675	1.29%	4,510	-2.08%	14,658	2.63%	19,168	1.48%
2010/11	2,641	-1.97%	4,606	0.70%	14,282	-3.51%	18,888	-2.52%
2009/10	2,694	0.48%	4,574	-0.61%	14,802	-0.23%	19,376	-0.32%
2008/09	2,681	16.46%	4,602	11.48%	14,836	14.47%	19,438	13.75%
2007/08	2,302	-14.17%	4,128	-12.36%	12,961	-12.63%	17,089	-12.57%
2006/07	2,682	-2.54%	4,710	0.83%	14,835	-2.99%	19,545	-2.09%
2005/06	2,752	0.26%	4,671	-1.50%	15,292	0.43%	19,963	-0.03%
2004/05	2,745	-1.15%	4,742	-0.15%	15,226	-0.63%	19,968	-0.52%
2003/04	2,777	-	4,749	-	15,323	-	20,072	-

TABLE 56. NUMBER OF RACE MEETINGS BY STATE 2003/04 – 2015/16

Year	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Australia
2015/16	742	550	693	196	297	73	76	24	2,651
2014/15	738	549	677	196	296	77	75	26	2,634
2013/14	776	554	729	202	296	78	78	23	2,736
2012/13	759	566	736	202	295	78	79	27	2,742
2011/12	743	559	702	198	294	77	78	24	2,675
2010/11	727	546	686	198	302	75	77	30	2,641
2009/10	747	567	718	188	296	73	79	26	2,694
2008/09	755	553	720	180	299	73	79	22	2,681
2007/08	553	546	556	181	297	73	80	16	2,302
2006/07	748	560	723	180	303	77	78	13	2,682
2005/06	798	578	719	183	302	76	76	20	2,752
2004/05	782	572	741	181	297	77	75	20	2,745
2003/04	813	572	738	186	293	76	77	22	2,777

TABLE 57. NUMBER OF RACES BY STATE 2003/04 – 2015/16

Year	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Australia
2015/16	5,360	4,479	4,540	1,481	2,268	570	423	181	19,302
2014/15	5,280	4,342	4,470	1,472	2,243	610	418	201	19,036
2013/14	5,512	4,307	4,787	1,471	2,264	619	428	177	19,565
2012/13	5,420	4,428	4,801	1,471	2,263	622	436	205	19,646
2011/12	5,302	4,355	4,525	1,498	2,238	628	437	185	19,168
2010/11	5,184	4,286	4,399	1,460	2,271	625	435	228	18,888
2009/10	5,323	4,472	4,701	1,432	2,224	594	433	197	19,376
2008/09	5,414	4,432	4,728	1,423	2,258	596	423	164	19,438
2007/08	4,115	4,417	3,823	1,428	2,252	623	431	122	17,211
2006/07	5,420	4,497	4,835	1,412	2,242	625	407	107	19,545
2005/06	5,674	4,686	4,737	1,439	2,235	619	409	164	19,963
2004/05	5,566	4,646	4,939	1,434	2,189	618	416	160	19,968
2003/04	5,682	4,623	4,950	1,471	2,151	608	414	173	20,072

TABLE 58. AGE OF INDIVIDUAL HORSES RACING 2003/04 – 2015/16

Year	2YO	3YO	4YO	5YO	6YO	7YO	8YO+	Total
2015/16	2,874	7,442	7,413	5,264	3,402	1,683	1,323	29,401
2014/15	2,851	7,778	7,487	5,521	3,130	1,681	1,345	29,793
2013/14	2,971	7,886	7,735	5,181	3,308	1,770	865	29,716
2012/13	3,032	8,184	7,469	5,509	3,222	1,748	1,325	30,489
2011/12	3,117	7,836	7,924	5,451	3,324	1,730	1,375	30,757
2010/11	3,147	8,388	7,950	5,484	3,229	1,716	1,267	31,181
2009/10	3,294	8,498	8,038	5,525	3,300	1,782	1,336	31,773
2008/09	3,283	8,442	7,964	5,482	3,386	1,753	1,349	31,659
2007/08	3,020	8,070	7,590	5,328	3,120	1,700	1,144	29,972
2006/07	3,355	8,393	8,059	5,457	3,327	1,649	1,180	31,420
2005/06	3,470	8,635	7,904	5,477	3,027	1,621	1,114	31,248
2004/05	3,630	8,546	8,022	5,155	3,003	1,542	1,139	31,037
2003/04	3,601	8,877	7,725	5,205	2,969	1,611	1,138	31,126

STARTING TRENDS

TABLE 59. HORSES BY NUMBER OF WINS FOR THE 2015/16 SEASON

Year	0	1	2	3	4	5	6	7	8	9	10+
2015/16	17,429	7,255	2,976	1,172	385	138	30	13	2	-	1

TABLE 60. NUMBER OF INDIVIDUAL RUNNERS PER SEASON 2003/04 – 2015/16

Year	NSW*	VIC	QLD	SA	WA	TAS	NT	ACT	Australia	Duals
2015/16	10,463	8,828	7,445	3,008	3,727	969	626	939	29,401	6,604
2014/15	10,452	8,780	7,420	2,994	3,873	999	641	1003	29,793	6,369
2013/14	10,839	8,750	7,464	2,852	3,986	1,000	642	959	30,229	6,263
2012/13	10,812	8,957	7,336	2,998	4,053	1,065	662	1,022	30,489	6,416
2011/12	10,621	9,010	7,377	3,227	4,086	1,068	673	994	30,757	6,299
2010/11	10,490	9,020	7,724	3,235	4,162	1,114	637	1,169	31,181	6,370
2009/10	10,924	9,106	8,152	3,127	3,989	1,077	621	1,079	31,773	6,302
2008/09	10,037	9,224	8,160	3,033	3,806	1,118	615	940	31,659	5,274
2007/08	8,963	8,987	7,365	3,061	3,622	1,136	595	*	29,972	3,757
2006/07	10,754	9,335	8,314	3,268	3,540	1,093	587	*	31,420	5,471
2005/06	10,842	9,485	8,217	3,177	3,366	1,009	575	*	31,248	5,423
2004/05	10,645	9,315	8,291	3,152	3,307	1,008	538	*	31,037	5,219
2003/04	10,750	9,245	8,255	3,281	3,234	1,008	564	*	31,126	5,211

*NSW figures include the ACT to 2007/08

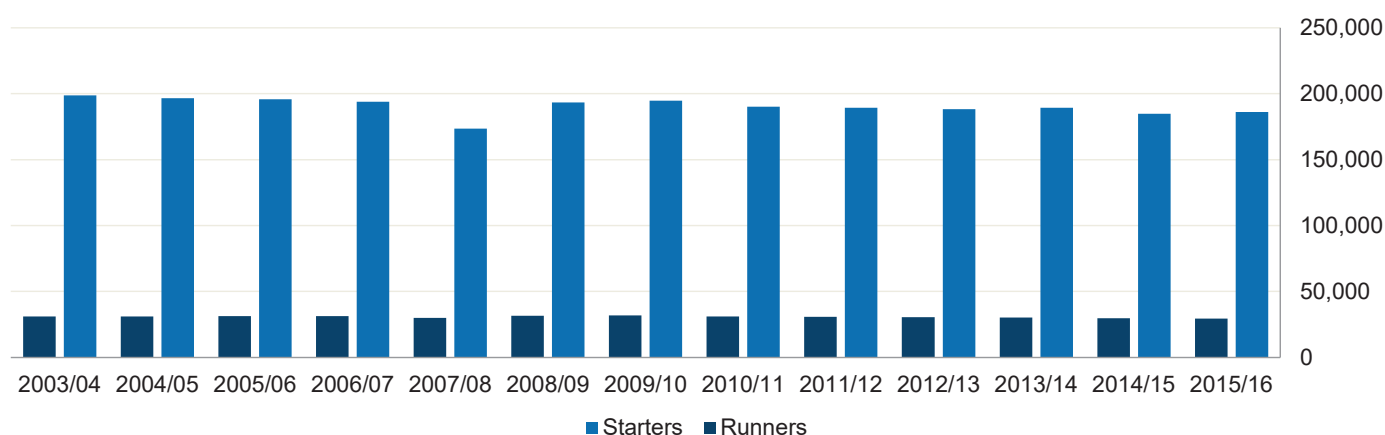
Note: Runners that have raced in more than one state are counted in each state total

TABLE 61. NUMBER OF STARTERS PER SEASON 2002/03 – 2015/16

Year	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Australia
2015/16	52,374	43,888	42,527	13,840	22,965	5,583	3,302	1,662	186,141
2014/15	51,786	42,927	41,809	14,128	23,047	5,799	3,361	1,943	184,800
2013/14	54,922	41,956	43,989	13,265	24,041	5,982	3,373	1,731	189,259
2012/13	54,447	43,111	42,116	13,853	23,450	5,905	3,459	1,985	188,326
2011/12	53,552	42,919	42,772	14,609	23,965	6,178	3,611	1,809	189,415
2010/11	52,542	43,113	43,240	15,052	24,021	6,403	3,552	2,335	190,258
2009/10	55,081	44,165	46,311	14,411	23,290	5,893	3,515	2,070	194,736
2008/09	54,800	44,066	46,060	14,189	22,903	6,171	3,320	1,740	193,249
2007/08	41,955	45,466	38,382	14,416	22,157	6,712	3,208	1,245	173,541
2006/07	54,220	45,630	47,024	14,584	21,932	6,302	3,171	1,143	194,006
2005/06	54,870	47,154	46,902	14,718	21,329	6,101	3,017	1,629	195,720
2004/05	54,116	47,123	47,933	14,900	21,611	6,096	3,104	1,800	196,683
2003/04	56,796	47,397	48,307	15,480	21,737	5,868	3,224	*	198,809
2002/03	56,773	49,144	51,534	15,176	21,170	6,371	3,143	*	203,311

*Indicates ACT figure is included in NSW to 2003/04

CHART 12. NUMBER OF INDIVIDUAL RUNNERS & STARTERS 2003/04 – 2015/16





Picture supplied courtesy of Tasracing

CLASSIFICATIONS



AUSTRALIAN CLASSIFICATIONS

The Australian Classifications are an accurate tool in comparing the merits of horse's performances over time. From season 2000/01 onwards the weights of those horses listed have been aligned with those weights of the other age categories and weights prior to this season have been retrospectively adjusted in the list below. From 1 August 2005 Australia adopted the international standard in rating fillies and mares and no longer add a sex allowance of 4 rating points to their ratings.

TABLE 62. CHAMPION RACEHORSES BY RATINGS 1981/82 – 2015/16

Year	Horse	Age Sex	Rtg	Year	Horse	Age Sex	Rtg
2015/16	Winx	4M	127	2000/01	Sunline	5M	126
2014/15	Lankan Rupee	5G	123	1999/00	Sunline	4M	124
	Terravista	5G	123	1998/99	Might and Power	5G	128
2013/14	Lankan Rupee	4G	123	1997/98	Might and Power	4G	127
2012/13	Black Caviar	6M	130	1996/96	Saintly	4G	125
2011/12	Black Caviar	5M	130	1995/96	Octagonal	3C	122
2010/11	Black Caviar	4M	130	1994/95	Jeune	6H	124
2009/10	So You Think	3C	122	1993/94	Durbridge	6H	122
	Viewed	6H	122	1992/93	Schillaci	4G	124
2008/09	Scenic Blast	4G	122	1991/92	Let's Elope	4M	124
	Weekend Hussler	4G	122		Super Impose	7G	124
2007/08	El Segundo	6G	123	1990/91	Better Loosen Up	5G	128
2006/07	Delta Blues	6H	120	1989/90	Almaarad	7H	124
	El Segundo	5G	120	1988/89	Beau Zam	4H	122
	Miss Andretti	5M	120	1987/88	Rubiton	4H	125
	Pompeii Ruler	4G	120	1986/87	Bonecrusher	4G	125
	Takeover Target	7G	120	1985/86	Bonecrusher	3G	122
2005/06	Makybe Diva	7M	124	1984/85	Red Anchor	3C	121
2004/05	Makybe Diva	6M	124	1983/84	Emancipation	4M	123
2003/04	Lonhro	5H	120	1982/83	Gurner's Lane	4G	124
2002/03	Northerly	6G	124	1981/82	Kingston Town	5G	127
2001/02	Sunline	6M	124				

Notes source: Racing Australia Classifications Committee

TABLE 63. AUSTRALIAN TOP RACE CLASSIFICATIONS 2015/16

Rating	Race Name	Grp	Track	Date	Weight	Dist	Winner	Age
121	W S Cox Plate	G1	Moonee Valley	24-Oct-15	SWFA	2040	Winx	4M
119.5	George Ryder Stakes	G1	Rosehill	19-Mar-16	SWFA	1500	Winx	4M
119.3	Chipping Norton Stakes	G1	Randwick	27-Feb-16	SWFA	1600	Winx	4M
119	Apollo Stakes	G2	Randwick	13-Feb-16	SWFA	1400	Winx	4M
118.8	Caulfield Stakes	G1	Caulfield	10-Oct-15	SWFA	2000	Criterion (NZ)	5H
118.3	George Main Stakes	G1	Randwick	19-Sep-15	SWFA	1600	Kermadec (NZ)	4H
118	T J Smith Stakes	G1	Randwick	02-Apr-16	SWFA	1200	Chautauqua	5G
118	VRC Lightning Stakes	G1	Flemington	20-Feb-16	SWFA	1000	Chautauqua	5G
117.8	Victoria Racing Club Stakes	G1	Flemington	07-Nov-15	SWFA	1200	Delectation	4G
117.5	All Aged Stakes	G1	Randwick	16-Apr-16	SWFA	1400	English	3F
117	ATC Queen Elizabeth Stakes	G1	Randwick	09-Apr-16	SWFA	2000	Lucia Valentina	5M
117	Underwood Stakes	G1	Caulfield	26-Sep-15	SWFA	1800	Mourinho	8G
116.8	Manikato Stakes	G1	Moonee Valley	23-Oct-15	SWFA	1200	Chautauqua	5G
116.8	Rawson Stakes	G1	Rosehill	19-Mar-16	SWFA	2000	The United States (IRE)	6H
116.5	Caulfield Cup	G1	Caulfield	17-Oct-15	HCP	2400	Mongolian Khan	4H
116.5	Doncaster Handicap	G1	Randwick	02-Apr-16	HCP	1600	Winx	4M
116.5	Epsom Handicap	G1	Randwick	03-Oct-15	HCP	1600	Winx	4M
116.3	C F Orr Stakes	G1	Caulfield	13-Feb-16	SWFA	1400	Suavito	5M
116.3	Chelmsford Stakes	G2	Randwick	05-Sep-15	SWFA	1600	Complacent	5H
116.3	Futurity Stakes	G1	Caulfield	27-Feb-16	SWFA	1400	Turn Me Loose (NZ)	4H
116.3	Melbourne Cup	G1	Flemington	03-Nov-15	HCP	3200	Prince of Penzance (NZ)	6G
116.3	The Run To The Rose	G2	Rosehill	29-Aug-15	QHCP	1200	Exosphere	3C
116	Canterbury Stakes	G1	Randwick	05-Mar-16	SWFA	1300	Holler	3C
116	VRC Newmarket Handicap	G1	Flemington	12-Mar-16	HCP	1200	The Quarterback	5G
116	William Reid Stakes	G1	Moonee Valley	24-Mar-16	SWFA	1200	Flamberge	6G

Notes source: Racing Australia Classifications Committee

TABLE 64. AUSTRALIAN CLASSIFICATIONS 2015/16 – 2YO (TOP MALES)

Rating	Horse	Age Sex	Date	Track	State	Race	Group	Dist	Cat	Fin
117	Capitalist	2C	19-Mar-16	RHIL	NSW	Golden Slipper	G1	1200	S	1
115	Extreme Choice	2C	27-Feb-16	CAUL	VIC	Blue Diamond Stakes	G1	1200	S	1
110	Flying Artie	2C	27-Feb-16	CAUL	VIC	Blue Diamond Stakes	G1	1200	S	2
110	Kiss And Make Up	2C	05-Mar-16	RAND	NSW	Todman Slipper Trial	G2	1200	S	1
110	Prized Icon	2C	16-Apr-16	RAND	NSW	Champagne Stakes	G1	1600	M	1
110	Sacred Elixir (NZ)	2G	11-Jun-16	E FM	QLD	The J J Atkins	G1	1600	M	1
110	Telperion	2C	02-Apr-16	RAND	NSW	ATC Sires Produce Stakes	G1	1400	M	2

TABLE 65. AUSTRALIAN CLASSIFICATIONS 2015/16 – 2YO (TOP FILLIES)

Rating	Horse	Age Sex	Date	Track	State	Race	Group	Dist	Cat	Fin
112	Yankee Rose	2F	02-Apr-16	RAND	NSW	ATC Sires Produce Stakes	G1	1400	M	1
105	French Fern	2F	05-Mar-16	RAND	NSW	Reisling Slipper Trial	G2	1200	S	1
105	Samara Dancer	2F	13-Feb-16	CAUL	VIC	Blue Diamond Prelude (F)	G2	1200	S	1
105	Whispering Brook	2F	02-Apr-16	ASCT	WA	Karrakatta Plate	G2	1200	S	2

TABLE 66. AUSTRALIAN CLASSIFICATIONS 2015/16 – 3YO (TOP MALES)

Rating	Horse	Age Sex	Date	Track	State	Race	Group	Dist	Cat	Fin
117	Exosphere	3C	12-Sep-15	RHIL	NSW	Golden Rose	G1	1400	M	1
117	Holler	3C	05-Mar-16	RAND	NSW	Canterbury Stakes	G1	1300	S	1
117	Tarzino (NZ)	3C	19-Mar-16	RHIL	NSW	Rosehill Guineas	G1	2000	I	1
117	Tavago (NZ)	3G	02-Apr-16	RAND	NSW	ATC Australian Derby	G1	2400	L	1
116	Japonisme	3G	20-Feb-16	FLEM	VIC	VRC Lightning Stakes	G1	1000	S	3

TABLE 67. AUSTRALIAN CLASSIFICATIONS 2015/16 – 3YO (TOP FILLIES)

Rating	Horse	Age Sex	Date	Track	State	Race	Group	Dist	Cat	Fin
115	English	3F	16-Apr-16	RAND	NSW	All Aged Stakes	G1	1400	M	1
113	Jameka	3F	05-Nov-15	FLEM	VIC	VRC Oaks	G1	2500	L	1
112	Perfect Reflection	3F	05-Dec-15	ASCT	WA	Kingston Town Classic	G1	1800	M	1
112	Provocative (NZ)	3F	11-Jun-16	E FM	QLD	Queensland Oaks	G1	2400	L	1
112	Sofia Rosa (NZ)	3F	09-Apr-16	RAND	NSW	ATC Australian Oaks	G1	2400	L	1

TABLE 68. AUSTRALIAN CLASSIFICATIONS 2015/16 – 4YO & UP (TOP MALES)

Rating	Horse	Age Sex	Date	Track	State	Race	Group	Dist	Cat	Fin
123	Chautauqua	5G	23-Oct-15	M V	VIC	Manikato Stakes	G1	1200	S	1
121	Mongolian Khan	4H	17-Oct-15	CAUL	VIC	Caulfield Cup	G1	2400	L	1
120	Criterion (NZ)	5H	03-Nov-15	FLEM	VIC	Melbourne Cup	G1	3200	E	3
118	Black Heart Bart	5G	11-Jun-16	E FM	QLD	Stradbroke Handicap	G1	1400	M	2
118	Kermadec	4H	19-Mar-16	RHIL	NSW	George Ryder Stakes	G1	1500	M	2
118	Turn Me Loose (NZ)	4H	07-Nov-15	FLEM	VIC	Cantala Stakes	G1	1600	M	1

TABLE 69. AUSTRALIAN CLASSIFICATIONS 2015/16 – 4YO & UP (TOP MARES)

Rating	Horse	Age Sex	Date	Track	State	Race	Group	Dist	Cat	Fin
127	Winx	4M	02-Apr-16	RAND	NSW	Doncaster Handicap	G1	1600	M	1
117	Lucia Valentina (NZ)	5M	09-Apr-16	RAND	NSW	ATC Queen Elizabeth Stakes	G1	2000	I	1
115	Delicacy	4M	02-Jan-16	ASCT	WA	Perth Cup	G2	2400	L	1
114	First Seal	4M	20-Feb-16	RHIL	NSW	Mille Fox Stakes	G2	1300	S	1
114	Royal Descent	6M	22-Aug-15	RAND	NSW	Warwick Stakes	G2	1400	M	1

Source: Racing Australia - Classifications Committee

Note - Distance Categories

Short – <1301m

Middle – 1301m – 1800m

Intermediate – 1801m – 2100m Long – 2101m – 2700m

Extended – 2701m +

AUSTRALIAN CLASSIFICATIONS

TABLE 70. HIGHEST RATING TWO YEAR OLDS 1995/96 – 2015/16

Year	Horse	Age	Rating (RTG)	Year	Horse	Age	Rating (RTG)
2015/16	Capitalist	2C	117	2005/06	Miss Finland	2F	108
2014/15	Vancouver	2C	118	2004/05	Fashions Afield	2F	106
2013/14	Earthquake	2F	114	2003/04	Dance Hero	2C	111
	Mossfun	2F	114	2002/03	Hasna	2F	105
2012/13	Overreach	2F	114	2001/02	Victory Vein	2F	107
2011/12	Pierro	2C	118	2000/01	Viscount	2C	106
2010/11	Sepoy	2C	118	1999/00	Assertive Lad	2G	107
2009/10	Crystal Lily	2F	113	1998/99	Align	2C	107
2008/09	Phelan Ready	2G	115	1997/98	Prowl	2G	107
2007/08	Sebring	2C	115	1996/97	Encounter	2C	111
2006/07	Zizou	2C	110	1995/96	Merlene	2F	111

Source: Racing Australia Classifications Committee

TABLE 71. HIGHEST RATING THREE YEAR OLDS BY DISTANCE 1999/2000 – 2015/16

Year	3yo Sprint (to 1300m)	Age/ Sex	RTG	3yo Middle (1301 - 1800m)	Age/ Sex	RTG	3yo Intermediate (1801-2100m)	Age/ Sex	RTG	3yo Long (2101m & beyond)	Age/ Sex	RTG
2015/16	Exosphere	3C	117	Exosphere	3C	117	Tarzino (NZ)	3C	117	Tavago (NZ)	3C	117
	Holler	3C	117									
2014/15	Brazen Bau	3C	121	Hollowed Crown	3C	118	Volkstok'n'barrell (NZ)	3G	117	Mongolian Khan	3C	118
				Kermadec (NZ)	3C	118						
2013/14	Zoustar	3C	117	Dissident	3C	115	Shamus Award	3C	118	Polanski	3C	117
				Eurozone	3C	115						
				El Roca	3C	115						
				Guelph	3F	115						
				lhtsahymn	3G	115						
				Long John	3G	115						
				Shamus Award	3C	115						
				Zoustar	3C	115						
2012/13	Pierro	3C	122	All Too Hard	3C	122	All Too Hard	3C	121	It's A Dundee (NZ)	3C	121
							It's A Dundee (NZ)	3C	121			
2011/12	Sepoy	3C	123	Atlantic Jewel	3F	122	Atlantic Jewel	3F	121	Ethiopia	3G	117
2010/11	Star Witness	3C	116	Anacheeva	3C	116	Jimmy Choux	3C	117	Lion Tamer	3C	116
										Retrieve	3C	116
2009/10	Starspangledbanner	3C	121	So You Think	3C	122	So You Think	3C	122	Shoot Out	3G	117
2008/09	Duporth	3C	115	Whobegotyou	3G	117	Metal Bender	3G	115	Rebel Raider	3C	116
	Nicconi	3C	115									
2007/08	Weekend Hussler	3G	122	Weekend Hussler	3G	122	No De Jou	3C	115	No De Jou	3C	155
2006/07	Gold Edition	3F	115	Haradasun	3C	117	Haradasun	3C	115	Fiumicino	3C	116
				He's No Pie Eater	3C	117	He's No Pie Eater	3C	115			
				Mentality	3G	117						
2005/06	God's Own	3C	116	Racing to Win	3G	116	De Beers	3C	109	Headturner	3G	115
2004/05	Alinghi	3C	118	Savabeel	3C	115	Savabeel	3C	118	Plastered	3G	114
	Fastnet Rock	3C	118									
2003/04	Exceed and Excel	3C	117	Reset	3C	115	Niello	3C	114	Starcraft	3C	115
2002/03	Choisir	3C	118	Bel Esprit	3C	112	Helenus	3C	108	Clangalang	3C	109
2001/02	Mistegic	3G	113	Lonhro	3C	114	Viscount	3C	120	Don Eduardo	3C	112
	North Boy	3G	113									
2000/01	Assertive Lad	3G	112	Assertive Lad	3G	116	Universal Prince	3C	111	Universal Prince	3C	116
1999/00	Testa Rossa	3C	116	Redoute's Choice	3C	116	Fairway	3G	114			
				Testa Rossa	3C	116						

Source: Racing Australia Classifications Committee

TABLE 72. HIGHEST RATING FOUR YEAR OLDS AND OVER BY DISTANCE 1995/96 – 2015/16

Year	4yo+ Sprint (to 1300m)	Age/ Sex	RTG	4yo+ Middle (1301-1800m)	Age/ Sex	RTG	4yo+ Intermediate (1801 - 2101m)	Age/ Sex	RTG	4yo+ Long/Extended (2101m & beyond)	Age/ Sex	RTG
2015/16	Chautauqua	5G	123	Winx	4M	127	Winx	4M	123	Mongolian Khan	4H	121
2014/15	Lankan Rupee	5G	123	Dissident	4H	121	Adelaide (IRE)	4H	120	Admire Rakti (JPN)	7H	121
	Terravista	5G	123				Criterion (NZ)	4H	120			
2013/14	Lankan Rupee	4H	123	Atlantic Jewel	5M	122	Atlantic Jewel	5M	122	Red Cedeaux (GB)		120
							It's A Dundee (NZ)	4H	122			
2012/13	Black Caviar	6M	130	More Joyous (NZ)	6M	119	Ocean Park (NZ)	4H	122	Dunaden (FR)	7H	122
							Reliable Man (GB)	7G	122			
2011/12	Black Caviar	5M	130	Jimmy Choux (NZ)	4H	120	More Joyous (NZ)	5M	121	Americain (USA)	7H	123
				King Mufhasa (NZ)	7G	120						
2010/11	Black Caviar	4M	130	Hay List	6G	122	So You Think	4H	126	So You Think	4H	122
2009/10	All Silent	6G	119	Black Piranha	6G	119	Whobegotyou	4G	119	Viewed	6H	122
				Rangirangdoo	5G	119						
				Whobetgotyou	4G	119						
2008/09	Scenic Blast	4G	122	Weekend Hussler	4G	122	Maldivian	6G	118	C'est La Guerre	4G	117
2007/08	Apache Cat	5G	121	Apache Cat	5G	121	El Segundo	123	6G	Efficient	4G	120
2006/07	Miss Andretti	5M	120	El Segundo	5G	120	Pompeii Ruler	4G	120	Delta Blues	6H	120
	Takeover Target	7G	120									
2005/06	Takeover Target	6G	119	Lad of the Manor	6G	116	Eremein	4G	117	Makybe Diva	7M	124
2004/05	Private Steer	5M	116	Elvstroem	4H	118	Grand Arme	6G	120	Makybe Diva	6M	124
2003/04	Our Egyptian Raine	5M	113	Lonhro	5H	120	Lonhro	5H	118	Makybe Diva	5M	116
2002/03	Rubitano	5G	116	Lonhro	4H	117	Northerly	6G	124	Northerly	6G	122
	Spinning Hill	6M	116									
2001/02	Falvelon	5H	115	Sunline	6F	124	Northerly	5G	122	Ethereal	4M	119
2000/01	Sunline	5M	121	Sunline	5F	126	Sunline	5M	126	Fairway	4G	115
										Tie the knot	6G	115
1999/00	Sunline	4M	121	Sunline	4F	124	Tie the knot	5G	120			
1998/99	Dane Ripper	5M	119	Might and Power	5G	128	Might and Power	5G	127			
1997/98	Might and Power	4G	120	Might and Power	4G	126	Might and Power	4G	127			
1996/97	Mahogany	6G	121	Saintly	4G	125	Saintly	4G	125			
1995/96	Hareeba	5G	117	Dorismus	5G	119	Dorismus	4G	120			
				Mahogany	5G	119	Vintage	Crop	9G	120		

Source: Racing Australia Classifications Committee



Picture supplied courtesy Racing Photos



WAGERING

AUSTRALIAN THOROUGHBRED WAGERING TURNOVER

TABLE 73. THOROUGHBRED WAGERING TURNOVER 2015/16

Wagering Form	NSW (\$M)	VIC (\$M)	QLD (\$M)	SA (\$M)	WA (\$M)	TAS (\$M)	ACT (\$M)	NT (\$M)	Total (\$M)
TAB On Course	162.56	137.47	31.54	11.96	35.62	2.20	2.16	7.70	391.21
Retail	1,414.54	1,013.66	557.16	205.46	448.69	58.35	49.28	38.85	3,785.99
Phone	79.33	119.65	79.60	17.88	18.71	7.96	1.95	2.51	327.59
Internet	554.02	568.56	170.85	35.97	373.19	43.98	33.59	11.79	1,791.95
Total Off Course	2,047.89	1,701.87	807.61	259.31	840.59	110.29	84.82	53.15	5,905.53
Total Pari-Mutuel	2,210.45	1,839.34	839.15	271.27	876.21	112.49	86.98	60.85	6,296.74
Fixed Odds	1,211.00	832.94	781.22	203.86	267.61	129.37	18.57	64.52	3,509.09
Total TAB	3,421.45	2,672.28	1,620.37	475.13	1,143.82	241.86	105.55	125.37	9,805.83
Total Bookmakers	519.14	127.10	39.65	29.04	28.30	0.93	12.12	5,156.22	5,912.50
TOTAL WAGERING	3,940.59	2,799.38	1,660.02	504.17	1,172.12	242.79	117.67	5,281.59	15,718.33

TABLE 74. NEW SOUTH WALES THOROUGHBRED WAGERING TURNOVER 2009/10 – 2015/16

Wagering Form	2009/10 (\$M)	2010/11 (\$M)	2011/12 (\$M)	2012/13 (\$M)	2013/14 (\$M)	2014/15 (\$M)	2015/16 (\$M)
TAB On Course	436.66	405.24	337.11	283.87	206.18	199.54	162.56
Retail	2,256.96	2,048.53	1,871.61	1,749.67	1,628.21	1,521.23	1,414.54
Phone	244.69	200.92	170.45	141.53	114.67	92.34	79.33
Internet	397.74	406.73	440.73	452.54	466.28	524.26	554.02
Total Off Course	2,899.39	2,656.18	2,482.79	2,343.74	2,209.16	2,137.83	2,047.89
Total Pari-Mutuel	3,336.05	3,061.42	2,819.90	2,627.61	2,415.34	2,337.37	2,210.45
Fixed Odds	75.84	274.56	625.09	765.09	909.36	1,019.00	1,211.00
Total TAB	3,411.89	3,335.98	3,444.99	3,392.70	3,324.70	3,356.37	3,421.45
Total Bookmakers	438.99	306.10	218.63	435.94	203.64	298.60	519.14
TOTAL WAGERING	3,850.88	3,642.08	3,663.62	3,828.64	3,528.34	3,654.97	3,940.59

TABLE 75. VICTORIAN THOROUGHBRED WAGERING TURNOVER 2009/10 – 2015/16

Wagering Form	2009/10 (\$M)	2010/11 (\$M)	2011/12 (\$M)	2012/13 (\$M)	2013/14 (\$M)	2014/15 (\$M)	2015/16 (\$M)
TAB On Course	375.41	348.53	317.95	335.20	222.55	206.17	137.47
Retail	1,558.28	1,456.97	1,389.90	1,291.54	1,176.53	1,105.92	1,013.66
Phone	321.91	271.90	240.03	201.20	163.66	138.58	119.65
Internet	326.61	355.83	376.27	433.58	484.59	547.77	568.56
Total Off Course	2,206.80	2,084.70	2,006.20	1,926.32	1,824.78	1,792.27	1,701.87
Total Pari-Mutuel	2,582.21	2,433.23	2,324.15	2,261.52	2,047.33	1,998.44	1,839.34
Fixed Odds	232.55	358.79	464.34	531.61	615.46	712.57	832.94
Total TAB	2,814.76	2,792.02	2,788.49	2,793.13	2,662.79	2,711.01	2,672.28
Total Bookmakers	304.72	315.35	491.12	373.23	164.77	150.72	127.10
TOTAL WAGERING	3,119.48	3,107.37	3,279.61	3,166.36	2,827.56	2,861.73	2,799.38

TABLE 76. QUEENSLAND THOROUGHBRED WAGERING TURNOVER 2009/10 – 2015/16

Wagering Form	2009/10 (\$M)	2010/11 (\$M)	2011/12 (\$M)	2012/13 (\$M)	2013/14 (\$M)	2014/15 (\$M)	2015/16 (\$M)
TAB On Course	73.85	64.31	56.51	50.67	42.90	34.58	31.54
Retail	1,067.85	902.53	824.71	759.84	698.29	635.22	557.16
Phone	207.70	175.85	151.73	129.75	110.61	94.74	79.60
Internet	141.97	126.91	137.22	159.63	164.33	169.11	170.85
Total Off Course	1,417.52	1,205.29	1,113.66	1,049.22	973.23	899.07	807.61
Total Pari-Mutuel	1,491.37	1,269.60	1,170.17	1,099.89	1,016.13	933.65	839.15
Fixed Odds	168.24	413.28	533.50	591.99	636.41	679.80	781.22
Total TAB	1,659.61	1,682.88	1,703.67	1,691.88	1,652.54	1,613.45	1,620.37
Total Bookmakers	157.68	164.32	95.21	85.59	84.66	72.70	39.65
TOTAL WAGERING	1,817.29	1,847.20	1,798.88	1,777.47	1,737.20	1,686.15	1,660.02

TABLE 77. SOUTH AUSTRALIAN THOROUGHBRED WAGERING TURNOVER 2009/10 – 2015/16

Wagering Form	2009/10 (\$M)	2010/11 (\$M)	2011/12 (\$M)	2012/13 (\$M)	2013/14 (\$M)	2014/15 (\$M)	2015/16 (\$M)
TAB On Course	22.51	22.30	22.28	16.07	13.39	12.33	11.96
Retail	362.61	321.35	288.82	264.01	247.45	228.52	205.46
Phone	43.96	35.94	32.33	25.97	23.09	20.76	17.88
Internet	62.58	88.35	70.54	29.86	31.93	34.30	35.97
Total Off Course	469.15	445.64	391.69	319.84	302.47	283.58	259.31
Total Pari-Mutuel	491.66	467.94	413.97	335.91	315.86	295.91	271.27
Fixed Odds	36.11	89.74	120.70	142.69	161.55	177.52	203.86
Total TAB	527.77	557.68	534.67	478.60	477.41	473.43	475.13
Total Bookmakers	49.19	57.74	29.82	11.38	10.04	17.11	29.04
TOTAL WAGERING	576.96	615.42	564.49	489.98	487.45	490.54	504.17

TABLE 78. WESTERN AUSTRALIAN THOROUGHBRED WAGERING TURNOVER 2009/10 – 2015/16

Wagering Form	2009/10 (\$M)	2010/11 (\$M)	2011/12 (\$M)	2012/13 (\$M)	2013/14 (\$M)	2014/15 (\$M)	2015/16 (\$M)
TAB On Course	64.46	57.18	59.43	54.17	47.93	45.68	35.62
Retail	642.14	617.36	625.24	614.91	554.95	513.69	448.69
Phone	48.12	43.24	40.24	37.17	28.54	22.74	18.71
Internet	98.76	155.49	193.44	244.01	277.78	312.90	373.19
Total Off Course	789.02	816.09	858.92	896.09	861.27	849.33	840.59
Total Pari-Mutuel	853.48	873.27	918.35	950.26	909.20	895.01	876.21
Fixed Odds	43.86	46.49	54.49	83.00	171.17	221.04	267.61
Total TAB	897.34	919.76	972.84	1,033.26	1,080.37	1,116.05	1,143.82
Total Bookmakers	76.56	72.42	50.79	40.83	-	28.50	28.30
TOTAL WAGERING	973.90	992.18	1,023.63	1,074.09	1,080.37	1,144.55	1,172.12

AUSTRALIAN THOROUGHBRED WAGERING TURNOVER

TABLE 79. TASMANIAN THOROUGHBRED WAGERING TURNOVER 2009/10 – 2015/16

Wagering Form	2009/10 (\$M)	2010/11 (\$M)	2011/12 (\$M)	2012/13 (\$M)	2013/14 (\$M)	2014/15 (\$M)	2015/16 (\$M)
TAB On Course	5.85	5.71	4.98	3.29	2.88	2.69	2.20
Retail	110.31	105.93	97.16	75.66	71.98	65.86	58.35
Phone	22.31	20.52	16.60	9.46	8.41	7.51	7.96
Internet	366.61	529.38	441.14	35.82	38.70	40.00	43.98
Total Off Course	499.23	655.83	554.90	120.94	119.09	113.37	110.29
Total Pari-Mutuel	505.08	661.54	559.88	124.23	121.97	116.06	112.49
Fixed Odds	4.66	4.42	13.00	46.44	71.99	100.35	129.37
Total TAB	509.74	665.96	572.88	170.67	193.96	216.41	241.86
Total Bookmakers	1.08	1.43	1.28	1.04	-	0.80	0.93
TOTAL WAGERING	510.82	667.39	574.16	171.71	193.96	217.21	242.79

TABLE 80. ACT THOROUGHBRED WAGERING TURNOVER 2009/10 – 2015/16

Wagering Form	2009/10 (\$M)	2010/11 (\$M)	2011/12 (\$M)	2012/13 (\$M)	2013/14 (\$M)	2014/15 (\$M)	2015/16 (\$M)
TAB On Course	2.56	2.52	2.19	2.47	2.47	2.47	2.16
Retail	78.27	74.46	76.77	64.09	52.49	50.98	49.28
Phone	6.17	5.12	4.06	3.81	3.15	3.13	1.95
Internet	37.08	36.99	30.40	36.61	43.35	46.30	33.59
Total Off Course	121.52	116.57	111.23	104.51	98.99	100.41	84.81
Total Pari-Mutuel	124.08	119.09	113.42	106.98	101.46	102.88	86.97
Fixed Odds	2.77	2.93	4.87	6.93	13.46	11.89	18.57
Total TAB	126.85	122.02	118.29	113.91	114.92	114.77	105.54
Total Bookmakers	34.69	42.99	8.23	8.70	-	11.89	12.12
TOTAL WAGERING	161.54	165.01	126.52	122.61	114.92	126.66	117.66

TABLE 81. NT THOROUGHBRED WAGERING TURNOVER 2009/10 – 2015/16

Wagering Form	2009/10 (\$M)	2010/11 (\$M)	2011/12 (\$M)	2012/13 (\$M)	2013/14 (\$M)	2014/15 (\$M)	2015/16 (\$M)
TAB On Course	13.67	12.60	13.24	12.90	12.65	11.82	7.70
Retail	67.11	59.80	52.38	50.49	49.34	45.54	38.85
Phone	6.09	4.89	5.34	4.43	3.81	3.24	2.51
Internet	19.98	12.28	13.72	11.86	11.65	11.28	11.79
Total Off Course	93.18	76.97	71.44	66.78	64.80	60.06	53.15
Total Pari-Mutuel	106.85	89.57	84.68	79.68	77.45	71.88	60.85
Fixed Odds	17.10	48.67	52.13	59.63	64.77	64.77	64.52
Total TAB	123.95	138.24	136.81	139.31	142.22	136.65	125.37
Total Bookmakers	11.34	10.51	9.88	8.37	-	4.05	5,156.22
TOTAL WAGERING	135.29	148.75	146.69	147.68	142.22	140.70	5,281.59

Note: Bookmaker phone and Internet splits have been estimated based on total phone and Internet figures

TABLE 82. THOROUGHBRED WAGERING TURNOVER 1998/1999 – 2015/16

Year	Tote On Course (\$M)	TAB Retail (\$M)	TAB Phone & Internet (\$M)	Fixed Odds	Total TAB (\$M)	Total Bookmakers (\$M)	Total Wagering (\$M)
2015/16	391.21	3,785.99	2,119.54	3,509.09	9,805.83	5,912.50	15,718.33
2014/15	515.28	4,166.96	2,068.96	2,986.94	9,738.14	6,143.02	15,881.16
2013/14	550.95	4,479.24	1,974.55	2,644.17	9,648.93	5,949.79	15,598.72
2012/13	758.64	4,870.21	1,957.23	2,227.38	9,813.46	4,648.21	14,461.67
2011/12	813.69	5,226.59	2,364.24	1,868.12	10,272.65	4,103.84	14,376.49
2010/11	918.39	5,586.93	2,470.34	1,238.88	10,214.54	4,173.26	14,387.80
2009/10	994.97	6,143.53	2,352.28	581.13	10,071.91	4,323.39	14,395.30
2008/09	848.47	6,601.70	2,278.97	167.55	9,896.69	4,536.46	14,433.15
2007/08	704.50	6,234.40	2,015.40	9710	9,051.40	3,907.33	12,958.73
2006/07	703.23	6,610.70	1,948.00	80.40	9,342.33	3,747.60	13,089.93
2005/06	584.51	6,386.00	1,754.00	68.30	8,792.81	2,881.55	11,674.36
2004/05	589.20	6,396.80	1,722.40	55.60	8,764.00	2,936.60	11,700.60
2003/04	591.63	6,167.20	1,602.89	46.50	8,408.23	2,742.16	11,150.39
2002/03	601.30	5,964.00	1,524.00	-	8,089.30	2,434.79	10,524.09
2001/02	560.00	6,235.00	1,026.07	-	7,821.07	1,842.00	9,663.07
2000/01	572.00	6,490.00	1,079.00	-	8,141.00	1,399.00	9,540.00
1999/00	612.00	6,897.00	-	-	7,509.00	1,467.00	8,976.00
1998/99	575.00	6,667.00	-	-	7,242.00	1,435.00	8,677.00

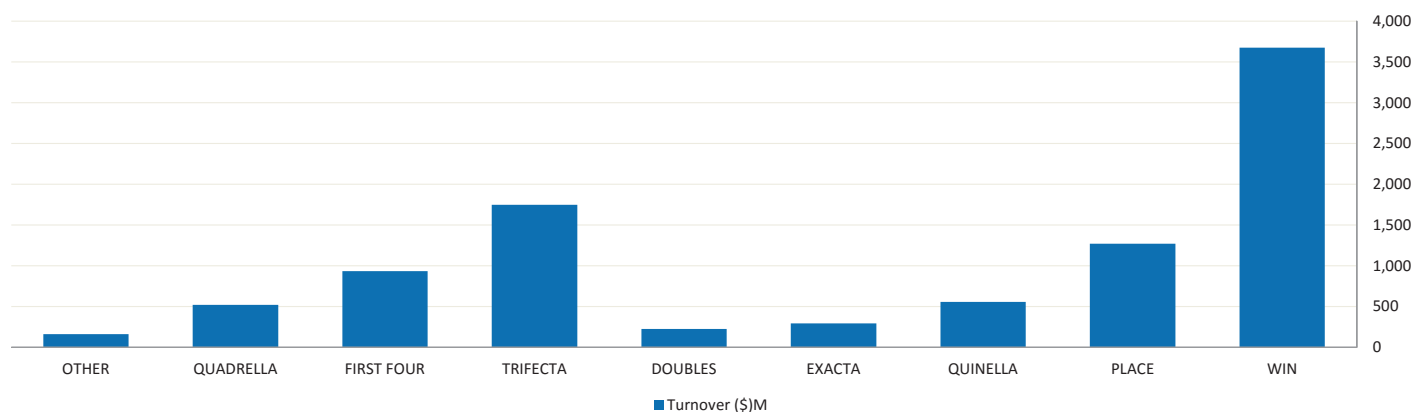
TABLE 83. ALL CODES PARI-MUTUEL BET TYPE DISTRIBUTION (\$) IN 2015/16

Bet Type	NSW (\$M)	VIC (\$M)	QLD (\$M)	SA (\$M)	WA (\$M)	TAS (\$M)	ACT (\$M)	NT (\$M)	Australia (\$M)
WIN	1,483.52	996.7	372.01	132.1	543.78	69.21	48.05	33.24	3,678.61
PLACE	449.51	351.52	154.75	50.52	211.49	27.81	14.5	9.48	1,269.58
QUINELLA	231.07	153.72	66.47	22.45	56.4	13.19	7.24	4.34	554.88
EXACTA	96.69	86.37	41.22	14.57	41.76	5.88	2.52	2.76	291.77
DOUBLES	63.48	104.94	22.35	8.41	15.45	5.07	4.04	0.75	224.49
TRIFECTA	473.35	438.08	292.56	96.94	370.57	32.42	22.7	22.26	1,748.88
FIRST FOUR	284.88	306.67	72.6	17.73	230.9	7.04	6.38	6.4	932.6
QUADRELLA	109.1	254.71	61.59	17.76	59.11	7.9	7.04	3.35	520.56
OTHER	32.85	27.59	61.8	19.88	12.21	3.9	0.56	1.65	160.44
Total TAB	3,224.45	2,720.30	1,145.35	380.36	1,541.67	172.42	113.03	84.23	9,381.81

Note: Not Including Fixed Odds

Other includes Big 6, Duet, Triwin, Treble, Favourite numbers etc

CHART 13. PARI-MUTUEL BET TYPE



OTHER FORMS OF GAMBLING

TABLE 84. GREYHOUND WAGERING TURNOVER 2015/16

Greyhound Turnover	NSW (\$M)	VIC (\$M)	QLD (\$M)	SA (\$M)	WA (\$M)	TAS (\$M)	ACT (\$M)	NT (\$M)	Australia (\$M)
TAB On Course	23.61	27.08	1.98	1.96	4.20	0.80	0.59	0.27	60.49
Retail	434.97	313.69	120.31	53.34	279.75	11.17	13.94	10.17	1,237.34
Phone	13.56	16.40	10.37	2.53	5.09	1.20	0.27	0.41	49.83
Internet	196.93	197.83	48.20	11.46	136.63	23.69	2.14	4.32	621.20
Total Off Course	645.46	527.92	178.88	67.33	421.47	36.06	16.35	14.90	1,908.37
Total Pari-Mutuel	669.07	555.00	180.86	69.29	425.67	36.86	16.94	15.17	1,968.86
Fixed Odds	488.26	307.87	156.91	54.83	112.23	50.91	6.71	15.56	1,193.28
Total TAB	1,157.33	862.87	337.77	124.12	537.90	87.77	23.65	30.73	3,162.14

*Note: In some jurisdictions turnover reported in respect of bookmakers fielding on greyhound racing includes bets taken on other codes
NSW: All bookmaking turnover figures are gross turnover figures. Figures are comprised from OLGR processed data and annual analysis provided by major sports betting bookmakers. The completeness of these figures cannot be assured due to restriction of resources.*

TABLE 85. HARNESS WAGERING TURNOVER 2015/16

Harness Turnover	NSW (\$M)	VIC (\$M)	QLD (\$M)	SA (\$M)	WA (\$M)	TAS (\$M)	ACT (\$M)	NT (\$M)	Australia (\$M)
TAB On Course	19.24	14.02	1.26	1.98	7.55	0.61	0.14	0.06	44.86
Retail	223.31	180.99	70.44	33.67	140.30	8.46	7.25	5.70	670.12
Phone	9.82	17.41	7.67	2.60	4.12	1.14	0.17	0.26	43.19
Internet	92.54	113.54	25.77	10.64	75.62	12.84	1.57	2.19	334.71
Total Off Course	325.67	311.94	103.88	46.91	220.04	22.44	8.99	8.15	1,048.02
Total Pari-Mutuel	344.91	325.96	105.14	48.89	227.59	23.05	9.13	8.21	1,092.88
Fixed Odds	241.50	179.32	108.55	37.56	53.90	35.53	3.41	7.86	667.63
Total TAB	586.41	505.28	213.69	86.45	281.49	58.58	12.54	16.07	1,760.51

*Note: In some jurisdictions turnover reported in respect of bookmakers fielding on harness racing includes bets taken on other codes
NSW: All bookmaking turnover figures are gross turnover figures. Figures are comprised from OLGR processed data and annual analysis provided by major sports betting bookmakers. The completeness of these figures cannot be assured due to restriction of resources.*

TABLE 86. SPORTS WAGERING TURNOVER 2015/16

Sports Turnover	NSW (\$M)	VIC (\$M)	QLD (\$M)	SA (\$M)	WA (\$M)	TAS (\$M)	ACT (\$M)	NT (\$M)	Australia (\$M)
TAB Retail	502.28	289.52	103.73	50.53	123.86	5.54	9.43	5.15	1,090.04
Phone	116.36	79.75	12.99	4.11	7.76	4.23	0.46	1.27	226.93
Internet	351.42	224.13	67.50	14.99	54.66	50.13	3.16	5.73	771.72
Total TAB	970.06	593.40	184.22	69.63	186.28	59.90	13.05	12.15	2,088.69
Total Bookmakers	444.38	162.34	-	-	-	-	-	5,548.00	6,154.72
Total SPORTS	1,414.44	755.74	184.22	69.63	186.28	59.90	13.05	5,560.15	8,243.41

NSW: All bookmaking turnover figures are gross turnover figures. Figures are comprised from OLGR processed data and annual analysis provided by major sports betting bookmakers. The completeness of these figures cannot be assured due to restriction of resources.

GAMBLING TURNOVER

TABLE 87. GAMBLING TURNOVER 1997/98 – 2015/16 (WAGERING AND GAMING)

Year	Thoroughbred Racing (\$M)	Harness & Greyhound Racing (\$M)	Total Racing (\$M)	Sports Betting (\$M)	Total all betting (\$M)
2015/16	15,718.33	4,922.65	20,640.98	8,243.41	28,884.39
2014/15	15,898.27	6,669.39	22,567.66	5,891.53	28,459.19
2013/14	15,438.86	5,474.00	20,912.86	4,455.25	25,368.11
2012/13	14,456.51	6,355.34	20,811.85	3,991.44	24,803.29
2013/12	14,376.49	6,051.20	20,427.69	3,221.21	23,648.90
2012/11	14,388.00	5,780.00	20,168.00	3,333.41	23,501.41
2011/10	14,395.30	5,277.22	19,672.52	2,945.00	22,617.52
2010/09	14,433.21	4,936.26	19,369.47	2,573.31	21,942.78
2009/08	12,958.73	4,758.00	17,716.73	2,398.00	20,114.73
2006/07	13,089.93	4,504.35	17,594.28	1,849.00	19,443.28
2005/06	11,674.00	4,427.00	16,101.00	1,790.00	17,891.00
2004/05	11,700.69	4,254.60	15,955.29	1,657.18	17,612.47
2003/04	11,150.40	3,865.44	15,015.84	1,426.33	16,442.17
2002/03	10,524.11	3,401.20	13,925.31	1,584.79	15,510.10
2001/02	9,641.95	3,209.45	12,851.40	1,320.00	14,171.40
2000/01	9,563.00	2,371.00	11,934.00	880.00	12,814.00
1999/00	8,976.00	2,822.00	11,798.00	672.00	12,470.00
1998/99	8,677.00	3,046.00	11,723.00	461.00	12,184.00
1997/98	8,679.00	2,916.00	11,595.00	351.00	11,946.00
Total	228,662.45	82,858.45	311,520.90	41,016.45	352,537.35

CHART 14. THOROUGHBRED WAGERING TURNOVER 1997/98 – 2015/16

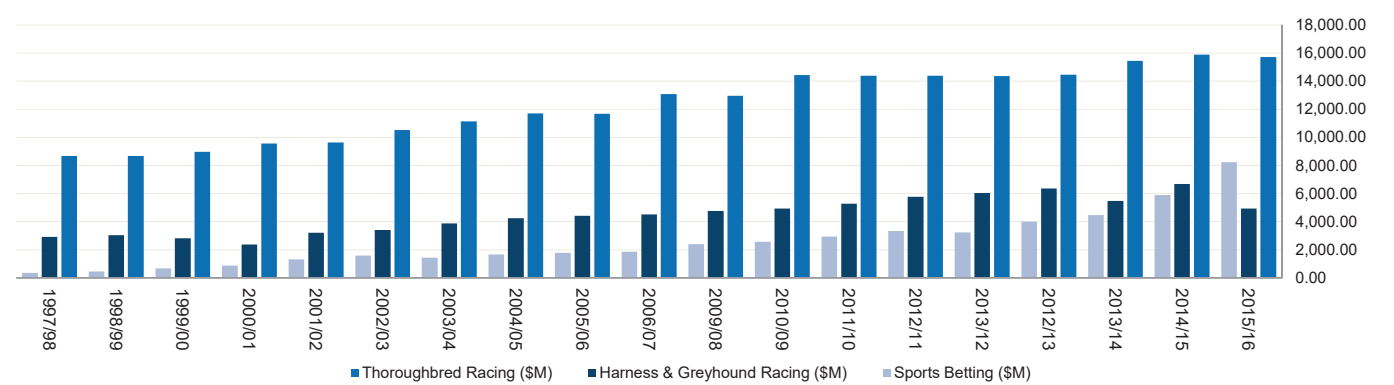
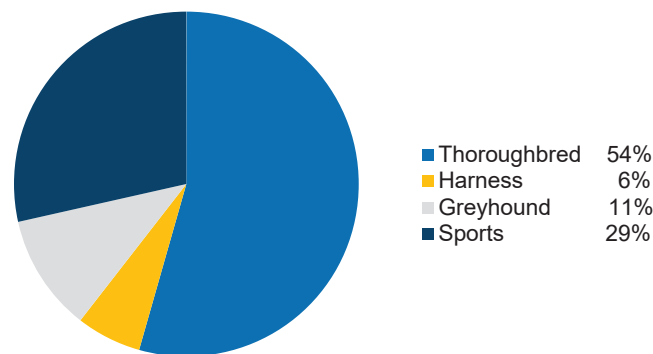


TABLE 88. THOROUGHBRED, HARNESS & GREYHOUND TURNOVER BY STATE 2015/16 (TAB AND BOOKMAKER)

Racing Code	NSW (\$M)	VIC (\$M)	QLD (\$M)	SA (\$M)	WA (\$M)	TAS (\$M)	ACT (\$M)	NT (\$M)	Total (\$M)
Thoroughbred	3,940.59	2,799.38	1,660.02	504.17	1,172.12	242.79	117.67	5,281.59	15,718.33
Harness	586.41	505.28	213.69	86.45	281.49	58.58	12.54	16.07	1,760.51
Greyhound	1,157.33	862.87	337.77	124.12	537.90	87.77	23.65	30.73	3,162.14
Sports	1,414.44	755.74	184.22	69.63	186.28	59.90	13.05	5,560.15	8,243.41
Total	7,098.77	4,923.27	2,395.70	784.37	2,177.79	449.04	166.91	10,888.54	28,884.39

CHART 15. WAGERING TURNOVER BY CODE





Picture supplied courtesy of Tasracing

INTERNATIONAL



INTERNATIONAL RACING

TABLE 89. LEADING RACING COUNTRIES 2014

Country	Flat Races			Jumps Races			Prizemoney*	Betting*
	Races	Runners	Starts	Races	Runners	Starts		
Argentina	5,708	11,776	59,552	-	-	-	\$49,068,221	\$158,910,852
Australia	18,949	36,086	184,136	87	246	664	\$553,167,493	\$14,553,545,742
Austria	8	44	55	-	-	-	\$1,982,146	-
Bahrain	187	345	1,583	-	-	-	\$1,400,391	-
Belgium	167	480	1,753	4	44	44	\$5,350,075	\$35,406,070
Brazil	3,430	5,191	28,019	-	-	-	\$13,808,111	\$66,706,354
Canada	2,567	N/A	12,238	-	-	-	\$153,684,270	\$977,706,903
Chile	5,059	4,183	56,708	-	-	-	\$25,602,470	\$236,445,023
Croatia	8	36	36	-	-	-	\$11,128	-
Cyprus	1,030	1,131	9,672	-	-	-	\$8,597,293	\$42,157,058
Czech Republic	335	735	3,144	150	541	1,448	\$1,855,356	\$1,029,124
Denmark	256	518	3,116	-	-	-	\$1,925,833	-
France	4,908	9,065	53,124	2,249	5,186	21,817	\$579,388,580	\$9,083,498,544
Germany	1,294	2,205	11,061	22	54	160	\$24,713,006	\$77,904,228
Great Britain	6,257	9,726	56,463	3,784	8,589	31,612	\$180,067,342	\$14,778,433,674
Greece	317	304	N/A	-	-	-	\$2,226,949	\$32,336,177
Hong Kong	794	1,306	9,840	-	-	-	\$126,078,969	\$12,579,918,043
Hungary	291	460	2,590	11	34	75	\$1,905,373	\$3,498,765
India	3,188	5,573	27,128	-	-	-	\$31,746,558	\$478,455,722
Ireland	1,113	2,333	11,560	1,409	4,300	15,488	\$53,445,000	\$3,238,275,069
Italy	2,952	10,178	22,017	166	870	1,202	\$84,308,396	\$637,055,940
Japan	16,049	22,378	173,471	128	509	1,582	\$789,862,172	\$22,934,930,915
Korea	1,926	3,541	21,553	-	-	-	\$148,479,164	\$5,126,998,169
Lebanon	267	269	1,851	-	-	-	\$637	\$7,304
Macau	411	476	4,385	-	-	-	\$13,530,701	\$185,104,971
Malaysia	595	869	6,673	-	-	-	\$5,178,471	\$107,724,915
Mauritius	280	386	2,300	-	-	-	\$2,993,565	\$121,936,237
Mexico	1,077	1,019	8,114	-	-	-	\$4,993,939	\$11,659,482
Morocco	1,702	2,177	16,635	-	-	-	\$15,945,711	\$589,535,595
Netherlands	32	118	265	-	-	-	\$3,366,004	\$22,770,919
New Zealand	2,745	5,042	28,260	103	270	877	\$51,850,261	\$419,866,660
Norway	254	474	2,209	8	31	71	\$29,983,744	\$388,155,925
Oman	162	514	2,379	-	-	-	\$2,141,144	-
Panama	1,328	845	10,021	-	-	-	\$6,943,020	\$39,231,104
Peru	1,929	1,995	16,827	-	-	-	\$6,248,282	\$24,940,302
Poland	518	762	4,052	44	129	325	\$2,659,913	\$3,313,010
Qatar	416	885	4,466	-	-	-	\$13,501,429	-
Saudi Arabia	608	2,061	9,662	-	-	-	\$14,310,339	-
Serbia	166	204	1,037	-	-	-	\$294,634	-
Singapore	928	1,516	10,294	-	-	-	\$46,181,159	\$909,379,260
Slovakia	139	391	1,244	25	97	184	\$815,460	\$157,979
South Africa	3,969	6,692	42,047	-	-	-	\$1,902,781	\$687,827,426
Sweden	616	1,085	5,181	24	59	154	\$101,671,351	\$1,364,058,700
Switzerland	142	238	1,236	33	53	209	\$4,245,902	\$118,147,038
Tunisia	474	716	4,246	-	-	-	\$2,513,040	-
Turkey	2,898	3,313	28,131	-	-	-	\$71,460,609	\$1,304,264,491
UAE	397	905	3,336	-	-	-	\$47,574,111	-
USA	38,941	29,557	304,674	152	383	1,106	\$1,394,532,190	\$9,805,307,750
Uruguay	1,565	2,633	19,748	-	-	-	\$11,314,490	\$22,484,346
Venezuela	2,396	2,717	18,699	-	-	-	\$64,773,377	\$405,164,954
Total	141,748	195,453	1,306,791	8,399	21,395	77,018	\$4,759,600,560	\$101,574,250,740

*International figures correspond to last year Racing Season

TABLE 90. INTERNATIONAL THOROUGHBRED BREEDING 2014

Country	Stallions	Mares	Foals
Argentina	833	13,156	7,454
Australia	655	19,282	12,638
Austria	2	18	8
Bahrain	20	72	63
Belgium	2	9	7
Brazil	171	2,488	2,060
Canada	160	1,733	1,550
Chile	118	2,209	1,626
Croatia	38	87	6
Cyprus	33	202	127
Czech Republic	34	359	199
Denmark	14	160	101
France	309	7,698	4,874
Germany	56	1,450	864
Great Britain	187	7,050	4,569
Greece	15	39	10
Hungary	35	167	128
India	83	2,109	1,385
Ireland	210	11,720	8,780
Italy	60	780	480
Japan	218	9,371	6,564
Korea	73	1,916	1,333
Mexico	42	334	268
Morocco	77	377	225
Netherlands	3	13	7
New Zealand	132	4,944	3,774
Norway	3	23	27
Oman	1	1	1
Panama	82	294	222
Peru	63	830	561
Poland	65	373	268
Qatar	24	194	109
Saudi Arabia	307	2,177	1,698
Serbia	14	40	19
Slovakia	9	51	24
South Africa	76	2,811	3,183
Sweden	23	244	187
Switzerland	3	21	14
Tunisia	19	120	62
Turkey	285	2,350	1,684
UAE	1	1	2
USA	1,769	35,801	20,600
Uruguay	336	2,820	1,650
Venezuela	204	1,896	1,078
Total	6,864	137,790	90,489

CHART 16. AUSTRALIA VS INTERNATIONAL PRIZEMONEY

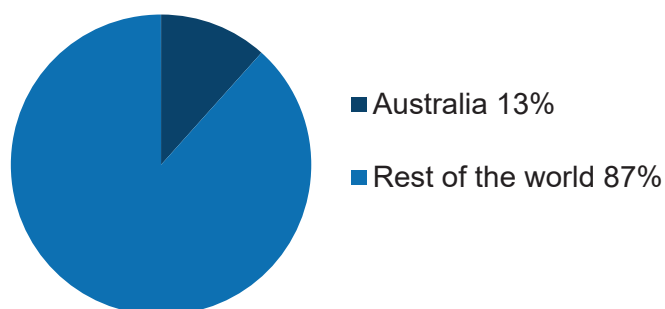


CHART 17. AUSTRALIA VS INTERNATIONAL WAGERING

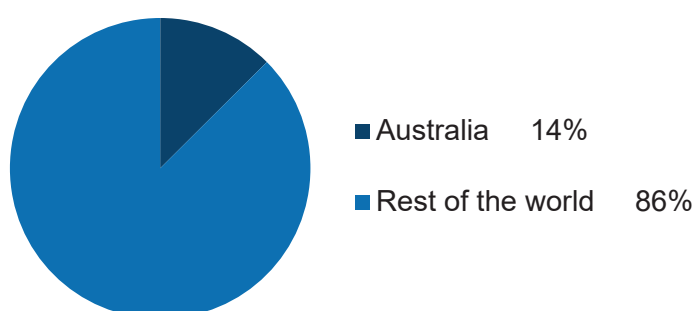
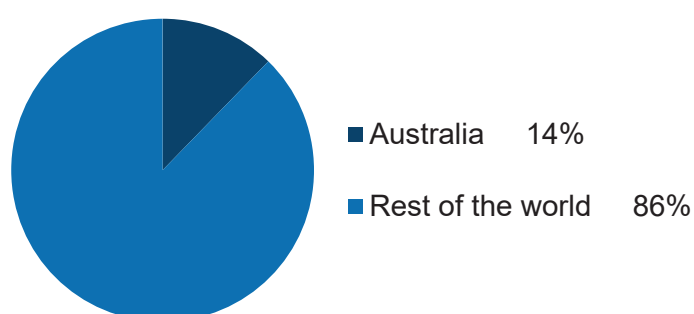


CHART 18. AUSTRALIA VS INTERNATIONAL MARES



*Source: International Federation Of Horse Racing

INTERNATIONAL RACING

TABLE 91. INTERNATIONAL GROUP & LISTED RACES BY COUNTRY 2014/15

Country	G1	%	G2	%	G3	%	L	%	Total	Flat Races	%
Argentina	40	17.4%	50	21.7%	64	27.8%	76	33.0%	230	5,708	4.0%
Australia	72	12.0%	92	15.3%	145	24.1%	292	48.6%	601	18,949	3.2%
Brazil	28	15.9%	27	15.3%	46	26.1%	75	42.6%	176	3,430	5.1%
Canada	5	2.8%	15	8.3%	24	13.3%	137	75.7%	181	2,567	7.1%
Chile	17	17.9%	22	23.2%	24	25.3%	32	33.7%	95	5,059	1.9%
France	27	11.2%	26	10.8%	61	25.3%	127	52.7%	241	4,908	4.9%
Germany	7	8.1%	12	14.0%	25	29.1%	42	48.8%	86	1,294	6.6%
Great Britain	35	12.0%	46	15.8%	70	24.0%	141	48.3%	292	6,257	4.7%
Hong Kong	10	76.9%	3	23.1%	0	0.0%	0	0.0%	13	794	1.6%
Ireland	12	10.0%	13	10.8%	42	35.0%	53	44.2%	120	1113	10.8%
Italy	4	5.1%	6	7.6%	17	21.5%	52	65.8%	79	2,952	2.7%
Japan	23	10.2%	36	15.9%	69	30.5%	98	43.4%	226	16,049	1.4%
New Zealand	22	14.9%	25	16.9%	38	25.7%	63	42.6%	148	2,745	5.4%
Peru	8	13.3%	9	15.0%	16	26.7%	27	45.0%	60	1,929	3.1%
South Africa	31	16.0%	40	20.6%	53	27.3%	70	36.1%	194	3,669	5.3%
Turkey	0	0.0%	2	66.7%	1	33.3%	0	0.0%	3	2,898	0.1%
UAE	7	17.1%	11	26.8%	11	26.8%	12	29.3%	41	397	10.3%
Uruguay	2	16.7%	2	16.7%	8	66.7%	0	0.0%	12	1565	0.8%
USA	109	7.6%	133	9.2%	222	15.4%	977	67.8%	1,441	38,941	3.7%
TOTAL	459	10.8%	570	13.4%	936	22.1%	2,274	53.6%	4,239	121,224	3.5%

Source: Racing Australia / International Federation Of Horse Racing

CHART 19. INTERNATIONAL GROUP 1 RACES

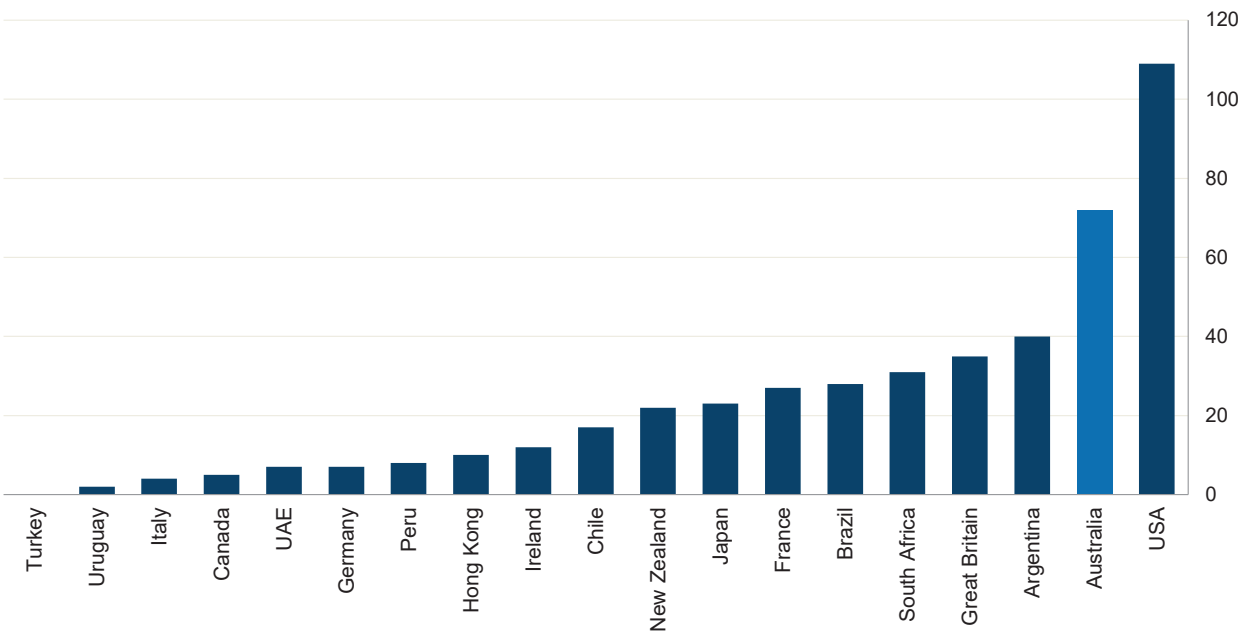


CHART 20. INTERNATIONAL FOAL CROPS

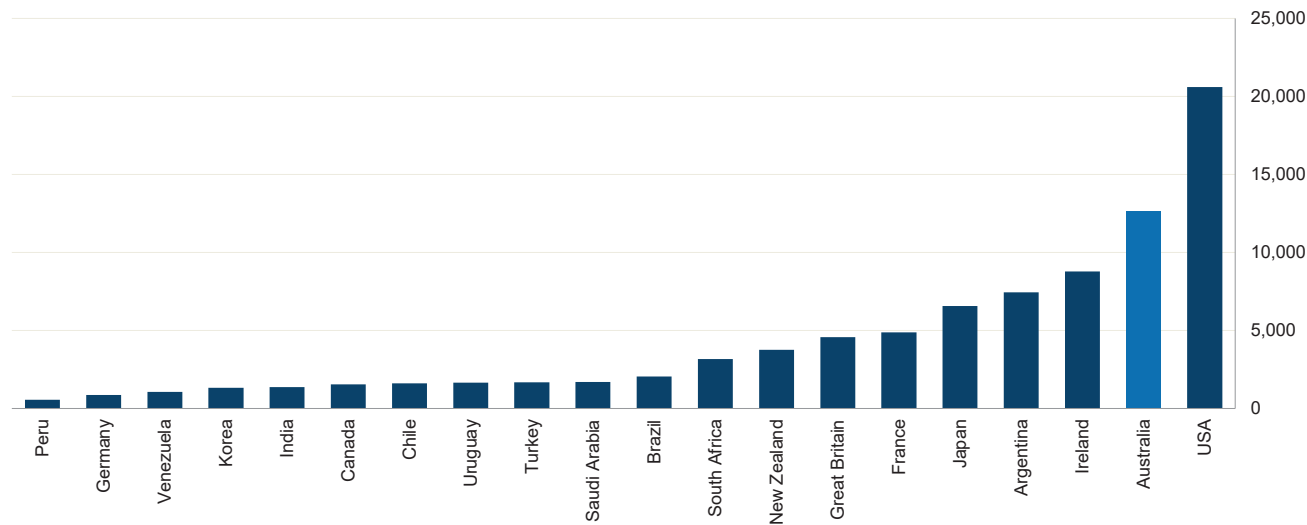
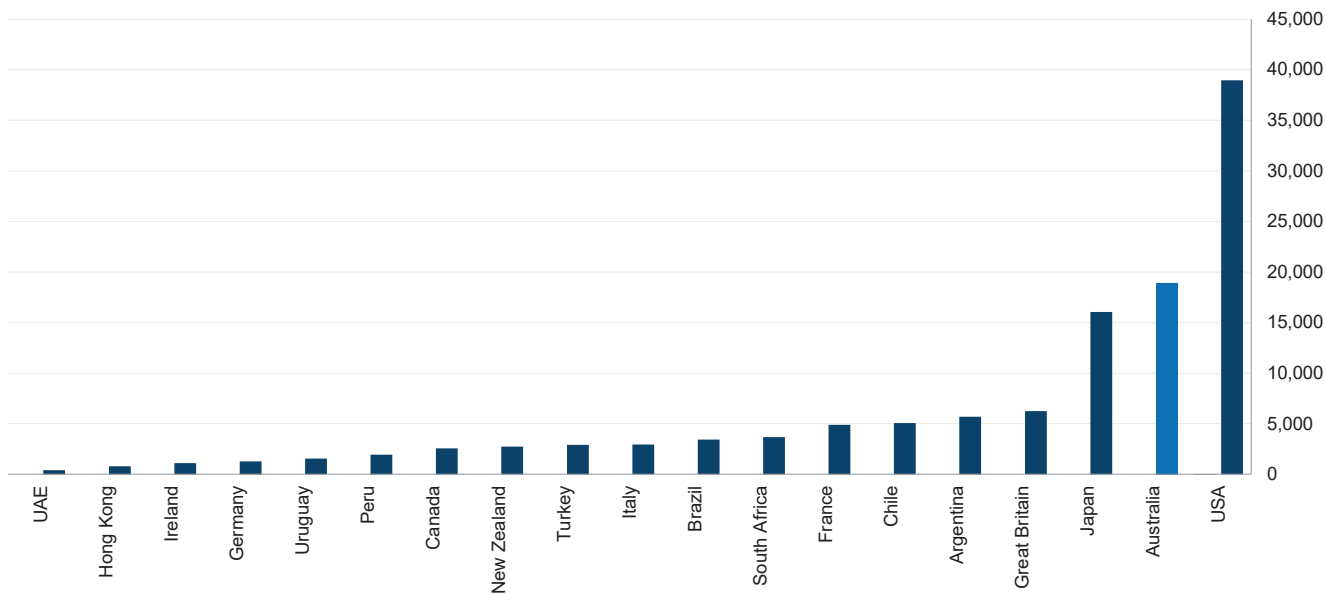


CHART 21. INTERNATIONAL FLAT RACES



Racing Australia Limited

ACN 105 994 330

E: customerservice@racingaustralia.horse

www.racingaustralia.horse

Sydney

Level 11

51 Druitt Street

Sydney NSW 2000

Phone: +61 2 8072 1900

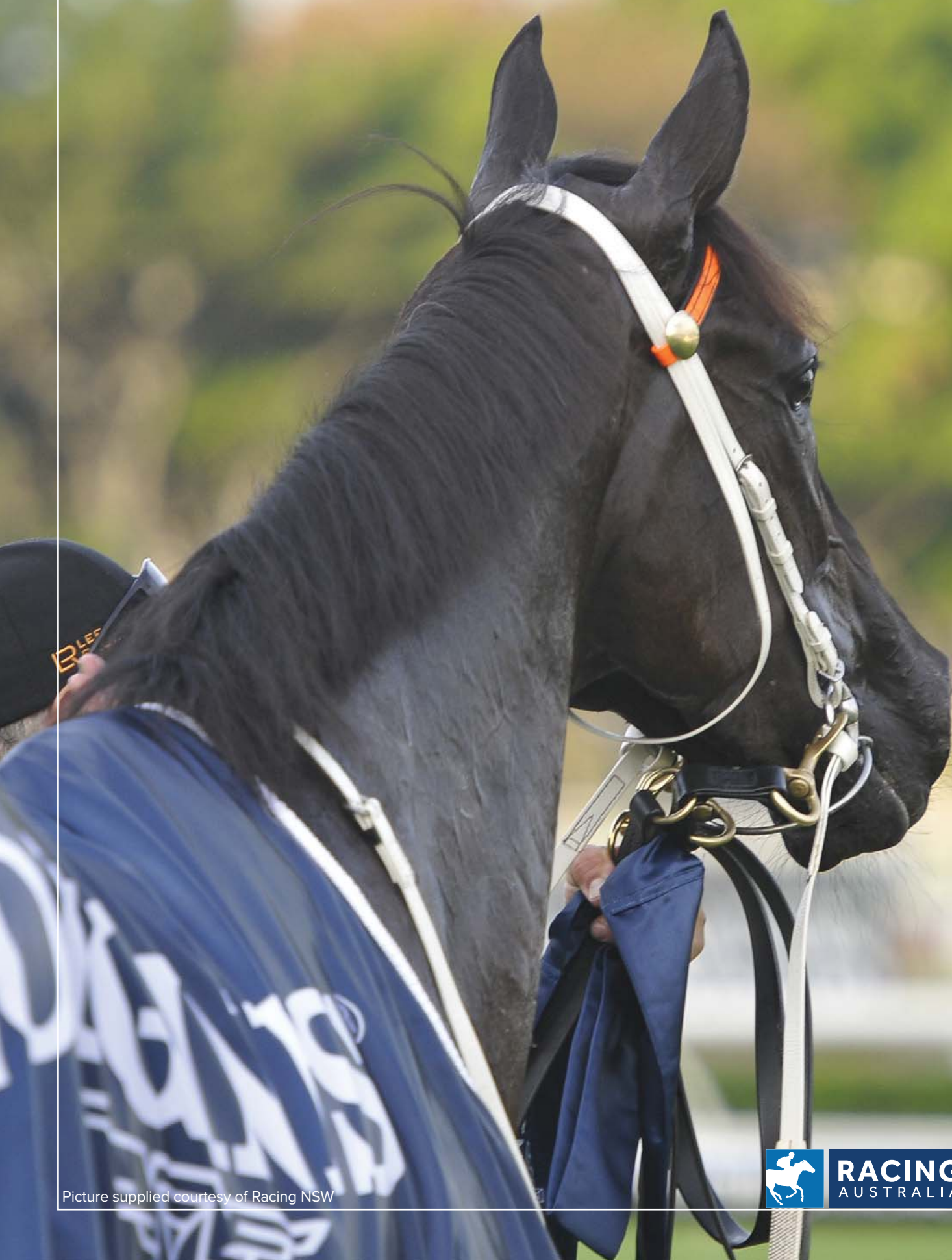
Melbourne

Level 1, Racing Centre

400 Epsom Road

Flemington VIC 3031

Phone: +61 3 8354 2500



Picture supplied courtesy of Racing NSW



RACING
AUSTRALIA

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT- 9" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-9**

Australian wagering market turnover (by product) Racing
vs. Sports

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

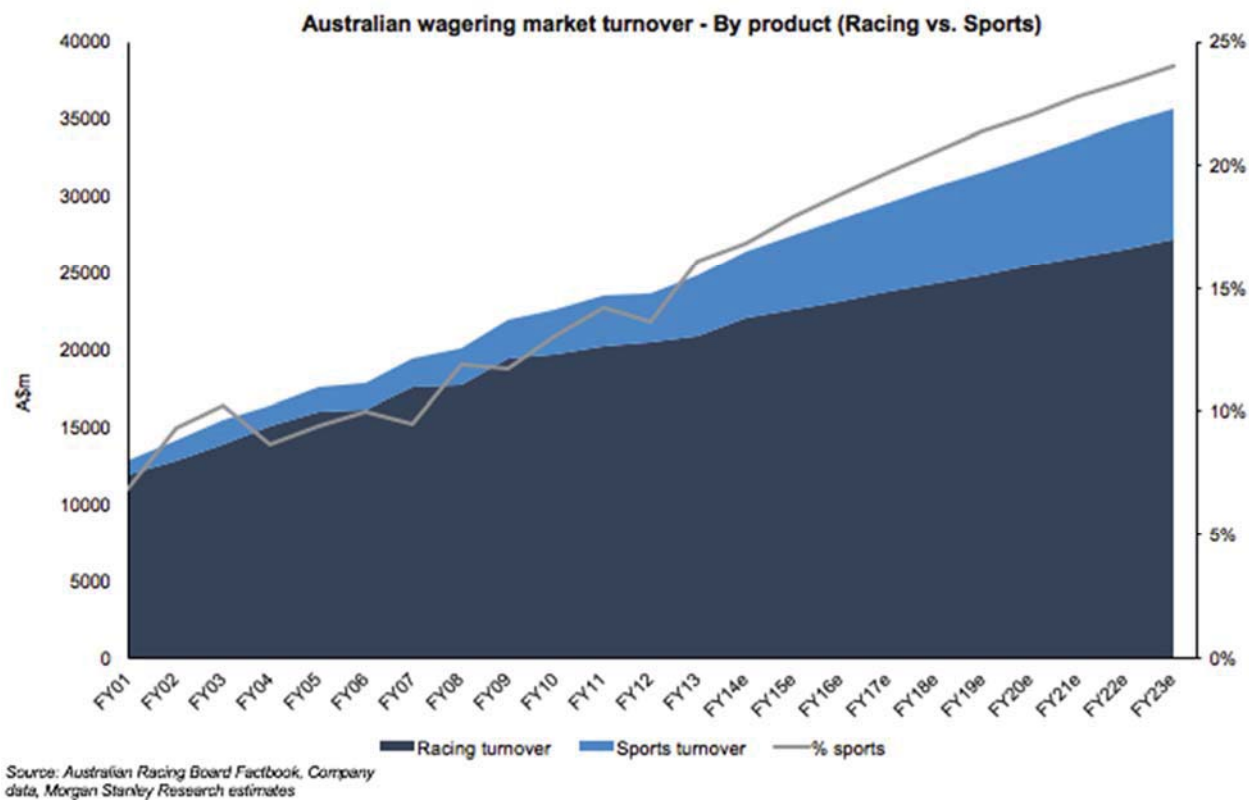
Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Australian wagering market turnover (by product)

Racing vs. Sports



IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-10" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

HIGHLY CONFIDENTIAL Annexure **NDT-10**
CrownBet turnover breakdown

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-11" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

HIGHLY CONFIDENTIAL Annexure **NDT-11**
CrownBet turnover breakdown by individual racing code or sport - Chart showing CrownBet Racing v Sport Turnover (%) breakdown for previous 3 years

CrownBet Annual turnover by racing code vs all sport - Chart showing CrownBet turnover breakdown by individual racing code/sport for previous 3 years

Chart showing CrownBet Racing v Sport Revenue and margin (%) breakdown for previous 3 years.

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-12" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-12**
Paddy Power (Sportsbet) Preliminary Results

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



7 March 2017

Paddy Power Betfair plc
Preliminary Results for the year ended 31 December 2016

Paddy Power Betfair plc (the “Group”) announces preliminary results for the year ended 31 December 2016.

Highlights

- **2016 Proforma results¹:**
 - Revenue up 18% to £1,551m, with double-digit growth across all four operating divisions
 - Underlying EBITDA^{2,3} up 35% to £400m with EBITDA margin increased to 26% from 22%
 - Underlying operating profit^{2,3} and EPS both increased 44%, to £330m and 331p per share, respectively
 - Final dividend of 113p per share results in total dividends for the year of 165p per share⁴
- **Merger integration:**
 - Key integration actions and operational changes required to realise cost synergies completed in 2016
 - 2017 focus is on fully unlocking the Group’s potential through the integration of technology platforms
- **Current trading:**
 - Trading in 2017 to date has been in line with our expectations, with Group sportsbook stakes up 22% or 12% in constant currency⁵.

Breon Corcoran, Chief Executive, commented:

“2016 was a transformational year for Paddy Power Betfair with much of the integration of the businesses completed sooner and more efficiently than expected.

The integration of our technology platforms is on track and customers are already seeing some benefits, including more markets and better odds.

In keeping with our dual brand strategy, we are serving different parts of the market with distinct value propositions. For instance, at Cheltenham next week Paddy Power has a generous money back offer for second place and Betfair will reward winners with a free bet offer and exceptional odds.

We have created a business with considerable scale that is stronger and better able to compete than either of the individual legacy companies. The Group is well positioned to deliver sustainable, profitable growth”.

Financial summary

	<i>Proforma¹, underlying³ results</i>			<i>Statutory results</i>	
	2016	2015	Change	2016	2015
	£m	£m	%	£m	£m
Revenue	1,551	1,318	+18%	1,501	794
EBITDA ²	400	296	+35%	264	163
Operating profit	330	229	+44%	15	125
Earnings/(loss) per share	330.9p	229.8p	+44%	(7.2)p	239.9p
Dividends per share ⁴	165p	n/a			

Notes:

¹ The merger of Paddy Power plc ("Paddy Power") and Betfair Group plc ("Betfair") completed on 2 February 2016 and is accounted for as an acquisition of Betfair by Paddy Power on that date. The reported statutory results reflect this accounting treatment in accordance with generally accepted accounting principles (GAAP) and only include Betfair results since the merger completion on 2 February 2016 and no Betfair results for the 2015 comparative. This announcement also includes results prepared on a "Proforma" basis (non-GAAP basis) for the Group as if Paddy Power and Betfair had always been merged, which combine the full 12 month results of Paddy Power and Betfair for 31 December 2016 and 2015. The directors consider that this is the most appropriate information for understanding and analysing the performance of the Group and accordingly, in the narrative, the results are discussed on a Proforma basis. A reconciliation between the statutory and the non-GAAP proforma, underlying financials is included in Appendix 2 (page 18)

² EBITDA is profit before interest, tax, depreciation and amortisation expenses and is a non-GAAP measure (see Appendix 2 on page 18).

³ The "underlying" measures remove the effects of the Merger exceptional costs that are not part of the usual business activity of the Group and are also excluded when internally evaluating performance, which have been therefore reported as "separately disclosed items" (see note 4 and page 33 to the financial statements and Appendix 2 on page 18)

⁴ Full year dividend includes closing dividends paid on merger relating to January 2016 equating to 12 pence per share, the interim dividend paid in September 2016 of 40 pence per share and the proposed final dividend of 113 pence per share

⁵ Constant currency ("cc") growth is calculated by retranslating non-sterling denominated component of the prior year comparative at current year exchange rates

Analyst briefing:

The Group will host a presentation for institutional investors and analysts this morning at 10:00am (IST/BST). The presentation will be webcast live on the Group's corporate website (www.paddypowerbetfair.com) and a conference call facility will also be available. To dial into the conference call, participants should dial 0844 800 3850 or 0208 996 3900 from the UK, (01) 242 1074 from Ireland and +44 844 800 3850 from elsewhere. The passcode is 284 923 93.

A presentation replay facility will be available later today on our corporate website:

<https://www.paddypowerbetfair.com/investor-relations/results-centre/2017>.

Contacts:

Paul Rushton, Investor Relations	+ 44 20 8834 6139 / + 353 1 903 9105
James Midmer, Corporate Communications	+ 44 20 8834 6843 / + 353 1 903 9106
Billy Murphy, Drury / Porter Novelli	+ 353 1 260 5000
Rob Greening / Simon Compton, Powerscourt	+ 44 20 7250 1446

About Paddy Power Betfair

Paddy Power Betfair plc is one of the leading sports betting and gaming groups in the world.

The business was formed from the February 2016 merger of Paddy Power plc and Betfair Group plc and has four divisions:

Online, which runs two of Europe's leading online sports betting and gaming brands, Paddy Power and Betfair, as well as a telephone based sportsbook and a number of B2B partnerships

Australia, consisting of Sportsbet, the market leader in the fast-growing Australian online betting market

US, which combines TVG, America's leading horse-racing TV and betting network, Betfair Casino, an online casino in New Jersey, and the Betfair New Jersey Exchange

Retail, which operates 615 Paddy Power betting shops across the UK and Ireland

Following the successful merger, Paddy Power Betfair's strategy is to create and sustain a world class, high performing business by strengthening or developing leading positions in large regulated markets. This will be achieved by generating superior returns through scale, capability and innovation, fuelled by focussed investment in people, technology, product, risk, trading and marketing, primarily in mobile online sports betting.

Business Review

The completion of the merger on 2 February 2016 created a Group with leading positions in the largest regulated online markets as well as an increasing exposure to a number of other international markets. The Group has leading, differentiated sports betting products, a portfolio of distinctive, complementary sports-led brands, and significant in-house technology and marketing capabilities.

Proforma financial performance¹

For statutory purposes the Group reported a loss of £5.7m which is primarily due to expenses relating to the merger that have been recognised as separately disclosed items. In addition, the statutory results only reflect the contribution from the Betfair business from the merger completion date. Accordingly, underlying proforma results have been presented in this Business Review as this best reflects the performance of the Group. A reconciliation between the statutory and underlying proforma financials is included on page 18.

The Group maintained good trading momentum during a year of considerable operational change. Revenue was up 18% to £1,551m (2015: £1,318m), with good performances across all four operating divisions. This, combined with efficiencies arising from the integration of the businesses and continued operating leverage, resulted in a 35% increase in underlying EBITDA^{2,3} to £400m (2015: £296m).

Integration and delivery of cost synergies

Our key focus in 2016 was on integrating the legacy businesses to achieve an optimal operational structure, to create a distinct corporate culture and identity, and to realise cost synergies.

The integration progressed ahead of schedule and the key integration actions and operational changes required to realise the cost synergies are now complete. Therefore, from the 2017 financial year, we will benefit from total cost synergies of £65m per annum (£35m benefit in 2016). The one-off implementation cost to achieve the synergies was £66m and was fully incurred in 2016.

Strategic update

The merger of two strong businesses provided an opportunity to create an even stronger Group by (i) capitalising on our enhanced scale, (ii) combining the best people, assets and practices from each business, and (iii) optimising the positioning of our two main brands. Over the last six months, we have made good progress in each of these areas and have also developed technology and product strategies that we believe best position us for long term success.

1. Capitalising on our enhanced scale

We believe that scale is an important determinant of long-term success in the online betting and gaming industry and that it can facilitate a virtuous cycle of profitable growth. Revenue growth is driven by ongoing investment in the customer proposition and the fixed nature of a significant part of our cost base means that efficiency improves with scale, leading to expansion of operating profit margins and facilitating profitable growth and ongoing investment.

Our enhanced scale enables us to improve our competitive positioning by investing more as a combined group than either legacy business was able to do alone. For example, we now have over 1,000 in-house product development specialists and invest approximately £300m annually in marketing across the Group.

Increased scale is also improving our operating efficiency. In 2016, the average cost to serve our online customers, defined as operating costs excluding marketing spend, decreased by 18% in constant currency, contributing to a 4 percentage point increase in our online EBITDA margin. Efficiency should further improve when our platform integration work is complete.

In addition to driving higher returns within our existing markets, our scale positions us better to withstand regulatory headwinds and when combined with our enhanced technology and operational capabilities, gives us greater capacity to enter new markets as opportunities arise.

2. Combining the best assets and capabilities of each legacy business

The key operational areas where the relative strengths of each legacy business are being used to create a stronger combined business are technology and product development, risk and trading and digital marketing:

Technology and product development

Our objective is to operate an efficient, scalable and flexible platform that supports our multiple brands, channels and jurisdictions. This will enable us to unlock the full potential of the Group's scale and deliver a number of key benefits, including increased pace of development, faster roll out of new product and a reduction in the investment required to enter new markets.

To achieve this, we are enhancing the modular, predominantly in-house architecture of Betfair's existing platform with key functionality of the Paddy Power platform as well as further developing the platform's overall capabilities, flexibility and scalability. Once this is completed, the Paddy Power brand will migrate to this platform.

This integration work is progressing well. The integration onto the Betfair platform of Paddy Power's market leading proprietary pricing and risk management platforms is substantially complete with the majority of the Betfair sportsbook now traded on the integrated platform. Paddy Power's proprietary gaming content is available to Betfair customers, representing approximately 30% of its 'Arcade' revenues. Other changes that have been completed include the harmonisation and upgrade of cyber security protection, and enhancements in areas such as fraud detection, customer verification and payments processing.

We expect to complete the integration of our European online platforms by the end of 2017. Until then, new product releases on the Paddy Power brand will be relatively limited, but on completion customers will see immediate benefits. These include access to an improved cash out product, a new proprietary desktop, greater promotional flexibility and certain product features that are currently only available to Betfair customers.

Importantly, this also means that new products will be immediately available for use on either of our brands, greatly improving the efficiency of our development spend.

Risk and trading

The integration of our risk and trading function is now substantially complete. Moving to an integrated trading platform across the Group is enabling us to operate more efficiently and with greater flexibility across our brands, channels and jurisdictions. The increase in the volume of bets driving our pricing models, the sharing of data and processes between our brands, and the use of our exchange has improved our overall pricing and risk management capability. Importantly, the platform will have the flexibility that means traders can price an event once and then offer different odds across different brands and/or jurisdictions.

The most significant benefits of the integration are being seen on the Betfair sportsbook which, due to its lack of scale prior to the merger, used third party pricing sources for most sports and the majority of its markets. Paddy Power proprietary pricing and risk management tools are now used for over 85% of bets on the Betfair sportsbook, and for 19 sports. Within the next few months, all markets will operate on the integrated platform.

This change has had two major customer-facing benefits: (i) it has enabled a broader range of markets to be offered with, outside of football and racing, a 70% increase in the number of in-play betting events now offered on the Betfair sportsbook; and (ii) it significantly improves the accuracy and responsiveness of pricing, allowing us to provide even better value to customers at any given expected gross win margin. This has facilitated our brand pricing strategy, as described below.

Notwithstanding the integration work, we have continued to invest in our proprietary models. In January 2017, we launched the next generation of our in-house football model. This model enables more accurate pricing, reduced in-play market suspension time (to less than one minute over an average football match, down from around five minutes previously), a greater range of markets, and faster bet acceptance and settlement.

Digital marketing

We are now using the best technology systems and processes from each legacy business, resulting in both our brands having access to a stronger shared digital marketing capability.

In CRM, for example, since December 2016 both brands have been operating on a platform that has more advanced algorithms and greater automation, enabling more efficient, targeted and optimised messaging. This is improving the reach and efficacy of our customer retention activity.

Operating two individual brands on an integrated shared function is also proving to be beneficial for efficiency. The pooling of analytics data has improved our econometric modelling, giving us greater insight into the effectiveness of marketing activity and leading to improved optimisation of spend. For example, we can better test the effectiveness of different approaches to promotions on a particular event and up weight activity that is driving the most effective returns. Co-ordinated bidding for assets, such as keywords on paid search, is also improving the efficiency of our marketing spend.

3. Optimising our brand positioning in the UK and Ireland

Within the UK and Ireland we have two leading sports-led brands which appeal to distinct market segments and have limited customer overlap. Accordingly we believe a dual brand approach is appropriate to that market whilst internationally (excluding Australia and the USA) we will focus exclusively on a single sports brand, Betfair.

In the UK and Ireland we are seeking to maximise growth by optimising the positioning of our two complementary brands across market segments. Accordingly, whilst both brands are supported by shared digital marketing, risk & trading and customer operations, their consumer propositions will remain distinct.

The Betfair brand is primarily focused on customers whose motivations to bet are value-related, and accordingly its marketing communications have a key emphasis on highlighting its strong value proposition along with its leading product functionality. The Paddy Power brand is focused on customers whose primary motivations are social interaction and entertainment, in addition to value. Therefore the brand's marketing communications are focussed on cultivating its distinctive personality, supported by standout headline promotional offers and attractive pricing on the most popular bets.

Each brand's distinct strategy for providing customer value is illustrated by its football proposition. Paddy Power offers market leading odds on the most-backed Premier League favourites alongside attractive promotions such as the current "2 Up – you win" offer, which pays out immediately when the team you back goes two goals up, regardless of the final result. Conversely, the Betfair exchange and sportsbook offer consistently strong pricing on all selections, with market leading overrounds on Premier League matches.

Operating dual brands is also advantageous for targeting customers at key events. At Cheltenham, our brands' headline offers appeal to two distinct customer mind-sets with Betfair rewarding customers with a

free bet for each winning bet at odds of 3/1 or higher and Paddy Power compensating customers for near misses with its *'Money-back if 2nd'* offer.

Market research shows that Betfair customers consistently rate Betfair as offering best odds in the market and that Paddy Power customers see the brand as being the most fun and entertaining betting brand. We believe our targeted brand approach allows us to further capitalise on these distinct brand strengths, whilst our overall enhanced product and operations capabilities can also allow both brands to further extend their reach.

Current trading and outlook

The new financial year has started in line with our expectations. Group sportsbook stakes in the year to date are up 22% or 12% in constant currency ("cc"), with Online up 13% (cc 9%), Australia up 47% (cc 19%) and Retail up 15% (cc 7%).

Our industry remains highly competitive and exposed to external factors including the economic and regulatory environment. However, our scale, market positions and leading capabilities position us well for sustainable profitable growth and we look forward to the future with confidence.

Operating and Financial Review¹

For statutory purposes the Group reported a loss of £5.7m which is primarily due to expenses relating to the merger that have been recognised as separately disclosed items. In addition, the statutory results only reflect the contribution from the Betfair business from the merger completion date. Accordingly, underlying proforma results have been presented in this Operating and Financial Review as this best reflects the performance of the Group. This announcement also includes results prepared on a “Proforma” basis (non-GAAP basis) for the Group as if Paddy Power and Betfair had always been merged, which combine the full 12 month results of Paddy Power and Betfair for 31 December 2016 and 2015. The directors consider that this is the most appropriate information for understanding and analysing the performance of the Group and accordingly, in the narrative, the results are discussed on a Proforma basis. A reconciliation between the statutory and underlying proforma financials is included on page 18.

Group

<i>Proforma¹</i>	2016 £m	2015 £m	Change %	Constant Currency⁵ Change %
Sportsbook stakes	9,890	7,999	+24%	+16%
<i>Sportsbook net revenue %</i>	<i>8.7%</i>	<i>8.8%</i>	<i>-0.1%</i>	<i>-0.1%</i>
Sports revenue	1,198	1,009	+19%	+11%
Gaming revenue	353	309	+14%	+12%
Total revenue	1,551	1,318	+18%	+11%
Cost of sales	(357)	(311)	+15%	+9%
Gross profit	1,194	1,007	+19%	+12%
Sales and marketing	(293)	(231)	+27%	+21%
Product and technology	(148)	(147)	+1%	-7%
Operations	(296)	(271)	+9%	+1%
Central costs	(58)	(62)	-8%	-14%
Total operating costs	(794)	(711)	+12%	+4%
Underlying EBITDA^{2, 3}	400	296	+35%	+31%
<i>Underlying EBITDA margin %</i>	<i>25.8%</i>	<i>22.4%</i>	<i>+3.4%</i>	<i>+3.8%</i>
Depreciation and amortisation	(70)	(67)	+4%	-5%
Underlying³ operating profit	330	229	+44%	+42%
Separately disclosed items	(318)	(9)	n/a	n/a
Operating profit	12	219	-94%	-95%
Underlying³ earnings per share	330.9p	229.8p	+44%	
Dividends per share⁴	165p	n/a		
Net cash at year end⁶	£36m	£84m		

Group revenue increased by 18% to £1,551m, with sports revenues increasing by 19% and gaming revenues increasing by 14%. Revenue growth included a £78m benefit from the translation of non-UK revenues due to the weakness of sterling versus the prior year. On a constant currency (“cc”)⁵ basis, revenue growth was 11%.

Sports revenue growth was driven by a 24% increase in sportsbook stakes (cc +16%). During the year, sports results ebbed and flowed between favouring bookmakers and customers. The first quarter saw a high number of favourites winning at the Cheltenham festival, before unfancied results at the Euro 2016

tournament boosted revenues in June and July. The year concluded with customer friendly football results in December. Across the year as a whole, the overall group sportsbook net revenue percentage was broadly in line with the prior year but was marginally lower than our normal expectations.

Revenue from regulated markets represented 95% of total revenues in 2016 (2015: 94%).

Revenue growth combined with operational leverage led to a 35% increase in underlying EBITDA to £400m (2015: £296m), representing an EBITDA margin of 26% (2015: 22%). Underlying operating profit increased by 44% to £330m (2015: £229m). Underlying EBITDA included an £11m foreign exchange translation benefit and increased by 31% on a constant currency basis.

Cost of sales were adversely affected by £7m of new taxes and product fees. Total operating costs increased by 12%, or by 4% on a constant currency basis. Within this, sales and marketing spend increased by £62m or 27% (cc +21%), driven by Euro 2016, increased competitive intensity and continued asset inflation. Other operating cost growth, which benefitted from merger synergies, increased by 4%, which represented a 3% reduction in constant currency.

After separately disclosed items, which related entirely to the merger, the Group recorded an operating profit of £12m (2015: £219m).

Online

<i>Proforma</i> ¹	2016 £m	2015 £m	Change %	Constant Currency ⁵ Change %
Sportsbook stakes	5,266	4,416	+19%	+16%
<i>Sportsbook net revenue %</i>	<i>6.6%</i>	<i>6.6%</i>	<i>Flat</i>	<i>Flat</i>
Sports revenue	609	534	+14%	+10%
Gaming revenue	245	214	+14%	+12%
Total revenue	853	748	+14%	+11%
Cost of sales	(193)	(178)	+8%	+5%
Gross profit	661	570	+16%	+12%
Sales and marketing	(195)	(159)	+23%	+19%
Product and technology	(111)	(117)	-6%	-13%
Operations	(65)	(66)	-2%	-8%
Total operating costs	(371)	(343)	+8%	+3%
Underlying EBITDA ^{2,3}	289	227	+27%	+28%
Depreciation and amortisation	(34)	(36)	-6%	-13%
Underlying operating profit ³	255	191	+34%	+36%
Active customers (000's) [^]	3,904	3,511	+11%	

Online division includes the UK/Ireland telephone business.

[^] Active customers throughout this statement are defined as those who have deposited real money and have bet in the reporting period, excluding indirect B2B customers. Note that the active customer numbers have not been adjusted for customers who were active on both the Paddy Power and Betfair brands.

The Online division includes the online brands of Paddy Power and Betfair, the Paddy Power telephone sportsbook, as well as a number of B2B partnerships.

Revenue increased by 14% to £853m (cc +11%). Within this, revenue from regulated markets was up 16% (cc +13%) and unregulated market revenues fell by 2% (cc -11%), due primarily to the year-on-year impact on the first half from exiting from Portugal in July 2015. Active customers increased by 11% driven by sportsbook acquisition growth across both our brands, including at Euro 2016.

Sports revenue increased by 14% to £609m (cc +10%). This was comprised of a 19% (cc +16%) increase in sportsbook stakes and 7% (cc +3%) growth in exchange and B2B revenues.

During the year we continued to launch innovative new betting features such as ‘*Each Way Edge*’ on the Betfair sportsbook. The feature builds on the success of ‘*Acca Edge*’ and allows customers to choose their own each way terms on a racing bet, to either increase their chances of winning or enhance their potential winning returns. Since launching in December, the product has proved popular, with 15% of racing customers on the Betfair sportsbook using the feature last month.

We have also enhanced sports streaming from January 2017 on both the Betfair and Paddy Power apps, along with making incremental improvements to our exchange product, including an updated desktop front end, increased personalisation and quicker bet placement.

Gaming revenue increased 14% to £245m (cc +12%), with growth continuing to be driven by cross-sell from sports and mobile. Gaming growth slowed in the fourth quarter, primarily attributable to lower direct gaming activations on our Paddy Power brand, a reduction in Betfair sports customers cross-sold to gaming and reduced year-on-year VIP activity across both brands. Direct activations on Paddy Power were impacted by a reduction in gaming TV advertising and in response we increased TV advertising from mid-December.

Underlying EBITDA increased by 27% to £289m (cc +28%) and underlying operating profit increased by 34% to £255m (cc +36%). Total operating costs increased by 8% (cc +3%) versus the 14% (cc +11%) revenue growth, with 23% growth in sales and marketing costs (cc +19%), driven by continued asset inflation and Euro 2016, offset by the benefit of merger synergies and underlying low cost growth across other cost categories.

Australia⁷

	2016 £m	2015 £m	Change % £	Change % A\$
Sportsbook stakes	2,911	2,053	+42%	+25%
<i>Sportsbook net revenue %</i>	<i>10.7%</i>	<i>11.3%</i>	<i>-0.6%</i>	<i>-0.6%</i>
Revenue	312	232	+34%	+18%
Cost of sales	(80)	(58)	+38%	+20%
Gross profit	231	174	+33%	+17%
Sales and marketing	(72)	(51)	+41%	+28%
Product and technology	(24)	(19)	+24%	+11%
Operations	(41)	(34)	+22%	+4%
Total operating costs	(137)	(104)	+32%	+17%
Underlying EBITDA^{2, 3}	94	70	+35%	+18%
Depreciation and amortisation	(10)	(9)	+11%	-2%
Underlying³ operating profit	84	61	+38%	+21%
Active customers (000's)	956	767	+25%	

The Australia division operates under the Sportsbet brand and is the market leader in the Australian online betting market.

Stakes continued to grow strongly in 2016, up 25% to £2.9 billion, despite the intensified level of competition, and was driven by 25% growth in active customers. Revenue, up 18% to £312m, was impacted by adverse sports results, in particular in horseracing during the first half of the year.

The first nine months of the year benefited from strong growth in telephone in-play betting, driven by our 'Bet Live' product. This product was released in December 2015 but was withdrawn on 4 October 2016 following regulatory changes. In the first three quarters of 2016 in-play betting contributed 14% of stakes and 7% of revenue versus 6% and 3%, respectively in the prior year. In the fourth quarter, the in-play mix broadly returned to levels seen prior to the launch of 'Bet Live'.

We continue to invest in Sportsbet's product and marketing to maintain our online market leadership position. Key product releases in 2016 included 'Multibuilder' and 'Same Game Multi', which enhance accumulator betting, and 'Power Play' which encourages customer loyalty by allowing them to trigger a daily power play that increases the odds on their selection. It was launched on racing ahead of the Spring Carnival and in January 2017 was extended to Big Bash cricket and Australian Open tennis. For the upcoming 2017 seasons we have secured sponsorship of free-to-air TV coverage of AFL to complement our continued sponsorship of the equivalent NRL coverage.

Underlying EBITDA increased by 18% to £94m (2015: £70m). This was driven by 39% growth in the second half of the year which offset a 10% decline in the first half's profits. The improvement in the second half, whilst benefitting from a reduced year-on-year impact from both sports results and product fee rate increases, was primarily driven by a reduction in operating cost growth from 30% to 7%. The slowdown in cost growth partially reflected the lapping of a significant operational expansion during the second half of 2015 but was also due to an increased focus on achieving operating efficiencies.

Retail

	2016 £m	2015 £m	Change %	Constant Currency ⁵ Change %
Sportsbook stakes	1,713	1,530	+12%	+4%
<i>Sportsbook net revenue %</i>	<i>11.6%</i>	<i>11.7%</i>	<i>-0.1%</i>	<i>-0.1%</i>
Sports revenue	198	178	+11%	+3%
Machine gaming revenue	97	88	+10%	+10%
Total revenue	295	266	+11%	+6%
Cost of sales	(63)	(58)	+7%	+4%
Gross profit	233	208	+12%	+6%
Sales and marketing	(7)	(6)	+9%	+3%
Product and technology	(6)	(5)	+10%	+5%
Operations	(158)	(145)	+9%	+5%
Total operating costs	(170)	(156)	+9%	+5%
Underlying EBITDA^{2, 3}	62	52	+21%	+10%
Depreciation and amortisation	(18)	(15)	+16%	+10%
Underlying³ operating profit	45	36	+23%	+10%
Shops at year end	613	598	+3%	

The Retail division operates 613 Paddy Power betting shops across the UK and Ireland. The business continues to take market share, leading to revenue growth of 11% to £295m (cc +6%). This, along with careful cost control drove a 23% increase in underlying operating profit to £45m (up 10% excluding currency benefit).

Revenues from UK shops increased by 8% and Irish shop revenues were up 2% in local currency. Excluding the impact of new shops and year-on-year currency movements, like-for-like⁸ revenues increased by 3% and operating costs increased by 2%. The like-for-like⁸ revenue growth was comprised of a 1% increase in

both sportsbook stakes and revenues, and a 7% increase in machine gaming growth, primarily driven by growth from B3 slots content.

Our average EBITDA² per shop in 2016 was £103,000 which is significantly higher than the average of our major competitors. Our high quality retail estate has been built around providing a fun, social environment focused around live sport and we are continually improving our customer experience with new products. The launch of our exclusive 'Track My Bet' service on our Self Service Betting Terminals ("SSBTs"), along with in-store self-service online sign-up tablets and cross-channel promotions of our Hotshot Jackpot game successfully target multi-channel customers. In December, we introduced free WiFi to all our stores and in January 2017 we released a new retail app 'Paddy Power Onside' which allows us to bring some of the benefits of digital into our retail estate and provides another platform for online cross-sell.

During the year we were able to selectively identify additional shop locations which could further enhance the quality and coverage of our estate and we opened 12 new shops in the UK and four in Ireland. We also closed one UK shop.

US⁷

<i>Proforma</i> ¹	2016 £m	2015 £m	Change % £	Change % US\$
Sports revenue	79	64	+24%	+10%
Gaming revenue	12	7	+56%	+39%
Total revenue	91	71	+28%	+13%
Cost of sales	(21)	(16)	+34%	+18%
Gross profit	70	55	+26%	+11%
Sales and marketing	(18)	(15)	+24%	+14%
Product and technology	(8)	(5)	+56%	+44%
Operations	(31)	(26)	+21%	+6%
Total operating costs	(57)	(45)	+26%	+12%
Underlying EBITDA ^{2,3}	12	10	+25%	+6%
Depreciation and amortisation	(9)	(7)	+20%	+5%
Underlying³ operating profit	4	3	+39%	+9%
Active customers (000's)	139	131	+6%	

The US division combines TVG, America's leading horseracing TV and betting network (operating in over 30 states), Betfair Casino, an online casino in New Jersey, and the Betfair New Jersey Exchange.

Revenue increased by 13% to £91m, driven by growth in both our TVG and Betfair New Jersey businesses, and EBITDA increased by 6% to £12m.

In TVG, revenue increased by 9% as the business continued to increase its market share.

The online casino in New Jersey continues to see strong revenue growth, and is now operating at breakeven EBITDA after a couple years of start-up losses.

In May, under the Betfair brand we launched the US market's first online exchange wagering platform for horseracing in New Jersey. Whilst the size of that market is limited, it is a good opportunity to test consumer demand for exchange betting and to attract new customers to the overall horseracing betting market.

Regulatory update

In the UK budget in March 2016, it was announced that from August 2017 the treatment of free bets for online gaming point of consumption tax will change to bring it in line with their non-deductibility for sports. We estimate the impact of this change will be approximately £6m per annum.

The British Government has announced that from April 2017 the statutory Horserace Betting Levy will be extended to cover all operators and it will become mandatory to pay the levy at of rate of 10% of gross winnings from all customers in Great Britain betting on British racing. While our Betfair brand already makes contributions to British racing through the Authorised Betting Partner scheme, we estimate that the net incremental impact of the new scheme will be approximately £10m per annum for the Group.

In October 2016, the UK Government launched its Review of Gaming Machines and Social Responsibility Measures, which is reviewing the maximum stakes and prizes for, and the number and location of, gaming machines across all licensed premises (including licensed betting offices) and also is reviewing social responsibility measures to protect players from gambling-related harm, including reviewing restrictions around gambling advertising.

In October 2016, the UK Competition and Markets Authority announced that it was conducting an investigation into UK online gambling operators. The investigation is part of joint programme of work with the Gambling Commission following concerns raised by the Gambling Commission about potential breaches of consumer law and the fairness of licensees' consumer-facing terms amongst operators. The CMA have indicated that they will be providing a further update in April 2017.

In June 2015, the EU 4th Anti-Money Laundering Directive was published. All EU member states have two years to transpose the directive's requirements into national law and therefore we expect any necessary changes to be published ahead of June 2017.

In April 2016, the Australian Federal Government announced an intention to ban credit betting along with a series of consumer protection measures. We do not anticipate that either of these changes will materially affect our business given the limited use of credit by our customers and our pre-existing responsible gambling measures.

In June 2016, the Government in South Australia announced that it will introduce a 15% place of consumption tax in the state, effective from July 2017. In 2016, revenues from South Australian customers represented 7% of our total Australian revenues.

Responsible gambling

Operating responsibly is essential to the ongoing sustainability of our business and ensuring our customers, across all of our brands and geographies, bet safely and responsibly is of the highest importance. Following the completion of the merger we have continued to develop our systems and processes towards greater transparency and responsibility.

We have standardised and expanded our online and retail tools, enabling customers to better manage their play. We also continue to participate in a wide-range of industry and government initiatives to promote responsible gambling, including being a key participant in the Senet Group and a cornerstone partner of a new Multi Operator Self Exclusion Scheme ("MOSES") in retail.

During 2016, Sportsbet helped to establish Responsible Wagering Australia, an industry group with the objective of ensuring that Australia has the best conducted, socially responsible wagering industry in the world.

Separately disclosed items

<i>Proforma</i> ¹	2016 £m	2015 £m
Merger deal expenses	(50)	(6)
Merger integration expenses	(66)	-
Restructuring costs (pre-merger)	-	(3)
Non-cash merger related items:		
Intangible asset amortisation	(174)	-
Fair value adjustment for replacement share-based payment awards	(22)	-
Impairment of assets	(6)	-
Total separately disclosed items	(318)	(9)

All the 2016 separately disclosed items relate specifically to the merger and therefore are excluded from underlying profits. Merger deal expenses include costs, fees and stamp duty incurred to complete the merger. These costs totalled £56m, with £50m incurred in the first half of 2016 and £6m incurred in the second half of 2015.

Merger integration expenses are one-off costs incurred to achieve recurring cost synergies. These expenses, totalling £66m, were fully incurred in 2016 and related primarily to the costs associated with the rationalisation of duplicated roles, shifting of technology resources to our existing European development centres, the closure of five offices and the consolidation of our data centres.

The merger is accounted for as an acquisition of Betfair by Paddy Power with the accounting treatment therefore resulting in the recognition of a number of non-cash items. These include amortisation of intangible assets (£174m in 2016), a fair value adjustment on the replacement of legacy Betfair share-based payment awards for equivalent awards in the Group on completion (£22m in 2016) and asset impairments of £6m in relation to assets impaired as a result of integration actions taken.

Taxation

The Group's underlying effective tax rate was 15.5% (2015: 15.6%).

Capital expenditure

The Group had £85m⁹ of capital expenditure in 2016 (2015: £92m). Approximately 20% of the expenditure related to our retail business with the remainder primarily related to technology projects and product development.

Cash flow and financial position

<i>Proforma</i> ¹	2016 £m	2015 £m
Underlying EBITDA ^{2, 3}	400	296
Capex ⁹	(85)	(92)
Working capital and tax	(63)	32
Underlying free cash flow	252	236
Cash flow from separately disclosed items	(104)	(9)
Free cash flow	148	227
Dividends paid	(179)	(88)
Return of capital (including fees)	-	(484)
Interest and other borrowing costs	(2)	(1)
Other	2	(11)
Net decrease in cash	(31)	(357)
Net cash at start of the year	84	453
Movement to restricted cash	(8)	-
Foreign currency exchange translation	(9)	(12)
Net cash at year end⁶	36	84

The Group's profits convert strongly into cash flow, with underlying free cash flow of £252m representing 91% of underlying profit after tax in 2016.

As at 31 December 2016, the Group had net cash of £36m, excluding customer balances.

Dividend and capital structure

In line with our dividend policy, the Board continues to target a pay-out ratio for the Group's dividend of approximately 50% of underlying profits after tax. Accordingly, a final dividend of 113p per share has been proposed, taking the full year dividend for 2016 to 165p per share⁴. The ex-dividend date will be 6 April 2017, the record date will be 7 April 2017 and payment will be on 24 May 2017.

The efficiency of the Group's capital structure is kept under regular review by the Board. Relevant considerations include the Group's strong cash flow generation, its investment plans and general capital market conditions.

¹ The merger of Paddy Power plc ("Paddy Power") and Betfair Group plc ("Betfair") completed on 2 February 2016 and is accounted for as an acquisition of Betfair by Paddy Power on that date. The reported statutory results reflect this accounting treatment in accordance with generally accepted accounting principles (GAAP) and only include Betfair results since the merger completion on 2 February 2016 and no Betfair results for the 2015 comparative. This announcement also includes results prepared on a "Proforma" basis (non-GAAP basis) for the Group as if Paddy Power and Betfair had always been merged, which combine the full 12 month results of Paddy Power and Betfair for 31 December 2016 and 2015. The directors consider that this is the most appropriate information for understanding and analysing the performance of the Group and accordingly, in the narrative, the results are discussed on a Proforma basis. A reconciliation between the statutory and the non-GAAP proforma, underlying financials is included in Appendix 2 (page 18)

² EBITDA is profit before interest, tax, depreciation and amortisation expenses and is a non-GAAP measure (see Appendix 2 on page 18).

³ The “underlying” measures remove the effects of the Merger exceptional costs that are not part of the usual business activity of the Group and are also excluded when internally evaluating performance, which have been therefore reported as “separately disclosed items” (see note 4 and page 33 to the financial statements and Appendix 2 on page 18)

⁴ Full year dividend includes closing dividends paid on merger relating to January 2016 equating to 12 pence per share, interim dividend paid in September 2016 of 40 pence per share and the proposed final dividend of 113 pence per share

⁵ Constant currency (“cc”) growth throughout this Operating & Financial Review is calculated by retranslating non-sterling denominated component of 2015 at 2016 exchange rates

⁶ Net cash at 31 December 2016 is comprised of gross cash excluding customer balances of £250m and borrowings of £214m. The comparative balance shown as at 31 December 2015 is comprised of gross cash excluding customer balances of £86m, borrowings of £143m and Betfair’s net cash of £141m (see Appendix 3)

⁷ Growth rates in the commentary are in local currency

⁸ Like-for-like growth rates are in constant currency⁵ and are calculated by only including in the 2016 results, financial results from shops open prior to 2015 plus the financial results from shops opened during 2015 only from the anniversary of their opening date

⁹ Capital expenditure is on a Proforma basis and excludes the intangible assets which were recognised under the accounting for the Merger

Appendix 1: Divisional Key Performance Indicators

Proforma

£m	Online				Australia				Retail				US				Group			
	2016	2015	% Change	CC¹ % Change	2016	2015	% Change	A\$ % Change	2016	2015	% Change	CC¹ % Change	2016	2015	% Change	US\$ % Change	2016	2015	% Change	CC¹ % Change
Sportsbook stakes	5,266	4,416	+19%	+16%	2,911	2,053	+42%	+25%	1,713	1,530	+12%	+4%					9,890	7,999	+24%	+16%
<i>Sportsbook net rev %</i>	6.6%	6.6%	Flat	Flat	10.7%	11.3%	-0.6%	-0.6%	11.6%	11.7%	-0.1%	-0.1%					8.7%	8.8%	-0.1%	-0.1%
Sports net revenue	609	534	+14%	+10%	312	232	+34%	+18%	198	178	+11%	+3%	79	64	+24%	+10%	1,198	1,009	+19%	+11%
Gaming net revenue	245	214	+14%	+12%	-	-	-	-	97	88	+10%	+10%	12	7	+56%	+39%	353	309	+14%	+12%
Total net revenue	853	748	+14%	+11%	312	232	+34%	+18%	295	266	+11%	+6%	91	71	+28%	+13%	1,551	1,318	+18%	+11%
Regulated markets	782	676	+16%	+13%	312	232	+34%	+18%	295	266	+11%	+6%	91	71	+28%	+13%	1,480	1,246	+19%	+12%
Unregulated markets	71	73	-2%	-11%	-	-	-	-	-	-	-	-	-	-	-	-	71	73	-2%	-11%
Total net revenue	853	748	+14%	+11%	312	232	+34%	+18%	295	266	+11%	+6%	91	71	+28%	+13%	1,551	1,318	+18%	+11%
Cost of sales	(193)	(178)	+8%	+5%	(80)	(58)	+38%	+20%	(63)	(58)	+7%	+4%	(21)	(16)	+34%	+18%	(357)	(311)	+15%	+9%
Gross Profit	661	570	+16%	+12%	231	174	+33%	+17%	233	208	+12%	+6%	70	55	+26%	+11%	1,194	1,007	+19%	+12%
Sales & marketing	(195)	(159)	+23%	+19%	(72)	(51)	+41%	+28%	(7)	(6)	+9%	+3%	(18)	(15)	+24%	+14%	(293)	(231)	+27%	+21%
Product & technology	(111)	(117)	-6%	-13%	(24)	(19)	+24%	+11%	(6)	(5)	+10%	+5%	(8)	(5)	+56%	+44%	(148)	(147)	+1%	-7%
Operations	(65)	(66)	-2%	-8%	(41)	(34)	+22%	+4%	(158)	(145)	+9%	+5%	(31)	(26)	+21%	+6%	(296)	(271)	+9%	+1%
Unallocated central costs																	(58)	(62)	-8%	-14%
Operating costs	(371)	(343)	+8%	+3%	(137)	(104)	+32%	+17%	(170)	(156)	+9%	+5%	(57)	(45)	+26%	+12%	(794)	(711)	+12%	+4%
Underlying EBITDA	289	227	+27%	+28%	94	70	+35%	+18%	62	52	+21%	+10%	12	10	+25%	+6%	400	296	+35%	+31%
Depreciation & amortisation	(34)	(36)	-6%	-13%	(10)	(9)	+11%	-2%	(18)	(15)	+16%	+10%	(9)	(7)	+20%	+5%	(70)	(67)	+4%	-5%
Underlying operating profit	255	191	+34%	+36%	84	61	+38%	+21%	45	36	+23%	+10%	4	3	+39%	+9%	330	229	+44%	+42%
Separately disclosed items																	(318)	(9)	n/a	n/a
Operating profit																	12	219	-94%	-95%

¹ Constant currency ("cc") growth is calculated by retranslating non-sterling denominated component of 2015 at 2016 exchange rates

Notes:

- Sportsbook stakes includes amounts staked via SSBTs and excludes the exchange, gaming, US advance deposit wagering and business-to-business activities.
- Sportsbook net revenue % is calculated after deduction of costs for customer promotions and bonuses.
- Sports net revenue includes sportsbook net revenues, exchange and US advance deposit wagering commissions and revenues from business-to-business activities.
- 'Online' segment includes UK/Ireland telephone business.
- Regulated markets currently include UK, Australia, Ireland, US, Italy, Bulgaria, Denmark, Gibraltar, Malta, Romania, Spain and business-to-business activities.
- Cost of sales primarily comprises betting and gaming taxes, customer payment transaction fees, software supplier costs, sporting levies and other data rights charges.
- Sales & Marketing costs include all marketing costs including affiliate commissions and people costs for employees working in marketing roles.

Half-yearly and quarterly divisional key performance indicators are available on our corporate website: <https://www.paddypowerbetfair.com/investor-relations/results-centre/2017>

Appendix 2: Reconciliation of Proforma results to Statutory results

The merger of Paddy Power plc ("Paddy Power") and Betfair Group plc ("Betfair") completed on 2 February 2016, with the merger accounted for as an acquisition of Betfair by Paddy Power on that date. The Statutory results reflect this accounting treatment. Proforma results for the Group are prepared as if Paddy Power and Betfair had always been merged and are included in these results, as they best depict the underlying performance of the Group. The difference between the Statutory results and Proforma results is the results of Betfair in the period prior to completion as per the table below.

£m	Proforma results		Betfair results pre-merger completion		Statutory results	
	2016	2015	2016	2015	2016	2015
Revenue	1,551	1,318	50	524	1,501	794
Cost of sales	(357)	(311)	(11)	(120)	(347)	(191)
Gross Profit	1,194	1,007	39	404	1,154	603
Operating costs	(794)	(711)	(26)	(279)	(767)	(432)
Underlying EBITDA	400	296	13	125	387	171
Depreciation & amortisation	(70)	(67)	(2)	(29)	(68)	(38)
Underlying operating profit	330	229	11	96	319	132
Net interest expense	(4)	(2)	-	(2)	(4)	(1)
Underlying profit before tax	327	226	11	94	316	132
Underlying taxation	(51)	(35)	(2)	(15)	(49)	(20)
Underlying profit for the year	276	191	9	79	267	112
Underlying basic earnings per share (pence) ¹	330.9	229.8	n/a	n/a	n/a	n/a
Underlying operating profit	330	229	11	96	319	132
Separately disclosed items	(318)	(9)	(14)	(2)	(304)	(7)
Operating profit / (loss)	12	219	(3)	94	15	125
Net interest expense	(4)	(2)	-	(2)	(4)	(1)
Profit / (loss) before tax	8	217	(3)	93	12	124
Taxation	(19)	(32)	(2)	(16)	(18)	(16)
(Loss) / profit for the year	(11)	185	(5)	77	(6)	108
Basic (loss) / earnings per share (pence) ¹	(12.8)	223.0	n/a	n/a	(7.2)	239.9
Revenue by operating segment						
Online	853	748	44	452	809	296
Australia	312	232	-	-	312	232
Retail	295	266	-	-	295	266
US	91	71	6	71	85	-
Gross Profit by operating segment						
Online	661	570	35	349	626	221
Australia	231	174	-	-	231	174
Retail	233	208	-	-	233	208
US	70	55	5	55	65	-

¹ In the Proforma results, in 2016 the weighted average number of shares is taken for the period from merger completion, 2 February 2016, to the end of the year, 31 December 2016 (83.4 million shares). For the 2015 Proforma results comparative the weighted average number of shares is taken as the number of shares on merger completion, 2 February 2016, adjusted for shares held in treasury, shares held by long term incentive plan trust and unexercised vested share options (83.2 million shares).

EBITDA is defined as profit for the period before depreciation and amortisation, financial income, financial expense and tax expense / credit. The Group uses EBITDA, Underlying EBITDA and Underlying operating profit to comment on its financial performance. These measures are used internally to evaluate performance, to establish strategic goals and to allocate resources. The directors also consider that these are commonly reported and widely used by investors as an indicator of operating performance and ability to incur and service debt, and as a valuation metric. These are non-GAAP financial measures and are not prepared in accordance with IFRS and, as not uniformly defined terms, these may not be comparable with measures used by other companies to the extent they do not follow the same methodology used by the Group. Non-GAAP measures should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with IFRS. All of the adjustments shown have been taken from the audited financial statements.

Appendix 3: Reconciliation of Proforma cash flow to Statutory cash flow

The merger of Paddy Power plc (“Paddy Power”) and Betfair Group plc (“Betfair”) completed on 2 February 2016, with the merger accounted for as an acquisition of Betfair by Paddy Power on that date. The Statutory cash flow reflects this accounting treatment. The Proforma cash flow for the Group is prepared as if Paddy Power and Betfair had always been merged and is included in these results, as it best depicts the underlying performance of the Group. The difference between the Statutory cash flow and Proforma cash flow is the cash flow of Betfair in the period prior to completion and the inclusion of deposits and borrowings to determine a net cash position, as per the table below.

£m	Proforma cash flow		Adjustment to exclude Betfair pre-merger completion cash flow		Adjustment to include deposits, borrowings & movement to restricted cash		Reported cash flow	
	2016	2015	2016	2015	2016	2015	2016	2015
Underlying EBITDA ¹	400	296	(13)	(125)	-	-	387	171
Capex (including retail & HRTV acquisitions) ²	(85)	(92)	1	45	-	-	(84)	(47)
Working capital & tax ³	(63)	32	141	(7)	(8)	-	70	25
Underlying free cash flow	252	236	129	(87)	(8)	-	373	149
Cash flow from separately disclosed items	(104)	(9)	-	2	-	-	(104)	(7)
Free cash flow	148	227	129	(85)	(8)	-	269	142
Dividends paid	(179)	(88)	14	33	-	-	(165)	(55)
Return of capital (including fees)	-	(484)	-	201	-	-	-	(283)
Interest & other borrowing costs ⁴	(2)	(1)	-	(1)	-	-	(2)	(2)
Other ⁵	2	(11)	-	(6)	-	-	2	(17)
Transfers from financial assets - deposits	-	-	-	-	-	15	-	15
Net amounts drawn down on borrowings	-	-	-	-	44	140	44	140
Net (decrease) / increase in cash	(31)	(357)	143	142	36	155	148	(60)
Net cash at start of the year	84	453	(141)	(284)	143	(16)	86	153
Movement to restricted cash	(8)	-	-	-	8	-	-	-
Foreign currency exchange translation	(9)	(12)	(2)	1	27	4	16	(7)
Net cash at year end	36	84	-	(141)	214	143	250	86

¹ Underlying EBITDA includes the following line items in the statutory cash flow: (Loss) / profit for the year, separately disclosed items, tax expense before separately disclosed items, financial income, financial expense, and depreciation and amortisation before separately disclosed items.

² Capex (including retail & HRTV acquisitions) includes loss on disposal of PPE and intangible assets, purchase of property, plant and equipment, purchase of intangible assets, purchase of retail businesses (net of cash acquired), capitalised internal development expenditure, payment of contingent deferred consideration and proceeds from disposal of property, plant and equipment and intangible assets.

³ Working capital & tax includes (increase) / decrease in trade and other receivables, (decrease) / increase in trade, other payables and provisions, taxes paid, cash acquired from merger with Betfair, employee equity-settled share based payments expense before separately disclosed items, and foreign currency exchange gain. Note the 2016 adjustment to exclude Betfair pre-merger completion cash flow includes £147.5m of Betfair cash acquired on completion.

⁴ Interest & other borrowing costs includes interest paid, interest received and fees in respect of borrowings facility.

⁵ Other includes proceeds from the issue of new shares and purchase of shares by employee benefit trust.

CONDENSED CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2016

		Before separately disclosed items 2016 £m	Separately disclosed items (Note 4) 2016 £m	Total 2016 £m	Restated (Notes 18 & 19) Before separately disclosed items 2015 £m	Restated (Note 19) Separately disclosed items (Note 4) 2015 £m	Restated (Notes 18 & 19) Total 2015 £m
	Note						
Continuing operations							
Revenue	3	1,500.8	-	1,500.8	794.3	-	794.3
Cost of sales		(346.5)	-	(346.5)	(191.3)	-	(191.3)
Gross profit		1,154.3	-	1,154.3	603.0	-	603.0
Operating costs excluding depreciation and amortisation		(767.3)	(123.1)	(890.4)	(432.1)	(7.4)	(439.5)
EBITDA¹		387.0	(123.1)	263.9	170.9	(7.4)	163.5
Depreciation and amortisation		(67.9)	(180.6)	(248.5)	(38.4)	-	(38.4)
Operating profit / (loss)		319.1	(303.7)	15.4	132.5	(7.4)	125.1
Financial income		1.5	-	1.5	1.4	-	1.4
Financial expense		(5.0)	-	(5.0)	(2.0)	-	(2.0)
Profit / (loss) before tax		315.6	(303.7)	11.9	131.9	(7.4)	124.5
Tax (expense) / credit	5	(49.0)	31.4	(17.6)	(19.7)	3.4	(16.3)
Profit / (loss) for the year – all attributable to equity holders of the Company		266.6	(272.3)	(5.7)	112.2	(4.0)	108.2
(Loss) / earnings per share							
Basic	6			(£0.072)			£2.399
Diluted ²	6			(£0.072)			£2.358

1 EBITDA is defined as profit for the year before depreciation and amortisation, financial income, financial expense and tax expense / credit. It is considered by the Directors to be a key measure of the Group's financial performance, as it is commonly reported and widely used by investors as an indicator of operating performance and ability to incur and service debt, and as a valuation metric.

2 Where any potential ordinary shares would have the effect of decreasing a loss per share, they have not been treated as dilutive.

Notes 1 to 19 on pages 26 to 53 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2016

	Note	2016 £m	Restated (Note 19) 2015 £m
(Loss) / profit for the year – all attributable to equity holders of the Company		(5.7)	108.2
Other comprehensive income / (loss)			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges		7.6	(4.5)
Fair value of foreign exchange cash flow hedges transferred to income statement		(9.3)	8.3
Foreign exchange gain / (loss) on translation of the net assets of foreign currency denominated entities		49.7	(20.2)
Deferred tax on fair value of cash flow hedges		0.2	(0.5)
Other comprehensive income / (loss)		48.2	(16.9)
Total comprehensive income for the year – all attributable to equity holders of the Company		42.5	91.3

Notes 1 to 19 on pages 26 to 53 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

			Restated (Notes 18 & 19) 31 December 2015 £m	Restated (Notes 18 & 19) 31 December 2014 £m
	Note	31 December 2016 £m		
Assets				
Property, plant and equipment		134.0	92.0	98.7
Intangible assets		581.2	60.3	59.5
Goodwill	7	3,891.1	79.9	80.1
Deferred tax assets		8.6	6.7	6.4
Investments		0.1	-	-
Available for sale financial assets	9	1.3	-	-
Trade and other receivables	9	5.8	-	1.5
Total non-current assets		4,622.1	238.9	246.2
Trade and other receivables	9	55.2	22.7	25.2
Derivative financial assets	9	-	1.8	-
Financial assets – restricted cash	10	64.8	60.2	53.7
Financial assets – deposits	10	-	-	15.0
Cash and cash equivalents	10	249.9	86.1	153.3
Total current assets		369.9	170.8	247.2
Total assets		4,992.0	409.7	493.4
Equity				
Issued share capital and share premium	11	417.2	8.7	39.0
Treasury shares		(40.7)	(40.7)	(44.8)
Shares held by employee benefit trust		(30.9)	(49.2)	(47.9)
Other reserves		173.0	8.5	27.2
Retained earnings		3,798.0	123.6	327.9
Total equity attributable to equity holders of the Company		4,316.6	50.9	301.4
Liabilities				
Trade and other payables	13	320.6	184.1	156.9
Derivative financial liabilities	13	8.6	12.5	13.2
Provisions		4.6	0.4	0.4
Current tax payable		38.8	10.9	13.5
Borrowings	14	0.2	0.2	-
Total current liabilities		372.8	208.1	184.0
Trade and other payables	13	26.9	5.0	4.5
Derivative financial liabilities	13	-	-	0.1
Provisions		1.1	1.0	0.9
Deferred tax liabilities		61.0	2.9	2.5
Borrowings	14	213.6	141.8	-
Total non-current liabilities		302.6	150.7	8.0
Total liabilities		675.4	358.8	192.0
Total equity and liabilities		4,992.0	409.7	493.4

Notes 1 to 19 on pages 26 to 53 form an integral part of these condensed consolidated financial statements.

On behalf of the Board

Breon Corcoran
Chief Executive Officer

Alex Gersh
Chief Financial Officer

7 March 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2016

	Note	2016 £m	Restated (Notes 18 & 19) 2015 £m
Cash flows from operating activities			
(Loss) / profit for the year – all attributable to equity holders of the Company		(5.7)	108.2
Separately disclosed items	4	272.3	4.0
Tax expense before separately disclosed items		49.0	19.7
Financial income		(1.5)	(1.4)
Financial expense		5.0	2.0
Depreciation and amortisation before separately disclosed items		67.9	38.4
Employee equity-settled share-based payments expense before separately disclosed items		20.8	12.1
Foreign currency exchange gain		(2.5)	(1.9)
Loss on disposal of property, plant and equipment and intangible assets		0.3	0.2
Cash from operations before changes in working capital		405.6	181.3
(Increase) / decrease in trade and other receivables		(3.5)	0.2
(Decrease) / increase in trade, other payables and provisions		(50.4)	33.6
Cash generated from operations		351.7	215.1
Tax paid		(43.1)	(19.2)
Net cash from operating activities before merger fees and integration and restructuring costs		308.6	195.9
Merger fees and integration and restructuring costs paid		(104.4)	(7.4)
Net cash from operating activities		204.2	188.5
Purchase of property, plant and equipment		(40.8)	(20.2)
Purchase of intangible assets		(32.3)	(21.9)
Purchase of retail businesses, net of cash acquired	8	(0.2)	(4.0)
Cash acquired from merger with Betfair Group plc	8	147.5	-
Capitalised internal development expenditure		(7.0)	-
Payment of contingent deferred consideration	8	(3.8)	(1.1)
Proceeds from disposal of property, plant and equipment and intangible assets		0.2	0.2
Transfers from financial assets – deposits		-	15.4
Interest received		1.3	1.5
Net cash from / (used in) investing activities		64.9	(30.1)
Proceeds from the issue of new shares	11	2.5	2.0
Purchase of shares by employee benefit trust		-	(18.5)
Dividends paid	12	(142.3)	(55.4)
Return of capital to shareholders (including associated costs)		-	(282.8)
Net amounts drawn down on borrowings facility	14	44.1	139.6
Fees in respect of borrowings facility		-	(1.8)
Interest paid		(2.9)	(1.5)
Betfair Group plc closing dividend	12	(22.6)	-
Net cash used in financing activities		(121.2)	(218.4)
Net increase / (decrease) in cash and cash equivalents		147.9	(60.0)
Cash and cash equivalents at start of year		86.1	153.3
Foreign currency exchange gain / (loss) on cash and cash equivalents		15.9	(7.2)
Cash and cash equivalents at end of year	10	249.9	86.1

Notes 1 to 19 on pages 26 to 53 form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2016

	Attributable to equity holders of the Company (see Note 11)									
	<i>Number of ordinary shares in issue millions</i>	<i>Issued share capital and share premium £m</i>	<i>Foreign exchange translation reserve £m</i>	<i>Cash flow hedge reserve £m</i>	<i>Other reserves £m</i>	<i>Treasury shares £m</i>	<i>Shares held by employee benefit trust £m</i>	<i>Share- based payment reserve £m</i>	<i>Retained earnings £m</i>	<i>Total equity £m</i>
Balance at 1 January 2016	46.0	8.7	(20.2)	1.5	1.7	(40.7)	(49.2)	25.5	123.6	50.9
Total comprehensive income / (loss) for the year										
Loss for the year	-	-	-	-	-	-	-	-	(5.7)	(5.7)
Foreign exchange translation	-	-	49.7	-	-	-	-	-	-	49.7
Net change in fair value of cash flow hedge reserve	-	-	-	(1.7)	-	-	-	-	-	(1.7)
Deferred tax on cash flow hedges	-	-	-	0.2	-	-	-	-	-	0.2
Total comprehensive income / (loss) for the year	-	-	49.7	(1.5)	-	-	-	-	(5.7)	42.5
Transactions with owners of the Company, recognised directly in equity										
Shares issued (Note 11)	0.4	2.5	-	-	-	-	-	-	-	2.5
Equity-settled transactions – expense recorded in income statement	-	-	-	-	-	-	-	28.4	-	28.4
Equity-settled transactions – vestings	-	-	-	-	-	-	18.3	(19.8)	2.0	0.5
Tax on share-based payments	-	-	-	-	-	-	-	-	(1.5)	(1.5)
Transfer to retained earnings on exercise of share options (Note 11)	-	-	-	-	-	-	-	(25.6)	25.6	-
Shares issued as consideration for acquisition of Betfair Group plc (Note 8)	39.6	4,202.3	-	-	-	-	-	-	-	4,202.3
Capital reduction – share premium cancellation (Note 11)	-	(3,796.3)	-	-	-	-	-	-	3,796.3	-
Dividends to shareholders (Note 12)	-	-	-	-	-	-	-	-	(142.3)	(142.3)
Issue of replacement share options (Note 8)	-	-	-	-	-	-	-	111.4	-	111.4
Replacement share options – expense recorded in income statement (Note 4)	-	-	-	-	-	-	-	21.9	-	21.9
Total contributions by and distributions to owners of the Company	40.0	408.5	-	-	-	-	18.3	116.3	3,680.1	4,223.2
Balance at 31 December 2016	86.0	417.2	29.5	-	1.7	(40.7)	(30.9)	141.8	3,798.0	4,316.6

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Attributable to equity holders of the Company (see Note 11)									
	<i>Number of ordinary shares in issue millions</i>	Restated Issued share capital and share premium £m	Restated Foreign exchange translation reserve £m	Restated Cash flow hedge reserve £m	Restated Other reserves £m	Restated Treasury shares £m	Restated Shares held by employee benefit trust £m	Restated Share- based payment reserve £m	Restated Retained earnings £m	Restated Total equity £m
Balance at 1 January 2015	51.1	39.0	-	(1.8)	1.0	(44.8)	(47.9)	28.0	327.9	301.4
Total comprehensive income / (loss) for the year										
Profit for the year	-	-	-	-	-	-	-	-	108.2	108.2
Foreign exchange translation	-	-	(20.2)	-	-	-	-	-	-	(20.2)
Net change in fair value of cash flow hedge reserve	-	-	-	3.8	-	-	-	-	-	3.8
Deferred tax on cash flow hedges	-	-	-	(0.5)	-	-	-	-	-	(0.5)
Total comprehensive (loss) / income for the year	-	-	(20.2)	3.3	-	-	-	-	108.2	91.3
Transactions with owners of the Company, recognised directly in equity										
Shares issued (Note 11)	-	2.0	-	-	-	-	-	-	-	2.0
Own shares acquired by employee benefit trust – net of B shares’ receipt	-	-	-	-	-	-	(18.5)	-	-	(18.5)
Equity-settled transactions – expense recorded in income statement	-	-	-	-	-	-	-	12.1	-	12.1
Equity-settled transactions – vestings	-	-	-	-	-	-	17.2	(14.0)	(2.5)	0.7
Tax on share-based payments	-	-	-	-	-	-	-	-	0.1	0.1
Transfer to retained earnings on exercise of share options (Note 11)	-	-	-	-	-	-	-	(0.6)	0.6	-
Return of capital to shareholders (including related costs) (Note 11)	-	-	-	-	-	-	-	-	(282.8)	(282.8)
Capital reduction – share consolidation	(5.1)	(0.7)	-	-	0.7	4.1	-	-	(4.1)	-
Capital reduction – share premium cancellation (Note 11)	-	(31.6)	-	-	-	-	-	-	31.6	-
Dividends to shareholders (Note 12)	-	-	-	-	-	-	-	-	(55.4)	(55.4)
Total contributions by and distributions to owners of the Company	(5.1)	(30.3)	-	-	0.7	4.1	(1.3)	(2.5)	(312.5)	(341.8)
Balance at 31 December 2015	46.0	8.7	(20.2)	1.5	1.7	(40.7)	(49.2)	25.5	123.6	50.9

Notes 1 to 19 on pages 26 to 53 form an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Paddy Power Betfair plc (the “Company”) and its subsidiaries (together referred to as the “Group”) is a global sports betting and gaming group, whose headquarters are in Dublin, Ireland. The Group currently operates across four divisions; (i) Online, which includes the online brands of Paddy Power and Betfair, the Paddy Power telephone sportsbook, as well as a number of business-to-business partnerships; (ii) Australia, consisting of Sportsbet, the market leader in the fast-growing Australian online betting market; (iii) Retail, which operates over 600 Paddy Power betting shops across the UK and Ireland; and (iv) US, which combines TVG, America’s leading horse-racing TV and betting network, Betfair Casino, an online casino in New Jersey, and the Betfair New Jersey Exchange.

During the year ended 31 December 2016, the Company completed an all-share merger with Betfair Group plc (the “Merger”) – see Note 8 for further information on the Merger. The results of Betfair Group plc prior to completion of the Merger are not included in these condensed consolidated financial statements.

The Company is a public limited company incorporated and domiciled in the Republic of Ireland and has its primary listing on the London Stock Exchange and a secondary listing on the Irish Stock Exchange.

The financial information presented herein does not comprise full statutory financial statements and therefore does not include all of the information required for full annual financial statements. Full statutory financial statements for the year ended 31 December 2016, prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union (“EU”) together with an unqualified audit report thereon under Section 391 of the Companies Act 2014, will be annexed to the annual return and filed with the Registrar of Companies.

The consolidated financial statements of the Group for the year ended 31 December 2016 comprise the financial statements of the Company and its subsidiary undertakings and were approved for issue by the Board of Directors on 7 March 2017.

2. Basis of preparation and summary of significant accounting policies

The condensed consolidated financial statements are prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Republic of Ireland’s Financial Regulator. The condensed consolidated financial statements are prepared on the historical cost basis except for betting transactions and foreign exchange forward contracts (which are recorded as derivative financial instruments), contingent deferred consideration and certain share-based payments, all of which are stated at fair value (grant date fair value in the case of share-based payments). The condensed consolidated financial statements are presented in pounds sterling, a change from the previous presentation currency of euro, and are rounded to the nearest million.

Except as set out below under ‘Changes in accounting policies and restatement of comparatives’, the financial information contained in these condensed consolidated financial statements has been prepared in accordance with the accounting policies set out in the Group’s last annual financial statements for the year ended 31 December 2015.

Changes in accounting policies and restatement of comparatives

The Group has reviewed and amended its accounting policies in light of the Merger. The changes do not impact the Group’s reported operating profit, or amounts reported in the statement of financial position. The treatment of these items has developed over the past few years and the Group has reviewed its presentation of these items to align reporting for the Group subsequent to the Merger and to bring treatment in line with current industry practice for comparability purposes. Where adjustments have been made to comparative information in respect of the year ended 31 December 2015 the relevant financial statement or note is headed up as ‘Restated’.

The revised accounting policy for revenue is:

Revenue

The services provided by the Group comprise sports betting (sportsbook, the exchange sports betting product and pari-mutuel betting products), fixed odds games betting, online games and casino, peer-to-peer games including online bingo and poker and business-to-business services. Revenue is stated exclusive of value-added tax.

2. Basis of preparation and summary of significant accounting policies (continued)

The Group's betting and gaming activities are classified as derivative financial instruments, with the exception of the exchange sports betting product and pari-mutuel betting products on which commission income is earned, peer-to-peer games on which commission income and tournament fees are earned, and business-to-business services on which fees are earned.

Revenue from sportsbook betting activities represents the net gain or loss from betting activities in the period plus the gain or loss on the revaluation of open positions at period end, and is stated net of the cost of customer promotions and bonuses incurred in the period.

These derivatives are recognised initially at fair value and subsequently at fair value through profit or loss, within the revenue line as this represents the Group's principal activity. Customer promotions (including free bets) and bonuses are deducted from sportsbook betting revenue.

Revenue from the exchange sports betting product represents commission earned on betting activity and is recognised on the date the outcome for an event is settled.

Revenue from pari-mutuel betting products represents a percentage of stake and is recognised on settlement of the event, and is stated net of customer promotions and bonuses in the period.

Revenue from fixed odds games and the online casinos represents net winnings ("customer drop"), being amounts staked net of customer winnings, and is stated net of customer promotions and bonuses incurred in the period.

Revenue from peer-to-peer games represents commission income ("rake") and tournament fees earned from games completed by the period end, and is stated net of the cost of customer promotions and bonuses incurred in the period. Revenue from business-to-business services represents fees charged for the services provided in the period.

There are no changes to revenue recognition for prior year comparatives as per the new accounting policy outlined above.

The revised accounting policy for cost of sales is:

Cost of sales

Cost of sales principally comprises betting and gaming taxes, software supplier costs, customer payment transaction fees, sporting levies and other data rights charges.

The revised accounting policy for operating segment reporting is:

Operating segment reporting

Operating segments are distinguishable components of the Group that have been established based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker (the Board of Directors) in order to assess each segment's performance and to allocate resources to them. Geographical segments provide services within a particular economic environment that are subject to risks and rewards that are different from those components operating in alternative economic environments. The Group has determined that its operating segments of Online, Australia, US and Retail are its reportable segments. See Note 3 for further information on operating segments.

The revised accounting policy for other non-derivative financial instruments is:

Other non-derivative financial instruments

Other non-derivative financial instruments comprise cash and cash equivalents, restricted cash, deposits, trade and other receivables and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual right to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

2. Basis of preparation and summary of significant accounting policies (continued)

Cash and cash equivalents for the purpose of the statement of cash flows comprise cash and call deposits with an original maturity of three months or less.

Restricted cash represents cash held by the Group but which is ring fenced, or used as security for specific arrangements (such as cash held on the balance sheet in designated client fund accounts where certain jurisdictions require the Group to do so, or as collateral for a bank guarantee), and to which the Group has restricted access for a period of time. It includes funds held to cover monies owed to customers, as per the terms of the Australian corporate sports book making licenses issued to Sportsbet. Restricted cash is classified as held to maturity and carried at amortised cost. Restricted cash balances are further classified as current or non-current depending on when the restriction first ends.

Neither cash and cash equivalents or restricted cash include certain customer funds deposited in a stakeholder account held by The Sporting Exchange (Clients) Limited, a wholly-owned subsidiary of the Group, on the basis that they are held on trust for customers and do not belong to and are not at the disposal of the Group.

Deposits represent term deposits with an original maturity of greater than three months. In accordance with IAS 7, 'Statement of Cash Flows', these deposits do not qualify as a cash equivalent for the purposes of the statement of cash flows as the maturity is greater than three months from the date of the original deposit.

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated impaired losses.

Subsequent to initial recognition, cash and cash equivalents, deposits and trade and other payables are measured at amortised cost.

The revised accounting policy for bank and credit card charges is:

Bank and credit card charges

Bank and credit card charges and fees that are considered integral to the operations of the Group's business are recognised in 'cost of sales' in the condensed consolidated income statement. Bank charges and fees that are related to the Group's financing activities are recognised in 'financial expense' in the condensed consolidated income statement.

The impact of the changes, by reporting segment, on the major components of operating profit (before separately disclosed items), on the condensed consolidated statement of financial position, and on the major components of the condensed consolidated statement of cash flows, for the year ended 31 December 2015 is disclosed in Note 18 to the condensed consolidated financial statements.

Following the Merger with Betfair Group plc, the Group changed its presentation currency from euro to pounds sterling. The change in presentation currency has been applied retrospectively.

The revised accounting policy for functional and presentation currency is:

Functional and presentation currency

Pounds sterling represents the primary currency for transactions and as such the Group has chosen to present its financial statements in pounds sterling, a change from the previous presentation currency of euro. The Company's functional currency is euro. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, which are primarily pounds sterling, euro, Australian dollar and US dollar.

Foreign currency transactions

Transactions in foreign currencies are translated at the relevant foreign exchange rate ruling at the date of the transaction. Non-monetary assets that are carried at historical cost are not subsequently retranslated. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to functional currencies at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

2. Basis of preparation and summary of significant accounting policies (continued)

Gains and losses arising on the retranslation of cash and cash equivalent balances are included within 'other expenses' in the income statement rather than as financial income or expense, as the Directors consider that the gains or losses arising relate to operations, as the Group broadly matches its foreign currency denominated assets and liabilities to ensure that foreign exchange gains and losses are minimised. Gains and losses on retranslation of non-cash assets and liabilities are also dealt with as operating items. Gains and losses on foreign currency retranslation are separately analysed into their components in the statement of cash flows.

Foreign currency translation of foreign operations

To the extent that the Group's foreign operations are considered to have functional currencies which are different from the Group's presentation currency, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation and long term intra-group loans that are part of the net investment because repayment is not planned or foreseen, are translated to GBP at the foreign exchange rates ruling at the reporting date. The revenues and expenses of these foreign operations are translated to GBP at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in the condensed consolidated statement of comprehensive income and presented in the foreign currency translation reserve within equity.

Further information on the procedures used to restate comparative information is provided in Note 19 to the condensed consolidated financial statements.

Going concern

The Group has considerable financial resources. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and therefore they continue to adopt the going concern basis in the condensed consolidated financial statements.

Recent accounting pronouncements

The IASB have issued the following standards, policies, interpretations and amendments which were effective for the Group for the first time in the year ended 31 December 2016:

- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Annual Improvements to IFRSs 2012–2014 Cycle
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation
- Amendments to IAS 1: Disclosure Initiative

The adoption of the above new standards and interpretations did not have a significant impact on the Group's condensed consolidated financial statements.

Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements:

- IFRS 9 Financial Instruments (effective date 1 January 2018).
- IFRS 15 Revenue from Contract with Customers (effective date 1 January 2018).
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (effective date to be confirmed).
- Amendments to IAS 7: Disclosure Initiative (effective date to be confirmed).
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective date to be confirmed).
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective date to be confirmed).

The following Adopted IFRS has been issued but has not been applied in these financial statements. The Group is currently considering the impact of this amendment on future Annual Reports:

- IFRS 16 Leases (effective date to be confirmed).

2. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings based on accounts made up to the end of the financial year. A subsidiary is an entity controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated on consolidation except to the extent that unrealised losses provide evidence of impairment.

Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Operating segments

The Group's reportable segments are divisions that are managed separately, due to a combination of factors including method of service delivery, geographical location and the different services provided.

Reportable business segment information

Subsequent to the Merger, the Group's reportable segments are as follows:

- Online;
- Australia;
- Retail;
- US.

The reportable segments reflect the way financial information is reviewed by the Group's Chief Operating Decision Maker ("CODM"). The Group has restated the operating segment information for 2015 accordingly.

The Online segment derives its revenues primarily from sports betting (sportsbook and the exchange sports betting product) and / or gaming (games, casino, bingo and poker) services in all business-to-customer ("B2C") geographies that the Group operates in except the US and Australia, and business-to-business ("B2B") services globally. Online services are delivered primarily through the internet with a small proportion delivered through the public telephony system. The previous reportable segments of Online (ex Australia) and Telephone are included in the Online segment.

The Australia segment earns its revenues from sports betting services provided to Australian customers using primarily the internet with a small proportion using the public telephony system. The Australia segment was previously called Online Australia.

The Retail segment derives its revenues from sports betting and / or gaming machine services delivered through licenced bookmaking shop estates in the UK and Ireland. The previous reportable segments of UK Retail and Irish Retail are included in the Retail segment.

The US segment earns its revenues from sports betting (including the exchange sports betting product) and gaming services provided to US customers via the internet.

Corporate administrative costs (Board, Finance, Legal, Internal Audit, HR, Property and other central functions) cannot be readily allocated to individual operating segments and are not used by the CODM for making operating and resource allocation decisions. These are shown in the reconciliation of reportable segments to Group totals.

The accounting policies in respect of operating segments reporting are the same as those described in the basis of preparation and summary of significant accounting policies set out in Note 2.

3. Operating segments (continued)

The Group does not allocate income tax expense or interest to reportable segments. Treasury management is centralised for the Online, US and Retail segments. The Australian segment manages its own treasury function under Group Treasury oversight.

Assets and liabilities information is reported internally in total and not by reportable segment and, accordingly, no information is provided in this note on assets and liabilities split by reportable segment.

Reportable business segment information for the year ended 31 December 2016:

	Online £m	Australia £m	Retail £m	US £m	Corporate £m	Total £m
Revenue from external customers	809.4	311.5	295.3	84.6	-	1,500.8
Cost of sales	(183.4)	(80.5)	(62.8)	(19.8)	-	(346.5)
Gross profit	626.0	231.0	232.5	64.8	-	1,154.3
Operating costs excluding depreciation and amortisation	(352.1)	(137.4)	(170.2)	(53.4)	(54.2)	(767.3)
EBITDA	273.9	93.6	62.3	11.4	(54.2)	387.0
Depreciation and amortisation	(32.6)	(9.6)	(17.7)	(8.0)	-	(67.9)
Reportable segment profit / (loss) before separately disclosed items	241.3	84.0	44.6	3.4	(54.2)	319.1
Separately disclosed items (Note 4):						
- Merger fees and associated costs						(35.5)
- Integration and restructuring costs						(65.7)
- Amortisation of merger related intangible assets						(174.1)
- Replacement share options						(21.9)
- Impairment of property, plant and equipment, and intangible assets						(6.5)
Operating profit						15.4

Reportable business segment information for the year ended 31 December 2015:

	Restated Online £m	Restated Australia £m	Restated Retail £m	Restated US £m	Restated Corporate £m	Restated Total £m
Revenue from external customers	295.5	232.5	266.3	-	-	794.3
Cost of sales	(74.4)	(58.4)	(58.5)	-	-	(191.3)
Gross profit	221.1	174.1	207.8	-	-	603.0
Operating costs excluding depreciation and amortisation	(138.5)	(104.5)	(156.2)	-	(32.9)	(432.1)
EBITDA	82.6	69.6	51.6	-	(32.9)	170.9
Depreciation and amortisation	(14.4)	(8.7)	(15.3)	-	-	(38.4)
Reportable segment profit / (loss) before separately disclosed items	68.2	60.9	36.3	-	(32.9)	132.5
Separately disclosed items (Note 4):						
- Merger fees and associated costs						(4.2)
- Restructuring costs						(3.2)
Operating profit						125.1

3. Operating segments (continued)

Reconciliation of reportable segments to Group totals:

	2016 £m	Restated 2015 £m
Revenue		
Total revenue from reportable segments, being total Group revenue	1,500.8	794.3
Profit and loss		
Operating profit	15.4	125.1
<i>Unallocated amounts:</i>		
Financial income – non-Australia ¹	0.6	0.3
Financial income – Australia	0.9	1.1
Financial expense – non-Australia ¹	(4.9)	(1.9)
Financial expense – Australia	(0.1)	(0.1)
Profit before tax	11.9	124.5

- 1 Non-Australia above comprises the Online, Retail, and US operating segments. Financial expense relating to these segments is primarily in respect of interest on borrowings, guarantee and facility fees payable, other interest amounts payable, and the unwinding of discounts on provisions and other non-current liabilities.

Geographical segment information

The Group considers that its primary geographic segments are 'UK and Ireland', 'Australia', 'US' and 'Rest of World'. The UK and Ireland geographic segment consists of the Retail bookmaking business, online and telephone sports betting from UK and Irish customers, and online gaming from UK and Irish customers. The Australia geographic segment consists of online and telephone sports betting from Australian customers. The US geographic segment is comprised of online sports betting and online gaming from US customers. The Rest of World geographic segment is comprised of online sports betting, online gaming and B2B services provided to customers in geographies other than the UK, Ireland, Australia and the US. Revenues from customers outside the UK and Ireland, Australia and the US are not considered sufficiently significant to warrant separate reporting.

Group revenues by geographical segment are as follows:

	2016 £m	Restated 2015 £m
UK and Ireland	978.3	539.8
Australia	311.5	232.5
US	84.6	-
Rest of World	126.4	22.0
Total	1,500.8	794.3

Revenues are attributed to geographical location on the basis of the customer's location.

Non-current assets (excluding deferred tax asset balances) by geographical segment are as follows:

	31 December 2016 £m	Restated 31 December 2015 £m	Restated 31 December 2014 £m
UK and Ireland	4,137.3	146.1	149.1
Australia	94.1	63.1	65.2
US	365.0	-	-
Rest of World	17.1	23.0	25.5
Total	4,613.5	232.2	239.8

4. Separately disclosed items

	2016 £m	Restated 2015 £m
Merger fees and associated costs	(35.5)	(4.2)
Integration and restructuring costs	(65.7)	(3.2)
Amortisation of merger related intangible assets	(174.1)	-
Replacement share options	(21.9)	-
Impairment of property, plant and equipment and intangible assets	(6.5)	-
Operating profit impact of separately disclosed items	(303.7)	(7.4)
Tax credit on separately disclosed items	31.4	0.4
Corporation tax provision	-	3.0
Total separately disclosed items	(272.3)	(4.0)

Merger fees and associated costs

Merger fees and associated costs relate to costs incurred in the period directly as a result of the Merger. This includes stamp duty of £20.7m and professional fees of £14.8m which were subject to completion of the Merger. This does not include any professional fees incurred by Betfair Group plc and its subsidiaries prior to the Merger.

Integration and restructuring costs

Integration costs relate to incremental, one-off costs incurred as a result of integration and restructuring related activities.

Amortisation of merger related intangible assets

Non-cash amortisation of £174.1m has been incurred in the period primarily as a result of intangible assets separately identified under IFRS 3 as a result of the Merger.

Replacement share options

Under the terms of the Merger, outstanding unvested share option awards granted under the Betfair Long Term Incentive Plan in 2013/14, 2014/15 and 2015/16 and the Betfair Sharesave Plans would not vest on completion but would be replaced by share option awards over an equivalent number of ordinary shares in the Company, calculated by reference to the exchange ratio of 0.4254. Whilst the awards will vest in line with their previous terms, the replacement of the options, under IFRS 3, requires them to be accounted for at fair value on acquisition. As a result, non-cash accounting charges of £21.9m were incurred in the period.

Impairment of property, plant and equipment and intangible assets

Non-cash impairments amounting to £6.5m in relation to certain property, plant and equipment and intangible assets has also been incurred in light of integration related activities post-Merger.

Corporation tax provision

In 2015, the Group released a specific historic provision of £3.0m that was no longer required.

Merger fees and associated costs, integration and restructuring costs and replacement share options are included in the condensed consolidated income statement within operating costs excluding depreciation and amortisation. Amortisation of merger related intangible assets and impairment of property, plant and equipment and intangible assets are included in the condensed consolidated income statement within depreciation and amortisation.

5. Tax expense

	2016 £m	Restated 2015 £m
Recognised in profit or loss:		
Current tax charge	44.0	20.9
Prior year over provision	(1.9)	(4.0)
Total current tax	42.1	16.9
Deferred tax credit	(25.3)	(1.4)
Prior year under provision	0.8	0.8
Decrease in net deferred tax liability	(24.5)	(0.6)
Total tax expense in income statement	17.6	16.3

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of corporation tax to the profit before tax is as follows:

	2016 £m	Restated 2015 £m
Profit before tax	11.9	124.5
Tax on Group profit before tax at the standard Irish corporation tax rate of 12.5%	1.5	15.5
Depreciation on non-qualifying property, plant and equipment	1.4	1.1
Effect of different statutory tax rates in overseas jurisdictions	7.6	4.1
Non-deductible expenses	10.2	(1.2)
Interest income taxable at higher rates	-	0.1
Effect of changes in statutory tax rates	(1.7)	(0.1)
Movement on deferred tax balances not recognised	(0.3)	-
Over provision in prior year	(1.1)	(3.2)
Total tax expense	17.6	16.3

Total tax expense for 2016 includes a credit for separately disclosed items amounting to £31.4m (2015: £3.4m) (see Note 4).

Tax rates

The Group's consolidated effective tax rate on profits including separately disclosed items for 2016 is 148.2%. The tax effect of separately disclosed items in the current year amounted to a tax credit of £31.4m.

The Group's underlying effective tax rate of 15.5% is materially impacted by the geographic mix of profits and reflects a combination of higher and lower headline rates of tax in the various jurisdictions in which the Group operates when compared with the Irish standard rate of corporation tax of 12.5%.

The increase in the tax effect of non-deductible expenses during the year primarily relates to additional disallowable expenditure incurred as a result of the acquisition of Betfair Group plc in February 2016.

No significant changes are expected to statutory tax rates other than those announced and enacted at 31 December 2016; principally the reduction in the headline rate of UK corporation tax to 19% in April 2017 and further to 17% in April 2020.

The effect of the reduction in the UK headline rate of corporation tax on deferred tax balances in the UK is reflected in the above tax reconciliation.

The future effective tax rate of the Group is principally affected by the ongoing geographic mix of profits in accordance with the OECD guidelines in relation to Base Erosion and Profit Shifting.

6. Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The weighted average number of shares has been adjusted for amounts held as Treasury Shares and amounts held by the Group's Employee Benefit Trust ("EBT").

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

The calculation of basic and diluted EPS is as follows:

	2016	Restated 2015
<i>Numerator in respect of basic and diluted earnings per share (£m):</i>		
(Loss) / profit attributable to equity holders of the Company	(5.7)	108.2
<i>Numerator in respect of adjusted earnings per share (£m):</i>		
(Loss) / profit attributable to equity holders of the Company	(5.7)	108.2
Separately disclosed items (See Note 4)	272.3	4.0
Profit for adjusted earnings per share calculation	266.6	112.2
 Weighted average number of ordinary shares in issue during the year (in 000's)	 79,986	 45,115
Basic (loss) / earnings per share	(£0.072)	£2.399
Adjusted basic earnings per share	£3.333	£2.488
 <i>Adjustments to derive denominator in respect of diluted earnings per share (in 000's):</i>		
Weighted average number of ordinary shares in issue during the year	79,986	45,115
Dilutive effect of share options and awards on issue	-	780
Adjusted weighted average number of ordinary shares in issue during the year	79,986	45,895
 Diluted (loss) / earnings per share	(£0.072)	£2.358
Adjusted diluted earnings per share	£3.333	£2.445

The average market value of the Company's shares of £90.40 (2015: £63.54) was used to calculate the dilutive effect of share options based on the market value for the period that the options were outstanding.

Where any potential ordinary shares would have the effect of decreasing a loss per share, they have not been treated as dilutive.

7. Goodwill

The following cash generating units, being the lowest level of asset for which there are separately identifiable cash flows, have the following carrying amounts of goodwill:

	Online £m	Australia £m	US £m	UK Retail £m	Irish Retail £m	Total £m
Balance at 1 January 2015 (restated)	10.4	40.5	-	16.3	12.9	80.1
Arising on acquisitions during the year (Note 8)	-	-	-	0.4	3.8	4.2
Foreign currency translation adjustment	(0.6)	(2.5)	-	(0.5)	(0.8)	(4.4)
Balance at 31 December 2015 (restated)	9.8	38.0	-	16.2	15.9	79.9
Arising on acquisitions during the year (Note 8)	3,420.9	-	324.5	0.1	0.1	3,745.6
Foreign currency translation adjustment	1.6	7.2	52.5	1.6	2.7	65.6
Balance at 31 December 2016	3,432.3	45.2	377.0	17.9	18.7	3,891.1

The Online segment goodwill amount arose from the acquisition by the Group in 2011 of CT Networks Limited (“Cayetano”), a games developer based in the Isle of Man and Bulgaria, and the Betfair online business (excluding operations in the US) acquired as part of the all-share merger with Betfair Group plc in 2016, described more fully in Note 8.

The Australia segment goodwill amount arose from the acquisition by the Group of an initial 51% interest in Sportsbet Pty Limited (“Sportsbet”) and the subsequent acquisition of International All Sports Limited (“IAS”) by Sportsbet, both in 2009.

The US segment goodwill amount arose from the acquisition by the Group in 2016 of the US business associated with Betfair Group plc, consisting of TVG, an online horseracing betting operator based in California, and Betfair Casino, an online casino site in New Jersey (see Note 8).

Goodwill on UK Retail arose from the acquisition of two London bookmaking businesses in 2004, the acquisition of a retail bookmaking company in Northern Ireland in 2008 and the acquisition of a number of retail bookmaking shop properties since 2010 (see Note 8).

Goodwill on Irish Retail arose from the amalgamation of three bookmaking businesses to form Paddy Power plc in 1988, the acquisition of three retail bookmaking businesses in 2007 and the acquisition of a number of retail bookmaking shop properties since 2009 (see Note 8).

Impairment tests for cash generating units containing goodwill and indefinite life intangible assets

In accordance with accounting requirements, the Group performs an annual test for impairment of its cash generating units. The most recent test was performed at 31 December 2016. Based on the reviews as described above, with the exception of the IAS brand impairment of AUD6.9m initially provided for in 2011, no impairment has arisen.

8. Business combinations

Year ended 31 December 2016

Acquisition of Betfair Group plc

On 2 February 2016, Paddy Power plc completed an all-share merger with Betfair Group plc (the “Merger”) resulting in Paddy Power plc shareholders owning 52% and Betfair Group plc shareholders owning 48% of Paddy Power Betfair plc (previously Paddy Power plc) (the “Company”, together with its subsidiaries, the “Group”), on a fully diluted basis taking into account existing share options and award schemes for both companies as at the date of the Rule 2.7 announcement in relation to the agreement of the terms of the Merger (8 September 2015). Post-merger, the Company is the Ultimate Parent of Betfair Group Limited (previously Betfair Group plc).

Under the terms of the Merger, holders of Betfair Group plc shares received 0.4254 ordinary shares with nominal value of EUR 0.09 each in the Company (“ordinary shares”) in exchange for one ordinary share of 0.095 pence each held in Betfair Group plc (“Exchange Ratio”). Accordingly, the Company issued a total of 39,590,574 ordinary shares in exchange for 93,066,700 shares in Betfair Group plc, in addition to replacement share option awards in lieu of outstanding unvested share option awards granted under the Betfair Long Term Incentive Plan in 2013/14, 2014/15 and 2015/16 and the Betfair Sharesave Plans. The consideration was £4.3bn based on the value of the Company’s shares issued to Betfair Group plc’s shareholders and the fair value of the replacement share options. No cash consideration was transferred.

Betfair was an innovative online betting and gaming operator which pioneered the betting exchange in 2000, changing the landscape of the sports betting industry. The main drivers for the Merger include increased scale driving growth and creating greater returns on product and marketing investment; highly complementary products and geographies; distinct brands with strong online capabilities; and a stronger combined group with market-leading talent, technology and operations.

In a business combination effected primarily by exchanging equity interests, the acquirer is usually the entity that issues its equity interests. IFRS 3 provides guidance as to how to identify the acquirer in a business combination and consideration was given to this when concluding on the accounting for the Merger and subsequent recognition of Betfair Group plc as an acquisition by Paddy Power plc.

Details of the provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

8. Business combinations (continued)

	As at 2 February 2016
	£m
Assets	
Property, plant and equipment	18.8
Intangible assets	680.5
Available-for-sale financial asset and Investments	1.4
Total non-current assets	700.7
Trade and other receivables	22.9
Financial assets – restricted cash	17.1
Cash and cash equivalents	147.5
Total current assets	187.5
Total assets	888.2
Liabilities	
Trade and other payables	184.9
Provisions	4.3
Current tax payable	33.2
Total current liabilities	222.4
Trade and other payables	20.9
Deferred tax liabilities	76.6
Total non-current liabilities	97.5
Total liabilities	319.9
Net assets acquired	568.3
Goodwill	3,745.4
Consideration	4,313.7
Consideration satisfied by:	
Issue of 39,590,574 PPB plc ordinary shares	4,202.3
Issue of replacement share options	111.4
Consideration	4,313.7

Included within the intangible assets were £627.6m of separately identifiable intangibles comprising brands, customer relations, technology and licences acquired as part of the acquisition, with the additional effect of a deferred tax liability of £95.0m thereon. These intangible assets are being amortised over their useful economic lives of up to eight years.

The main factors leading to the recognition of goodwill (none of which is deductible for tax purposes) is growth by combining business activities, a strong workforce, leveraging existing products and synergy cost savings of the merged operations.

Receivables acquired amounted to £22.9m. The book value equated to the fair value as all amounts are expected to be received. The Group also acquired £250.1m of cash and cash equivalents held on trust in The Sporting Exchange (Clients) Limited, on behalf of the customers of Betfair Group plc and its subsidiaries (the “Betfair Group”), and is equal to amounts deposited into customer accounts. These balances are not consolidated and reported in the condensed consolidated statement of financial position for the Group.

The Betfair Group operates in an uncertain marketplace where many governments are either introducing or contemplating new regulatory or fiscal arrangements. Given the lack of a harmonised regulatory environment, the value and timing of any obligations in this regard are subject to a high degree of uncertainty and cannot always be reliably predicted. No contingent liabilities have been booked on acquisition. Total revenue and total profit of the combined entities is disclosed in the operating and finance review on page 8. Betfair Group’s statutory revenue and profit cannot be readily defined due to the integration of the two business during the period post-Merger. Merger and acquisition costs in respect of this acquisition can be found in Note 4.

8. Business combinations (continued)

Shop property business acquisitions

In 2016, the Group, in the absence of available comparable sites for organic shop openings, acquired a number of licensed bookmaking businesses in the UK and Ireland.

Details of the net assets acquired and the goodwill arising on these acquisitions under IFRS are as follows:

	Provisional fair values 31 December 2016 £m
Identifiable net assets acquired:	
Property, plant and equipment	0.1
Goodwill arising on acquisition – UK Retail and Irish Retail	0.2
Consideration	0.3
 The consideration is analysed as:	
Cash consideration	0.2
Contingent deferred consideration	0.1
	0.3

The principal factors contributing to the UK Retail and Irish Retail goodwill balances are the well-established nature of the acquired businesses within the locations in which they operate and the potential synergies, rebranding opportunities and operational efficiencies achievable for the acquired businesses within the Group.

Information in respect of revenue, operating profit and cash flows for the acquired businesses in the period from acquisition and for the year ended 31 December 2016 has not been presented on the basis of immateriality.

Contingent deferred consideration is payable to the vendors by reference to the acquired businesses' performance against agreed financial targets for the 12 months following the date of acquisition. The contingent deferred consideration amount of £0.1m at 31 December 2016 represents management's best estimate of the fair value of the amounts that will be payable.

During 2016, the Group settled deferred consideration liabilities of £0.4m in relation to prior years' Retail acquisitions.

8. Business combinations (continued)

Year ended 31 December 2015

Shop property business acquisitions

In 2015, the Group, in the absence of available comparable sites for organic shop openings, acquired a number of licensed bookmaking businesses in Great Britain and Ireland.

Details of the net assets acquired and the goodwill arising on these acquisitions under IFRS are as follows:

	Restated Fair values 31 December 2015 £m
Identifiable net assets acquired:	
Property, plant and equipment	0.5
Goodwill arising on acquisition – UK Retail and Irish Retail	4.2
Consideration	4.7
The consideration is analysed as:	
Cash consideration	4.0
Contingent deferred consideration	0.7
	4.7

The principal factors contributing to the UK Retail and Irish Retail goodwill balances are the well-established nature of the acquired businesses within the locations in which they operate and the potential synergies, rebranding opportunities and operational efficiencies achievable for the acquired businesses within the Group.

Information in respect of revenue, operating profit and cash flows for the acquired businesses in the period from acquisition and for the year ended 31 December 2015 has not been presented on the basis of immateriality.

Contingent deferred consideration is payable to the vendors by reference to the acquired businesses' performance against agreed financial targets for the 12 months following the date of acquisition. The contingent deferred consideration amount of £0.7m at 31 December 2015 represents management's best estimate of the fair value of the amounts that will be payable.

During 2015, the Group settled deferred consideration liabilities of £1.1m in relation to prior years' Retail acquisitions (see below).

Net cash (inflow) / outflow from purchase of businesses

	31 December 2016 £m	Restated 31 December 2015 £m
Cash consideration – acquisitions in the year	0.2	4.0
Cash acquired – acquisitions in the year	(147.5)	-
Cash consideration – acquisitions in previous years	3.8	1.1
	(143.5)	5.1
Analysed for the purposes of the statement of cash flows as:		
Purchase of retail businesses, net of cash acquired	0.2	4.0
Cash acquired from merger with Betfair Group plc	(147.5)	-
Payment of contingent deferred consideration	3.8	1.1
	(143.5)	5.1

In addition to settlement of deferred consideration liabilities for prior years' Retail acquisitions (£0.4m), the Group also paid £3.4m relating to deferred consideration payable to the Stronach Group, due to Betfair's historical acquisition of HRTV, a horseracing television network based in the US.

9. Available-for-sale financial assets, trade and other receivables and derivative financial assets

Non-current assets

	31 December 2016 £m	31 December 2015 £m	31 December 2014 £m
Available-for-sale-financial assets	1.3	-	-

Available-for-sale financial assets

As a result of the Merger, the Group at 31 December 2016, has a non-controlling interest in LMAX Limited of 31.4% (£1.2m) and a non-controlling interest in Featurespace of 6.4% (£0.1m). The Group does not have any significant influence over the operations and decision making of LMAX Limited and does not have any representation on the Board.

	31 December 2016 £m	31 December 2015 £m	Restated 31 December 2014 £m
Trade and other receivables			
Prepayments and accrued income	5.8	-	1.5

Current assets

	31 December 2016 £m	Restated 31 December 2015 £m	Restated 31 December 2014 £m
Trade and other receivables			
Trade receivables – credit betting customers	3.5	2.5	3.2
Trade receivables – other sports betting counterparties	6.8	1.6	1.1
Trade receivables	10.3	4.1	4.3
Other receivables	3.7	1.1	1.3
Value-added tax and goods and services tax	-	-	1.0
Prepayments and accrued income	41.2	17.5	18.6
	55.2	22.7	25.2

Trade and other receivables

Trade and other receivables are non-interest bearing.

	31 December 2016 £m	Restated 31 December 2015 £m	31 December 2014 £m
Derivative financial assets			
Foreign exchange forward contracts – cash flow hedges	-	1.8	-

Foreign exchange forward contracts – cash flow hedges

The notional principal amount of outstanding foreign exchange forward contracts at 31 December 2015 was £74.8m. Gains and losses recognised in the cash flow hedge reserve in equity at 31 December 2015 on foreign exchange forward contracts designated as cash flow hedges under IAS 39, 'Financial Instruments: Recognition and Measurement', were released to the income statement at various dates during 2016.

10. Financial assets and cash and cash equivalents

	31 December 2016 £m	Restated 31 December 2015 £m	Restated 31 December 2014 £m
Current			
Financial assets – restricted cash	64.8	60.2	53.7
Financial assets – deposits	-	-	15.0
Cash and cash equivalents	249.9	86.1	153.3
Total	314.7	146.3	222.0

The effective interest rate on bank deposits at 31 December 2016 was 0.65% (2015: 1.78%, 2014: 1.05%); these deposits have an average original maturity date of 14 days (2015: 12 days, 2014: 41 days). The bank deposits also have an average maturity date of 7 days from 31 December 2016 (2015: 4 days, 2014: 19 days). The Directors believe that all short term bank deposits can be withdrawn without significant penalty.

Financial assets – restricted cash, financial assets – deposits and cash and cash equivalents are analysed by currency as follows:

	31 December 2016 £m	Restated 31 December 2015 £m	Restated 31 December 2014 £m
GBP	185.4	76.8	74.4
EUR	41.0	26.4	93.2
AUD	52.1	41.2	51.1
USD	27.2	1.8	2.7
Other	9.0	0.1	0.6
	314.7	146.3	222.0

Financial assets

Included in financial assets – restricted cash at 31 December 2016 are bank deposits which were either (1) restricted at that date, as they represented customer funds balances securing player funds held by the Group or (2) required to be held to guarantee third party letter of credit facilities. These customer funds that are not held in trust are matched by liabilities of equal value.

As at 31 December 2016, £349.2m (31 December 2015: £Nil, 31 December 2014: £Nil) was held in trust in The Sporting Exchange (Clients) Limited on behalf of the Group's customers and is equal to the amounts deposited into customer accounts.

11. Share capital and reserves

The total authorised share capital of the Company comprises 150,000,000 ordinary shares of €0.09 each (2015: 150,000,000 ordinary shares of €0.09 each). All issued share capital is fully paid. The holders of ordinary shares are entitled to vote at general meetings of the Company on a one vote per share held basis. Ordinary shareholders are also entitled to receive dividends as may be declared by the Company from time to time.

The movement in the number of issued ordinary shares during the period was as follows:

On 2 February 2016, the Company completed an all-share merger with Betfair Group plc. The Merger resulted in the holders of Paddy Power plc shares owning 52% of the Company, and the holders of Betfair Group plc shares owning 48% of the Company, on a fully diluted basis taking into account existing share options and share award schemes for both companies as at the date of the Rule 2.7 announcement in relation to the agreement of the terms of the Merger (8 September 2015).

Under the terms of the Merger, holders of Betfair Group plc shares received 0.4254 ordinary shares of €0.09 each ("ordinary shares") in the Company in exchange for each Betfair Group plc ordinary share of 0.095 pence each. The Company issued 39,590,574 ordinary shares in exchange for 93,066,700 shares in Betfair Group plc giving rise to a share premium of £4.2bn.

During the year ended 31 December 2016, 318,523 ordinary shares (2015: 77,150) were issued as a result of the exercise of share options under employee share schemes, giving rise to a share premium of £2.5m (2015: £2.0m).

In 2016, following shareholder approval at an Extraordinary General Meeting on 21 December 2015 and court approval on 28 April 2016, the Company cancelled a portion of its share premium account transferring £3.8bn (£4.9bn) to the retained earnings account within reserves. In 2015, following shareholder approval at the Annual General Meeting on 14 May 2015 and court approval on 6 November 2015, the Company cancelled a portion of its share premium account and transferred £31.6m (£44.9m) to the retained earnings account within reserves.

Also in 2015, the Group returned £282m (£391.5m) to shareholders via a B share scheme, and completed a capital reorganisation which involved the consolidation of its ordinary share capital on a nine for ten basis. The transaction involved a number of steps. The existing ordinary shares in issue at the date of the capital reorganisation of 51,118,370 of €0.10 each were converted into 51,118,370 'intermediate' ordinary shares of €0.081 each and 51,118,370 B shares of €0.019 each. An amount of 2,184,000 B shares were issued to the Company and certain of its subsidiaries as a result of treasury shares held. Such shares were not entitled to receive a dividend or redemption payment. The holders of the remaining B shares in issue of 48,934,370 were entitled to receive a payment of €8 per share by way of a once off dividend or a redemption payment. Subsequent to the dividend or redemption payment all B shares were cancelled during the year. The 'intermediate' ordinary shares were consolidated and sub-divided into 46,006,533 'new' ordinary shares of €0.09 each.

A total of 1,965,600 ordinary shares were held in treasury as of 31 December 2016 (31 December 2015: 1,965,600). All rights (including voting rights and the right to receive dividends) in the shares held in treasury are suspended until such time as the shares are reissued. The Group's distributable reserves are restricted by the value of the treasury shares, which amounted to £40.7m as of 31 December 2016 (31 December 2015: £40.7m). The cost of treasury shares held by the Company at 31 December 2016 was £4.2m (2015: £4.2m), with a further £36.5m of shares being held by the Company's subsidiaries (2015: £36.5m).

At 31 December 2016, the Paddy Power Betfair plc Employee Benefit Trust ("EBT") held a further 478,392 (2015: 874,890) of the Company's own shares, which were acquired at a total cost of £30.9m (2015: £49.2m), in respect of potential future awards relating to the Group's employee share plans. The Company's distributable reserves at 31 December 2016 are further restricted by this cost amount. In the year ended 31 December 2016, 396,498 shares with an original cost of £18.3m were transferred from the EBT to beneficiaries of the EBT consequent to the vesting thereof (2015: 410,499 shares with an original cost of £17.2m). During the year ended 31 December 2015, the EBT purchased 327,004 Paddy Power plc ordinary shares for a total consideration of £22.1m and received £3.6m from the B share scheme return of capital to shareholders. No such purchases were made in 2016.

11. Share capital and reserves (continued)

The foreign exchange translation reserve at 31 December 2016 had a credit balance of £29.5m (2015: debit balance of £20.2m), and arose from the retranslation of the Group's net investment in Euro, AUD and USD functional currency entities. The movement in the foreign exchange translation reserve for the year ending 31 December 2016 reflects the strengthening of USD, AUD and Euro against GBP in the year.

Other reserves comprise a capital redemption reserve fund, a capital conversion reserve fund and a net wealth tax reserve. The capital redemption reserve fund of £1.4m (2015: £1.4m) relates to the nominal value of shares in the Company acquired by the Company and subsequently cancelled, and in 2015, the nominal value of shares in the Company cancelled as part of the return of capital to shareholders. The capital conversion reserve fund of £0.2m (2015: £0.2m) arose on the redenomination of the ordinary share capital of the Company at the time of conversion from Irish pounds to Euro.

The cash flow hedge reserve represents the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that had not yet occurred at that date. The Group had entered into foreign exchange forward contracts to hedge a portion of GBP exposures expected to arise from GBP denominated income in the year ended 31 December 2016. No such contracts were outstanding at 31 December 2016.

In 2016, an amount of £25.6m (2015: £0.6m) in respect of share options exercised during the year was transferred from the share-based payment reserve to retained earnings. An amount of £5.9m of deferred tax relating to the Group's share-based payments was charged to retained earnings in 2016 (2015: credit of £0.1m). An amount of £4.4m of current tax relating to the Group's share-based payments was credited to retained earnings in 2016 (2015: £Nil).

12. Dividends paid on ordinary shares

	2016 £m	Restated 2015 £m
Ordinary shares:		
- final dividend of €1.20 (£0.933) per share for the year ended 31 December 2015 (31 December 2014: €1.02)	40.8	36.1
- special dividend of €1.814 (£1.411) per share (31 December 2015: €Nil)	61.9	-
- Paddy Power plc 1 st interim dividend of €0.18 (£0.140) per share (31 December 2015: €Nil)	6.1	-
- 2 nd interim dividend of £0.40 per share (2015: €0.60 (£0.44))	33.5	19.3
Amounts recognised as distributions to equity holders in the year	142.3	55.4

The Directors have proposed a final dividend of 113.0 pence per share which will be paid on 24 May 2017 to shareholders on the Company's register of members at the close of business on the record date of 7 April 2017. This dividend, which amounts to approximately £95.0m, has not been included as a liability at 31 December 2016.

The Paddy Power plc 1st interim dividend represented the period from 1 January 2016 to 1 February 2016.

During the year ended 31 December 2016, the Group paid the Betfair Group plc closing dividend amounting to £22.6m, which represented the period prior to Merger completion.

13. Trade and other payables and derivative financial liabilities

Current liabilities

	31 December 2016 £m	Restated 31 December 2015 £m	Restated 31 December 2014 £m
Trade and other payables			
Trade payables	9.8	12.1	8.8
Customer balances	62.2	58.4	52.3
PAYE and social security	6.6	4.7	4.5
Value-added tax and goods and services tax	0.2	3.1	-
Betting duty, data rights, and product and racefield fees	40.4	26.1	12.6
Employee benefits	46.1	25.9	24.3
Contingent deferred consideration – business combinations	3.7	0.8	1.5
Accruals and other liabilities	151.6	53.0	52.9
	320.6	184.1	156.9
Derivative financial liabilities			
Foreign exchange forward contracts – cash flow hedges	-	-	2.1
Sports betting open positions	8.6	12.5	11.1
	8.6	12.5	13.2

Non-current liabilities

	31 December 2016 £m	Restated 31 December 2015 £m	Restated 31 December 2014 £m
Trade and other payables			
PAYE and social security	0.2	0.1	0.2
Employee benefits	5.0	4.1	3.8
Contingent deferred consideration – business combinations	20.4	-	0.1
Accruals and other liabilities	1.3	0.8	0.4
	26.9	5.0	4.5
Derivative financial liabilities			
Sports betting open positions	-	-	0.1
	-	-	0.1

Sports betting open positions

Amounts received from customers on sportsbook events that have not occurred by the year end are derivative financial instruments and have been designated by the Group on initial recognition as financial liabilities at fair value through profit or loss.

The carrying amount of the liabilities is not significantly different from the amount that the Group is expected to pay out at maturity of the financial instruments. Sports bets are non-interest bearing. There is no interest rate or credit risk associated with open sports bets.

Included within non-current liabilities is contingent deferred consideration of £20.4m which was acquired as a result of the Merger. This is payable to the Stronach Group due to Betfair's historical acquisition of HRTV, a horseracing television network based in the US. The amount payable at 31 December 2016 amounted to £23.9m, with £20.4m due after one year from the reporting date.

14. Borrowings

Current liabilities

	31 December 2016	Restated 31 December 2015	Restated 31 December 2014
	£m	£m	£m
Accrued interest on borrowings	0.2	0.2	-

Non-current liabilities

	31 December 2016	Restated 31 December 2015	Restated 31 December 2014
	£m	£m	£m
Revolving credit facility	214.0	143.1	-
Less: expenses relating to revolving credit facility	(0.4)	(1.3)	-
	213.6	141.8	-

In 2015, the Group secured a committed revolving credit bank loan facility ("RCF") of €300m provided by a syndicate of banks which expires in May 2020. At 31 December 2016, €250m (£214.0m) of this facility was drawn down (2015: €195m (£143.1m)). During 2016, the Group drew down €211.0m (£170.9m) and repaid €156.0m (£126.8m) under this facility.

Borrowings under the RCF are unsecured but are guaranteed by the Company and certain of its operating subsidiaries. Borrowings under the RCF incur interest at EURIBOR plus a margin of between 1.10% and 1.95%. A commitment fee, equivalent to 35% of the margin, is payable in respect of available but undrawn borrowings.

Upfront participation and arrangement fees plus associated costs incurred in arranging the RCF have been capitalised and offset against the loan in the condensed consolidated statement of financial position and are being amortised to the income statement over the expected life of the facility.

It is the Directors' opinion that due to the Group's bank borrowings being subject to floating interest rates and the proven cash generation capability of the Group, there is no significant difference between the book value and fair value of the Group's borrowings.

Under the terms of the RCF, the Group is required to comply with the following financial covenants on a semi-annual basis.

- **Net Leverage Ratio:** Consolidated net borrowings shall not be more than 3.0 times underlying consolidated EBITDA.
- **Interest Cover Ratio:** Underlying consolidated EBITDA shall not be less than 4.0 times net finance charges.

During the year ended 31 December 2016, all covenants have been complied with.

15. Commitments and contingencies

(a) Guarantees

The Group has uncommitted working capital overdraft facilities of £12.4m (2015: £11.7m) with Allied Irish Banks p.l.c. These facilities are secured by a Letter of Guarantee from Paddy Power Betfair plc.

The Group has bank guarantees: (1) in favour of certain gaming regulatory authorities to guarantee the payment of player funds, player prizes, and certain taxes and fees due by a number of Group companies; and (2) in respect of certain third party rental and other property commitments, merchant facilities and third party letter of credit facilities. The maximum amount of the guarantees at 31 December 2016 was £29.1m (2015: £11.2m). No claims had been made against the guarantees as of 31 December 2016 (2015: £Nil). The guarantees are secured by counter indemnities from Paddy Power Betfair plc and certain of its subsidiary companies. The value of cash deposits over which the guaranteeing banks hold security was £0.9m at 31 December 2016 (2015: £Nil).

The Australian corporate sports bookmaking licences issued to Sportsbet require those companies to hold sufficient cash funds to cover monies owed to customers. At 31 December 2016, the total value of relevant customer balances attributable to the Australia business segment was £39.8m (AUD68.0m) (2015: £25.5m (AUD51.8m)) and the combined cash and cash equivalent balances held by Sportsbet at that date totalled £50.9m (AUD86.8m) (2015: £41.2m (AUD83.6m)). The Group holds cash amounts totalling £25.0m in respect of customer funds that are not held on trust in The Sporting Exchange (Clients) Limited in accordance with local regulations. Customer funds that are not held on trust are matched by liabilities of an equal value.

The Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group. The Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

As mentioned in Note 14, borrowings under the RCF are unsecured but are guaranteed by the Company and certain of its operating subsidiaries.

(b) Contingent liabilities

The Group operates in an uncertain marketplace where many governments are either introducing or contemplating new regulatory or fiscal arrangements.

The Board monitors legal and regulatory developments and their potential impact on the business, however given the lack of a harmonised regulatory environment, the value and timing of any obligations in this regard are subject to a high degree of uncertainty and cannot always be reliably predicted.

(c) Capital commitments

Capital expenditure contracted for at the statement of financial position date but not yet incurred was as follows:

	31 December 2016	31 December 2015
	£m	£m
Property, plant and equipment	3.9	0.7

15. Commitments and contingencies (continued)

(d) Operating leases

The Group leases various licensed betting and other offices under operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The leases have, on average, approximately six years left to run (if the Group was to exercise available break options), with a right of renewal after that date. Lease rentals are typically reviewed every five years to reflect market rental rates or changes in general inflation rates.

At 31 December 2016 and 2015, the future minimum rentals payable under non-cancellable operating leases on properties were as follows:

	31 December 2016	Restated 31 December 2015
	£m	£m
Within one year	32.6	24.8
Between two and five years	100.1	77.6
After five years	52.7	51.8
	185.4	154.2

The Group has a small number of shop properties that are sublet. Sublease payments of £0.4m (2015: £0.4m) are expected to be received during the year ended 31 December 2017.

During 2016, an amount of £33.3m was recognised in profit or loss in respect of operating leases (2015: £25.3m). Contingent rent expense in profit or loss amounted to a credit of £0.5m (2015: credit of £0.5m). Sublease income (netted against operating lease expense on the basis of immateriality) amounted to £0.4m in 2016 (2015: £0.3m).

Operating leases for licensed betting and other offices are entered into as combined leases of land and buildings. Since the title to the land does not pass, the rent paid to the landlord of the building is increased to market rent at regular intervals and the Group does not participate in the residual value of the building, it was determined that substantially all the risks and rewards of the offices are with the landlord. As such, the Group has determined that the leases are operating leases.

16. Related parties

There were no transactions with related parties during the years ended 31 December 2016 and 2015 that materially impacted the financial position or performance of the Group.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

17. Events after the reporting date

Dividend

In respect of the current year, the Directors propose that a final dividend of 113.0 pence per share will be paid to shareholders on 24 May 2017. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend is payable to all shareholders on the Register of Members on 7 April 2017. The total estimated dividend to be paid amounts to £95.0m.

18. Changes in accounting policies

Under the new Group accounting policies as outlined in Note 2, payment transaction costs, previously accounted for as operating expenses are accounted for as cost of sales, and affiliate commissions, previously accounted for as cost of sales are accounted for as operating expenses. In addition, certain amounts previously reported within the Online, Australia and Retail operating segments are reported within the Corporate operating segment. The impact of the changes, by reporting segment, on the major components of operating profit for the year ended 31 December 2015 are as follows:

	Year ended 31 December 2015					
	Online £m	Australia £m	Retail £m	US £m	Corporate £m	Total £m
Cost of sales						
As reported under previous accounting policies	(79.9)	(60.6)	(57.2)	-	-	(197.7)
Restatement	5.5	2.2	(1.3)	-	-	6.4
As reported under new accounting policies	(74.4)	(58.4)	(58.5)	-	-	(191.3)
Operating costs excluding depreciation and amortisation						
As reported under previous accounting policies	(159.7)	(105.5)	(160.5)	-	-	(425.7)
Restatement	21.2	1.0	4.3	-	(32.9)	(6.4)
As reported under new accounting policies	(138.5)	(104.5)	(156.2)	-	(32.9)	(432.1)
Impact on operating profit	26.7	3.2	3.0	-	(32.9)	-

The total restatement between cost of sales and operating costs excluding depreciation and amortisation for the year ended 31 December 2016 amounted to £6.4m (€8.8m).

Under the new Group accounting policies as outlined in Note 2, certain amounts previously accounted for as cash and cash equivalents and included in the statement of cash flows are accounted for as financial assets – restricted cash and are excluded from the statement of cash flows. The impact of the changes on the major components of the condensed consolidated statement of cash flows in the year ended 31 December 2015 are as follows:

	2015 As reported under previous accounting policies £m	2015 As reported under new accounting policies £m
Net cash from operating activities	196.2	188.5
Net cash used in investing activities	(30.1)	(30.1)
Net cash used in financing activities	(222.2)	(218.4)
Net decrease in cash and cash equivalents	(56.1)	(60.0)
Cash and cash equivalents at start of year	176.4	153.3
Foreign currency exchange loss on cash and cash equivalents	(8.5)	(7.2)
Cash and cash equivalents at end of year	111.8	86.1

18. Changes in accounting policies (continued)

The impact of the changes on the condensed consolidated statement of financial position as at 31 December 2015 and 31 December 2014 are as follows:

	31 December 2015 As reported under previous accounting policies £m	31 December 2015 As reported under new accounting policies £m	31 December 2014 As reported under previous accounting policies £m	31 December 2014 As reported under new accounting policies £m
Financial assets – restricted cash	34.5	60.2	30.6	53.7
Cash and cash equivalents	111.8	86.1	176.4	153.3

19. Change in presentation currency

In restating the Group financial statements for 2015, the reported information was converted to pounds sterling from euro using the following procedures:

- assets and liabilities of foreign operations where the functional currency is other than pounds sterling were translated into pounds sterling at the relevant closing rates of exchange, namely 1 January 2015 and 31 December 2015. Non-sterling trading results were translated into sterling at the actual rates of exchange for the transactions (or the relevant average rates of exchange where this was a reasonable approximation). Differences arising from the retranslation of the opening net assets and the results for the year have been taken to the foreign currency translation reserve;
- the cumulative foreign currency translation reserve was set to nil at 1 January 2015, the date at the beginning of the prior year comparative period. All subsequent movements comprising differences on the retranslation of the opening net assets of non-sterling entities have been taken to the foreign currency translation reserve. Share capital, share premium and other reserves were translated into pounds sterling at the rate of exchange at 1 January 2015 and at the historic rates prevailing at the dates of transactions thereafter; and
- all exchange rates used were extracted from the Group's underlying financial records.

19. Change in presentation currency (continued)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Before separately disclosed items 2015 As restated in EUR €m	Separately disclosed items 2015 As restated in EUR €m	Total 2015 As restated in EUR €m	Before separately disclosed items 2015 As restated in GBP £m	Separately disclosed items 2015 As restated in GBP £m	Total 2015 As restated in GBP £m
Continuing operations						
Revenue	1,094.0	-	1,094.0	794.3	-	794.3
Cost of sales	(267.5)	-	(267.5)	(191.3)	-	(191.3)
Gross profit	826.5	-	826.5	603.0	-	603.0
Operating costs excluding depreciation and amortisation	(593.5)	(10.2)	(603.7)	(432.1)	(7.4)	(439.5)
EBITDA	233.0	(10.2)	222.8	170.9	(7.4)	163.5
Depreciation and amortisation	(52.6)	-	(52.6)	(38.4)	-	(38.4)
Operating profit / (loss)	180.4	(10.2)	170.2	132.5	(7.4)	125.1
Financial income	1.9	-	1.9	1.4	-	1.4
Financial expense	(2.6)	-	(2.6)	(2.0)	-	(2.0)
Profit / (loss) before tax	179.7	(10.2)	169.5	131.9	(7.4)	124.5
Income tax (expense) / credit	(27.0)	4.8	(22.2)	(19.7)	3.4	(16.3)
Profit / (loss) for the year – all attributable to equity holders of the Company	152.7	(5.4)	147.3	112.2	(4.0)	108.2

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2015 As originally reported €m	2015 As restated in GBP £m
Profit for the year – all attributable to equity holders of the Company	147.3	108.2
Other comprehensive income / (loss)		
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	(6.2)	(4.5)
Fair value of foreign exchange cash flow hedges transferred to income statement	11.3	8.3
Foreign exchange gain / (loss) on translation of the net assets of foreign currency denominated entities	3.9	(20.2)
Deferred tax on fair value of cash flow hedges	(0.6)	(0.5)
Other comprehensive income / (loss)	8.4	(16.9)
Total comprehensive income for the year – all attributable to equity holders of the Company	155.7	91.3

19. Change in presentation currency (continued)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2015 As restated in EUR €m	31 December 2015 As restated in GBP £m	31 December 2014 As restated in EUR €m	31 December 2014 As restated in GBP £m
Assets				
Property, plant and equipment	125.4	92.0	126.8	98.7
Intangible assets	82.1	60.3	76.4	59.5
Goodwill	108.9	79.9	102.8	80.1
Deferred tax assets	9.1	6.7	8.2	6.4
Trade and other receivables	-	-	2.0	1.5
Total non-current assets	325.5	238.9	316.2	246.2
Trade and other receivables	31.0	22.7	32.4	25.2
Derivative financial assets	2.4	1.8	-	-
Financial assets – restricted cash	81.9	60.2	68.9	53.7
Financial assets – deposits	-	-	19.3	15.0
Cash and cash equivalents	117.3	86.1	196.8	153.3
Total current assets	232.6	170.8	317.4	247.2
Total assets	558.1	409.7	633.6	493.4
Equity				
Issued share capital and share premium	6.8	8.7	50.1	39.0
Treasury shares	(51.8)	(40.7)	(57.5)	(44.8)
Shares held by employee benefit trust	(63.1)	(49.2)	(61.5)	(47.9)
Other reserves	40.9	8.5	34.8	27.2
Retained earnings	136.5	123.6	421.1	327.9
Total equity attributable to equity holders of the Company	69.3	50.9	387.0	301.4
Liabilities				
Trade and other payables	250.7	184.1	201.4	156.9
Derivative financial liabilities	17.0	12.5	17.0	13.2
Provisions	0.6	0.4	0.5	0.4
Current tax payable	14.9	10.9	17.4	13.5
Borrowings	0.3	0.2	-	-
Total current liabilities	283.5	208.1	236.3	184.0
Trade and other payables	6.8	5.0	5.8	4.5
Derivative financial liabilities	0.1	-	0.1	0.1
Provisions	1.3	1.0	1.2	0.9
Deferred tax liabilities	3.9	2.9	3.2	2.5
Borrowings	193.2	141.8	-	-
Total non-current liabilities	205.3	150.7	10.3	8.0
Total liabilities	488.8	358.8	246.6	192.0
Total equity and liabilities	558.1	409.7	633.6	493.4

19. Change in presentation currency (continued)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	2015 As restated in EUR €m	2015 As restated in GBP £m
Cash flows from operating activities		
Profit for the year – all attributable to equity holders of the Company	147.3	108.2
Separately disclosed items	5.5	4.0
Tax expense before separately disclosed items	27.0	19.7
Financial income	(1.9)	(1.4)
Financial expense	2.6	2.0
Depreciation and amortisation before separately disclosed items	52.6	38.4
Employee equity-settled share-based payments expense before separately disclosed items	16.8	12.1
Foreign currency exchange gain	(2.1)	(1.9)
Loss on disposal of property, plant and equipment and intangible assets	0.3	0.2
Cash from operations before changes in working capital	248.1	181.3
Decrease in trade and other receivables	0.5	0.2
Increase in trade, other payables and provisions	45.0	33.6
Cash generated from operations	293.6	215.1
Tax paid	(26.3)	(19.2)
Net cash from operating activities before merger fees and integration and restructuring costs	267.3	195.9
Merger fees and integration and restructuring costs paid	(10.2)	(7.4)
Net cash from operating activities	257.1	188.5
Purchase of property, plant and equipment	(27.8)	(20.2)
Purchase of intangible assets	(30.1)	(21.9)
Purchase of retail businesses, net of cash acquired	(5.5)	(4.0)
Payment of contingent deferred consideration	(1.5)	(1.1)
Proceeds from disposal of property, plant and equipment and intangible assets	0.3	0.2
Transfers from financial assets – deposits	21.0	15.4
Interest received	2.0	1.5
Net cash used in investing activities	(41.6)	(30.1)
Proceeds from the issue of new shares	2.7	2.0
Purchase of shares by employee benefit trust	(25.3)	(18.5)
Dividends paid	(76.3)	(55.4)
Return of capital to shareholders (including associated costs)	(392.1)	(282.8)
Net amounts drawn down on borrowings facility	195.0	139.6
Fees in respect of borrowings facility	(2.5)	(1.8)
Interest paid	(2.1)	(1.5)
Net cash used in financing activities	(300.6)	(218.4)
Net decrease in cash and cash equivalents	(85.1)	(60.0)
Cash and cash equivalents at start of year	196.8	153.3
Foreign currency exchange gain / (loss) on cash and cash equivalents	5.6	(7.2)
Cash and cash equivalents at end of year	117.3	86.1

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-13" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-13**
NTRC Letter regarding click to call (10 August 2016)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

NORTHERN TERRITORY RACING COMMISSION

GPO Box 1154
Darwin NT 0801

Telephone: (08) 8999 1800
Facsimile: (08) 8999 1888

3rd Floor, NAB House
71 Smith Street
Darwin NT 0800

Email: racing.commission@nt.gov.au

To all NT Sports Bookmaker Licensees,

Re: Automated In-Play Sports Betting

On 30 May 2016 a Ministerial Direction was issued to the Northern Territory Racing Commission (the Commission) to impose conditions on licences issued to Sports Bookmakers effectively prohibiting 'click-to-call' functionality where such functionality utilises recorded or synthetic voices.

The Commission recognised potential adverse economic ramifications for some sports bookmakers and was cognisant of the issues likely to arise as a result of the time frame intended to be imposed for the introduction of the condition. The Commission subsequently called for submissions from licensees and other stakeholders in relation to the intended amendment and after considering the various submissions received, sought further direction from the Minister.

In his response, the Minister acknowledged the various concerns raised by members of the industry however noted that pursuant to the *Racing and Betting Act* (the Act) the Commission must comply with a Ministerial Direction and directed that a condition be imposed to prohibit sports bookmakers from offering click-to-call type functionality, where such functionality utilises recorded or synthetic voices. Further, that the condition is to take effect 28 days from the date of this letter.

The Minister also directed the Commission that all call centre staff taking wagers must be located within call centres within the Northern Territory.

Given the concerns raised by licensees, specifically in relation to the need to employ and train additional staff and source office accommodation, the Minister directed that the Commission allow a further 28 days to licensees who can demonstrate that they will be required to employ more than 30 additional staff members in the Northern Territory in addition to current Northern Territory staffing numbers to manage the expected increase in calls.

Those operators that believe that they will be employing over 30 additional staff and will be seeking a further 28 day extension, need to contact the Commission as soon as practicable and advise of their intentions to do so.

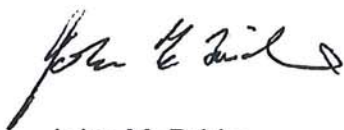
The Minister also directed the Commission to immediately commence a review of the Northern Territory regulatory framework, in consultation with licensees and other key stakeholders, to provide recommendations to the Northern Territory Government on measures to improve the framework, including but not limited to, click-to-call type



functions. The review will also need to consider options to optimise additional economic and fiscal benefits to the Northern Territory through the licensing process.

Should you have any queries in relation to this matter, please contact Mr. Travis Te Whata, Manager Compliance, Gambling and Racing on 08 8935 7592 or by email travis.tewhata@nt.gov.au.

Yours sincerely



John McBride
CHAIRMAN

10 August 2016



IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-14" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-14**

Parliament of Australia webpage for Interactive Gambling
Amendment Bill 2016

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

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Gambling Amendment Bill 2016

Interactive Gambling Amendment Bill 2016

Type

Government

Portfolio

Communications and the Arts

Originating house

House of Representatives

Status

Before Reps

Parliament no

45

[Track](#) ([What's this?](#))

[Permalink](#)

Summary

Implements the Government's response to the recommendations of the 2015 Review of Illegal Offshore Wagering, the bill amends the: Interactive Gambling Act 2001 to: clarify the services to which the Act applies by recognising prohibited interactive gambling services and regulated interactive gambling services; prohibit a person providing regulated interactive gambling services to Australians unless the person holds a licence under the law of an Australian state and territory; introduce a civil penalty regime to be enforced by the Australian Communications and Media Authority (ACMA); prohibit 'click to call' in-play betting services; streamline complaints handling and investigation processes; establish a register of eligible regulated interactive gambling services to be published on the ACMA website; and enable the minister to determine by legislative instrument that a specific thing is, or is not, a sporting event for the purposes of the Act; Interactive Gambling Regulations 2001 to make consequential amendments; and Australian Communications and Media Authority Act 2005 to enable the ACMA to disclose certain information to foreign regulators and the Department of Immigration and Border Protection.

Progress

House of Representatives

Introduced and read a first time	10 Nov 2016
Second reading moved	10 Nov 2016
Second reading debate	08 Feb 2017
Second reading agreed to	08 Feb 2017
Consideration in detail debate	08 Feb 2017
Third reading agreed to	08 Feb 2017

Senate

Introduced and read a first time	09 Feb 2017
Second reading moved	09 Feb 2017
Second reading debate	20 Mar 2017
Second reading agreed to	20 Mar 2017
Committee of the Whole debate	
<ul style="list-style-type: none"> Amendment details: 7 Nick Xenophon Team agreed to 	20 Mar 2017
Committee of the Whole debate	21 Mar 2017
Third reading agreed to	21 Mar 2017

House of Representatives




Message from Senate reported 21 Mar 2017

Documents and transcripts

Text of bill

- First reading   

Explanatory memoranda

- Explanatory memorandum   

Transcript of speeches


- [All second reading speeches](#)
- [Minister's second reading speech](#)

Proposed amendments

House of representatives

- Non-Government
[KATTER, Bob, Jnr, MP](#)   
- Non-Government
[WILKIE, Andrew, MP](#)   
- Non-Government
[SHARKIE, Rebekha, MP](#)   

Senate

- Liberal Democratic Party [sheet 8054]
[LEYONHJELM, Sen David](#)   
- Nick Xenophon Team [sheet 8079]
[XENOPHON, Sen Nick](#)   
- Nick Xenophon Team [sheet 8038]
[XENOPHON, Sen Nick](#)   
- Nick Xenophon Team [sheet 8046]
[KAKOSCHKE-MOORE, Sen Skye](#)   
- Pauline Hansons One Nation [sheet 8093]
[HANSON, Sen Pauline](#)   

Schedules of amendments

- Schedule of the amendments made by the Senate   

Notes

- Referred to Committee (10/11/2016): Senate Environment and Communications Legislation Committee; Committee report (30/11/2016)
- Access information for [House of Representatives](#) and [Senate](#) committees.

Helpful information

Text of bill

- **First reading:** Text of the bill as introduced into the Parliament

- **Third reading:** Prepared if the bill is amended by the house in which it was introduced. This version of the bill is then considered by the second house.
- **As passed by both houses:** Final text of bill agreed to by both the House of Representatives and the Senate which is presented to the Governor-General for assent.

Explanatory memoranda

- **Explanatory memorandum:** Accompanies and provides an explanation of the content of the introduced version (first reading) of the bill.
- **Supplementary explanatory memorandum:** Accompanies and explains amendments proposed by the government to the bill.
- **Revised explanatory memorandum:** Accompanies and explains the amended version (third reading) of the bill. It supersedes the explanatory memorandum.

Proposed amendments

Circulated by members and senators when they propose to make changes to the bill. For details about the outcome of proposed amendments please refer to either the [Votes and Proceedings](#) (House of Representatives) or the [Journals](#) (Senate).

Schedules of amendments

Schedules of amendments list amendments agreed to by the second house are communicated to the first house for consideration. Subsequent action by either house may also be included in a schedule.

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-15" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-15**

Chart showing changes in retail vs online wagering over time

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

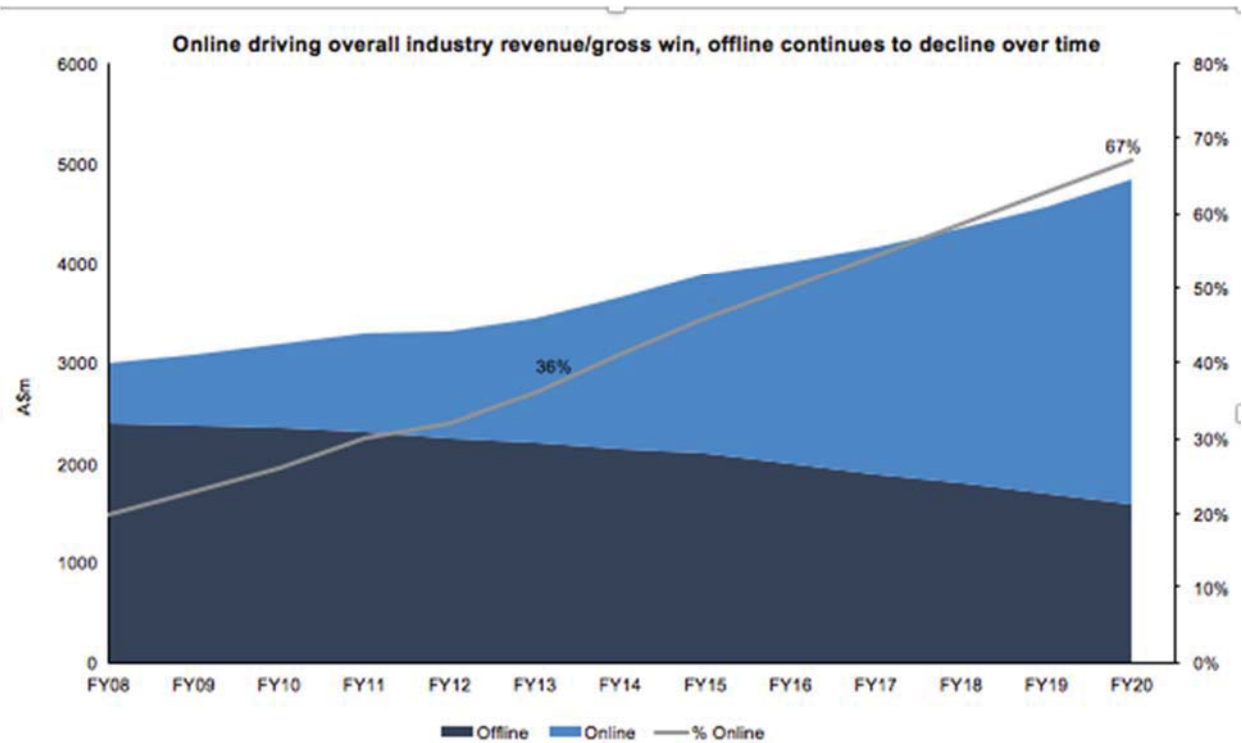
Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Chart Showing changes in retail vs. online wagering over time



Source: Australian Racing Board Factbook, Morgan Stanley Research estimates

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-16" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-16**

Tabcorp presentation to ClubsNSW members - Tabcorp Wagering Proposal Presentation (February 2017)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

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TABCORP WAGERING PROPOSAL PRESENTATION

FEBRUARY, 2017

WE LOVE A BET



TAB'S COMPELLING POINTS OF DIFFERENCE

Exclusive in-venue
wagering operator



TAB owns the exclusive retail wagering Licence issued by the NSW Government

TAB is the number 1 player
in the market



TAB is a clear leader in the NSW market with more than 1M customers

Cash remains
relevant



90% of all gambling spend in Australia is with cash

Australian owned,
community focussed



TAB has strong alignment with NSW state government, community partners and racing

Only TAB can deliver cash betting
to NSW Clubs



TAB is the only operator that can facilitate cash, self service, Trackside and digital betting

Only TAB can deliver valuable
retail & digital customers



Multi-channel customers deliver 8x more value than digital only customers

SKY broadcasts more
than 120,000 races per year



Sky is an integral part of the wagering customer experience that drives customer visitation to NSW Clubs

Tabcorp is a leader
in responsible gambling



Globally recognised in Responsible Gambling by the Dow Jones Sustainability Index

TABCORP AND CLUBS IN NSW HAVE HAD A STRONG PARTNERSHIP SINCE 1984

732

TAB has a direct relationship with 732 individual Clubs

No.1

Together with Clubs in NSW, TAB has maintained its market leadership

57m

Customers in NSW Clubs enjoyed the TAB betting experience on 57m occasions in FY16

\$23m

Over the last 5 years TAB has invested \$11m in Clubs with a commitment to invest \$12m** over the next five years

750,000

Reflects the number of TAB cash deposits and withdrawals that occur in Clubs annually

60%

A recent study indicated that 60% of customers would visit Clubs less often if the TAB were removed*



Tabcorp & ClubsNSW have been joint operators of Keno since 1991 across 960 Clubs with licence expiry in 2050



TGS and Intecq have a combined presence across 550 Clubs and 45,000 EGMS

Source: Tabcorp management information

* See case study example presented as an appendix in this document

** Assumes take up from all 732 current Clubs

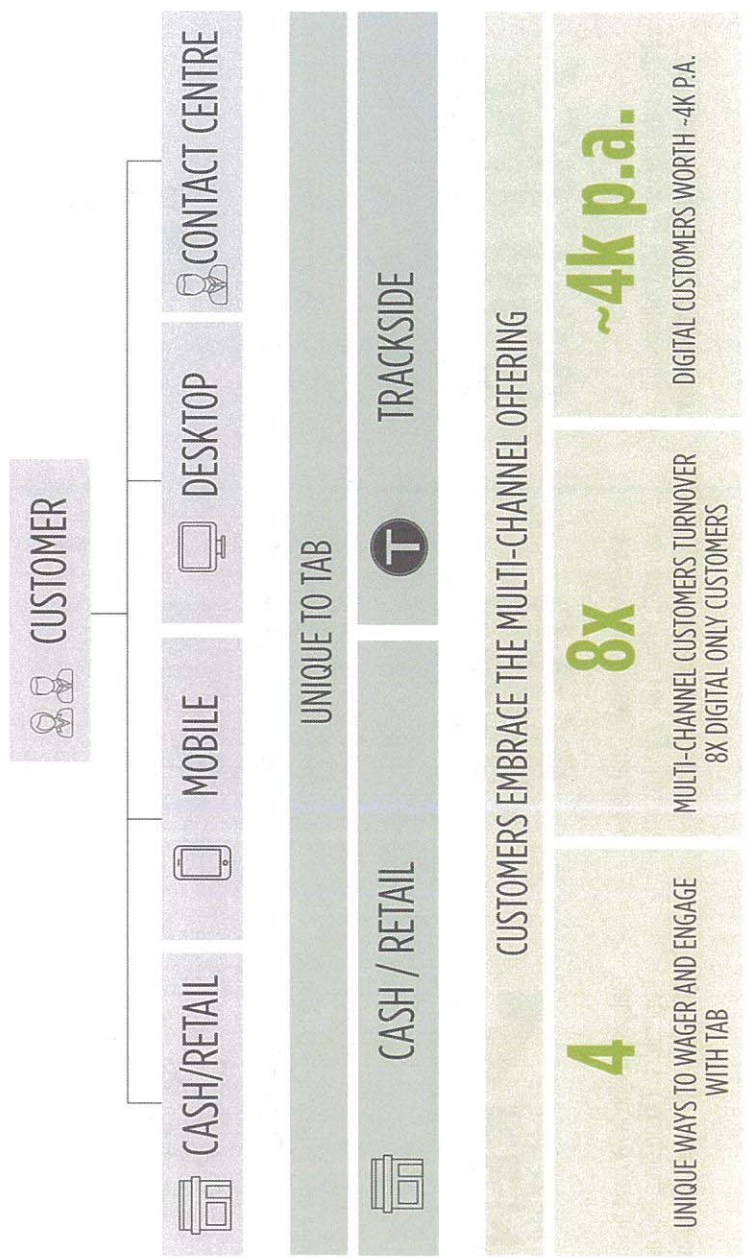
TAB IS THE ONLY OPERATOR THAT CAN DELIVER RETAIL AND DIGITAL BETTING TO CLUBS IN NSW





ONLY TAB CAN DELIVER VALUABLE RETAIL & DIGITAL CUSTOMERS

Multi-channel customers deliver 8x more value than digital only customers



Source: Tabcorp management information

THE KEY COMPONENTS UNDERPINNING OUR PARTNERSHIP PROPOSAL

GROWTH

- Partnership exclusivity rebate (\$6k per annum)
- In-venue digital commissions at 100% of the cash commission rate for all current & new account customers**
- Out of venue digital commissions for newly acquired customers at 100% of the cash commission rate**
- Matched deposit bonus for newly acquired customers up to \$100 + 25,000 TAB Rewards points
- \$30 uncapped customer acquisition fee
- Committed Club channel and local area marketing spend

PRODUCTIVITY

- TAB digital form, reducing labour costs for venues
- Flexible venue standards
- Cash redemption terminal to facilitate payouts*
- No equipment rental costs other than EBTs
- Additional EBTs

CUSTOMER EXPERIENCE

- TAB Rewards transformation to facilitate redemption in-venue
- A new CRM platform to drive greater personalisation and engagement

* Subject to regulatory approval
** Subject to business rules

TAB HAS CHANGED THE GAME WITH ITS NEW DIGITAL COMMISSION MODEL

TAB's Digital model is now live in NSW Clubs

1

WHY?



- To reward you for putting on the show, irrespective of how a customer bets.
- Digital technology allows customers to put a bet on anytime, instantly.

2

WHAT?



- Earn a commission on any digital bet placed in your venue via the TAB App.
- When you acquire a new customer, you'll earn a commission on bets placed outside of a TAB venue, even when your venue is closed.

3

HOW?



- The TAB App includes geo-location functionality. This means the App knows where you are, when you sign up on device, or place a bet, and applies the commission accordingly.
- The new model is governed by business rules - a copy will be provided to you post meeting.
- Payment for digital commissions will occur monthly and will be supported by reporting.

4

NEXT STEPS



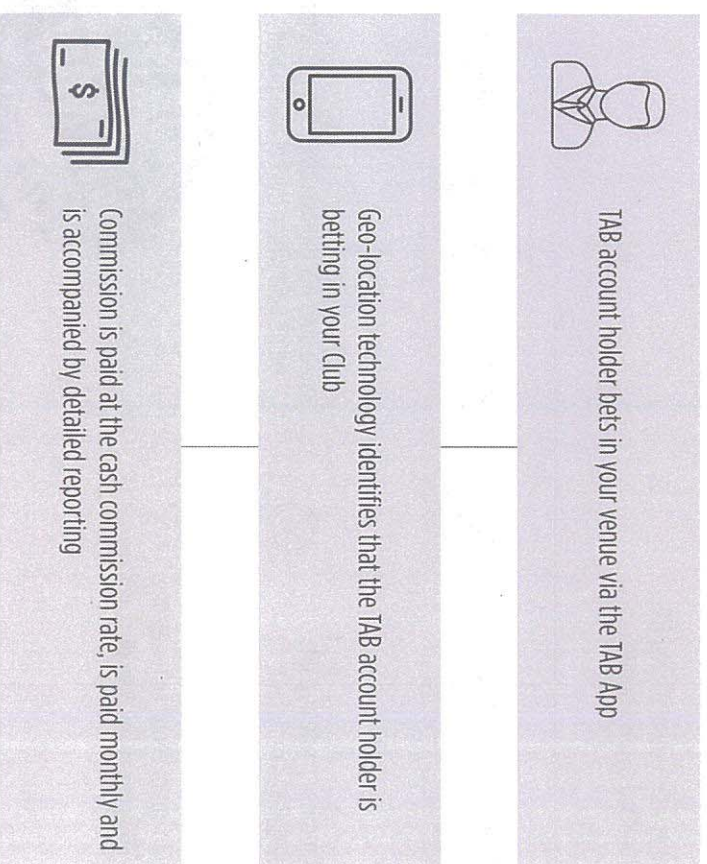
- Nothing except stay exclusive to TAB.
- No long term agreement required
- No hardware, no beacons, no additional costs or WiFi required.



WE LOVE A BET TAB

DIGITAL COMMISSION PROCESS FLOW - IN VENUE DIGITAL COMMISSIONS

When one of the 485,000 NSW TAB account holders and future TAB account holders bet in your venue via the TAB App



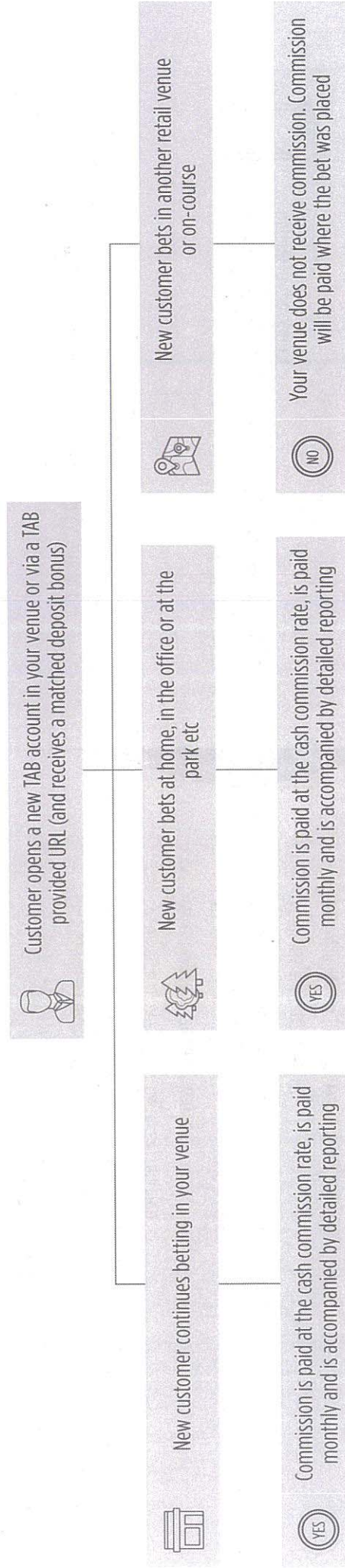
BENEFITS OF TAB SOLUTION

- TAB's Digital model is live in NSW Clubs now
- Rewarding venues for putting on the show, irrespective of how a customer bets
- No Bluetooth, beacons or hardware required
- No exposure to customer win rate
- No exposure to product fees or gambling taxes
- Paid on all transactions made via the TAB App in your venue
- Commissions paid monthly
- No requirement to amend your TAB agreement



DIGITAL COMMISSION PROCESS FLOW - OUT OF VENUE DIGITAL COMMISSIONS

When a customer within your venue opens a new TAB account via their smart phone device



The benefits listed on the previous page also apply to out of venue commissions
A video outlining the digital commission model will be provided to you post this meeting



WE LOVE A BET **TAB**

DIGITAL COMMISSIONS IN NEW SOUTH WALES

We have been tracking digital activity in New South Wales since 26 October, 2016. Early results highlight the potential value this initiative brings to Clubs in NSW.

Registered NSW TAB accounts

485,000

You will earn commission when they, and any new TAB customers bet in your venue

New account customers acquired (26 Oct - 8 Feb)

2,628

Compared to less than 200 for the corresponding prior year period

Digital turnover in Retail (26 Oct - 8 Feb)

\$28.4m

Representing 3.9% of total retail turnover from 1.3 million digital bets

Out of venue digital turnover from newly acquired customers (26 Oct - 8 Feb)

\$2.3m

Please note: from 26 October, 2016 to 8 February, 2017

HOW TAB'S COMMISSION MODEL COMPARES TO CORPORATE BOOKMAKER AFFILIATE MODELS

WE LOVE A BET **TAB**

CROWNBET

	TURNOVER MODEL	NET REVENUE MODEL
AMOUNT WAGERED BY CUSTOMER (TURNOVER)	\$100	\$100
AMOUNT RETURNED TO PLAYER	NO EXPOSURE	\$88.94
SUB TOTAL	\$100	\$11.06
PRODUCT FEES, TAXES, CAPITAL CHARGE AND ABOVE & BELOW THE LINE MARKETING*	NO EXPOSURE	\$5.72
NET WAGERING TURNOVER	\$100	\$5.34
VARIABLE COMMISSION RATE**	1.81%	30.0%
COMMISSION PAID TO VENUE	\$1.81	\$1.60

The above is illustrative only. Clubs are encouraged to conduct their own analysis.

Source: Crownbet / ClubsNSW Individual Licensed Venue Agreement - Summary of Key Terms and Conditions. Document sourced from www.clubsnsw.com.au on 21 February, 2017

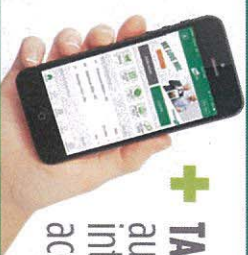
* Excludes EBT rental charges

** Excludes TAB Fixed Management Fee and is a representation of a blended percentage of the current Licensed Venue Standards

*** Please contact your Business Development Manager for a detailed P/L for your venue

TAB REWARDS TRANSFORMATION JOURNEY

Enhanced program



+ TAB Rewards automatically integrated on account opening

Benefits



Double points whilst in venue



Pooling points with mates



Pay with points in-venue



Increased bonuses

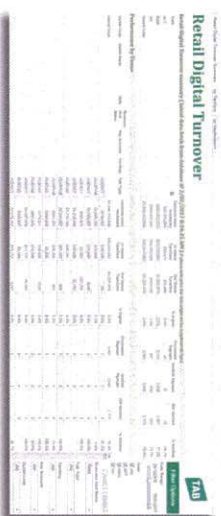


Support with in-venue promotions



Venue offers for members

Reporting



TAB analytics provided to help you get to know your customers better

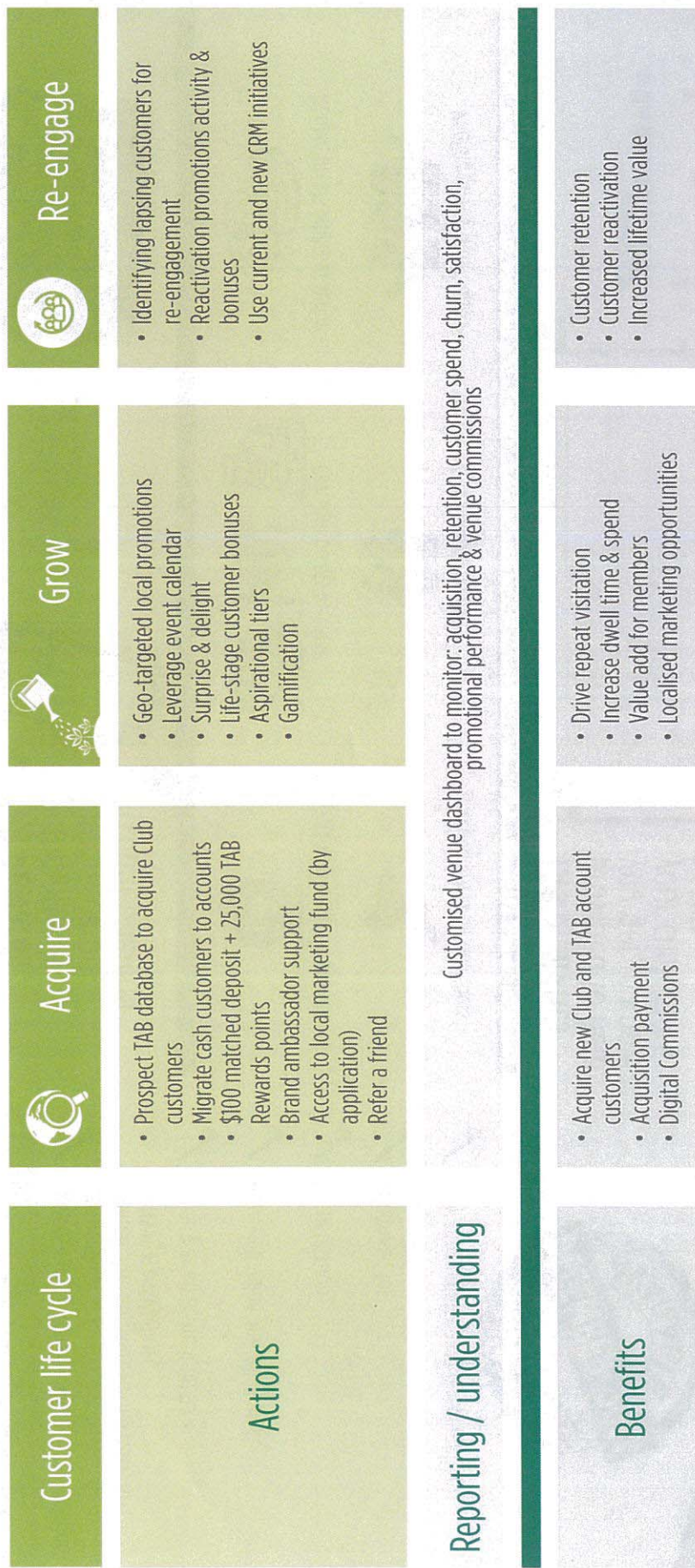
Platform for Growth

- ✓ New rewards program will leverage existing partnerships including: Fox Sports, News Limited, ANZ Stadium, Racing NSW, ATC, GRNSW, HRNSW & UFC
- ✓ Loyalty as an account feature
- ✓ Increased value and privileges
- ✓ Simplification
- ✓ Integrated for customers
- ✓ Real time points (earn & redemption)



WE LOVE A BET **TAB**

A NEW TAB CRM PLATFORM TO DRIVE GREATER PERSONALISATION AND ENGAGEMENT



WE LOVE A BET TAB

EXAMPLES OF LOCATION BASED ENGAGEMENT

Attract punters to nearby TAB venues with localised offers



- Offers setup by Venues for engaging punters on weekends
- Offers target punters within 2km of the venue
- Punter walks within 2km of the venue and receives the targeted offer
- The punter clicks the notification to engage with content and visits TAB venue



Attract punters to TAB venues during major events



- A major event is scheduled to take place at 5:40pm at Royal Randwick
- When a user is within 500m of any TAB Venue in NSW they are engaged with notification of the major event
- The punter clicks the notification to engage with content and visits a TAB venue



Venues upload and manage their own location based offers

Speedy approval process with pre-defined targeting and priority for TAB to review and publish venue offers

Platform can be extended to collect audience data & share them with venues as in-store analytics enabling them to better understand their customers



YOUR NEW COMMERCIAL PROPOSITION

CLUBS EXCLUSIVE AGREEMENT

Term	<ul style="list-style-type: none"> • Term per existing arrangements, 60 day exit with no long term contract
Partnership exclusivity rebate	<ul style="list-style-type: none"> • \$6,000 per annum
Digital commissions	<ul style="list-style-type: none"> • In-venue and out of venue commission at cash rate. No exposure to customer win rate, racing product fees or new wagering taxes
Acquisition fee	<ul style="list-style-type: none"> • \$30 for each new account (uncapped)
Matched deposit bonus	<ul style="list-style-type: none"> • For every new customer up to \$100 + 25,000 TAB Rewards points
Access to capital	<ul style="list-style-type: none"> • \$2.4m per annum (\$12m over 5 years)*
Equipment rental	<ul style="list-style-type: none"> • EBT rent will remain (\$95/\$70). No other rental costs apply (kiosks revert to EBT rate)
LV standards	<ul style="list-style-type: none"> • Reduced standards in line with appendix 1
Variable commission rate	<ul style="list-style-type: none"> • No change. No exposure to customer win rate, racing product fees or new wagering taxes
Fixed management fee	<ul style="list-style-type: none"> • No change, as per your venue standards
Access to local store marketing	<ul style="list-style-type: none"> • \$600,000 per year*
TAB Training	<ul style="list-style-type: none"> • Free of charge including TAB Basics, AML & CTF
SKY subscription	<ul style="list-style-type: none"> • Full SKY fee
Performance hurdles	<ul style="list-style-type: none"> • Not applicable

* Assumes take up from all 732 current Clubs with allocation to be on a pro-rated basis and by application



COMMERCIAL IN CONFIDENCE

PROPOSED
TERMS IN MORE
DETAIL

WE LOVE A BET **TAB**

PROPOSED TERMS

Per existing agreement proposal is provided on the basis of full wagering exclusivity with your Club

ITEM	PROPOSED TERMS
Term	<ul style="list-style-type: none"> Term per existing agreement, 60 day exit with no long term contract.
Exclusivity	<ul style="list-style-type: none"> This proposal is provided on the basis of full wagering partner exclusivity.
Retail Wagering Offer	<p>Capital Investment Fund.</p> <ul style="list-style-type: none"> Tabcorp will commit \$12 million* over the next 5 years to Clubs in NSW. Your Club will be able to access this fund by application to your BDM and approval of successful business case. Capital spend is not repayable to Tabcorp. <p>Equipment rentals</p> <ul style="list-style-type: none"> EBT rental charges will remain in line with the existing rate (\$95 per week for the first EBT; \$70 per week for every subsequent EBT). No other rental costs apply (Kiosks will revert to EBT rental charges). <p>Commission rate</p> <ul style="list-style-type: none"> There is no proposed change to the existing commission rate card inclusive of fixed management fees All venues will receive in-venue and out of venue digital commissions

* Assumes take up from all 732 current Clubs with allocation to be on a pro-rated basis, by application and documented under a separate agreement

PROPOSED TERMS

ITEM	PROPOSED TERMS FOR CONSIDERATION
Retail Wagering Offer	<p>Flexible venue standards</p> <ul style="list-style-type: none"> • Tabcorp has significantly reduced its venue standards, including point of sale requirements. Venues will have full flexibility to tailor the TAB experience to meet their customers' needs, with no minimum floor space requirements. <p>TAB Rewards integration to Clubs loyalty program</p> <ul style="list-style-type: none"> • TAB will enable in-venue redemption of food & beverage & other via TAB App by December, 2017. <p>Partnership rebate</p> <ul style="list-style-type: none"> • Tabcorp will provide your Club with a partnership rebate of \$6,000 per annum. • Your Club will be eligible for an uncapped acquisition fee of \$50 for every new customer. <p>In venue digital commissions</p> <ul style="list-style-type: none"> • To be paid at the cash commission rate on all digital bets placed in venue, including by existing TAB account holders. • Subject to the business rules. • Backdated to 26 October 2016. <p>Out of venue commissions</p> <ul style="list-style-type: none"> • To be paid at the cash commission rate on all bets placed outside of the retail and on-course environments. • Applicable on turnover from newly acquired customers within Clubs for the life of the customer. Not applicable on turnover from existing TAB account holders. • Subject to the business rules.

* Fee is payable once customer has placed their first bet and has been ID verified



PROPOSED TERMS

ITEM	PROPOSED TERMS FOR CONSIDERATION
Retail Wagering Offer	<p>Matched deposit bonus</p> <ul style="list-style-type: none"> For every new customer acquired by your Club, TAB will provide the customer a matched deposit bonus. The offer will be capped at \$100 per customer* + 25,000 TAB Rewards points. <p>Dedicated local area marketing</p> <ul style="list-style-type: none"> Tabcorp will provide \$3 million, over 5 years, in committed marketing spend to promote the Club wagering channel within digital exclusive venues (i.e. those venues that have been provided with the partnership exclusivity fee).** Access to local area marketing is by application to your BDM and will be a key component of a mutually developed business plan. <p>CRM enablement</p> <ul style="list-style-type: none"> Tabcorp will utilise its CRM platform to drive visitation and greater customer engagement. Business intelligence and data science capability will be developed to enable your Club to further understand customer behaviours and motivations by October, 2017.
Cash Redemption Terminal	<ul style="list-style-type: none"> Subject to regulatory approval.
TAB Training & Accreditation	<ul style="list-style-type: none"> Access to AML & TAB Basics operator training provided free-of-charge.
SKY Channel Subscription	<ul style="list-style-type: none"> Payment per standard rate card

* Subject to no change in regulatory environment
 ** Assumes take up from all 752 current Clubs

APPENDIX 1

Venues have the flexibility to tailor the TAB experience to meet their customers' needs

Existing standard requirement	Old	Proposed	Simplified	Growth Incentives	Cost Reduction	Improved CX	B2B Advocacy
Digital commissions	Not applicable	Paid at cash rate	✓	✓		✓	✓
Wagering commissions	1.075% - 2.0% of turnover	No change proposed					
Trackside commissions	3.0% of turnover	No change proposed					
Trading hours	All nominated TAB races	Trading hours of Club (min. self service)	✓			✓	
TAB signage & external	1 x plaque & 1 x light box	External signage as agreed with Venue	✓				
Dedicated TAB area (floor space)	20sqm to 125sqm	No minimum requirement	✓		✓		✓
Race list Board	6m to 20m	No minimum requirement	✓		✓		✓
Television (racing, sport, text)	Racing – SKY 1 up to 2 x 100cm Racing – SKY 2 up to 2 x 80cm Text – up to 18 screens Sport – up to 100cm	Racing – minimum 1 screen for each of SKY1 & SKY 2 Trackside – minimum 1 screen Sport – minimum 1 screen	✓				✓
Sports betting	Both Sports Bet Unit and CIT required	No minimum requirement	✓				✓
Easy Bet terminals	Compulsory top tiers	No minimum requirement	✓		✓		✓
POS	Range of 4-8 dedicated POS posters displayed Internal lightboxes Brochure holders	Displayed format ePOS or Posters	✓	✓	✓	✓	✓
Form guides (print/electronic)	Print – Yes all levels Electronic – Silver B and above (paid by venue)	Print – No minimum requirement E-Form – No minimum requirement	✓	✓	✓	✓	✓
Internet access (office & public space)	Office – Yes, Public – Silver A and above	No minimum requirement	✓		✓		✓
Smoking solution	Silver C and above	No minimum requirement	✓		✓		✓

APPENDIX 2: DIGITAL COMMISSIONS - IMPORTANT INFORMATION

- To facilitate this exciting new initiative, the TAB Standards Guidelines have been amended pursuant to Clause 8.2 of your Licensed Venue Distribution Services Agreement
- Commencement date for New South Wales Clubs was 7 February 2017
- First payment will be made in March 2017, covering the period from 1 November, 2016 to the end of February, 2017
- Breakdown of reporting will show:
 - ✓ In-venue turnover & commission
 - ✓ Out of venue turnover & commission
 - ✓ Number of acquisition
 - ✓ Access to in-venue de-identified digital customer data



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429 111000



APPENDIX 2: DIGITAL COMMISSIONS - YOUR LEGAL OBLIGATIONS

DO NOT

- ✗ Encourage gambling beyond one's means
- ✗ Serve or sign up Minors
- ✗ Breach a customer's privacy
- ✗ Breach state laws around inducements
- ✗ Use any posters or other creative that is not provided by Tabcorp Head Office

DO

- ✓ Facilitate access to gambling support services
- ✓ Report all suspicious activity to the Service Support Centre
- ✓ Advise customer that they can set a pre-commitment limit to their deposits
- ✓ Comply at all time with Tabcorp's Responsible Gambling Code of Conduct
- ✓ If in doubt: consult, consult, consult!

APPENDIX 3: THE DEMONSTRATED VALUE A TAB OFFER BRINGS TO CLUBS

PARTICIPATING VENUES

Small Clubs	<ul style="list-style-type: none">• Auburn Tennis Club• Carlingford Bowls Club
Medium Clubs	<ul style="list-style-type: none">• Club Marconi• Cabramatta Golf Club• Leichhardt Bowling Club
Large Clubs	<ul style="list-style-type: none">• Wentv Leagues• Dee Why RSL• St Johns Bowling• Wests Leuneeah
APPROACH	<p>- 650 customers were approached in and around the TAB area of which -300 responded.</p> <p>Fieldwork was completed between 6 April and 16 April 2016 (covering Wed, Thur, Fri, Sat) for a total of 14 hours per Club</p>



INCREMENTAL SPEND

- circa 50% of TAB customer spend is throughout the venue
- TAB turnover has a strong impact on beverage sales with a moderate impact on food and bistro sales
- Customers who list TAB as a key visitation driver spend more money in venue



FOOT TRAFFIC/DWELL

- Customers who list TAB as a key visitation driver, spend more time overall in venue
- Watching sports and racing on TV is a popular social activity for those in and around the TAB area



IMPACT OF TAB REMOVAL

- TAB is the number one visitation driver for customers in and around the TAB area
- circa 60% would visit less often if the TAB were removed
- TAB is a strong contributor to the bottom line of Club operations

Source: TAB research

APPENDIX 4: BEST IN CLASS RETAIL & DIGITAL OFFERS TO ATTRACT AND RETAIN CUSTOMERS

QUADDIE CASH OUT	GROUP 1 INSURANCE	AUTUMN TRIFECTA OFFER	SCORE A SOCCER BONUS BET
			

WE LOVE A BET **TAB**

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-17" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-17**
Tabcorp press release Vic Clubs deal (10 March 2017)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

MEDIA RELEASE

Tabcorp



10 March 2017

Community Clubs Victoria and Tabcorp launch multi-million dollar wagering, Keno and gaming partnership

Tabcorp today announced a new five-year wagering, Keno and gaming partnership with clubs in Victoria through its long-term partner Community Clubs Victoria.

The wagering deal sees more than 100 member venues across Victoria share in new capital investment as well as sponsorship, marketing and promotional funding.

Clubs will also benefit from reduced costs and ongoing access to Tabcorp's ground-breaking digital commissions initiative, which provides venues with commission from eligible bets placed via the TAB app within their premises.

The digital model, under which clubs also get an ongoing commission from all wagering done by customers who open a TAB account in their venue, has already captured more than \$57m in in-venue digital turnover and provided TAB retail outlets with \$1.5m in commissions in just four months.

The agreement, announced today at Buckley's Entertainment Centre in Geelong, will help clubs continue to deliver the best service to their customers and provide financial and social benefits back to the communities in which they are based.

The benefits of the partnership extend across Keno and gaming with capital upgrades and performance incentives for Keno and extra training support for Tabcorp Gaming Solutions venues.

Tabcorp CEO David Attenborough said: "We are very pleased to reach this agreement with Community Clubs Victoria and their member venues. Having a bet in a club is a popular Australian social tradition and this partnership helps us and our venues to deliver the best wagering, Keno and gaming experience possible.

"At the same time, we are making sure clubs benefit no matter how customers choose to bet within the venue."

Community Clubs Victoria President Leon Wiegard said: "This is a great day for CCV member clubs. We are pleased that Tabcorp has listened to the concerns of our members and has agreed to implement changes that will on the one hand reduce club operating costs, and on the other provide opportunities and pathways to greater revenues.

"Clubs are not-for-profit community organisations that use the funds from their businesses to support sporting and social activities in the broader community. Tabcorp's partnership with CCV is going to ensure the best customer experience and help clubs achieve their true purposes.

Michael Tonks, Buckley's Group CEO, said: "The new agreement extends the long history of co-operation that clubs in Victoria have enjoyed with Tabcorp. We think the benefits that this deal provides for upgrades, incentives and digital commissions will help clubs such as Buckley's, and venues throughout Victoria, deliver the kind of service our patrons have come to expect.

"We are thrilled that CCV and Tabcorp have chosen to come to Geelong to launch the new agreement. Clubs are a big part of life in Geelong and the Bellarine Peninsula we are pleased that Buckley's and the other 10 clubs in the region will benefit from the new five-year agreement."

For more information:

Media: Rick Wallace, Media Relations Manager, 0477799910, rick.wallace@tabcorp.com.au

Tabcorp Holdings Ltd	tabcorp.com.au	ABN 66 063 780 709
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IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-18" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-18**
Tabcorp press release AHA deal (10 April 2017)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Monday April 10 2017

Tabcorp and the AHA unveil new five-year exclusive retail betting partnership

Tabcorp today announced a new five-year wagering partnership with New South Wales hotels through the Australian Hotels Association NSW.

The deal sees the AHA's 1116 NSW member venues nominate Tabcorp as their exclusive wagering partner, giving them access to enhanced benefits and expanded access to Tabcorp's unique digital commissions model.

NSW hotels account for \$1.6 billion in annual TAB turnover and the agreement will help pubs offer an improved betting experience to their customers, while reducing costs. It will also drive increased investment in retail facilities to better service venues and the many customers who choose to bet in a NSW hotel.

At the same time, Tabcorp is helping hotels to future-proof their PubTABs and cater to changing customer preferences through its unique digital commissions model, which provides hotels a share of commission on eligible bets that are placed within the venue via the TAB app.

The digital model, which has been operating since November last year, gives venues the same commission on eligible in-venue digital wagering as if the bets were placed in cash. It also enables pubs to benefit from ongoing commissions from any customers that they sign up to a TAB account.

The agreement builds on the strong history of co-operation between Tabcorp and the AHA NSW, which has seen venues play an important role in trialling new initiatives such as digital commissions, digital odds display and digital form.

Tabcorp CEO David Attenborough said:

"We are pleased to reach this agreement with the AHA NSW and its member hotels. Having a bet in a pub is an Australian social tradition and this partnership helps us and our venues to deliver the best wagering experience.

"At the same time, we are making sure pubs benefit no matter how customers choose to bet within the venue."

AHA NSW CEO John Whelan said:

"We're thrilled to partner with Tabcorp for a further five years. We're particularly excited with the direction Tabcorp is heading with digital wagering in PubTABs and we're looking forward to the roll-out of new hotel products and technology over the next five years.

"You can't beat an afternoon at your local pub with friends having a few bets. It's a unique Australian tradition. This partnership will allow us to provide punters an even better pub wagering experience."

TAB has been part of the NSW community for more than 50 years. Unlike other wagering operators, Tabcorp returns hundreds of millions of dollars to the NSW Government and NSW racing industry each year.

For more information:

Rick Wallace, Media Relations Manager, 0477 799 910, rick.wallace@tabcorp.com.au

Tabcorp Holdings Ltd	tabcorp.com.au	ABN 66 063 780 709
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RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-19" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-19**
Table of Media Rights and Holders by Code

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

TABLE OF RIGHTS HOLDERS AND RIGHTS BY CODE

Rights holders			Rights			
State	Code	Negotiating body to supply rights	Audio	Vision: FTA	Vision: subscription	Vision: digital
			All rights are currently held by Sky Racing exclusively (as denoted by an ✓) except where indicated			
ACT	Thoroughbred	Canberra Racing Club	✓	✓	✓	✓
	Harness	Canberra Harness Racing Club	✓	✓	✓	✓
	Greyhound	Canberra Greyhound Racing Club	✓	✓	✓	✓
New South Wales	Thoroughbred	Racing NSW	✓	✓	✓	Non-exclusive: William Hill has exclusive digital media rights (in corporate bookmaker category)
	Harness	Harness Racing NSW	✓	✓	✓	✓
	Greyhound	Greyhound Racing NSW	✓	✓	✓	✓
Northern Territory	Thoroughbred	Thoroughbred Racing NT	✓	✓	✓	✓
	Harness	Harness Racing NT	✓	✓	✓	✓
	Greyhound	Northern Territory Treasury: Racing, Gaming & Licensing	✓	✓	✓	✓
Queensland	Thoroughbred	Racing Queensland	✓	✓	✓	✓
	Harness	Racing Queensland	✓	✓	✓	✓
	Greyhound	Racing Queensland	✓	✓	✓	✓
South Australia	Thoroughbred	Thoroughbred Racing SA	✓	✓	✓	✓
	Harness	Harness Racing SA	✓	✓	✓	✓
	Greyhound	Greyhound Racing South Australia	✓	✓	✓	✓
Tasmania	Thoroughbred	Tasracing	✓	✓	✓	✓
	Harness	Tasracing	✓	✓	✓	✓
	Greyhound	Tasracing	✓	✓	✓	✓
Victoria	Thoroughbred	Racing Victoria	Non-exclusive: Sky Racing racing.com	Non-exclusive: Sky Racing racing.com	Non-exclusive: Sky Racing racing.com	Non-exclusive: Sky Racing racing.com, CrownBet, SportsBet, Ladbrokes, William Hill
	Harness	Harness Racing Victoria	✓	✓	✓	✓
	Greyhound	Greyhound Racing Victoria	✓	✓	✓	✓
Western Australia	Thoroughbred	Racing & Wagering Western Australia	✓	✓	✓	✓
	Harness	Racing & Wagering Western Australia	✓	✓	✓	✓
	Greyhound	Racing & Wagering Western Australia	✓	✓	✓	✓

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-20" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

HIGHLY CONFIDENTIAL Annexure **NDT-20**
CrownBet and Racing Victoria Agreement for Digital Rights

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-21" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-21**
Chart showing supply of racing media content

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

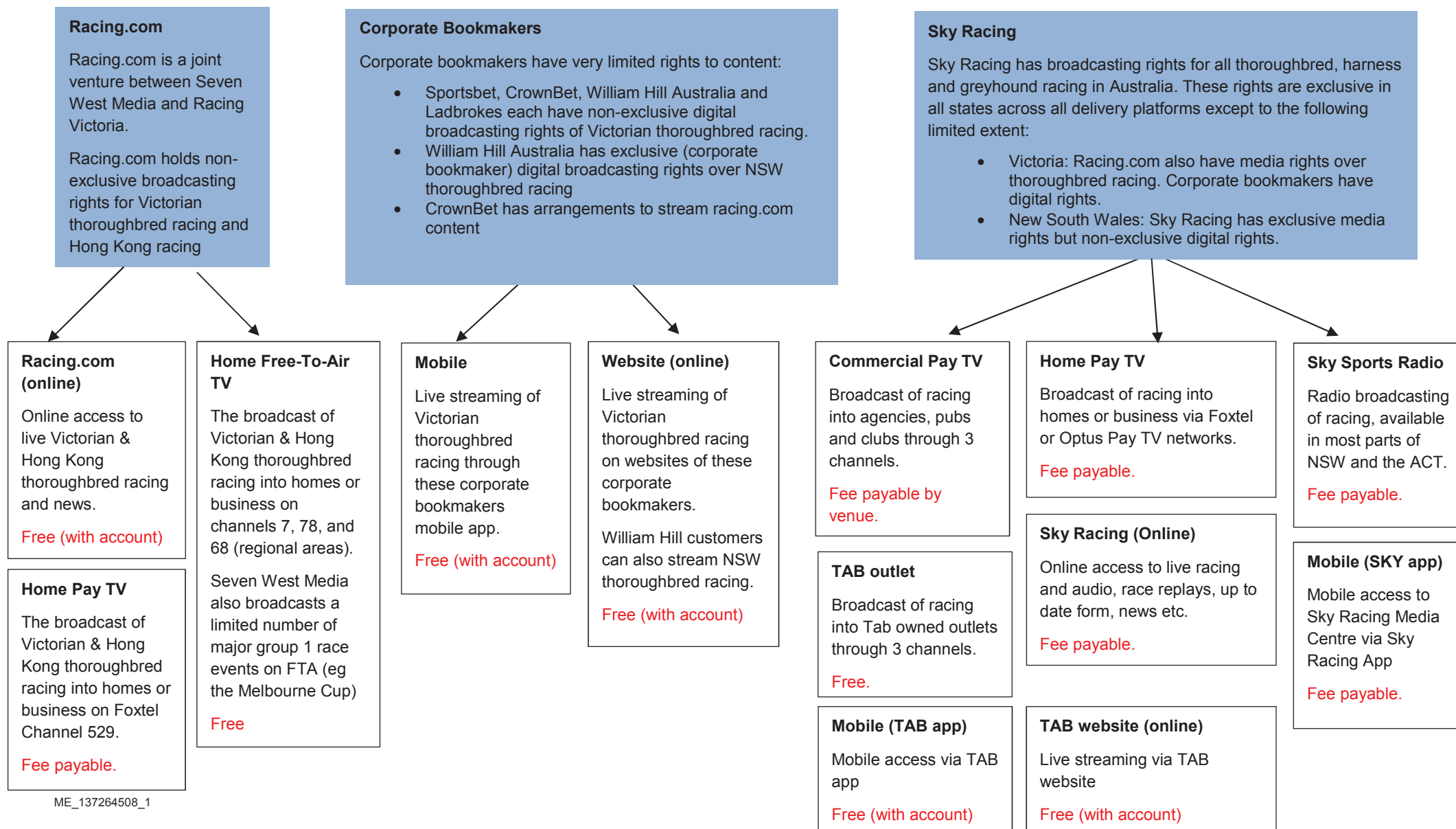
Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Summary of rights to, and supply of, racing media content



RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-22" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-22**

Sky Racing – Wagering Venue Rate Card
Sky Racing – Non Wagering Venue Rate Card

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

WAGERING VENUE

Effective 1 May, 2016

Sky Racing subscription fees for Wagering Venues are calculated by adding the Entertainment Access Fees and the Wagering Turnover component together.



REGION GROUP	ENTERTAINMENT ACCESS WEEKLY FEE	
Country	\$210	\$45
Provincial	\$227	\$49
Metro	\$245	\$55
PLUS	Wagering Turnover Fee 0.625% of Annual Average Weekly Wagering Turnover	

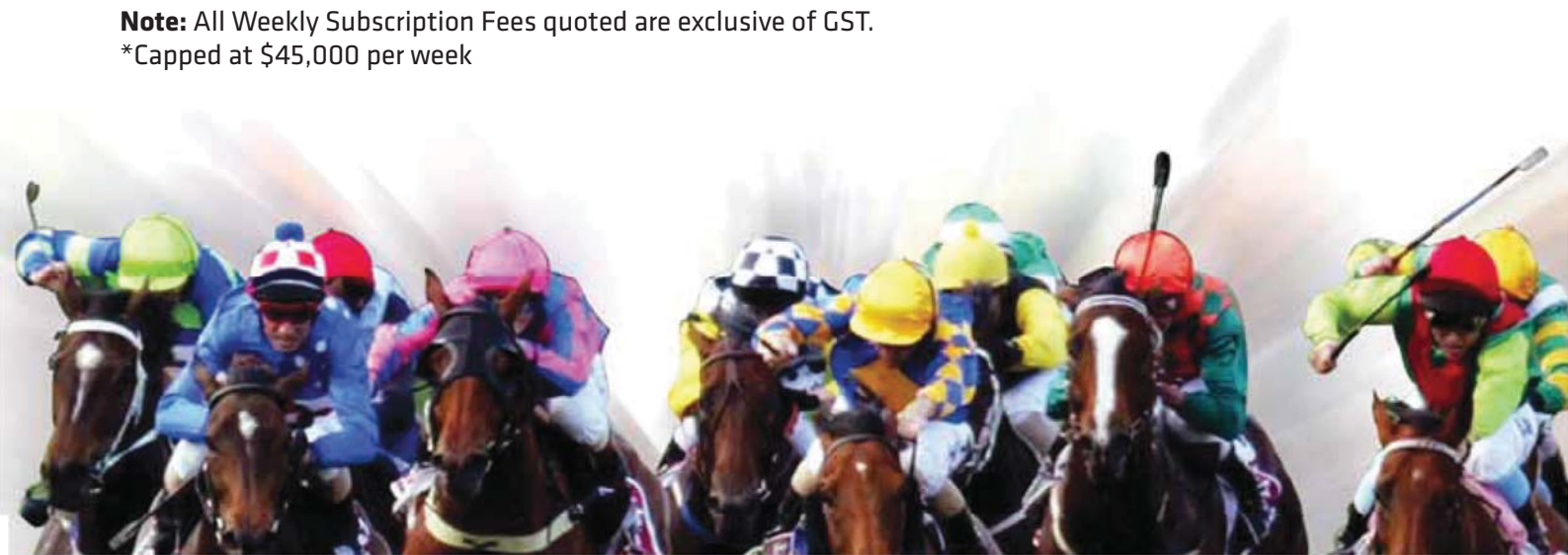
An Example

The weekly Sky Racing (Sky Racing 1 & Sky Racing 2) subscription fee for a Country venue with annual average weekly wagering turnover of \$20,000 is \$210 (Sky Racing Entertainment Access Fee) + \$45 (Sky Racing 2 Entertainment Access Fee) + \$125 (0.625% of \$20,000) = \$380

Enquiries - Please call Sky Racing Sales Support on 1800 251 710

Note: All Weekly Subscription Fees quoted are exclusive of GST.

*Capped at \$45,000 per week



NON WAGERING VENUE

Effective 1 May, 2016

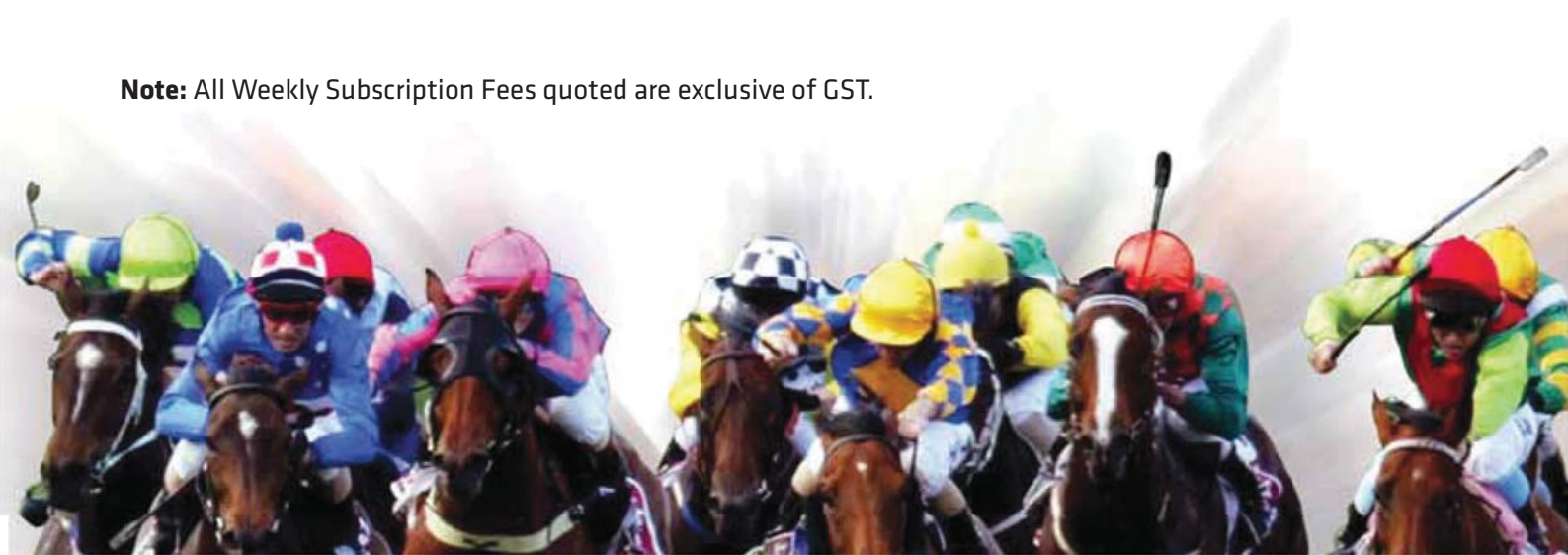
**Sky Racing subscription fees for Non Wagering Venues
are calculated by adding the Entertainment Access Fees.**



REGION GROUP	ENTERTAINMENT ACCESS WEEKLY FEE	
Country	\$160	\$21
Provincial	\$174	\$23
Metro	\$187	\$25

Enquiries - Please call Sky Racing Sales Support on 1800 251 710

Note: All Weekly Subscription Fees quoted are exclusive of GST.



RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-23" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-23**

Daily Telegraph - Victorian racing back on Sky Racing
channel 519 from Saturday (7 August 2015)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



📷 Coverage of Victorian racing will be back on Sky Racing 1 (Channel 519) on Saturday

Picture: Colleen Petch

Racing

Victorian racing back on Sky Racing channel 519 from Saturday

Ray Thomas, The Daily Telegraph

August 7, 2015 4:24pm

PUNTERS are the big winners after Tabcorp-owned Sky Racing and Racing Victoria finally reached agreement to again televise Victorian thoroughbred races.

Sky Racing announced late Friday that Saturday's Aurie's Star Handicap meeting from Flemington will be part of the wall-to-wall coverage on Sky Racing 1 (channel 519) that goes into pubs, clubs and TAB agencies as well as to home viewers through Foxtel.

PODCAST: [SATURDAY BEST WITH RAY AND DUFF](#)**HOT TIPS: [WEEKEND BEST BETS](#)****BEAT THE BOOKIE: [VALUE BETS](#)****THE EARLY OIL: [FLEMINGTON PREVIEW](#)**

The Sky Racing deal brings to an end a Victorian race broadcast blackout which has extended nearly two months after Racing Victoria decided to sign their broadcast rights over to Seven West Media.

It is understood TAB wagering revenue on Victorian gallops meetings has been down nearly 20 per cent during this period.

Racing NSW chief executive Peter V'landys said on Friday night the agreement struck between Sky Racing and Racing Victoria can only benefit the Australian racing industry.

"It is great that Victoria has come back on Sky Racing 1 because the majority of wagering turnover comes from this channel," V'landys said.

"This is the channel that goes into every pub and club and TAB agency around the nation, and is also available to home viewers (on pay TV). Punters prefer to watch Sky Racing 1 as it generates approximately 75 per cent of wagering turnover."

Tabcorp and Racing Victoria have agreed to a five-year commercial deal that incorporates domestic and international broadcast rights.

Victorian thoroughbred racing will be broadcast daily on Sky Racing 1 and Sky Racing 2 – channels 519 and 520 respectively on the Foxtel network – and will for the first time be available to registered TAB customers on tab.com.au and the TAB's apps. Sky Thoroughbred Central (channel 521) does not have the rights to televise Victorian racing.

Tabcorp has won the right to broadcast Victorian thoroughbred racing into more than 50 countries, with the partners committed to expanding international distribution over the next five years.

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-24" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-24**
Thoroughbred Race Data 2015-2016

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Thoroughbred Racing (annual)				
State	Number of race meetings	% of all Australian race meetings	Total number of races	% of total number of races
ACT	24	0.91%	181	0.93%
New South Wales	742	27.99%	5,541	28.57%
Northern Territory	76	2.87%	423	2.18%
Queensland	693	26.14%	4,540	23.41%
South Australia	196	7.39%	1,461	7.53%
Tasmania	73	2.75%	570	2.94%
Victoria	550	20.75%	4,409	22.74%
Western Australia	297	11.20%	2,268	11.70%
Total (Australia)	2,651	100%	19,393	100%

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-25" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-25**
Sky Racing 2016 Advertising Brochure

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

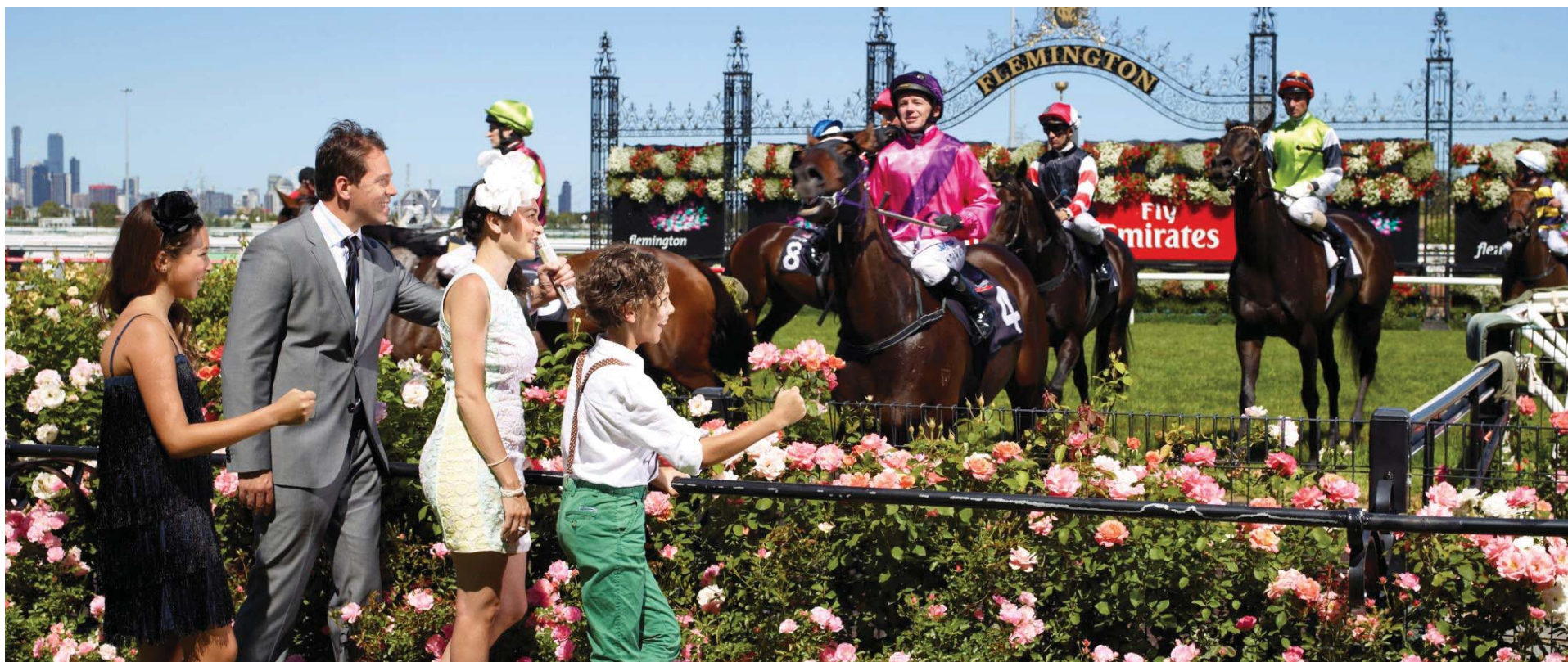
Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



Sky Racing 2016

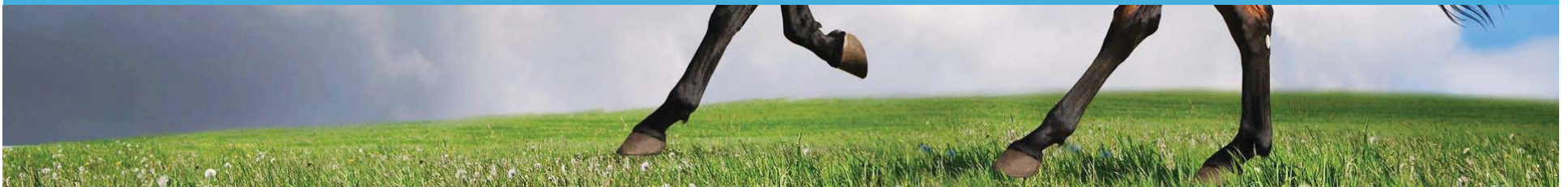


About Us



Australia's Original Dedicated Sports Channel

Sky Racing is a world leader in multi-venue, multi-channel race broadcasting, telecasting more than 105,000 races each year to millions of viewers in Australia and around the globe.



Programming



OUR CHANNELS



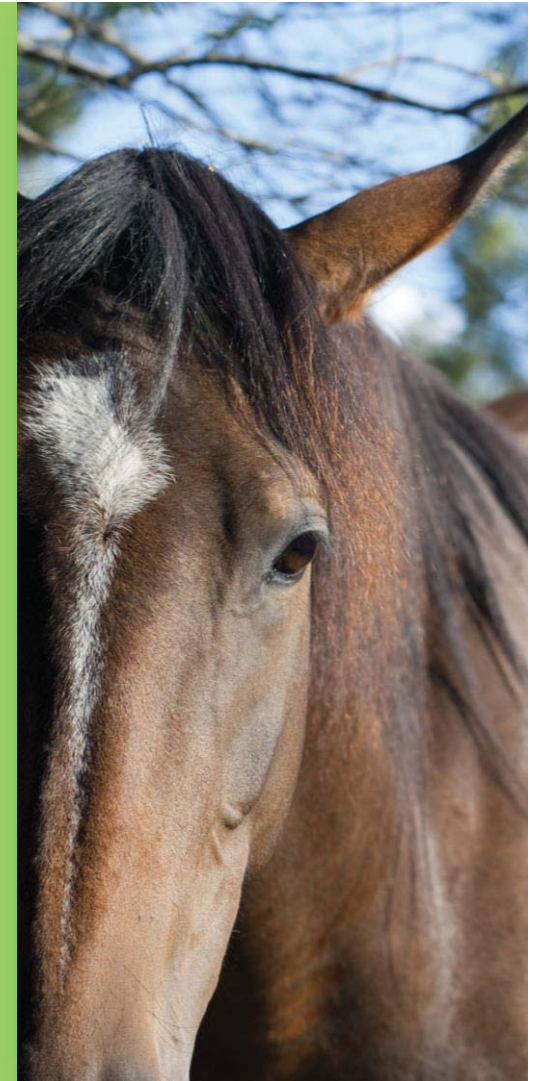
The long established Sky Racing channel continuously provides viewers with comprehensive Australian thoroughbred, Harness and Greyhound racing coverage



Offers viewers expanded coverage of national and international thoroughbred, harness and greyhound racing



Combines what punters loved about previous thoroughbred-only offerings with boutique camera angles, in-depth analysis, expert comments and a strong line-up of talent



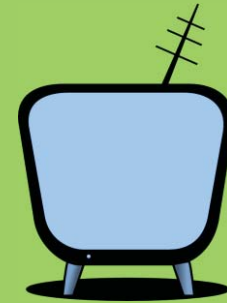


Sky Racing has a variety of regular programs that cater to all your racing needs!

Whether it be thoroughbreds, greyhounds or harness, we bring you quality video content including LIVE racing, replays, barrier trials, news and a long list of informative and entertaining television programs and a whole lot more.



FACTS ON SKY RACING TV



- Both Sky Racing 1 and Sky Thoroughbred Central are available in 2.9 million Australian homes via Foxtel
- Time spent viewing Sky Racing is one of the highest available for STV viewing
- Each week, Sky Racing reaches 358,000 people
- Our Sky Racing channels combined weekly reach is 380,420
- We are available in over 5,400 commercial outlets including most hotels, clubs and TAB outlets across Australia
- Sky Racing consistently place top 3 in Sports for Men 25+ and Men 25-54 on Saturdays 12-5pm on STV

Sky Sports Radio



SYDNEY'S



**PURE SPORTS
BREAKFAST SHOW***
***BECAUSE THERE ISN'T ANOTHER ONE**

SPORTS NEWS | OPINION | ANALYSIS | AND NOTHING ELSE

TUNE IN 1017AM

OUR STATION

About Us

- 1 commercial licence in Sydney - 1017am
- 104 narrowcast licences in NSW
- Broadcasting the very best of thoroughbred, harness and greyhound racing to its state-wide audience
- High profile presenters "TK and Slat's" for the morning show, Big Sports Breakfast, which is simulcast on Sky Racing 1



Fast Facts

111,000 *Run of Station* unique listeners weekly

46,000 *Big Sports Breakfast* unique listeners weekly

54,000 *Weekend mornings* unique listeners weekly

- We have 5.0% market share for the Male 25-54 demographic
- Our time spent listening is of the highest in this demographic, 5h:57m

THE BIG SPORTS BREAKFAST

Terry Kennedy and Michael Slater grab the reins from 5:30am to 9am Monday to Friday and aim to sate the appetites of sports lovers.

Fast-moving and informative, the show is a cavalcade of interesting interviews, progress scores and results of events in Australia and overseas.

Experts from all corners of the globe keep listeners informed with expert analysis on all-brands of sport.

**Big Sports Breakfast simulcast live on Sky Racing 1
Weekdays 0530 - 0900**





Sky Digital Media

Experience the thrill of world class racing with
Australia's premier digital racing hub



64,162

Facebook Fans



260,778

Twitter Followers

276,297 average monthly visits

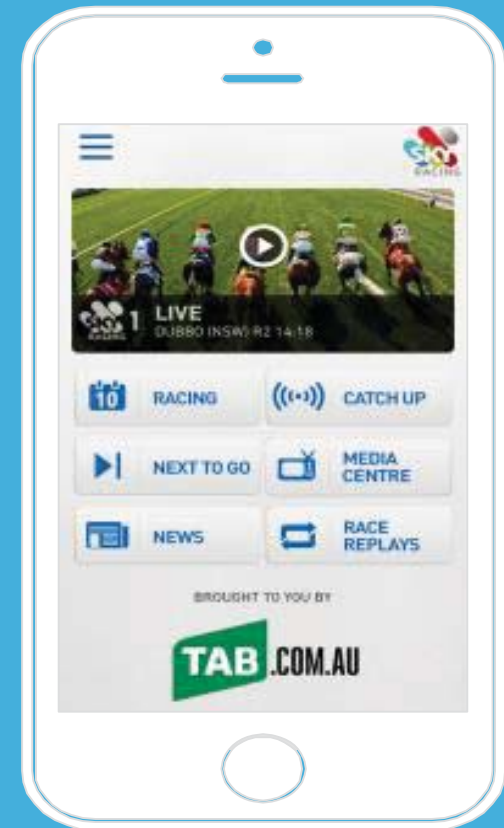
5m+ average monthly pages viewed

2m+ average monthly videos viewed

12m 34s average time on site

1m+ live video streams viewed

217,000 app downloads





OUR AUDIENCE

PROFILE

- Our audience profile is largely portioned **male 18-54**
- Our female audience has shown growth within the last year, with 2015 reaching a unique audience of **1.1million women**
- Our male 35+ radio listeners have a **4.7% market share** in attending a sporting event
- **70%** of the audience on Sky Racing are male
- **30%** of the audience on Sky Racing are female
- Our Sky Racing listeners are **1.24 times** more likely to have a high spend on Sport & Recreational Activities



WHO ARE THEY?

18-54
year old
males

Sport
fanatics

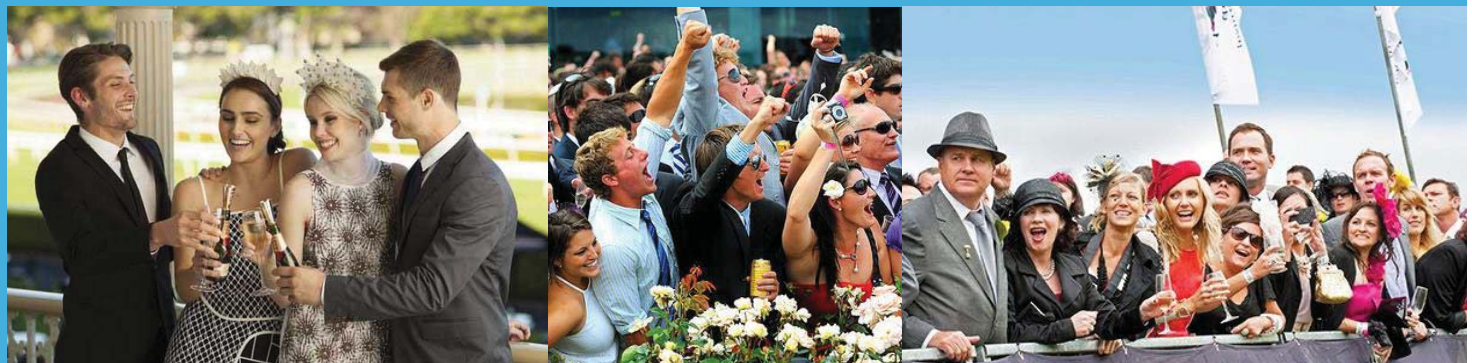
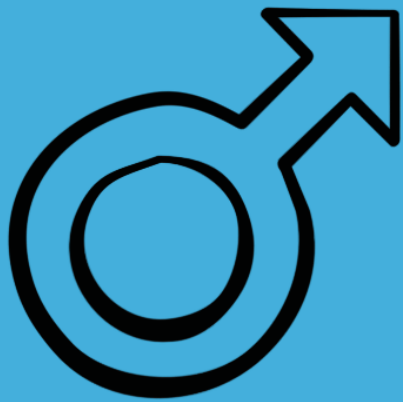
Extremely
loyal

Social

Decision
makers

Home
owners

Love to
try new
things



OUT OF HOME AUDIENCE



1.3 million viewers per month... in 5,400 outlets

The audience that watches Sky Racing outside the home at least one a month are:

- **75%** Male
- **47%** Aged 18-34
- **64%** Without children in the home
- **48%** Working full time
- Racetracks have the largest female audience of **50%**
- Pubs have the youngest audience with **47%** aged 18-34
- There are **61%** of NSW residents who watch Sky Racing out of home in a club



RATE CARD

SKY RACING 1

	SUN	MON	TUES	WED	THU	FRI	SAT
0900 - 1200	\$350	350	\$350	\$350	\$350	\$350	\$500
1200 - 1800	\$1200	\$700	\$700	\$700	\$700	\$700	\$2000
1800 - 2230	\$400	\$400	\$400	\$400	\$400	\$500	\$500
2230 - 2400	\$350	\$350	\$350	\$350	\$350	\$350	\$350

Please note the following:

- All rates listed above are 30" exclusive of GST
- 45" & 60" spots cannot be placed on Raceday
- Rates are subject to change at any time without notice
- Carnival days are subject to a 25% load
- Magazine shows are subject to a 40% load

ROS

\$500

SKY THOROUGHBRED CENTRAL

	SUN	MON	TUES	WED	THU	FRI	SAT
0900 - 1200	\$350	\$350	\$350	\$350	\$350	\$350	\$500
1200 - 1800	\$550	\$550	\$550	\$550	\$550	\$550	\$1050
1800 - 2230	\$300	\$300	\$300	\$300	\$300	\$300	\$300
2230 - 2400	\$200	\$200	\$200	\$200	\$200	\$200	\$200

Please note the following:

- All rates listed above are 30" exclusive of GST
- 45" & 60" spots cannot be placed on Raceday
- Rates are subject to change at any time without notice
- Carnival days are subject to a 25% load
- Magazine shows are subject to a 40% load

ROS

\$350

SKY RACING 2

	SUN	MON	TUES	WED	THU	FRI	SAT
0900 - 1200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
1200 - 1800	\$400	\$400	\$400	\$400	\$400	\$400	\$400
1800 - 2230	\$300	\$300	\$300	\$300	\$300	\$300	\$300
2230 - 2400	\$200	\$200	\$200	\$200	\$200	\$200	\$200

Please note the following:

- All rates listed above are 30" exclusive of GST
- 45" & 60" spots cannot be placed on Raceday
- Rates are subject to change at any time without notice
- Carnival days are subject to a 25% load
- Magazine shows are subject to a 40% load

ROS

\$250

SKY SPORTS RADIO

	MON	TUES	WED	THU	FRI
0500 – 0530 Best of Big Sports Breakfast	\$100	\$100	\$100	\$100	\$100
0530 – 0900 Big Sports Breakfast	\$300/ \$550	\$300/ \$550	\$300/ \$550	\$300/ \$550	\$300/ \$550
MON 0900 – 1000 Punters Post Mortem TUES - FRI 0900 – 1000 Fri: Racing HQ	\$110/ \$150	\$110/ \$150	\$110/ \$150	\$110/ \$150	\$110/ \$150
1000 – 1800 National Racing Service	\$120	\$120	\$120	\$120	\$120
1800 - 2400 National Racing Service	\$200	\$200	\$200	\$200	\$200

	SAT	SUN
2400 – 0700 Sports Overnight	\$80	\$80
0630 – 1030 Saturday Racing HQ	\$160/ \$200	NA
0700 – 0800 Winners Circle	NA	\$160/ \$200
0800 – 1000 Big Sports Breakfast Weekend	NA	\$160/ \$200
1000 – 1800 National Racing Service	\$300	\$120
1800 – 2400 National Racing Service	\$50	\$50

Please note the following:

- **Live Read rates are outlined in RED**
- All rates listed above are 30" exclusive of GST
- 45" & 60" spots cannot be placed on Raceday
- Rates are subject to change at any time without notice
- Carnival days are subject to a 25% load

ROS

\$150

PULL THROUGHS

			
SUN – FRI	\$250	\$250	\$150
SAT	\$300	\$300	\$200

Production Cost: \$250+ GST

ONLINE

Leaderboard/Banner 728mm wide x 90mm high	Mrec 300mm wide x 250 high
\$250 per day	\$250 per day

TERMS AND CONDITIONS

1. Sky Racing reserves the right in its absolute discretion to:
 - (a) Refuse any advertising
 - (b) Withdraw any advertisement in the event of a complaint or threatened legal action
 - (c) Change the rates or these terms and conditions at any time
 - (d) Cancel, reschedule or replace any program or advertising break: or
 - (e) Reschedule bookings at any time
2. If an advertising booking is made in connection with a particular program that is cancelled, the advertiser may have the booking rescheduled to a mutually acceptable time or cancel the booking without charge
3. Sky Racing gives no guarantee about the proximity of commercial advertising rival products
4. Sky Racing advertising may not be resold.
5. The advertiser acknowledges that they have sole responsibility for the content of the advertisement. The advertiser warrants to Sky Racing that the advertisement (whether provided by the advertiser or where produced by Sky Racing to advertisers brief, as approved by the advertiser) is not defamatory, in breach of copyright, misleading or deceptive or otherwise in breach of any law or the rights of any person. The advertiser indemnifies Sky Racing any costs, expenses and damages (including legal fees properly incurred) arising out of the advertiser's breach of warranty
6. Sky Racing will not be responsible for archiving any advertising material for one year after the first date of broadcast.
7. Rates quoted are exclusive of all taxes.

THANKS!

Any questions?

Contact your Sky Racing representative, **Mick Osborne**

oEmail: Mick.Osborne@tabcorp.com.au

oPh: 02 9975 – 0311

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-26" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-26**

Email from Tatts regarding UBET access to Sky Racing content

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

E-mail from Tatts regarding UBET access to Sky Racing content

From: "UBET" <UBET@news.ubet.com>
Date: 2 February 2016 at 12:35:39 PM AEDT
To: [REDACTED]
Subject: Changes to the Sky Racing online telecast
Reply-To: support@news.ubet.com

Meet our mates - RadioTAB

[View online](#)

SKY RACING

ONLINE TELECAST

Dear Nick,

As a valued customer, we wanted to advise you that due to contractual rights expiring, unfortunately, live Sky Racing Vision will no longer be available through the UBET website or the UBET App, from midnight of Wednesday 3 February.

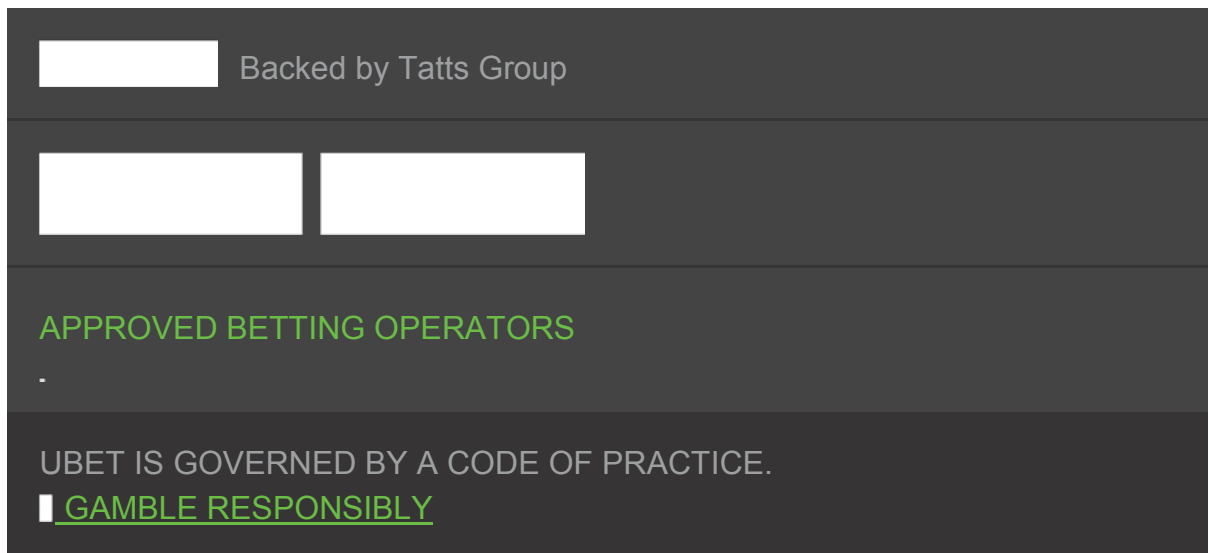
We understand this is disappointing and apologise sincerely for any inconvenience this may cause. However, you can still catch all of the latest market updates and live racing coverage through [RadioTAB](#), available online, through the UBET App and networked through 91 transmitters located in Queensland, South Australia, the Northern Territory and Tasmania. [Find your local frequency here.](#)

The UBET Team



138 238





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* Terms and conditions of membership apply for [UBET](#) and [UBET+](#).

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UBET is committed to protecting your privacy online and directly adheres to our [Privacy Policy](#). This Policy sets out the approach UBET has adopted in its collection and management of personal information. UBET has created this [Privacy Policy](#) to demonstrate and confirm its commitment to your Privacy.

You have received this message because you are an account holder with UBET. Prefer not to receive these notifications? [Update preferences](#)

You can unsubscribe from all UBET emails. By clicking the unsubscribe link you will be permanently unsubscribed. [Unsubscribe](#)

UBET TAS Pty Ltd ACN 095 972 106 | 87 Ipswich Rd Woolloongabba Qld 4102, Australia.

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-27" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-27**

Email from Michael Leeds regarding advertising on Sky
(September 2015)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Michael Leeds

From: Michael Leeds
Sent: Wednesday, 2 September 2015 11:38 AM
To: Nick Tyshing (nick@crownbet.com.au)
Subject: Sky Racing Television - Advertising Information
Attachments: image002.jpg; image003.jpg; image004.png

Hi Nick,

Please see below Sky Channels response to our request for an advertising package for CrownBet.

Unfortunately there is no opportunity for us to advertise on the channel.

Cheers,

Michael Leeds
Managing Director

PLEASE NOTE OUR NEW ADDRESS

Level 1, Building1, 1 Southbank Boulevard, Southbank VIC 3006

T +61 (3) 9864 2304 | F +61 (3) 9864 2323

M +61 (0) 414 554 422 | W twenty3group.com.au

TWENTY3™
SPORT + ENTERTAINMENT

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From: "Anthony, Mary" <Mary.Anthony@tabcorp.com.au>
Date: 2 September 2015 10:54:12 am AEST
To: Michelle Hartley <michelle.hartley@twenty3group.com.au>
Subject: RE: Sky Racing Television - Advertising Information

Hi Michelle

Thanks for your enquiry regarding advertising. However, in accordance with Sky's advertising policy, Sky does not accept advertising from corporate bookmakers or businesses that promote corporate bookmakers.

Kind regards
Mary



Mary Anthony
Senior Advertising Sales Executive

Media and International Division - Tabcorp

Phone: +61 2 99750371
Fax: +61 2 9452 2222
Mobile: 0414 844 021
Switch: +61 2 9452 8400
Email: Mary.Anthony@tabcorp.com.au

skyracing.tv
skysportsradio.com.au
tab.com.au



From: Michelle Hartley [<mailto:michelle.hartley@twenty3group.com.au>]
Sent: Tuesday, 1 September 2015 10:37 AM
To: Anthony, Mary
Subject: Sky Racing Television - Advertising Information

Hi Mary,

I have a client that is a corporate bookmaker and we are keen to look at advertising opportunities on Sky Racing channel across October and November.

Are you able to email any advertising information through to me?

Thanks, Michelle

Michelle Hartley
Account Manager



Follow us on Twitter [@Twenty3Group](https://twitter.com/Twenty3Group)

The information in this e-mail message and any files transmitted with it are intended to be confidential and for the use of only the individual or entity to whom they are addressed. The message and files may be protected by legal professional privilege, or other legal rules. The confidentiality of and privilege applying to this message and files is not waived if this message or files has been sent to you by mistake. If the reader of this message or files is not the intended recipient, you are notified that retention, distribution or copying of this message and files are strictly prohibited. If you receive this message or files in error, please notify us immediately by telephone or return e-mail and delete all copies from your computer system. It is the recipient's responsibility to check this message and files for viruses.
Thank you.

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-28" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

HIGHLY CONFIDENTIAL Annexure **NDT-28**
Roy Morgan National Media Data

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-29" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-29**
The Drop - Tabcorp protects broadcasting rights
(15 October 2016)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



The Hospitality and Gaming Network

CLUBS

PUBS

CASINOS

HOTELS



TABCORP PROTECTS BROADCASTING RIGHTS

October 15, 2016 / in Drop Goss, Gaming, Latest News /

Facing stiff competition from Racing Victoria which formed a joint venture with Seven West Media to create Racing.com, wagering giant Tabcorp is shelling out big money to protect its horse racing broadcast rights in Australia and New Zealand.

Tabcorp has been spending big amounts to maintain access to vision in Western Australia, and is currently in talks with racing authorities in South Australia and New Zealand to extend deals.

The wagering company will reportedly pay around \$26 million over the next six years for broadcast rights in Western Australia. That's around 10 times more than Tabcorp has been paying previously.

The renewed partnership provides Tabcorp's subsidiary, Sky Racing, with domestic, digital and international rights for all harness and greyhound racing across Western Australia and thoroughbred racing outside of Perth. Sky Racing is broadcast to 2.9 million homes and 5,500 pubs, clubs and TAB agencies around Australia, as well through its digital channels.

In South Australia, Tabcorp is in an exclusive negotiating period with racing authorities. It holds "first" and "last" rights, meaning it can negotiate before others and match any bids that may come in once the exclusive period ends. Racing.com is said to be keen to bid.

New Zealand racing authorities, on the other hand, have been locked in negotiations with both Tabcorp and Racing.com for the past year, according to the Australian Financial Review.

Established in August 2015, Racing.com broadcasts Victorian thoroughbred racing and Hong Kong racing. But Tabcorp, along with several other corporate bookmakers, also streams Victorian racing on their websites.

Share this entry



0

REPLIES

You must be [logged in](#) to post a comment.

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-30" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-30**
Productivity Commission Gambling Report (extract)
(26 February 2010)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



Australian Government
Productivity Commission

Gambling

Productivity Commission
Inquiry Report
Volume 2

No. 50, 26 February 2010

16.4 Other aspects of a national model

A number of participants have argued that a national racing and wagering model should have a broader regulatory scope than simply addressing funding issues. For example, Tabcorp recommended:

... a national approach to the regulation of wagering, including:

- Consistent regulation of credit betting and account opening inducements
- A single Code of Conduct dealing with responsible gambling, with which all wagering operators licensed in Australia will comply
- A single and mandatory integrity framework covering racing and sports, as well as all forms of betting and all operators. (Tabcorp, sub. 229, p. 26)

In some areas, there is obvious value to a national (rather than state and territory based) regulatory response. In particular, states have very little capacity to regulate the supply of telephone and internet wagering to people living within its jurisdiction. Online and telephone wagering, along with all other online gambling activities, should be subject to a consistent regulatory regime and overseen by a specialist body (discussed in chapter 15).

If a national price setting body is ultimately introduced, its national focus, expertise, independence and access to financial data make it an appealing option to take on probity responsibilities for the racing and wagering industries. In its absence, the incremental net benefits to further centralisation would need to be demonstrated, as existing institutions appear reasonably effective.

Competition issues arising from the broadcast of racing may also warrant a national response. Tabcorp, through its ownership of Sky Channel, is the sole television broadcaster of harness and greyhound racing, and is the dominant provider of thoroughbred racing broadcasts in pubs and clubs. As noted by the ACCC, the vertical integration of Tabcorp's wagering and broadcast businesses has potentially serious implications for competition in the wagering market.²²

As the capacity for punters to view racing events is a key factor of production for wagering operators that compete with Tabcorp, this arrangement may frustrate competitive access to racing broadcasts. Were governments to allow bookmakers to establish a retail presence, Tabcorp's ownership of Sky Channel would become even more problematic.

²² ThoroughVision Pty Limited & Ors - Authorisations - A91031 - A91032, 4 July 2007, ACCC
“The ACCC accepts that Tabcorp's ownership of Sky Channel provides Tabcorp with potential for a competitive advantage relative to other wagering providers that compete with Tabcorp.”

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-31" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-31**

SMH - Judge gives AJC, STC free rein to start
ThoroughVision revolution (4 May 2005)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



Judge gives AJC, STC free rein to start ThoroughVision revolution

By Craig Young

May 4, 2005

Racing NSW's authority was dealt a savage blow yesterday when the Supreme Court ruled it did not have the power to prevent Sydney race clubs establishing their own thoroughbred channel.

ThoroughVision will broadcast Sydney and Victorian racing from today after Justice Patricia Bergin found in favour of the Australian Jockey Club and Sydney Turf Club in a landmark decision.

The ruling means TVN's exclusive agreement with the STC, AJC and Victorian clubs will leave its long-established rival Sky Channel to televise other state and territory race meetings.

Punters will need to tune into two separate channels to view all meetings held in Australia, with Racing NSW taking the court action fearing a fractured network would cost it several million dollars in wagering revenue.

Racing NSW believed it had the power to prevent the AJC and STC signing with TVN and went to the Supreme Court for a ruling, with Bergin finding in favour of the clubs on all fronts.

Executives from NSW's most powerful race clubs launched a scathing attack on Racing NSW following the decision, which was brought down after five days of evidence and one eight-hour mediation session ordered by Bergin.

"We take no joy in this decision," AJC chief executive Tony King said yesterday. "While it vindicates our position, the fact our governing body chose to drag down the whole industry is bewildering and disappointing. Certain individuals have brought the entire organisation into disrepute."

STC chief executive Michael Kenny said: "All along they [Racing NSW] have been a law unto themselves. They claim to be protecting the industry but all they're doing is squandering its money to protect Tabcorp's monopoly."

In handing down her judgement, Bergin found Racing NSW had dealt with Sky Channel and the broadcaster's parent, Tabcorp, without informing the AJC and STC. She said the notes of a Racing NSW board meeting on February 16 were "quite devastating".

"It evidences the continuation of the plaintiff's [Racing NSW's] clear intention to force the AJC and STC into a contract with Sky and out of a contract with TVN," she said. Bergin said this was carried out without the clubs knowing "what it [Racing NSW] had done in detail in respect to negotiations with Sky/Tabcorp in respect of their rights".

At the same meeting it was proposed by Racing NSW board member Don Hopkins that an administrator be appointed to the AJC and STC should they ignore a directive not to sign with TVN.

Bergin said the proposal "plummeted the plaintiff's [Racing NSW's] lack of professionalism to an all-time low", while adding: "This was not a principled approach but rather strong-arm tactics to force contracts upon clubs operating pursuant to statutory and contractual obligations."

Bergin detailed an email from Racing NSW chairman Gary Pemberton to its chief executive, Peter V'Landys, on February 1 which suggested the AJC and STC must retain total income levels if they signed with Sky.

"So that if the competition evaporates, we can't be accused of screwing our own clubs to prop up Sky," Bergin quoted Pemberton as saying.

V'Landys said the Racing NSW nine-member board would meet today to discuss Bergin's decisions and the option of appealing.

"I don't feel sorry for Racing NSW," he said. "I feel sorry for the 63,000 participants that we let down by not protecting their income streams. Time will tell if we are right or if we are wrong, but we had to take the action like any responsible regulators who are entrusted by our participants to look after and protect their income streams. From the financial figures that have been given to us, they [clubs] are going to incur significant financial losses in the first year and we believe that money should be going into prizemoney for the participants."

Bergin made note of Racing NSW's intent to maximise wagering and stated: "I have little doubt that there was an aim akin to that buried somewhere in all of this. What is troubling is that in exercising its powers the plaintiff seemed to forget that it had to be fair to interested parties."

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RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-32" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-32**

RACING NSW - Racing Media Rights Aggregated In
Historic Deal (24 December 2012)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000


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Notices

Monday, 24 December 2012

Racing Media Rights Aggregated In Historic Deal

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The Chairman of TVN, Harold Mitchell AC, today announced that a formal agreement has been executed between TVN and the Victorian thoroughbred racing industries, in regards to the aggregation of the media rights of all thoroughbred racing clubs in Australia's premier racing states.

The landmark agreement, foreshadowed by the Chairman of TVN in June this year, has been the subject of extensive due diligence by shareholder and Racing NSW regulatory approvals.

Harold Mitchell said: "TVN now holds the rights for Australia's premium racing content, that being Victorian and NSW thoroughbred racing from 2013 to 2028.

"This decision is the culmination of almost eight years of work by the TVN Board and management, in conjunction with its shareholders in NSW and Victoria.

"More recently, the involvement and support of the governing bodies, Racing Victoria and Racing NSW, has been vital to achieving this outcome.

"A new Board and management structure will be established for the restructured TVN, with both Racing NSW and Racing Victoria representation on the Board.

"The current Board will step down at an appropriate time in the New Year, when a new board will be formed.

"The decision to aggregate the NSW and Victorian rights is clearly a significant step taken by racing and it will underpin the future growth of the sport.

"There are expanding opportunities for TVN's premium Australian racing product internationally, particularly in the Asian time-zone.

"The exploitation of these aggregated media rights will now ensure that the financial returns to thoroughbred racing are maximised, the reason TVN was created."

Racing NSW Chairman, John Messara AM, commented on the announcement: "A restructured TVN brings together the NSW and Victorian racing industries in the most meaningful partnership in each of our long histories.

"The new structure will ensure that TVN showcases our racing product in an optimal fashion under new advertising and editorial policies.

"While we have taken considerable time to finalise these important arrangements, the racing industry can be assured that we are committed to fully exploit racing's valuable media assets in the best interests of our wonderful industry."

Racing Victoria Chairman, Michael Duffy, said: "Today's announcement vindicates those who have believed in the principles behind the formation of TVN years ago.

"As an original member of the TVN Board, I have seen TVN develop from a concept, to a fledgling television channel, to today when it is a media sporting business offering print, television, digital and mobile services.

"The basic principle behind TVN has always been that racing must control its own media assets. As a result of today's announcement, Victorian and NSW thoroughbred racing industries have achieved that outcome."

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RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-33" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-33**

SMH - Sky's Racing NSW broadcast deal puts TVN closure in focus (28 January 2015)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



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Sky's Racing NSW broadcast deal puts TVN closure in focus



Adam Pengilly

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Tabcorp's exclusive 10-year deal for NSW racing could see its broadcasting arm, Sky Channel, become the sole racing station as early as March 1 as NSW and Victorian shareholders work towards winding up beleaguered broadcaster TVN by the end of February.

While TVN's shareholders remained tight-lipped on Wednesday about its closure, it is believed that February 28, which will showcase group 1 racing in both Sydney (Chipping Norton Stakes) and Melbourne (Blue Diamond and Futurity Stakes), has been discussed as the preferred option for the broadcaster's last day on air.



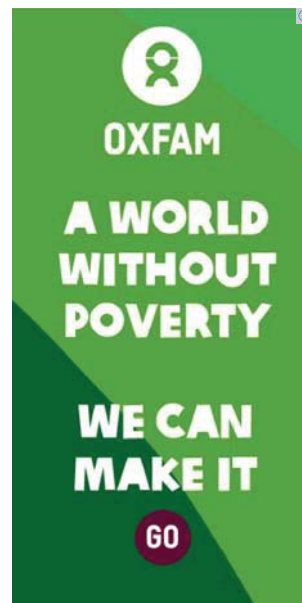
Unprecedented coverage: Racing NSW boss Peter V'landys says a deal with Tabcorp and Sky would be "mutually beneficial for both parties". Photo: Jenny Evans

NSW racing will then exclusively be shown on Sky following Tabcorp's announcement on Wednesday that it had signed a long-term agreement for the rights to NSW thoroughbred racing, believed to be worth up to \$25 million a year plus incentives.

Fairfax Media can also reveal that there is a 10-year option for that deal to be extended between the parties.

It means the closure of TVN is another step closer as the NSW and Victorian shareholders continue to work through the complexities of the split, decided at a board meeting on Christmas Eve and announced early on Boxing Day morning.

It's believed the Melbourne Racing Club - one of four Victorian-based shareholders of TVN, along with the Victoria Racing Club, Moonee Valley



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Racing Club and Country Racing Victoria - is angling for its fast-approaching carnival to remain on TVN.



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A February 28 finish for TVN would mean its Orr Stakes meeting (February 14) and Blue Diamond card would be showcased on TVN before the VRC swing of the Melbourne carnival reverts to Sky.

TVN chief executive Bruce Mann did not return calls on Wednesday, while other shareholders claimed the only priority was to find employment opportunities for affected TVN employees.

Regardless, plans are well under way for Sky to host a boutique channel on its Sky Racing World format, including NSW, Victorian and Queensland racing.

Under the terms of the Sky agreement for NSW rights, the \$5 monthly subscription fee for Sky Racing World and Sky Racing 2 will be scrapped, with the former channel to revert to Foxtel's base package.

Tabcorp and Sky executives are yet to thrash out a long-term deal for Victorian racing. But officials met with Victorian administrators in Melbourne on Wednesday. Victoria is also fielding interest from free-to-air broadcaster Seven Network for its product.

Tabcorp and Sky representatives refused to comment further on Wednesday other than to issue a short statement announcing the deal for NSW racing. But they said they were "continuing to negotiate broadcast arrangements for Victorian thoroughbred racing".

"Sky Racing is delighted to have finalised binding heads of agreement for the long-term media rights for NSW thoroughbred racing," Tabcorp managing director and chief executive officer David Attenborough said in the statement.

"We look forward to continuing to expand the reach of NSW racing - both internationally and domestically."

Under the conditions of the deal, Sky will boast both the domestic and international media rights, as well as non-exclusive digital rights.

The latter part of the agreement will allow Racing NSW and the state's clubs to on-sell their digital rights to a variety of media outlets and wagering operators.

Fairfax Media has been told corporate bookmakers will also be offered the opportunity to stream vision of NSW racing.

Racing NSW boss Peter V'landys hailed the deal with Tabcorp and Sky as "mutually beneficial for both parties".

"The good thing about [Sky's premium thoroughbred channel at no extra cost to Foxtel subscribers] is it will be unprecedented coverage of NSW race meetings," he said.

"It will be a boutique thoroughbred station, it will only promote thoroughbred racing so any person that just wants thoroughbred racing, then they're going to get exactly that. There will be some new initiatives which will make it even more attractive.

"For the first time, these digital rights will be available to a lot more people and our aim is to generate our prime source of revenue, which is wagering, so the more areas that have it the better."

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RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-34" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-34**

Racing.com - Sky blackout means digital-only broadcast
on Tuesday (15 June 2015)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

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Sky blackout means digital-only broadcast on Tuesday

racing.com Staff
@Racing

15 June, 2015



Victorian racing will be seen through several digital only options on Tuesday with confirmation that there will be a blackout of Victorian coverage on Tabcorp's Sky service, while the racing industry works to find an alternative broadcast solution.

Tabcorp confirmed last Tuesday that it would no longer show Victorian racing on Sky Racing from June 16 after it was informed that Racing Victoria had advised that its preference was for a free-to-air broadcast deal with Seven West Media over an exclusive deal with Sky.

RV, Country Racing Victoria, the Melbourne Racing Club and the Moonee Valley Racing Club have agreed on the Seven deal, but the Victoria Racing Club is yet to confirm its intentions.

It was hoped Seven could offer its digital Channel 78 to broadcast Racing.com's Racing Live service from Tuesday's Geelong meeting as an interim measure, however, without agreements from all stakeholders, a deal could not be agreed.

That means that fans will need to access Victorian racing through desktop, mobile or tablet only for at least one day.

As usual, Racing.com through Racing Live will offer a full coverage of the Geelong meeting through desktop, mobile and tablet as well as through the Racing.com IOS app.

Sportsbet and Crownbet will also offer live streaming of all races through their digital products.

Tabcorp will not show any Victorian racing on any of its Sky options in a blackout which extends to pubs and clubs. It is understood TAB agents will make vision available as part of the joint venture agreement with Racing Victoria.

Racing Victoria released a statement late on Monday, expressing its disappointment at the situation.

"Tabcorp Holdings has advised that no Victorian thoroughbred meeting will be broadcast on its Sky Racing channels into homes, pubs and clubs after it refused to roll over an existing interim agreement regardless of whether Seven West Media is broadcasting the meeting.

“RV said it was disappointed with the decision by Tabcorp Holdings to go ahead with a blackout of all Victorian thoroughbred racing on its Sky Racing channels from tomorrow. RV has offered to continue to supply Victorian thoroughbred racing to Sky Racing for a fair and reasonable commercial fee to ensure that punters, fans and participants are not disadvantaged.”

“RV will continue to seek talks with Tabcorp Holdings on achieving its preferred media distribution model which involves both Seven West Media and Sky Racing with the goal of building a strong, sustainable future where current and future generations of fans and punters can access vision of Victorian thoroughbred racing whenever, wherever and however they choose.”

The Melbourne Racing Club released a statement on Tuesday night confirming they had signed on with the SWM deal.

“The Melbourne Racing Club has always maintained that our racing should be available for viewing by as many customers and potential customers as possible, across all platforms, both domestically and internationally,” chairman Mike Symons said.

“We strongly believe the showcasing of our racing and dedicated coverage will stimulate further growth of the Victoria Thoroughbred Racing Industry, ultimately benefiting all participants.”

Questions:

Where can I watch live Victorian thoroughbred racing?

From 16 June 2015 until otherwise advised, Victorian racing can be viewed via the following:

- TAB Agencies = 92 Victorian TAB retail agencies (those not in a pub or club)
- Mobiles Phones = racing.com, sportsbet.com.au*, crownbet.com.au*
- Tablets (iPads) = racing.com, sportsbet.com.au*, crownbet.com.au*
- Desktop Computers = racing.com, sportsbet.com.au*, crownbet.com.au*
- Mobile App = racing.com

(* Service available to account holders only)

Can I watch Victorian races on TV?

Until otherwise advised the only TV feed of Victorian races will be into Victoria's 92 TAB retail agencies. Racing.com can be streamed to a TV with the appropriate supporting technology.

Why will there be no vision on Sky Channel?

Tabcorp has advised that they do not wish to broadcast Victorian races on any Sky Racing channels into homes, pubs and clubs from 16 June 2015. Racing Victoria wants Sky Racing to continue to broadcast Victorian racing now and into the future. Tabcorp has chosen not to.

Why have Tabcorp decided they don't want to show Victorian racing on Sky Racing?

Tabcorp's decision to blackout Victorian racing follows the RV Board's resolution that its preferred outcome for the broadcasting of Victorian thoroughbred racing is the combined free-to-air and digital broadcast deal tabled by Seven West Media, whilst maintaining the broadcast on Sky Racing 1 (Channel 519) and Sky Racing 2 (520).

What is Seven West Media offering?

A dedicated, free-to-air channel, to showcase Victorian racing 363 days a year integrated with digital streaming and other services at Racing.com. Further details on the channel, what it will offer and how it can be accessed will be communicated if the industry signs the long-term deal with Seven West Media. The MRC, MVRC, CRV and RV have committed to the Seven West Media deal. The VRC is yet to commit.

Why can't the races be shown now on the Seven Network?

Seven West Media, owners of Channel 7, has offered to commence broadcasting the existing Racing.com coverage on a new free-to-air channel as an interim measure from this week ahead of launching its premium channel in late August. However, the VRC is yet to commit to the long-term Seven West Media deal, so Seven are unable to proceed with the interim broadcast measure until they do. The MRC, MVRC, CRV and RV have committed to the Seven West Media deal.

When will Victorian racing be shown on the Seven Network?

If the VRC commit to support the long-term deal, then Seven West Media will fast track an interim measure within days to broadcast the existing Racing Live broadcast which is shown on Racing.com. This would be a short-term measure until their premium channel is developed in time for this year's Spring Carnival.

Is Victorian racing being broadcast in my local pub or club?

Not until otherwise advised. It will only be broadcast into Victoria's 92 TAB retail agencies (those stories not located in pubs and clubs). You can watch all Victorian TAB races live and free wherever you are on Racing.com, including whilst at your local pub or club.

Can I continue to bet on Victorian races?

Yes, the TAB will be betting on all Victorian races as will other racing wagering operators.

Will the races be broadcast on radio?

Yes, RSN will continue to broadcast all Victorian races via 927 AM in metropolitan Melbourne and via relays stations across Australia.

What is Racing.com broadcasting?

Racing.com, via its Racing Live service, is streaming all Victorian thoroughbred racing on desktop, tablet and mobile. Please go to the racing.com homepage on your device and click the appropriate WATCH NOW links.

Is the Racing Live service available on every device?

The Racing Live stream is available across computers, tablets (iPads) and mobile phones (iPhones and Androids) via the Racing.com website. The Racing Live service is also available through the Racing.com IOS App.

How do I watch Racing Live via the Racing.com App?

The latest version of the Racing.com App (1.5), which enables users to view Racing Live from within the App, is available for download. Users will have to go to the App Store, and either download the Racing.com App or, if already downloaded, click on their updates and update to the new version. Racing Live can be accessed by clicking the play icon at the top of the Racing.com App. If the Play icon is not available, you will need to update your App. Racing.com is looking to broaden its App offering to include an App for Android in the coming months.

Is Racing Live available internationally?

No, it is geo-blocked to Australia only. This is due to rights restrictions.

Will there be any charge for streaming?

There is no charge to view the Racing Live broadcast on Racing.com. However, users may incur data charges with their mobile or internet provider for live streaming and are asked to check with your provider. Telstra fixed internet (home) customers can view the Racing Live broadcast on Racing.com unmetered, be it on your digital device or when streamed to your TV.

Is the Racing Live stream available through Android?

Yes, through any browser. You may be prompted to download a Plug-in, such as 'Hook'. But after that initial download it should work without issue.

What do I have to do to get the Racing Live stream to work on my Mac?

You should not encounter any issues on a Mac. There have been some issues within Safari browser which we are working on. If an error arises in Safari, you will need to change your Privacy settings. Go To Privacy Settings, and under Cookies and Website Data, tick 'Always Allow'.

Can I stream the Racing Live feed onto my TV?

There is no technical reason why you should not be able to use a TV connector like Apple TV, Google Chromecast or a HDMI cable. You will need to consult with your third party connector for instructions on how to do this.

Is there any reason the Racing Live stream wouldn't be working on my mobile browser?

The stream won't work if you are set to private browsing or incognito. Exit this mode to ensure the stream works.

Will the Racing Live stream be delayed?

There is always a slight delay of a few seconds with any live stream. We recommend you leave yourself ample time to place any bet when viewing the stream.

Will I still be able to access free race replays via Racing.com?

Yes, race replays remain free on all devices via Racing.com, including the IOS App. They are made available within 15 minutes of a race.

Is there anywhere else online I can watch Victorian racing?

Sportsbet and Crownbet account holders can also view Victorian races live when they log onto their Sportsbet or Crownbet account via the web.

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Blackout threat galvanises industry

14 June, 2015

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-35" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-35**
Racing.com - Wagering down on Blackout Opening
(16 June 2015)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

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Wagering down on blackout opening



Shane Anderson
@Globalgallop

16 June, 2015



Wagering figures on Victorian thoroughbred racing were down on Tuesday after the blackout of vision of the meeting at Geelong by Tabcorp and Sky Racing.

The average win pool on the Geelong Synthetic meeting on the Victorian tote was \$47,451 per race for the nine-race program, down 10.35% from last Tuesday's average win pool at Racing.com Park of \$52,929.

The average win pool was down 17.74% when compared to the previous Tuesday Geelong synthetic track meeting held on June 2 that averaged \$57,678 for an eight-race program.

These figures fall within Racing Victoria's forecast range for win pools on the Victorian tote with the loss of vision. However, industry sources believe that the loss will be felt less through results with the corporate bookmakers and betting exchange.

Racing Victoria will analyse the daily submissions from all wagering service providers and expect to have a complete position on the impact of the loss of vision on Tuesday's meeting by Friday.

Forecast wagering impacts for the blackout have been calculated by Racing Victoria and have recent data from the blackout of Sky Racing coverage over the Christmas period to use as guides for baseline impacts.

Victorian thoroughbred racing will continue to be broadcast via Racing Live on racing.com, along with corporate bookmakers Sportsbet and Crownbet offering the service to their customers on digital platforms.

Racing Victoria has signed the MRC, MVRC and CRV to a media rights deal with Seven West Media but are still awaiting the VRC to sign up, delaying the planned broadcast on channel 78.

Tabcorp have yet to announce whether they will lift the blackout of Victorian thoroughbred racing on Sky Racing by entering into an interim deal with Racing Victoria.

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-36" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-36**
Racing.com - Victorian racing returns to Sky Channel
(7 August 2015)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

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Victorian racing returns to Sky Channel



Shane Anderson
@Globalgallop

7 August, 2015



Victorian thoroughbred racing will make its much-anticipated return to Sky Racing on Saturday with Flemington's feature Aurie's Star Handicap meeting to be broadcast after a new partnership was signed between Racing Victoria (RV) and Tabcorp, the owner of Sky Racing.

A five-year commercial deal was agreed between RV and Tabcorp that incorporates domestic and international broadcast rights, further increasing the distribution rights of Victorian thoroughbred racing.

Victorian thoroughbred racing has been blacked out by Tabcorp and Sky Racing since June 15 after talks broke down between the parties when RV announced Seven West Media (SWM) as its preferred media rights partner.

Racing Live on Racing.com has been the principal provider of Victorian thoroughbred racing since that time.

Corporate bookmakers Sportsbet and Crownbet also struck deals with RV for digital coverage of Victorian thoroughbred racing since the blackout.

Victorian thoroughbred racing will once again be broadcast daily into homes, pubs and clubs around Australia on Sky Racing 1 Channel 519 and Sky Racing 2 Channel 520 on the Foxtel network, as well as being broadcast on tab.com.au and the TAB's apps for the first time.

The international deal means that Victorian thoroughbred racing will be broadcast into more than 50 countries, with a commitment to expand that reach over the next five years.

Victorian thoroughbred racing will continue to be broadcast through the deal with SWM via channel 78 in metropolitan areas and channel 68 in regional areas, along with digital coverage on Racing.com, sportsbet.com.au and crownbet.com.au, a significant reach compared to other states.

RV CEO Bernard Saundry said that the deal with both SWM and now Sky Racing provides the industry with the best chance to grow immediately and into the future.

"We are very pleased to reach agreement with Tabcorp on a bundled five-year broadcast deal. To have Seven West Media and now Sky Racing join us in promoting Victorian racing across Australia and to a wider audience internationally is great for the future of the sport," said Saundry.

"Well over 90 per cent of the Australian population can now watch Victorian racing across a variety of platforms and the collective viewing audience for tomorrow's Flemington meeting will be the biggest for a non-carnival raceday in our history.

"Our key goal throughout this year has been to develop a broadcast model that takes our vision to more people, in more places and on more platforms than ever before and we have achieved that. This is a great result for punters, fans and participants."

Saundry is pleased that vision would return to Sky Racing's coverage on Saturday and thanked Tabcorp for its support of Victorian thoroughbred racing.

"I want to thank David Attenborough and his team for their commitment to reaching an agreement. We now look forward to working with Sky Racing to expand the profile of Australia's premier racing product both here and abroad," said Saundry.

"As long-term partners with Tabcorp in our wagering joint venture, we are both equally committed to promoting racing and building a strong, sustainable and vibrant Victorian racing industry."

The Tabcorp agreement builds on the daily free-to-air coverage of Victorian racing which is broadcast by Seven West Media's Channel 78 into the metropolitan markets of Melbourne, Sydney, Brisbane, Adelaide and Perth, as well as through much of regional Queensland.

Regional TV viewers in Victoria, New South Wales and Western Australia, along with the ACT and much of Queensland, are also able to watch Victorian racing through the PRIME7 and GWN7 regional networks on Channel 68.

Frequently Asked Questions

Where can I watch Victorian thoroughbred racing?

From 8 August 2015, Victorian racing can be viewed via the following:

Free-To-Air TV (Metro)	=	Channel 78 in Melbourne, Sydney, Brisbane, Adelaide, Perth
Free-To-Air TV (Regional)	=	Channel 68 in regional Victoria, NSW, QLD, WA and ACT
Pay TV (National)	=	Sky Racing 1 (Channel 519), Sky Racing 2 (Channel 520)
Pubs, Clubs & Agencies	=	Sky Racing 1, Sky Racing 2, Channel 68 and Channel 78*
Mobile Phones	=	Racing.com, tab.com.au**, sportsbet.com.au**, crownbet.com.au**
Tablets (iPads)	=	Racing.com, tab.com.au**, sportsbet.com.au**, crownbet.com.au**
Desktop Computers	=	Racing.com, tab.com.au**, sportsbet.com.au**, crownbet.com.au**
Mobile App	=	Racing.com, tab.com.au**, sportsbet.com.au**, crownbet.com.au**
Racecourse	=	Live at the Victorian track hosting the meeting

(Sky Racing is available in pubs, clubs and agencies who subscribe. Channel 68/78 is available free to any pub/club that wishes to access it. Please consult your local pub/club)*

*(** Service available to TAB, Sportsbet and CrownBet account holders only)*

What is Channel 68 (Regional) / Channel 78 (Metro)?

The channels are a joint partnership between Racing Victoria and Seven West Media to broaden the reach of Victorian thoroughbred racing and showcase the sport, its many great stories and its personalities. It is a free-to-air channel broadcast using MPEG4 technology and will showcase Victorian thoroughbred racing 363 days-a-year. It will be integrated with digital streaming and other services at Racing.com and showcased to regional areas via affiliate broadcasters.

What is the difference between Channel 68 (Regional) and Channel 78 (Metro)?

Nothing. The same daily broadcast of Victorian thoroughbred racing appears on both Channel 68 and 78. Both are free-to-air channels.

When does Channel 68/78 begin broadcasting?

The showcase coverage of Victorian thoroughbred racing is contracted to commence on Saturday, 29 August 2015. Seven West Media kindly commenced an interim broadcast on Channel 78 in late June to assist punters, fans and participants impacted by the Sky Racing blackout. PRIME7 did likewise for regional viewers via Channel 68 from 28 July. During the test period until 29 August, this will be a re-transmission of the existing online broadcast on Racing.com.

What can I see on Channel 68/78?

Channel 68/78 is currently re-transmitting the existing Racing.com coverage of Victorian thoroughbred racing as an interim measure whilst Seven West Media commences preparations for the launch of its premium coverage on the channel from Memsie Stakes Day, 29 August. The Racing.com coverage incorporates live racing, raceday previews and interviews and replays. Channel 68/78 showcases Victorian thoroughbred racing only. The daily coverage on Channel 68/78 will see over 520 Victorian thoroughbred meetings covered annually when fully operational. Further details of the coverage will be announced upon launch of the premium service.

Is there a program guide to show what Channel 68/78 is broadcasting and when?

A program guide for Channel 68/78 will be published from 29 August when the channel is officially launched.

Where can I watch the free-to-air TV broadcast on Channel 68/78?

Following the commencement of PRIME7's broadcast of Victorian thoroughbred racing live into regional markets, the free-to-air broadcast of Victorian racing is now available to more than 90% of the Australian population. Following is a list of the channel and broadcaster in each region:

Metropolitan

Melbourne, Sydney, Brisbane, Adelaide and Perth – Channel 78 (Seven Network)

Regional

Regional Victoria – Channel 68 (PRIME7)

Southern NSW and ACT – Channel 68 (PRIME7)

Northern NSW and Gold Coast – Channel 68 (PRIME7)

Regional Western Australia – Channel 68 (GWN7)

Regional Queensland – Channel 78 (Seven Network)

Am I within the broadcast network for Channel 68 or 78?

If you can view metropolitan free-to-air television channels (via domestic TV and not just via a retransmission on pay-TV), PRIME7 or GWN7 then the Channel 68/78 broadcast should be accessible. To view maps of each of the metropolitan and regional broadcast networks, including the postcodes and suburbs/townships contained within the broadcast area, click on "TV Broadcast Maps" under Quick Links on the rv.racing.com homepage.

What about viewers in Tasmania, the Northern Territory and regional South Australia?

Pay-TV subscribers in Tasmania, the Northern Territory and regional South Australia can watch all Victorian racing live on Sky Racing 1 and Sky Racing 2 from 8 August. Seven West Media is continuing its discussions with affiliate broadcasters in Tasmania, the Northern Territory and regional South Australia on opportunities to extend their free-to-air broadcast to these regions. Punters, fans and participants in Tasmania, the Northern Territory and regional South Australia remain an important part of Seven West Media's broadcast plans for its showcase coverage.

Can I view the Seven West Media broadcast via Foxtel?

It remains Racing Victoria's desire for the Channel 68/78 signal to be re-transmitted through Foxtel at the earliest opportunity for punter convenience. Seven West Media are continuing discussions with Foxtel regarding the re-transmission through Foxtel. Further news will be provided when it comes to hand.

When will Victorian racing be broadcast on Sky Racing?

Broadcasts of all Victorian races will resume on Sky Racing 1 (Channel 519) and Sky Racing 2 (Channel 520) on Saturday, 8 August and continue daily. Racing Victoria and Tabcorp have signed a five-year broadcast agreement for Victorian racing to be shown in homes, pubs and clubs via Sky Racing's wall-to-wall channels.

What will I see on Sky Racing 1 and Sky Racing 2?

Each Victorian race will be broadcast in its entirety as occurred previously on Sky Racing 1 and Sky Racing 2. The agreement allows Sky Racing to broadcast from 3 minutes prior to each Victorian race until 90 seconds after the completion of the race.

Will Victorian racing be broadcast on Sky Racing Central (Channel 521)?

No. Victorian racing will be broadcast on Sky Racing 1 (Channel 519) and Sky Racing 2 (Channel 520) only. The showcase coverage of Victorian racing involving interviews and mounting yard previews is available on Channel 68/78 and via Racing.com on desktops, tablets and mobiles.

Is Victorian racing being broadcast in my local pub or club?

Yes. Victorian racing will be shown nationally in any pub or club that offers Sky Racing. Pubs and clubs, with or without TAB facilities, can also tune into the Channel 68/78 broadcast free of charge if they so desire. Please consult your local pub or club for their broadcast arrangements.

Is Victorian racing broadcast into TAB agencies?

Yes. Victorian racing is being broadcast into all TAB agencies.

Can I watch Victorian racing on tab.com.au or via my TAB app?

Yes. Commencing 8 August TAB customers can, for the first time, watch all Victorian races via tab.com.au or the TAB apps free of charge when logged into their TAB account.

What is the difference between MPEG2 and MPEG4?

MPEG4 is a more efficient format of broadcasting which has the ability to provide better picture quality, particularly for sporting events. The Federal Government is strongly encouraging national broadcasters to use MPEG4 technology into the future as it requires less of the national spectrum to transmit pictures. Since 2009, the vast majority of TVs have been made with MPEG4 compatibility as a result. Approximately 80% of Australian homes now have MPEG4 compatible televisions. Non-compatible TVs can view a free-to-air MPEG4 broadcast with the use of a set top box or Personal Video Recorder (PVR).

How can I tell if my TV is MPEG4 compatible?

All major recognised brands of televisions, set top boxes and PVR's purchased since 2009, including any devices bearing the Freeview logo, will have this capability, but those bought prior to 2009 may not support MPEG4. If you are unsure if your current TV supports MPEG4 you will need to refer to your TV manual or contact the manufacturer of your TV.

How do I know if my TV doesn't support MPEG4?

TVs which do not support MPEG4 are most likely to demonstrate the following behaviour: Channel 68 (Regional) / Channel 78 (Metro) appears in the channel list, but the picture is black and the sound may or may not be heard.

I think my TV is MPEG4 compatible but I can't find the channel. Why?

Channel 68 (Regional) / Channel 78 (Metro) should automatically appear in the channel list of most TVs. If not, then the first thing to do is to re-tune your TV. Most TVs have an option to automatically re-scan channels within the TV menu. In many cases, the channel will appear after completing this

process. If you're unsure how to re-scan channels you should refer to your TV manual or contact the manufacturer of your TV.

Can I still watch Channel 68/78 if my TV is not MPEG4 compatible?

Not without purchasing a set top box which supports MPEG4. Set top boxes range in price from approximately \$30 to \$50, are relatively simply to connect to your TV and are available where most TVs are sold. The vast majority of set top boxes support MPEG4, however you should seek confirmation from sales staff when purchasing.

I have a set-top box but I still can't get Channel 68/78?

Some of the very early set top boxes provided by Government as part of the Household Assistance Scheme during Australia's switch to digital TV may not be MPEG4 compatible. If you received a set top box under the Household Assistance Scheme then you may need to acquire a new MPEG4 compatible box as outlined above.

Can I use a PVR to watch Channel 68/78 instead of a set top box?

You can use a PVR (Personal Video Recorder) in similar fashion to a set top box to make your television MPEG4 compatible if you cannot immediately see Channel 68/78. If you're unsure how, you should refer to your PVR manual or contact the manufacturer of your PVR. A PVR is more expensive than a set top box at approximately \$200 to \$250, however it allows you to record hours of live TV and watch other channels whilst doing so.

Can I get Channel 78 through my Telstra T-Box?

Yes, you should be able to. If you cannot already see Channel 78 in your T-Box menu then you will need to re-tune the channels via the Settings option in your menu. If you're unsure how to re-tune channels you should refer to your T-Box manual or contact Telstra.

I only watch free-to-air channels like Seven, Nine and Ten through Foxtel and I don't have an antenna. Can I see Channel 68/78?

Without an antenna you cannot watch the Channel 68/78 broadcast via your satellite or cable Foxtel. You can, however, from 8 August view Victorian races live on Sky Racing 1 and Sky Racing 2. A set top box or PVR will not assist you in accessing Channel 68/78 if you cannot view free-to-air channels via domestic TV and rely solely on pay-TV to do so.

If I need assistance in tuning my television or knowing if it's compatible who do I call?

Following are the customer service numbers for all the major TV manufacturers:

Hisense	1800 447 367	8.30am – 7.30pm M-F, 9.00am – 5.00pm S-S
LG	1300 542 273	7.00am – 7.00pm 7 days
Panasonic	132 600	8.30am – 6.00pm M-F
Phillips	1300 886 649	
Samsung	1300 362 603	24/7
Sharp	1300 135 022	
Soniq	1300 765 663	
Sony	1300 137 669	9.00am – 5.00pm M-F
TCL	1300 738 149	9.00am – 5.30pm 7 days

What is Racing.com broadcasting?

Racing.com, via its Racing Live service, will continue to stream all Victorian thoroughbred racing on desktop computers, tablets (iPads) and mobile phones (iPhones and Androids). Please go to the Racing.com homepage on your device and click the appropriate WATCH NOW links.

Is the Racing Live service available on every device?

The Racing Live stream is available across computers, tablets (iPads) and mobile phones (iPhones and Androids) via the Racing.com website. The Racing Live service is available through the Racing.com IOS App and can also be streamed on smart TVs.

How do I watch Racing Live via the Racing.com App?

The latest version of the Racing.com App (1.6), which enables users to view Racing Live from within the App, is available for download. Users will have to go to the App Store, and either download the Racing.com App or, if already downloaded, click on their updates and update to the new version. Racing Live can be accessed by clicking the play icon at the top of the Racing.com App. If the Play icon is not available, you will need to update your App. Racing.com is looking to broaden its App offering to include an App for Android in the coming months.

Is the Racing Live stream available internationally on Racing.com?

Yes. There is currently no geo-block on viewers outside Australia who wish to watch Victorian racing via Racing.com.

Will there be any charge for streaming?

There is no charge to view the Racing Live broadcast on Racing.com. However, you may incur data charges with your mobile or internet provider for live streaming so you are best to check with your provider. Telstra fixed internet (home) customers can view the Racing Live broadcast on Racing.com unmetered, be it on your digital device or when streamed to your TV.

Is the Racing Live stream available through Android?

Yes, through any browser. You may be prompted to download a Plug-in, such as 'Hook', but after that initial download it should work without issue.

What do I have to do to get the Racing Live stream to work on my Mac?

You should not encounter any issues on a Mac. There may be some issues within the Safari browser. If an error arises in Safari, you will need to change your Privacy settings. Go To Privacy Settings, and under Cookies and Website Data, tick 'Always Allow'.

Can I stream the Racing Live feed onto my TV?

There is no technical reason why you should not be able to use a TV connector like Apple TV, Google Chromecast or a HDMI cable. You will need to consult with your third party connector for instructions on how to do this.

Is there any reason the Racing Live stream wouldn't be working on my mobile browser?

The stream won't work if you are set to private browsing or incognito mode. Exit this mode to ensure the stream works.

Will the Racing Live stream be delayed on Racing.com?

There is always a slight delay of a few seconds with any live stream. We recommend you leave yourself ample time to place any bet when viewing the stream.

Will I still be able to access free race replays via Racing.com?

Yes, race replays remain free on all devices via Racing.com, including the IOS App. They are made available within 10 minutes of a race.

Is there anywhere else online I can watch Victorian racing?

TAB, Sportsbet, CrownBet and Ladbrokes (incorporating Ladbrokes, Betstar and Bookmaker.com.au) account holders can also view Victorian races live within Australia when they log onto their TAB, Sportsbet, CrownBet or Ladbrokes account via the web. Online viewing outside Australia is available via Racing.com only.

Will the digital broadcasters show all feature races including the Melbourne Cup?

Yes. TAB, Sportsbet, CrownBet and Ladbrokes will stream live all Victorian races, including the Melbourne Cup, to their account holders within Australia. Racing.com will stream them both within and outside Australia.

You May Also Like



Queen Elizabeth makes it 17 straight for Winx

8 April, 2017



Horse that hit 1000-1 gets the money

8 April, 2017



Derryn eclipses Glamour in Sydney

8 April, 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-37" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-37**

Herald Sun - TV blackout as Racing Victoria and Seven Network fail to agree (15 June 2015)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Herald Sun



SuperRacing

TV blackout as Racing Victoria and Seven Network fail to agree deal over race broadcasting

Michael Manley, Herald Sun
June 15, 2015 10:21pm

RACING Victoria has failed to come to an agreement with the Seven Network which will result in Victorian races being blacked out from today.

[OLLIE GETS ALL CLEAR FOR ROYAL ASCOT ASSAULT](#)

CROWNBET LATEST TO SHOW LIVE RACES

As a result Victorian punters hoping to watch their bets at the Geelong Synthetic meeting won't be able to do so on their television screens or at local TAB agencies.

Racing Victoria needed the three Melbourne racing clubs, who own the vision rights, to sign off on the Channel Seven deal but couldn't get the Victoria Racing Club to sign off yesterday.

Moonee Valley Racing Club and the Melbourne Racing Club signed off on the deal yesterday.

RV is hoping to get the VRC on board as soon as they can.

If all clubs had of signed Geelong Synthetic would have been shown on the Seven Network's digital station 78 which would have shown the no frills Racing. Com feed.

Even though no agreement has been signed with the Seven Network, Tabcorp said they wouldn't show today's Geelong Synthetic meeting on their Foxtel stations Sky Racing (519) and Sky World (521).

Tabcorp are also unlikely to televise Victorian racing in their 93 agencies throughout the state.

Racing Victoria said it was disappointed with Tabcorp's decision to go ahead with its blackout.

They said they could show them at the same rate they had been telecasting meetings recently which was "a fair and reasonable commercial fee."

Tabcorp said they don't have an agreement with Racing Victoria to show Victorian racing from today.

Racing Victoria said as Joint Venture Partners they are contractually obliged to show Victorian meetings in their 93 agencies but are declining to do so.





📷 Trials on the new Geelong Racing Club's synthetic track.

Tabcorp was still deciding last night whether to show the races in their agencies but it was less likely than likely

“Our rights expired after the final race at Echuca,” a Tabcorp spokesman said

Although the deal with the Seven Network hasn’t been signed off, Tabcorp said they are not in a position to show Victorian racing on their Sky Racing or Sky Racing World.

“As it stands we don’t have any agreements not any rights to show them,” a Tabcorp spokesman said.

The Tabcorp spokesman said they were still prepared to negotiate with RV.

Tabcorp offered Racing Victoria \$300 million for the next ten years to show Victorian racing on their platforms.

Racing Victoria though preferred the offer from the Seven network to show Victorian racing on their digital station 78 although they would be contributing a sum believed to be \$6 million to help set up

The new station wasn’t going to be in operation for at least two months but was prepared to show a no frills version by taking the Racing. Live daily feed.

RV pointed out today’s meeting can still be viewed via Racing. Com, Sportsbet and CrownBet on their digital platforms

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-38" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-38**

Racing.com - Sky could pull Vic racing plug (9 June 2015)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

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Sky could pull Vic racing plug

Racing.com staff

9 June, 2015



Sky Racing will cease broadcasting Victorian thoroughbred races from next Monday unless a new long-term deal can be struck between Tabcorp and the industry in light of Racing Victoria recommending Seven West Media as its preferred broadcast partner.

Tabcorp, which owns Sky Racing, released a statement on Tuesday morning, acknowledging that RV's preference is for Seven to broadcast the state's thoroughbred racing and says the current interim broadcasting arrangements will end within a week, putting the ball in the Victorian industry's court to broker an alternative solution to preserve Sky's coverage.

"Tabcorp notes the announcement by Racing Victoria Limited on Saturday, June 6, 2015, that it is recommending to its four member racing clubs that its preferred outcome for the broadcast of Victorian thoroughbred racing is to partner with Seven West Media," Tabcorp said in a statement.

"Tabcorp made a Formal Offer on June 1, 2015, in accordance with a timetable agreed with RVL. At the same time as submitting its Formal Offer, Tabcorp gave notice that the current interim broadcasting arrangements with Victorian thoroughbred racing will cease on June 15, 2015.

"Tabcorp has not received a decision from RVL and its member clubs in relation to its offer."

This means if a new arrangement is not reached within the week, Victorian thoroughbred racing won't be seen on any of the three Sky Racing channels, which includes the service fed into TABs, pubs and clubs.

Regardless of the outcome, access will continue via Racing Live on Racing.com as well as through Sportsbet.

The on-going media rights saga escalated in December when there was a two-week blackout of Victorian and NSW races on Sky Racing which precipitated the break-up of thoroughbred broadcaster TVN.

An interim arrangement with Sky was put in place at the end of December and has been running since then.

Final proposals for a new media rights arrangement were made to the RV board earlier this month - one from Tabcorp and one from Seven West Media.

The Tabcorp deal offered \$300 million over 10 years for exclusive rights while the Seven proposal would see a Victorian racing broadcast on a dedicated free-to-air channel.

The RV board has recommended to the Victorian racing clubs, who control the rights, to take the deal with Seven West Media.

The clubs are expected to make a final decision in the next week.

You May Also Like



Sword of Light proves too sharp

8 April, 2017



Big day for Duke at Randwick

7 April, 2017



Seven in rights pole position

6 June, 2015

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-39" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

HIGHLY CONFIDENTIAL Annexure NDT-39
CrownBet – Chart showing impact of access to racing vision content on turnover

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-40" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

HIGHLY CONFIDENTIAL Annexure NDT-40
CrownBet Impact on turnover of Sky Racing pushing Vic racing to Sky 2

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-41" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-41**

Extract from Thoroughbred Racing SA's Annual Report for
2016 (page 8)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

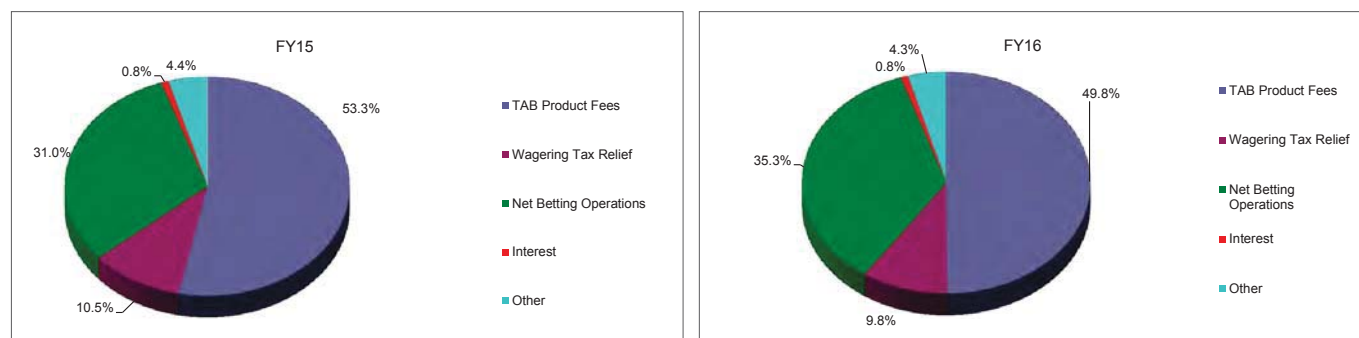
Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Revenue

The Charts below show the breakdown for each class of revenue for the last two financial years.



	FY15		FY16		CHANGE	
TAB Product Fees	28,089,605	53.3%	27,359,360	49.8%	(730,245)	-2.6%
Wagering Tax Relief	5,534,112	10.5%	5,366,273	9.8%	(167,839)	-3.0%
Net Betting Operations (BOC)	16,352,710	31.0%	19,417,699	35.3%	3,064,989	18.7%
Interest	434,631	0.8%	429,200	0.8%	(5,431)	-1.2%
Other	2,333,195	4.4%	2,374,420	4.3%	41,225	1.8%
TOTAL	52,744,253		54,946,952		2,202,699	4.2%

FY16 Net Betting Operation Contributions (BOC) is after deductions of \$7.27M (FY15 \$7.38M) relating to charges incurred by UBET SA from other States' Race Fields legislation (which is the equivalent of South Australia's BOC). Under the South Australian Racing Distribution Agreement, is the Agreement between the UBET SA and the three Codes following the sale of the SA TAB (now UBET SA), UBET SA is entitled to recover from the Codes the cost to obtain interstate racing product. Other revenue includes; Screening and International Rights, SABOIS registration fees, industry participants registration fees, calendar advertising and subscriptions (The Races) together with other sundry revenue items.

The TRSA Board continues to focus on providing maximum returns to the industry's participants from the revenue generated. This includes; the Clubs who provide the event, the owners who race their horses at each of our race meetings, and all of those who receive their livelihood from racing, more directly so with trainers and their employees, along with the rider group.

As has been highlighted on numerous occasions, while TRSA now directly pays for the bulk of raceday costs, Clubs continue to face increasing costs in maintaining and providing "racing's stage" for raceday, as well

as training facilities. While for several seasons the majority of additional revenue generated was channelled into additional prize money, the Board for the past two seasons has increased the focus on providing additional funding to Clubs by way of Operational and Capital grants. In FY16, grants towards Club Promotion and Operational purposes rose by \$434K (31.6%) while grants for Club Capital and WHS Expenditure increased by \$270K (15.8%). 68.9% of TRSA's Revenue is still distributed by way of Prize Money, and represents 68.8% of total Expenses, with 17.73% of our Revenue distributed through Industry Payments.

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-42" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-42**
Product (race field) fees payable by jurisdiction

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Product (race field) fees payable by jurisdiction

State	Thoroughbred	Harness	Greyhounds
NSW	Standard: 1.5% T/O (Fixed, Tote), 2.5% (Derivatives) Premium: 2.5% T/O (Fixed, Tote), 3.0% (Derivatives)	Standard: 1.5% T/O (Fixed, Tote), 2.5% (Derivatives) Premium: 2.5% T/O (Fixed, Tote), 3.0% (Derivatives)	Greater of 15% GR and 1% T/O
VIC	Standard: 1.5% T/O (15% GR) Premium: 2% T/O (20% GR) Premier: 3% T/O (30% GR) [2.5% totes]	Totalisator: 2% T/O Non-Totalisator: 2.5% T/O	2% T/O
QLD	STANDARD: 1.75% T/O (TOTE), GREATER OF 1.75% T/O AND 15% GR (OTHER) PREMIUM: 2.50% T/O (TOTE), GREATER OF 2.50% T/O AND 30% GR (OTHER)		
SA	Standard: Greater of 15% GR and 2% T/O (10%/1.5% on monthly volumes over \$7.5M) Premium: Greater of 20% GR and 2.5% T/O	Standard: Greater of 15% GR and 2% T/O Premium: Greater of 18% GR and 2% T/O	Standard: Greater of 15% GR (10% on high volumes) and 2.5% T/O Premium: Greater of 18% GR (10% on high volumes) and 2% T/O
WA	Standard: 1.5% T/O (Tote) 2% (Fixed), 2.5% (Derivatives) Intermediate: 1.75% (Tote), 2.25% (Fixed), 2.75% (Derivatives) Premium: 2.25% T/O (Tote), 2.5% (Fixed), 3% (Derivatives)		
ACT	1.5% T/O		
TAS	Totalisator: 1.5% T/O Non-Totalisator: Greater of 20% GR and 1% T/O		
Code	Tote = Fee payable for totalisator wagering Fixed = fee payable for fixed odds wagering Derivative = fee payable for tote derivative (price matching) wagering. T/O = Turnover GR = Gross Revenue Standard / Intermediate / Premium = The type of racing. 'Premier' racing covers events such as the Melbourne Cup.		

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

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IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-43" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

HIGHLY CONFIDENTIAL Annexure NDT-43
CrownBet Race Fields Fees as percentage of Revenue

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-44" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

HIGHLY CONFIDENTIAL Annexure **NDT-44**
GST as a Percentage of Revenue

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-45" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

HIGHLY CONFIDENTIAL Annexure NDT-45
Crown memo to NTRC regarding Economic Benefit
(9 November 2016)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-46" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-46**
Tabcorp Wagering and Betting Licence Announcement
(19 July 2011)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

19 July 2011

Tabcorp to be awarded the new Victorian Wagering and Betting Licence

Highlights

- Victorian Government intends to award the new Wagering and Betting Licence to Tabcorp
- Licence period of 12 years, commencing August 2012
- Estimated EBITDA of approximately \$120 million¹ in the first full financial year
- Licence payment of \$410 million
- Secures Tabcorp's continuing leadership in Australian wagering
- Continues Tabcorp's successful relationship with Victoria's thoroughbred, harness and greyhound racing codes

Tabcorp Holdings Limited today announced that the Victorian Government intends to award the Victorian Wagering and Betting Licence to Tabcorp Wagering (Vic) Pty Ltd (**Tabcorp Wagering**), a wholly owned subsidiary of Tabcorp. The Licence period is 12 years and will commence in August 2012. At the discretion of the responsible minister, the Licence may be extended for a further period of up to two years.

The Victorian Wagering and Betting Licence will allow Tabcorp to offer on-course and off-course wagering and betting on thoroughbred, harness and greyhound racing and approved sporting and other events. The Licence also allows for the offering of approved simulated racing games and the operation of a betting exchange.

Tabcorp Chairman, Paula Dwyer, said: "Tabcorp is delighted to have been selected by the Victorian Government as the preferred licence holder. We look forward to continuing to be a key part of the future of racing and wagering in Victoria."

Tabcorp Wagering will need to enter into arrangements with the Victorian racing industry that will govern the formal relationship between Tabcorp Wagering and the Victorian racing industry.

Tabcorp Wagering has put forward proposed arrangements with the Victorian racing industry and will now enter into discussions to finalise those arrangements. The financial aspects of the proposed arrangements largely reflect the financial arrangements which were included in draft agreements provided to Tabcorp Wagering as part of the licensing process.

Until those arrangements are finalised with the Victorian racing industry, their terms remain uncertain. The Victorian Government is able to direct the holder of the Victorian Wagering and Betting Licence to enter into arrangements with the Government or third parties relating to the Licence. Tabcorp will make a further announcement once formal agreements with the Victorian racing industry have been entered into.

Tabcorp currently estimates the Victorian Wagering and Betting Licence will generate EBITDA of approximately \$120 million¹ in the first full financial year of operation.

¹ Refer to Annexure A for further details, including assumptions and limitations in relation to this estimate.

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Tabcorp Wagering will pay a Licence fee of \$410 million to the Victorian Government shortly. Tabcorp intends to fund that payment from debt facilities. Tabcorp has entered into an agreement to underwrite its Dividend Reinvestment Plan participation to 50% for the next two dividends.

Obtaining the Victorian Wagering and Betting Licence ensures that Tabcorp will continue to be a leader in Australian wagering.

Tabcorp currently provides totalisator and fixed odds wagering in Victoria through a TAB branded retail network of 626 agencies and licensed venues, at 87 race tracks, over the phone, via pay TV and online. The Victorian TAB also operates a computer simulated racing game called Trackside in 621 Victorian wagering outlets, and conducts the co-mingling of wagering pools with various domestic and international wagering operators.

Since 1994, when it was granted the Victorian Wagering and Gaming Licences, Tabcorp's Joint Venture with the Victorian racing industry has returned more than \$4 billion to the three racing codes, giving Victoria one of the best funded racing industries in the world.

Tabcorp Managing Director & Chief Executive Officer, David Attenborough said Tabcorp would continue to invest in the Victorian wagering business to give customers access to world-class products and technology. "We are committed to operating a strong wagering business in Victoria. We will continue to invest in product innovation, our retail distribution and technology. Tabcorp has a proven record of working with the Victorian racing industry and other stakeholders to grow industry returns. Tabcorp looks forward to working with the three Victorian codes of racing to ensure Victoria remains one of the world's premier racing jurisdictions," Mr Attenborough said.

Tabcorp will continue to conduct wagering and betting with the highest levels of probity and transparency, complying at all times with the Responsible Gambling Code of Conduct. In 2010 Tabcorp was again acknowledged as a global leader in the promotion of responsible gambling through the Dow Jones Sustainability Index.

The Victorian Wagering and Betting Licence adds to the strong portfolio of businesses that Tabcorp operates.

In addition to Wagering in Victoria, Tabcorp's operations include:

- Wagering in NSW through a TAB branded retail network of 1,976 agencies and licensed venues, as well as telephone, on-course, pay TV and online channels.
- Tabsportsbet, the national leader in fixed odds betting on racing and sports, distributing its products through Tabcorp's retail channels as well as nationally through online, mobile and PayTV channels.
- Luxbet, a national online racing and sports bookmaker business based in the Northern Territory.
- Tabcorp's media business, which broadcasts more than 83,000 races a year to approximately 2.26 million homes and 5,400 commercial outlets across Australia.

- Gaming in Victoria, operating 13,350 electronic gaming machines in 263 licensed venues across the state. In August 2012, the Victorian gaming licence will expire, and Tabcorp has launched Tabcorp Gaming Solutions, which will operate a new gaming services business in the Victorian market from August 2012.
- Keno through more than 2,700 distribution points in NSW and Queensland. Tabcorp has recently been awarded the 10-year Victorian Keno licence, which it will operate from April 2012.

A copy of the Victorian Government announcement is attached.

For further information contact:

Media: Nicholas Tzaferis, General Manager - Group Corporate Affairs, 03 9868 2529

* * * * *

ANNEXURE A

Set out below is a summary of the key financial terms of the current Victorian Wagering Licence and Tabcorp Wagering's proposed financial arrangements with the Victorian racing industry, which have been used to estimate EBITDA from that Licence.

	Current Victorian Wagering Licence and arrangements with the Victorian racing industry	Victorian Wagering and Betting Licence and Tabcorp Wagering's proposed arrangements with the Victorian racing industry (from August 2012)²
Joint Venture (JV) profit share	<ul style="list-style-type: none"> • 75% Tabcorp • 25% Victorian racing industry • Includes share of gaming revenues 	<ul style="list-style-type: none"> • 50% Tabcorp • 50% Victorian racing industry • Gaming revenues no longer part of the JV
Sole retail wagering and betting licence under the Gambling Regulation Act 2003 (Vic)	<ul style="list-style-type: none"> • Sole licence authorising wagering and betting on approved betting competitions via a Victorian retail network 	<ul style="list-style-type: none"> • Sole licence authorising wagering and betting on approved betting competitions via a Victorian retail network
Tax rates under the Gambling Regulation Act 2003 (Vic)(incl. GST)	<ul style="list-style-type: none"> • Pari-mutuel (thoroughbred, harness and greyhound racing): 28.20% of revenue • Fixed odds: 20.00% of revenue • Trackside: 20.00% of revenue 	<ul style="list-style-type: none"> • Pari-mutuel (thoroughbred, harness and greyhound racing): 16.69% of revenue • Fixed odds: 13.47% of revenue • Simulated racing events (Trackside): 20.00% of revenue
Product fees	<ul style="list-style-type: none"> • Pari-mutuel: 18.8% of pari-mutuel revenue on thoroughbred, harness and greyhound racing • Fixed odds (racing): 1.0% of turnover • Fixed odds (sports): nil • Trackside: nil 	<ul style="list-style-type: none"> • Product fee of 15.0% of pari-mutuel, all fixed odds and simulated racing events (eg. Trackside) revenue and betting exchange commissions
Program fee	<ul style="list-style-type: none"> • \$50m, subject to indexation (approx. \$85m in FY2010) 	<ul style="list-style-type: none"> • \$72.6m, subject to indexation
Race fields	<ul style="list-style-type: none"> • Race fields fees on interstate product and international product effectively borne by Victorian racing industry, not the JV 	<ul style="list-style-type: none"> • JV will bear race fields fees on non-Victorian product, assumed to be 1.5% of turnover for interstate product

² As with the operations pursuant to the current Victorian Wagering Licence, it is assumed that the JV receives pooling commission revenue.

	Current Victorian Wagering Licence and arrangements with the Victorian racing industry	Victorian Wagering and Betting Licence and Tabcorp Wagering's proposed arrangements with the Victorian racing industry (from August 2012) ³
Asset Charge revenue	<ul style="list-style-type: none"> The JV pays Tabcorp a cash amount equal to depreciation and financing costs of capex. Tabcorp's net recovery is 25% of depreciation and financing costs given its 75% interest in the JV⁴. 	<ul style="list-style-type: none"> Tabcorp's net recovery is 50% of depreciation and financing costs given its 50% interest in the JV.
Victorian racing industry benefit	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Victorian racing industry to receive 11.51% of pari-mutuel revenue on thoroughbred, harness and greyhound racing, which is to be paid by the JV. The rate may change with reference to state tax rates that may apply
Minimum performance obligation	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Minimum aggregate amounts to be received by the Victorian racing industry, with Tabcorp Wagering to pay any shortfall <ul style="list-style-type: none"> \$337 million in FY2013; \$342 million in FY2014; a total of \$1 billion (including the amounts set out above) in respect of the period from licence commencement to the end of FY2015 These minimum aggregate amounts are subject to certain exceptions, (including in relation to retail exclusivity)

The estimate of EBITDA is based on the proposed arrangements with the Victorian Racing Industry referred to earlier and certain market, operational and other assumptions. The estimate relates to a period commencing in approximately 24 months and concluding 12 months later. The estimate is not a guarantee of future performance. Tabcorp's future performance will be impacted by known and unknown risks, uncertainties and other factors, many of which are beyond the company's control, which may cause actual results or performance to differ materially from those expressed in this announcement. The estimate and other forward looking statements in this announcement should be construed in light of such uncertainties and risk factors and reliance should not be placed on them. Forward looking statements in this announcement reflect views held at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the company does not undertake any obligation to publicly update or review any forward looking statements or any change in events, conditions or circumstances on which any statement is based.

³ As with the operations pursuant to the current Victorian Wagering Licence, it is assumed that the JV receives pooling commission revenue.

⁴ Includes approx \$6m for recovery of depreciation (representing 25%) which was not added to EBITDA under Tabcorp's current accounting policies. From August 2012, Tabcorp intends to include all of the Asset Charge in EBITDA.



Media release

The Hon Michael O'Brien MP

Minister for Gaming
Minister for Consumer Affairs
Minister for Energy and Resources

The Hon Dr Denis Napthine MP

Minister for Ports
Minister for Regional Cities
Minister for Racing
Minister for Major Projects

Tuesday 19 July 2011

Winning quinella with new wagering and betting licence to benefit Victorian racing industry

Victoria's racing industry and taxpayers will reap big benefits from the Victorian Coalition Government's decision announced today to award the new Wagering and Betting Licence to Tabcorp Wagering (Vic) Pty Ltd.

The new 12-year licence, which commences in August 2012, allows the licensee to conduct pari-mutuel and fixed odds betting, operate the only off-course retail network in Victoria, establish and operate a Betting Exchange in Victoria to support account based betting and conduct approved simulated racing events.

As part of the licence terms, Tabcorp will make an up-front premium payment to the Coalition Government of \$410 million.

"This is an outstanding result and will achieve the quinella of excellent value for money for this asset and a fair deal for the racing industry," Mr O'Brien said.

"As the successful licensee, Tabcorp will be responsible for delivering the entertainment, jobs and social benefits that Victorians expect of the wagering industry."

Mr O'Brien said Tabcorp was chosen following extensive evaluation of two very strong bids and had clearly demonstrated the required expertise.

Minister for Racing Denis Napthine said today's announcement would further secure the financial future of Victoria's racing industry by delivering increased revenue in real terms above current arrangements.

"The Victorian racing industry and Tabcorp will work together for the future of the industry," Dr Napthine said.

"Tabcorp has made a binding offer to the racing industry that is no less favourable than the current arrangements and the two parties will commence negotiations immediately to finalise the terms of their joint venture arrangements.

.../2

“The Coalition Government is committed to continued growth in the Victorian racing industry so that it remains the number one racing state in Australia and has already commenced work with these parties to enable a smooth transition in 2012.”

As part of the bid evaluation, Tabcorp was required to show it has a business approach consistent with Victoria’s responsible gambling principles. Both Tabcorp and its agents will be required to comply with the Responsible Gambling Code of Conduct which will be monitored and enforced by the Victorian Commission for Gambling Regulation.

The Gambling Licences Review project is subject to two levels of probity, with both an independent probity auditor and the Independent Review Panel providing oversight to ensure transparency of the licensing process. The Panel’s report found no impediment to the Minister making the decision.

For information on the Gambling Licences Review process, go to www.gamblinglicences.vic.gov.au. Information on transition to the new gambling arrangements commencing in 2012 is available from the Victorian Commission for Gambling Regulation www.vcgr.vic.gov.au.

Media contact: **Simon Troeth (Minister O’Brien) 0439 300 335**
 Mark Lee (Minister Napthine) 0408 547 381

Wagering and Betting Licence

Gambling Licences Review

Legislation

- The overall structure of wagering and the racing industry is governed by two pieces of legislation – the *Gambling Regulation Act 2003* and the *Racing Act 1958*.

Background

- The Totalisator Agency Board (TAB) was established in 1960 as a legal off course betting agency. Racing clubs received a proportion of revenue generated by new off-course agencies, and shortly after, phone betting. Prior to 1960 racing industry income was from on-course betting with individual club totalisators or on-course bookmakers who paid fees and a percentage of their take to the club.
- In 1994, the TAB was floated as a public company. At the same time, the current Victorian wagering licence was granted to Tabcorp Holdings Limited (Tabcorp) to provide off course wagering services to Victoria. This licence expires in 2012.
- Under the current licence structure, the *Gambling Regulation Act 2003* specifies that the current Wagering Licence is linked with a gaming operator's licence that will also expire in 2012. The gaming operator's licence will no longer exist from August 2012 and a venue operator model will commence.
- The new 12-year Wagering and Betting Licence will be a single pari-mutuel and fixed odds licence. This means that the new Wagering and Betting Licence will operate separately from gaming.
- The new Wagering and Betting Licence allows the Licensee to:
 - conduct pari-mutuel and fixed odds betting
 - establish and operate a Betting Exchange in Victoria, to support account based betting
 - conduct approved Simulated Racing Events.
- All licensees are required to comply with the State's Responsible Gambling Code of Conduct, which is regulated by the Victorian Commission for Gambling Regulation (VCGR).
- The VCGR regulates all forms of legalised gambling in Victoria and administers Victoria's gambling legislation by licensing, educating and advising members of the gambling industry and the general public.

For more information

- The final Wagering and Betting Licence and Related Agreement will be published on the VCGR website (www.vcgr.vic.gov.au) at Licence Information > Wagering.
- For information on the Gambling Licences Review process, go to www.gamblinglicences.vic.gov.au.
- Contact the VCGR at wagering.enquiries@vcgr.vic.gov.au.

Wagering and Betting Licence

Gambling Licences Review

Victorian Racing Industry

Key statistics about the Victorian Racing Industry

2009-2010 Wagering Turnover	\$4,442.8m
2009-2010 payments to VRI	\$322m
Number of authorised wagering outlets	630 (approx.)

- The Victorian Racing Industry (VRI) is a collective term for the activities of horse racing, harness racing and greyhound racing in or in relation to Victoria. The day to day operation and oversight of the racing industry is undertaken by the VRI which licences and supervises industry participants and provides support and direction for racing clubs.
- Under the *Racing Act 1958*, there are three bodies charged with controlling, developing and promoting the respective racing codes under the VRI:
 - Racing Victoria Limited for thoroughbred racing
 - Harness Racing Victoria
 - Greyhound Racing Victoria.
- The current Wagering Licence is conducted by Tabcorp as an unincorporated joint venture formed to operate a wagering and gaming business in Victoria.
- The VRI's participation is held through VicRacing and Racing Products Victoria. Racing Products Victoria provides racing services to Tabcorp in return for a racing program, product supply and marketing fees. VicRacing and Racing Products Victoria distribute this income to the three racing codes.
- There is an extensive schedule of Approved Racing Events and Approved Sports Betting Events on which bets are able to be accepted under the Licence. Nationally, based on historical data, some of the major features of the event schedule include:
 - in 2009-10, there were 567 thoroughbred race meets, with 4,472 races
 - in 2009-10, there were 823 greyhound race meets
 - in 2009-10, there were 506 harness race meets
 - in 2010, there were 200 Australian Football League events.

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-47" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-47**

Tabcorp Media Release - Agreement to extend Tabcorp's
NSW retail wagering licence exclusivity (20 June 2013)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

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20 June 2013

Agreement to extend Tabcorp's NSW retail wagering licence exclusivity

Tabcorp Holdings Limited is pleased to announce that it has reached an in-principle agreement with the NSW Government to extend the exclusivity period of its NSW retail wagering licence for 20 years to June 2033.

The exclusivity extension entitles Tabcorp's subsidiary, Tab Limited (**TAB**), to continue operating as the sole provider of totalizator and fixed odds betting in a retail environment until June 2033. While TAB's NSW retail wagering licence does not expire until 2097, its exclusivity would otherwise have expired on June 22, 2013.

TAB has agreed to pay \$75 million to the NSW Government to extend the exclusivity period, which comprises an initial payment of \$50 million and the balance over a 10 year period from 2024, subject to the terms and conditions of an agreement between the parties. The exclusivity extension is subject to legislative amendments.

TAB offers totalizator and fixed odds betting on racing and sport through a retail network of approximately 2,130 agencies, hotels and clubs in NSW. TAB has a unique multi-channel business, which also includes digital, on course and telephone wagering.

Tabcorp's CEO and Managing Director, David Attenborough, said: "This is a great outcome for TAB, but it is also the right outcome for the NSW racing industry. This successful funding model returned \$238.6 million to NSW's thoroughbred, harness and greyhound racing industries in FY12."

Tabcorp is a responsible and trusted operator of wagering. In 2012 the company was again recognised as the global gambling leader by the annual Dow Jones Sustainability Index and received a 100% rating in the 'Promoting Responsible Gambling' category for the sixth successive year.

Tabcorp was advised by Greenhill on this matter.

For more information:

Financial analysts: Damien Johnston, Chief Financial Officer, 03 9868 2583

Media: Nicholas Tzaferis, GM Corporate Affairs, 03 9868 2529

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-48" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-48**
Tabcorp Media Release - Tabcorp completed ACTTAB acquisition

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



MEDIA RELEASE

Tabcorp completes ACTTAB acquisition

Tabcorp Holdings Limited ("Tabcorp") today announced that it has completed the acquisition of ACTTAB, following the satisfaction of conditions precedent, including the receipt of ACCC clearance and various regulatory approvals.

Tabcorp entered into an agreement with the ACT Government in July 2014 to acquire ACTTAB for \$105.5 million.

As part of the acquisition, Tabcorp has been issued a 50 year exclusive totalisator licence, a sports bookmaking licence for an initial term of 15 years with further rolling extensions to a total term of 50 years, and ongoing approvals to offer Keno and Trackside products for 50 years.

"ACTTAB provides Tabcorp with long-life licences with low tax and product fee regimes that complement our existing Wagering, Keno and Trackside businesses," said Managing Director and Chief Executive Officer, David Attenborough.

"We welcome ACTTAB into our portfolio and look forward to bringing our skills and capabilities to the ACT market. We intend to enhance the range of products and channels for ACTTAB customers."

Tabcorp has funded the acquisition from existing bank facilities. Tabcorp expects the acquisition will generate EBITDA of approximately \$14 million in the year following completion of integration of the business and will be EPS accretive. Integration is expected to take around 12 months.

The ACT Government has agreed to certain protections which provide greater regulatory certainty in respect of the key terms of the licences.

Tabcorp is recognised as a world leader in sustainability and in the responsible service of gambling. The Dow Jones Sustainability Index has ranked Tabcorp as the global gambling industry leader for nine of the past ten years.

[Download the PDF](#)

Recent Media Releases

Tabcorp and NZRB reach new trans-Tasman broadcast, wagering and pooling deal

New broadcasting and wagering rights for Australian and New Zealand racing have been confirmed under agreements reached between Tabcorp and the New Zealand Racing Board (NZRB).

[Read more](#)

Tabcorp and Racing Queensland sign agreement

Tabcorp Holdings Limited and Racing Queensland are pleased to have signed a deed of understanding in the context of the proposed combination of Tabcorp and Tatts Group.

[Read more](#)

Federal Court approves AUSTRAC settlement

As outlined in the ASX release on 16 February 2017 'AUSTRAC proceedings resolved (subject to Court approval)', Tabcorp and AUSTRAC have entered into an agreement to settle the Federal Court Proceedings. The Federal Court has today approved that settlement, under which Tabcorp will pay a penalty of \$45.0 million (plus AUSTRAC's legal costs on an agreed basis).

[Read more](#)

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-49" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-49**
Tabcorp Media Release - Tabcorp to acquire ACTTAB
(30 July 2014)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

*
* 30 July 2014 *

Tabcorp to acquire ACTTAB

Tabcorp Holdings Limited ("Tabcorp") today announced that it has agreed with the ACT Government to acquire ACTTAB for \$105.5 million.

ACTTAB is a Territory-owned provider of totalisator and fixed odds wagering, Keno and Trackside products. The business offers its services and products through a distribution network comprised of 53 retail outlets located throughout the ACT as well as telephone and internet platforms.

As part of the acquisition, the ACT Government will issue to Tabcorp a 50 year exclusive totalisator licence, a sports bookmaking licence for an initial term of 15 years with further rolling extensions to a total term of 50 years, and ongoing approvals to offer Keno and Trackside products for 50 years.

The ACTTAB totalisator and sports bookmaking licences are highly attractive. Ongoing payments to be made by Tabcorp in respect of the totalisator are limited to an annual licence fee of \$1 million and CPI increases. There is no wagering tax payable to the Territory on the totalisator licence. The wagering tax payable to the Territory on the sports bookmaking licence currently has an expected effective tax rate of less than 1% of turnover.

Tabcorp's close proximity to the ACT market, as well as existing pooling and fixed odds management arrangements with ACTTAB, provide operational alignment and a deep understanding of ACTTAB's market.

Tabcorp's Managing Director and CEO, David Attenborough, said: "The acquisition of ACTTAB presents a unique opportunity for Tabcorp to secure long-term licences on highly favourable terms in a jurisdiction that is complementary to our existing Wagering and Keno businesses in Victoria and New South Wales. We look forward to leveraging our capabilities to strengthen the product offering available to ACTTAB customers and to deliver the best outcome for the racing industry and other stakeholders including our venue and community partners."

Tabcorp intends to fund the acquisition from existing bank facilities. Tabcorp expects the acquisition will generate EBITDA of approximately \$14 million in the year following completion of integration of the business and will be EPS accretive. Integration is expected to take around 12 months.

The ACT Government has agreed to certain protections which provide greater regulatory certainty in respect of the key terms of the licences.

The acquisition is subject to regulatory approvals, including ACCC clearance. Tabcorp expects to announce completion of the acquisition within the next few months.

Tabcorp is recognised as a world leader in sustainability and in the responsible service of gambling. The 2013 Dow Jones Sustainability Index has ranked Tabcorp as the global gambling industry leader for eight of the past nine years.

For more information:

Financial analysts: Lachlan Fitt, GM Investor Relations and Strategy, 02 9218 1414

Media: Nicholas Tzaferis, GM Corporate Affairs, 03 9868 2529

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-50" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-50**
Canberra Times - Tabcorp Buys ACTTAB (30 July 2014)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



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JULY 30 2014

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Tabcorp buys ACTTAB in \$105.5 million deal

Kirsten Lawson

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The ACT government has sold ACTTAB for \$105.5 million in a 50-year deal with Tabcorp that will bring a significant boost to the territory budget. Tabcorp will also pay an annual licence fee of \$1 million, indexed for CPI.

Tabcorp, one of the country's biggest gambling companies, owns the former government TABs in NSW and Victoria. Its deal gives it a guaranteed 50 years as exclusive owner of the totalisator licence. It also gets a sports bookmaking licence for 15 years plus extensions for 50 years, and rights over Keno and Trackside for 50 years.

Tabcorp said the totalisator and sports bookmaking licences were highly attractive, with the licence fee limited to \$1 million a year and no betting tax on the totalisator licence. Tax on the sports bookmaking licence was less than 1 per cent of turnover.

Tabcorp has agreed to keep existing staff on current conditions for three months after the sale – which is subject to probity checks by the Gambling and Racing Commission and clearance by the Australian Competition and Consumer Commission – takes effect.

It has also agreed to sponsor the local racing industry by at least \$300,000 a year for 10 years, an increase on ACTTAB's \$200,000. It will sponsor local community and sporting groups with at least \$400,000 a year, in line with the amount from ACTTAB.

Treasurer Andrew Barr said Tabcorp had made some big commitments and he was happy with the price. "The fundamental issue for ACTTAB was that it needed a big investment of capital and it's just got that," he said.

Advertisement

Advertisement

But union organiser Rudi Oppitz said staff had received little reassurance. "What transpires after the three months is not so clear," he said.

"Tabcorp are saying that their intentions are that there will be a presence down here, that they do want to operate out of Canberra, but exactly what that actually means ... there's no certainty around that."

The 130 staff were anxious, Mr Oppitz said. "Having certainty for three months gives them small amount of comfort, but because the announcement lacks any detail in terms of what their futures might look like they're extremely anxious."

While the government gets a big boost to its budget – and expects the sale will qualify for the federal asset recycling bonus if it passes the Senate, worth another \$16 million – it also forgoes an annual income stream from ACTTAB. In 2013-14 that amounted to \$1.7 million in licence fees, \$420,000 in income tax equivalents and just under \$1 million in dividends.

ACTTAB has 53 outlets – shopfronts and outlets at pubs and clubs. Under the deal, Tabcorp has agreed to keep 20, but the government has not specified what kind.

The deal also provides for compensation if future governments make significant changes, through new taxes or changes to the licence.

Mr Barr said Tabcorp was likely to grow the business. "Obviously you need to talk to them about their future business plans but there's every reason to think that having made an investment of this scale that they are going to want to grow this business in a big way and it might lead to more employment."

Liberal Treasury spokesman Brendan Smyth said the price looked good, but only time would tell whether there were sufficient protections for the local racing industry and staff.

"We need to be careful that the government simply doesn't wash its hands of the future of the racing industry in the ACT," he said.

The government says it will continue to fund local racing by \$8 million a year.

CLSA analyst Sacha Krien said the low-tax deal would give Tabcorp leverage in negotiations with the Victorian government when its licence in that state runs out in 2024.

"The company could effectively shift accounts to the low-cost ACTTAB without any change in the experience for phone and internet customers," Mr Krien said.

JP Morgan analyst Matt Ryan said the low-cost licence gave Tabcorp "optionality" on where it directed its betting revenue from customers who lived outside NSW and Victoria.

Tabcorp was set up as a public company in 1994 by the Kennett government in Victoria. The NSW government sold its TAB by public float in 1997, then in 2004 the Victorian Tabcorp launched a successful takeover bid for the NSW company.

Tabcorp also owns Northern Territory online bookmaker Luxbet and the Sky racing channels and Sky sports radio. ACTTAB is a small bolt-on for Tabcorp. The annual amount bet by Canberrans, about \$170 million, is less than what Tabcorp takes in on Melbourne Cup day – its busiest day of the year.

The West Australian TAB is the only one left in government hands.

- With Jessica Gardner

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RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-51" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-51**

Tatts ASX Announcement - New Framework for Race and Sports Wagering in QLD (27 June 2014)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

ASX ANNOUNCEMENT

27 June 2014



NEW FRAMEWORK FOR RACE AND SPORTS WAGERING IN QUEENSLAND

Tatts Group today reached in-principle agreement with the Queensland Government and Racing Queensland (RQ) to establish a new framework for the conduct of race and sports wagering in Queensland. This new model has been established following the call for Expressions of Interest issued by RQ on 17 January 2014. The new arrangements are subject to legislative amendments.

In announcing the new framework Tatts Group's Managing Director and CEO, Robbie Cooke said:

"We believe the new model builds a true partnership approach between Racing Queensland, the Government and Tatts to drive a prosperous future for racing in Queensland through a sustainable model that recognises the needs of all participants."

The new arrangements will see the term of Tatts' sports wagering licence extend 61 years and brought into line with the Group's race wagering licence, with both licences to expire on 30 June 2098. Importantly retail exclusivity has been secured for a further 30 years under each licence (until 30 June 2044).

The new framework seeks to level the playing field, which to date has enabled out-of-state betting operators to exploit more beneficial tax regimes to target Queensland customers, siphoning significant revenues away from the Queensland industry. Specifically the new Queensland regime will see the tax rate on pari-mutuel betting reduce from 20% to 14% of commissions, whilst the rate applicable to fixed-price betting will decrease from 20% to 10% of gross revenue. In commenting on this Robbie Cooke said:

"Our wagering franchise is now well positioned to fight back against the predatory operators who have for too long exploited the fiscal imbalance that has existed in the Australian wagering landscape"

Existing product fee arrangements with the racing industry will be maintained with the continuation of the current variable product fee at 39% of gross wagering revenue. Tatts' right to directly offset race field fees from the product fee payable will continue as has occurred in the past - except in the event that the offset exceeds RQ's race field fee receipts from other operators (or if the offset exceeds the portion of product fee generated from non-Queensland racing), in which case the shortfall will be shared 60% by Tatts and 40% by RQ. In this scenario the parties may seek to renegotiate the appropriate approach in apportioning any future shortfall.

A new \$15 million (indexed to 80% of CPI) annual fixed product fee will be paid to the racing industry, together with a 2.5% share of fixed-price sports betting revenue generated from 'bricks and mortar' retail outlets (capped at a maximum of \$5 million p.a. indexed).

Tatts will pay the State \$150 million as a license fee, to be paid in four equal instalments on 1 July 2014, 1 July 2016, 1 July 2020 and 1 July 2023.

In addition RQ and Tatts have agreed to form joint ventures in the future on a number of initiatives that will generate potential additional revenue for the racing industry.

In announcing this new deal, RQ and Tatts have also agreed to end the current litigation with respect to the treatment of race field fees on the basis that each party release each other from all claims and meet their own costs.

More details with respect to the new arrangements can be found in the Annexure attached.

Contact: Robbie Cooke, CEO & Managing Director (07) 3435 4478

TATTS GROUP LIMITED ABN 19 108 686 040 | www.tattsgroup.com



ASX ANNOUNCEMENT

27 June 2014



ANNEXURE

KEY TERMS – NEW FRAMEWORK FOR RACE AND SPORTS WAGERING QUEENSLAND

Item	Existing Framework	New Framework
1. Licencing Framework	A. <u>Race Wagering Licence</u> (a) Expiry date 30 June 2098 (b) Sole retail licence B. <u>Sports Wagering Licence</u> (a) Expiry date 30 June 2037 (b) Sole retail income until 30 June 2014	A. <u>Race Wagering Licence</u> (a) No change (b) Sole retail licence B. <u>Sports Wagering Licence</u> (a) Expiry date 30 June 2098 (b) Sole retail licence until 30 June 2044 (30 years)
2. Tax Framework (inc. GST)	A. <u>Pari-mutuel Racing & Sport</u> (a) 20% of commission (gross deduction) B. <u>Fixed-price Racing & Sport</u> (b) 20% of gross revenue (player loss)	A. <u>Pari-mutuel Racing & Sport</u> (a) 14% of commission (gross deduction) B. <u>Fixed-price Racing & Sport</u> (b) 10% of gross revenue (player loss)
3. Product Fee	A. <u>Variable Product Fee</u> (a) 39% of gross wagering revenue (b) Direct offset against variable product fee for Australian race field fees and international racing costs (Offset)	A. <u>Variable Product Fee</u> (a) No change (b) No change – except in circumstances where Offset amount exceeds Racing Queensland race field receipts (or exceeds portion of product fee generated from non-Queensland racing product) – in which case resultant shortfall shared 60/40 Tatts/Racing Queensland. In this situation any party may seek to renegotiate the appropriate approach to apportioning any future shortfall. (c) A 2.5% share of fixed-price sports betting revenue generated from Queensland 'bricks and mortar' retail outlets capped at \$5 million p.a. (indexed). B. <u>Fixed Product Fee</u> (a) \$15 million per annum (Indexed to 80% of CPI percentage increase).
4. Licence Payment	-	\$150 million paid to the State via staged payments: - 25% 1 July 2014 - 25% 1 July 2016 - 25% 1 July 2020 - 25% 1 July 2023
5. Regional Marketing Fund	-	Commitment to expend \$5 million over 5 years on incremental marketing and promotional activities to promote regional and country racing in Queensland.

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ASX ANNOUNCEMENT

6. Joint Ventures	-	RQ and Tatts have agreed to create 50/50 joint ventures in the future on a number of initiatives that will generate potential additional revenue for the racing industry. The conduct of virtual racing in 'bricks and mortar' retail outlets is expected to be the first opportunity investigated
7. On-course betting signage	-	Exclusive betting partner for on-course advertising.
8. Business Commitment Undertaking	-	Tatts has committed to agreed levels of marketing activities and network expansion (including Self Service Terminals).

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-52" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-52**
Tatts ASX Release - Tatts acquisition of Tote Tasmania
(1 December 2011)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



1 December 2011

ASX RELEASE

Tote Tasmania

Tatts Group has agreed to buy the Tasmanian TAB (Tote Tasmania) for \$103M. The acquisition will be funded from existing loan facilities and cash.

Tote Tasmania provides Tatts Group's wagering subsidiary, TattsBet, with access to the Tasmanian racing and sports wagering market. The business will become part of the TattsBet pooling and fixed price wagering systems which currently operate in Queensland, Northern Territory and South Australia.

The Tasmanian race wagering licence is for 50 years, plus an option for an additional 49 years at no additional cost. It offers exclusive access for 15 years to the Tasmanian retail wagering market through 26 TABs and 110 outlets hosted in hotels and clubs. Tote's retail and account betting turnover in the 2011 financial year was \$260M.

The Tote licence provides TattsBet with an efficient and attractive wagering model. Payments made by Tote are limited to an annual wagering levy which is currently \$6.58M, GST, and race field fees. This is the most favourable totalisator wagering licensing regime in Australia.

Tote Tasmania also operates a wholesale wagering business. A proportion of this turnover will be handled in the TattsBet wagering pools. Tatts will explore other ways to accommodate the remainder.

Tatts expects that the Tote retail business will contribute in excess of \$13M of EBITDA in FY2013. Tatts expects to complete the acquisition in March 2012.

The transaction is subject to regulatory approvals including the ACCC.

Contact:

Ray Gunston – Chief Financial Officer – (03) 8517 7961

Michael Mangos – General Manager, External Communications – (03) 8517 7443

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-53" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-53**

Tatts ASX Announcement - Grant of Totalisator Licence to
UBET in NT (3 November 2015)

Tatts ASX Announcement - NT Totalisator Licence
(21 August 2015)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Northern Territory Totalisator Licence

Further to the announcement made on 21 August 2015, Tatts Group Limited's wholly owned subsidiary, Ubet NT Pty Ltd (**UBET**) has been granted a new 20 year exclusive totalisator licence with effect from 1 November 2015.

UBET is the current totalisator licence holder in the Northern Territory and the new licence arrangements continue to provide UBET with exclusive access to the Northern Territory retail totalisator and fixed odds wagering market.

Throughout the term of the licence, an annual licence fee (\$250,000 subject to indexation) is payable to the Northern Territory, together with ongoing fixed and variable payments to the racing industry.

Media enquiries please contact:
Carolyn Prendergast
Head of Corporate Communications

Ph: (07) 3435 4543
Mob: 0409 910 561
E: carolyn.prendergast@tattsgroup.com

Analysts and institutions please contact:
Monique Rennell
Executive Assistant to CEO

Ph: (07) 3435 4478
E: monique.rennell@tattsgroup.com

ASX Announcement

21 August 2015



Northern Territory Totalisator Licence

Tatts Group was today advised by the Northern Territory Government that it has been selected as the preferred licensee for the new totalisator licence.

The new licence is subject to settling satisfactory terms and conditions by 30 October 2015.

Tatts Group looks forward to working with the Northern Territory Government to finalise the terms and conditions of the new licence.

Media enquiries please contact:

Carolyn Prendergast
Corporate Communications Manager

Ph: (07) 3435 4543

Mob: 0409 910 561

E: carolyn.prendergast@tattsgroup.com

Analysts and institutions please contact:

Giovanni Rizzo
General Manager – Investor Relations

Ph: (07) 3877 1002

Mob: 0409 578 247

E: giovanni.rizzo@tattsgroup.com

Monique Rennell
Executive Assistant to CEO

Ph: (07) 3435 4478

E: monique.rennell@tattsgroup.com

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-54" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-54**
Tabcorp Wagering & Media Revenues - Migration to ACT

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Tabcorp Wagering & Media Revenues – Migration to ACT

Source: Tabcorp's results presentation on 4 February 2016

2. Wagering & Media: Revenues by state and product

\$m	NSW 1H16	Change on pcp	Vic 1H16	Change on pcp	ACT 1H16	Change on pcp	Total 1H16	Change on pcp
Racing	477.3	2.6%	220.8	2.5%	13.0	109.7%	711.1	3.5%
Sports	60.8	(10.3%)	18.5	(5.6%)	0.9	200.0%	80.2	(8.6%)
Trackside	22.3	(4.3%)	14.1	(2.8%)	0.3	n/a	36.7	(2.9%)
Luxbet							25.0	(5.7%)
Media							85.8	(0.6%)
Other							34.2	(3.1%)
Revenues	560.4	0.7%	253.4	1.6%	14.2	118.5%	973.0	1.3%

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-55" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure NDT-55
Racing Victoria 2016 Annual Report Extract

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Notes to the financial statements

for the year ended 30 June 2016

	30 JUNE 2016	30 JUNE 2015
	\$'000	\$'000
2. Profit from Operations		
(a) Revenue		
Revenue from operations consisted of the following items:		
Joint venture distributions	192,549	205,085
International distributions	7,076	5,872
Race fields	139,914	129,395
Total wagering revenue	339,539	340,352
Media rights	20,152	3,317
Media services	5,290	1,463
Publications	8,948	2,278
Racing	2,618	2,804
Scratching fees	1,220	1,052
VOBIS	4,082	3,910
Racecourse infrastructure program	15,186	1,221
Industry service recoveries	1,680	1,772
Rent received	791	895
Marketing and sponsorship	1,189	956
Interest	1,698	661
Other	319	531
	402,712	361,212

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-56" annexed to the statement of NICHOLAS TYSHING dated 12 April 2017.

Annexure **NDT-56**

The Age - Victoria could raise \$150 million off new
wagering tax (5 February 2017)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Victoria could raise \$150 million off new wagering tax

Richard Willingham, State Political Correspondent
Published: February 5, 2017 - 5:44PM

The success of a new tax on wagering in South Australia will be watched closely by the Andrews government amid estimates it could raise up to \$150 million if implemented in Victoria.

From July, South Australia will impose a 15 per cent point of consumption tax on punter losses made in the state. The policy has been resisted by online bookmakers such as Sportsbet, Ladbrokes and Bet365 which last year joined forces in a campaign to "stop the punters tax".

A Credit Suisse analysis of the potential impact of the new tax regime on gambling giant Tabcorp, published last week, shows that if implemented in Victoria it could raise about \$150 million.

In South Australia it is estimated the tax would raise \$30 million.

Currently Tabcorp, Tatts Group and WA racing pay nearly 100 per cent of Australia's wagering taxes, about \$289 million through their retail betting licences, the TAB in Victoria, while commanding 71 per cent market share.

"Corporate bookmakers licensed in the NT pay, in aggregate, less than \$10 million in state taxes," the Credit Suisse report says.

The analysis suggested if Victoria imposed just a 10 per cent tax rate on the \$1.4 billion of wagering revenue it could raise \$140 million, this would include a \$30 million cost increase to Tabcorp with the rest of the tax burden placed on corporate bookies.

If the policy was implemented around Australia and returned wagering tax levels to previous levels "it would just about wipe out all bookmakers' EBITDA (earnings before interest, taxation, depreciation and amortisation) in Australia," according to Credit Suisse.

Last year UBS predicted that should more states adopt the tax it would hit corporate bookmakers harder than Tatts and Tabcorp, which would affect profits and marketing budgets.

Bookmakers are spending millions of dollars on advertising in an effort to grab market share.

The Credit Suisse analysis shows that when a point of consumption was implemented in the UK in 2014 it did reduce profits of some bookies but did not send any into the red.

Industry sources in Australia highlight how corporate bookies are already paying product fees to sport they offer markets on, unlike the UK.

Tabcorp chief executive David Attenborough recently told shareholders that his company would encourage "other state and territory governments to consider similar models".

The tax in South Australia has potential legal challenges with most corporate bookies based in the Northern Territory and some argument about what constitutes the point of consumption.

The Victorian government will monitor the tax's impact in South Australia on the state budget and the gambling sector, but a spokesman for Treasurer Tim Pallas said the government had no current plans to implement the tax.

This story was found at: <http://www.theage.com.au/victoria/victoria-could-raise-150-million-off-new-wagering-tax-20170205-gu5wrq.html>

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-57" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-57**
The Australian - Lottery strength lifts Tatts revenue
(18 August 2016)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

THE AUSTRALIAN

Lottery strength lifts Tatts revenue



Tatts CEO Robbie Cooke. Picture: Jamie Hanson.

SARAH-JANE TASKER, MICHAEL RODDAN THE AUSTRALIAN 12:45PM August 18, 2016

Tatts boss Robbie Cooke has joined his main rival to attack foreign bookmakers, arguing some are circumventing the tax and duty system for their own financial benefit.

Mr Cooke, who today delivered a 7.2 per cent fall in annual profit to \$233.8 million, added his voice to the increasing debate around wagering reform, which is set for a shake-up this year on the back of anti-gambling Senator Nick Xenophon increasing his parliamentary power.

The Federal Government has already flagged it will push for new reforms this year and the Northern Territory, which licences most of the foreign corporate bookmakers operating in Australia, has flagged it is reviewing its regulatory framework.

David Attenborough, head of wagering giant Tabcorp, also used his annual results to attack the corporate bookmakers for their Australian tax arrangements and call for further reform.

Mr Cooke said today that the regulatory outlook had improved for the company's wagering division, which recorded its first full reporting year under the new rebranded Ubet banner.

The boss of Tatts ([TTS](#)), which derives the bulk of its revenue from its lotteries division, hinted at his support for South Australia's move to hit corporate bookmakers with a new 15 per cent tax.

He said the "gradual awakening" of state and territory governments to, what he said, was the taxation leakage occurring from certain betting companies operating out of virtually tax free jurisdictions was a positive.

"Tatts pays \$1.4 billion in lotteries and wagering tax and duty to state and territory governments," he said.

"The fiscal position of these jurisdictions is damaged by operators who are circumventing the tax and duty system for their own financial benefit, and in some cases deceiving customers as to the true nature of their product offering."

Tatts booked a net profit of \$233.8 million for the year through June, a 7.2 per cent fall year-on-year, impacted by the company's long running and now concluded pokies compensation litigation, and the loss arising on the sale of its UK slots operation, Talarius.

Revenue for the group was up 3.8 per cent to \$3.03bn.

"All-in-all, our business renewal program is delivering, it positions us well for future growth, and has at its core a focus on maximising value from our unique portfolio of gambling assets," chief executive Robbie Cooke said. "It is really satisfying to see the digital initiatives we implemented over the last few years now driving strong sales outcomes," he said.

Analysts believe Tabcorp could revive [merger talks](#) with rival Tatts. The market has consistently suggested that Tatts' wagering arm would be better run by Tabcorp. Tatts derives about 70 per cent of revenue from its lotteries business.

Over the year, digital sales growth in lotteries lifted 32.2 per cent to now represent 13.5 per cent of lotteries sales.

"The group's lotteries operation was the standout performer," Mr Cooke said.

Tatts and Tabcorp, which combined would create a \$9bn gaming and lotteries giant, failed to reach an agreement during merger talks late last year.

"Transactionally, our logic in initiating the nil-premium merger of equals discussions with Tabcorp in mid- 2015, was the product of our quest for shareholder value creation, given the significant efficiencies the combination was capable of releasing," Mr Cooke said. "The additional attraction from the merger was the potential for the enlarged entity to embark on meaningful business expansion activities outside the Australian marketplace."

Tatts will pay an 8c dividend, bringing the year's total distribution to 17.5c — an increase of 1c on the prior year's payout.

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FROM THE HOMEPAGE >

US sends strike group to Korean peninsula ♦



DION NISSENBAUM

The US Navy cancelled planned port calls in Australia amid speculation North Korea may try another weapons test in coming days.

NSW Libs in downward spiral ♦



GRAHAM RICHARDSON

The self-inflicted damage to the Liberal brand was on show yet again this weekend in three by-elections.

A weapon of mad deception ♦



DOMINIC LAWSON

Russia is using ever wilder lies to defend Assad and is in too deep to stop.

'War crime on Russia's watch' ♦



TIM SHIPMAN

Britain and America will this week demand that Vladimir Putin pull the rug from Bashar al-Assad's blood-soaked regime.

'There's time to turn polls' ♦



RACHEL BAXENDALE

Peter Dutton says the government can win the next election "well" despite linking PM's hold to poor Newspann.

'There's sharks out here' ♦



John John Florence confirms he's the world's best surfer, winning the Margaret River Pro despite a shark scare | [WATCH](#)

No numbers: US-bound refugees ♦



RACHEL BAXENDALE

Peter Dutton is also adamant that no asylum seekers currently housed on Manus Island or Nauru will come to Australia.

Coal protest hits Westpac party ♦



GLENDA KORPORAAL

Westpac's 200th anniversary celebrations in Sydney were marred by protests against the proposed Adani coal mine.

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-58" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-58**

Federal Government's Department of Social Security –
Information page for Review of Illegal Offshore Wagering

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



Australian Government

Department of Social Services

Home » Communities and Vulnerable People » Programs & Services » Gambling » Review of Illegal Offshore Wagering

Review of Illegal Offshore Wagering

Illegal offshore wagering presents serious risks to Australia. It puts individuals at risk because legal and standard consumer protections are absent. Sport and racing integrity is at risk due to limited access to betting and transaction information. There is also lost taxation revenue for governments and fees for sports bodies and less revenue and jobs for Australians.

On this basis, and consistent with the election commitment to help problem gamblers, the Government commissioned the Review of Illegal Offshore Wagering on 7 September 2015 to investigate the size and scope of the illegal offshore wagering problem and advise on ways to strengthen our regulatory enforcement and protect Australians.

The Review of Illegal Offshore Wagering, led by the Hon Barry O'Farrell, consulted widely with state and territory governments, industry, community support services, Government departments and academics and also heard the personal submissions of individuals affected by problem gambling.

Mr O'Farrell provided his report to the Government on 18 December 2015.

The Government has accepted in full or in-principle 18 of the Review's 19 recommendations and noted one. Based on the Review's recommendations, the Government proposes to:

1. Establish a strong national consumer protection framework (details below).
2. Crack down on illegal offshore gambling providers by:
 - a. Amending the law to make it clear that it is illegal for overseas gambling companies to offer gambling products to Australian's; and empowering the Australian Communications Media authority (ACMA) with civil penalties to enforce the law.
 - b. Introducing other disruption measures to curb illegal offshore gambling activity, such as placing company directors of illegal offshore companies on the movement alert list.
3. Clarify the law by prohibiting 'click-to-call' in-play wagering services to respect the original intent of the *Interactive Gambling Act 2001*.

Quick Links

- [Government response to the Review of Illegal Offshore Wagering](#)
- [Resources and support services](#)
- [The facts about gambling](#)
- [Recovery Stories](#)

You can get immediate assistance by calling the National Gambling Helpline on 1800 858 858 for free, professional and confidential support 24 hours a day, 7 days a week.

For advice and help, visit [Gambling Help Online](#).

4. Not expand the online betting market in Australia by legalising in-play betting.

Interactive Gambling Act 2001 (Interactive Gambling Act)

The Government considers that Australian online betting agencies offering 'click-to-call' type in-play wagering services on websites and mobile phone applications are breaching the provisions and intent of the IGA.

On 10 November 2016, the Commonwealth Government introduced the Interactive Gambling Amendment Bill 2016, which amends the Interactive Gambling Act 2001, to implement key parts of the Government's response to the 2015 O'Farrell Review into Illegal Offshore Wagering.

The Bill will:

- amend the law to make it clear that it is illegal for overseas gambling companies to offer gambling products to Australians unless the person or company holds a licence under the law of an Australian State or Territory. Currently, the law is ambiguous as to whether or not it is illegal for offshore wagering companies to provide gambling products to Australians if they are not licenced in Australia;
- empower the Australian Communications and Media Authority (ACMA) with new civil penalties, complementing the existing criminal penalties powers held by the Australian Federal Police, and allow ACMA to be responsible for the entire complaint handling process from receipt to enforcement; and
- introduce other disruption measures to curb illegal offshore gambling activity, such as placing company directors or principals of offending gambling companies on the Movement Alert List so any travel to Australia can be disrupted.

In addition, the Bill will clarify the law by prohibiting 'click to call' in-play wagering services to respect the original intent of the Interactive Gambling Act.

National Consumer Protection Framework

In relation to point one, the Government wants to rapidly progress the national consumer protection framework. The Government is seeking input from the states and territories, industry and other stakeholders as to how each measure could operate and be implemented.

The measures include:

- *A national self-exclusion register for online wagering.* Many gambling providers allow self-exclusion, but they are not joined up with each other. The aim is to have a self-exclusion register which links all the providers: self-exclude on one, and you self-exclude on all.
- *A voluntary pre-commitment scheme for online wagering.* Voluntary pre-commitments should be offered to people on a regular basis. This is aimed at setting limits to help people control their gambling.
- *Prohibition of lines of credit being offered by wagering providers.* The Australian Government's view is that there is too much of a conflict of interest for a gambling company to be both a betting provider and effectively a bank offering credit.
- *A harmonised regulatory regime to ensure the offering of inducements are consistent with responsible gambling.*
- *The provision for operators to provide activity statements for online wagering on demand and on a regular basis.*
- *Standardised messaging and gambling counselling advice across the nation.*
- *A collaborative nation-wide research effort to assist with the development and evaluation of policy responses to gambling.*
- Operations to train staff in the responsible conduct of gambling through an accredited provider.
- Customer verification and reducing the current 90 day verification period.
- Discouraging links between online wagering operators and payday lenders.

- Greater national consistency in advertising of online wagering services.

Last updated: 6 December 2016 - 11:22am

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-59" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-59**

Interactive Gambling Amendment Bill - second reading
speech - Alan Tudge (10 November 2016)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

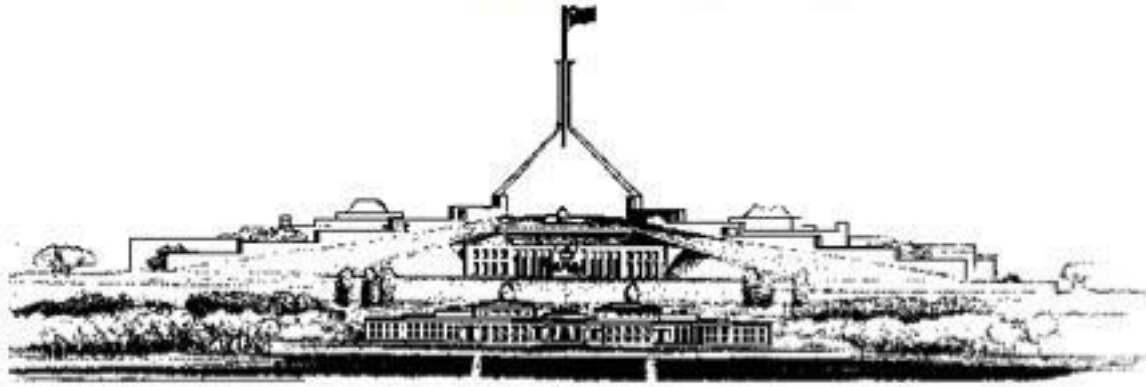
Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

Interactive Gambling Amendment Bill 2016

Second Reading

SPEECH

Thursday, 10 November 2016

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Thursday, 10 November 2016	Source House
Page 3453	Proof No
Questioner	Responder
Speaker Tudge, Alan, MP	Question No.

Mr TUDGE (Aston—Minister for Human Services) (09:32): I move:

That this bill be now read a second time.

Online gambling has grown with consumers moving away from traditional gambling products to betting online using smartphones, tablets and other digital devices. In 2014, \$2.4 billion was spent on online gambling by Australians—which was double the amount 10 years earlier. Australia's high rate of gambling expenditure and strong adoption of digital technologies makes it imperative that there is a strong and enforceable regulatory framework to protect Australians from the adverse effects of illegal online gambling services.

To support this objective, in April this year, the government announced it would implement 18 of the 19 recommendations in the 2015 illegal offshore wagering review in a three-staged process.

The Interactive Gambling Amendment Bill is the first stage of the government's process to implement the recommendations in the review. It will complement the other stages to establish a national consumer protection framework to minimise problem gambling and consult on other disruptive measures to stop offshore operators from providing illegal interactive gambling services to Australians.

Key findings of the illegal offshore wagering review

The review found that the amount of money being spent on illegal wagering services could be as high as \$400 million annually with a further \$100 million in lost taxation revenue and product fees. Previous estimates found the total amount of money spent on all illegal interactive gambling services was close to \$1 billion annually.

Offshore gambling has detrimental effects on the Australian wagering, racing and sporting industries, problem and at-risk gamblers, consumers and government. Offshore gambling operators do not pay Australian taxes, racing or sporting fees; they do not share information regarding suspicious betting activity with law enforcement or sporting bodies, which risks the integrity of Australian sport; they offer gambling services prohibited under Australian law; they can be used for money laundering and other criminal activities; and they provide minimal to no harm minimisation and consumer protection controls, which poses a threat to problem and at-risk gamblers.

The review showed that the rate of problem gambling is higher among interactive gamblers compared to gamblers more generally—2.7 per cent of interactive gamblers are problem gamblers, compared to 0.9 percent of all gamblers. The devastating effects of problem gambling are felt by not just the gambler but also his or her family, friends, colleagues and the community.

The review concluded that the aim of governments should be to reduce the scope of illegal offshore gambling activity and control the associated harms through a range of disruptive and deterrent measures and strong enforcement of regulation.

Minimal enforcement of the Interactive Gambling Act

The key piece of legislation to protect Australians against illegal online gambling services is the Commonwealth's Interactive Gambling Act. This act prohibits the provision and advertising of prohibited interactive gambling services to persons in Australia.

Stakeholders informed the review that the existing approach to enforcement of the Interactive Gambling Act was insufficient to deter offshore operators from providing prohibited online gambling services to Australians. There have been no prosecutions under the Interactive Gambling Act since its inception in 2001, despite a considerable number of complaints made by Australians in relation to illegal online gambling services.

The borderless nature of the internet enables Australians to access hundreds of illegal online gambling sites on their computers and smartphones. Stakeholders assert that offshore operators ignore the provisions of the IGA because they are not well enforced.

Criminal prosecution is considered likely to be unsuccessful or ineffective due to the competing priorities of the Australian Federal Police, uncertainty around the legality of services under the Interactive Gambling Act, evidence requirements and the offshore location of gambling operators.

Some of these challenges were highlighted in 2015 when a number of Australian licensed wagering operators launched 'click to call' in-play betting services. The ACMA assessed these services as potentially a prohibited interactive gambling service and referred the matter to the Australian Federal Police for investigation. The AFP declined to investigate due to competing priorities and ambiguity around the legality of these services under the Interactive Gambling Act.

The bill sets out to address these challenges. It will clarify the law regarding illegal online gambling services and empower the ACMA by strengthening the enforcement mechanisms under the Interactive Gambling Act.

Reforms to the Interactive Gambling Act

The bill will prohibit a person providing regulated interactive gambling services to Australians unless the person holds a licence under the law of an Australian state or territory. This amendment will clarify the licensing requirements for interactive gambling services in Australia and will provide a simple to establish key criterion for enforcement agencies when investigating whether to take action against unlicensed services. It is expected that reputable gambling organisations will obtain a licence in Australia or cease providing illegal services.

The reforms will introduce a civil penalty regime to be enforced by the ACMA which will allow the ACMA to be responsible for the entire complaint handling process from receipt to enforcement. The ACMA will be able to issue formal warnings and infringement notices and seek civil penalties and injunctions. This amendment will allow for a quicker and more focused response as formal investigation or prosecution processes will not depend upon the priorities of other agencies.

These penalties will also apply to any person who supports the provision of illegal interactive gambling services to Australians. Criminal offence provisions have been retained in the Interactive Gambling Act to allow the ACMA to refer complaints to the Australian Federal Police for more serious cases.

Interactive Gambling Act to allow the ACMA to refer complaints to the Australian Federal Police for more serious cases

The bill will prohibit 'click to call' in-play betting services. These services allow consumers to place a large number of bets in a short period of time, which can lead to serious gambling problems. The government is committed to closing down these services as they undermine the intent of the IGA to limit the scope of problem gambling in Australia.

The reforms will enable the ACMA to notify the Department of Immigration and Border Protection of the names of directors or principals of offending gambling services so they can be placed on the Movement Alert List and any travel to Australia can be disrupted.

These enforcement actions will be combined with a number of measures to build relationships with international regulators and raise awareness of Australian gambling laws and the risks associated with illegal gambling services.

Firstly, the ACMA will be able to notify international regulators of information relating to interactive gambling services. The offshore location of many gambling operators makes it difficult to enforce the IGA. Establishing productive relationships with international regulators to raise awareness of Australian gambling laws and receive assistance in any enforcement actions will assist the efforts of the ACMA to enforce the IGA in relation to foreign entities.

Secondly, some offshore gambling websites deliberately target Australian consumers by using Australian imagery and colloquialisms. Many consumers are unaware that these sites are not licensed in Australia and

that there is limited legal recourse if they run into any difficulties obtaining winnings or deposits from these operators. The bill will establish a register to be published on the ACMA website to raise awareness of wagering services that are licensed in Australia to ensure that persons looking to gamble will not inadvertently use an illegal offshore site.

The combination of clearer legislation, stronger enforcement measures and awareness raising activities will assist in ensuring Australians are protected from illegal gambling services.

Other related amendments to the Interactive Gambling Act

The bill contains related amendments to complement the ACMA's increased enforcement role, including to simplify and streamline the complaints handling and investigation process to remove mandatory requirements to refer matters to the police and enable the ACMA to handle the entire process from receipt of complaints to enforcement, similar to its complaints handling and enforcement role in relation to other legislation. The bill also contains provisions to clarify the legality of services provided in licensed gambling and wagering venues and for the development of a legislative instrument to determine what constitutes a sporting event for the purposes of in-play betting under the IGA.

As mentioned, this bill is the first stage of a three stage process the government is taking to implement the recommendations in the review.

The government is working with state and territory governments to establish a national consumer protection framework. It is imperative if we are to protect Australians from offshore gambling providers, we must ensure that proper protections exist in our own industry. The government is also consulting with internet service providers and financial payment organisations on technological options to further disrupt the access of illegal offshore gambling services.

Conclusion

For too long, the Interactive Gambling Act has struggled in its role of keeping Australians, in particular problem and at-risk gamblers, protected from the risks of illegal online gambling services.

A combination of clearer laws, an active regulator and stronger enforcement measures will send a clear message to operators that Australia is serious about compliance of its gambling laws. Whilst there will remain practical and legal challenges in prosecuting overseas entities, these measures are expected to reduce the provision of prohibited interactive gambling services to Australians.

I would like to thank the Hon Barry O'Farrell for leading the review and the many stakeholders across the wagering, racing and sporting industries, academia, responsible gambling organisations, consumers and government who provided their views to inform the development of this bill.

I commend this bill to the House and look forward to implementing the next stages of the government's response to ensure Australia has a strong and enforceable regulatory framework for online gambling.

Debate adjourned.

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-60" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

HIGHLY CONFIDENTIAL Annexure NDT-60
Crownbet Market Share Data

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-61" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-61**
Tatts Group - Investor Fact sheet (including annexure)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



OUR BRANDS

WHO WE ARE

INVESTOR RELATIONS

JOIN OUR TEAM

MEDIA CENTRE

Contact Us

Shareholders

LATEST SHARE PRICE

TTS: AU \$4.380 \$-0.0100 -0.23%

OPEN PRICE	\$4.410	MOVEMENT	\$-0.0100
HIGH PRICE	\$4.415	VOLUME TRADED	1,627,697
LOW PRICE	\$4.350	PREVIOUS CLOSE	\$4.390

Share price data is delayed by 20 minutes

INVESTOR FACT SHEET

Tatts Group is a global leader in the provision of lotteries and lottery related systems as well as a major Australian wagering and sports betting operator underpinned by world class technology and gaming solutions.

Our objective is to be the best global lottery and wagering operator in both the retail sales channel and the online sales channel.

LICENCES



LOTTERIES

Tatts is licensed to sell lottery products including Saturday Lotto, Super 66, Monday & Wednesday Lotto, Oz Lotto, The Pools, and Powerball in all states of Australia excluding Western Australia which is still a government owned and operated lottery. Tatts also offer Instant Scratch-it tickets in all states except for Western Australia with Tatts recently announcing that it now will also be selling Instant Scratch-it tickets in Victoria from February 2015.

In 2016 Tatts Group developed a unified master brand for its lotteries division. The new brand is called the Lott. The Lott operates as a channel master brand for the lottery in each jurisdiction including Golden Casket, NSW Lotteries, Tatts, SA Lotteries and Tatts NT. The Lott operates and markets Australia's leading lottery games that customers know and love including Saturday Lotto, Monday and Wednesday Lotto, Powerball, Oz Lotto, Set for Life, Lucky Lotteries, The Pools and Instant Scratch-Its.

Some highlights of the Lotteries division include:

- Approximately 48% of the Australian adult population playing a lotto game in the past 12 months
- Only lottery operator worldwide to develop its own lottery operating system in-house
- 2.0 million player card members at 31 December 2016
- 2.3 million players registered on tatts.com
- Approximately 3,900 retail outlets
- Online sales represent 13.5% of all lottery sales
- Tatts Group ranked as the 11th largest lottery operator world-wide

WAGERING

Our Wagering division, UBET, owns the statewide Totalisator Agency Board (TAB) agencies in Queensland, South Australia, Tasmania and the Northern Territory. We provide wagering on thoroughbred racing, harness racing and greyhound racing, as well as major local and international sports events through our network of retail agencies, telephone call centre, on-course betting facilities and our online sales channel.

UBET is Australia's premier provider of pari-mutuel (or totalisator) and fixed price betting. Borne out of the TAB, UBET is a wholly owned and backed subsidiary of Tatts Group. With Australia's largest wagering retail footprint, the UBET retail network consists of more than 1,400 standalone, Pub, Club and on-course retail outlets. It also has more than 500,000 digital account holders across the country.

We also operate one of the largest radio stations (based on area covered) in Australia.

Some highlights of our Wagering division include:

- More than 1,400 retail outlets in Australia (larger retail network than McDonalds)
- Our wagering online sales represent 31.0% of all wagering sales



Developed and rolling-out a new best of breed self-service terminal (SST) with cash handling capabilities
 3,900 unique devices now operating with Tatts App installed
 First tote operator to offer 24/7 betting in Australia
 First tote operator to offer voice recognition software for our call centre

OUR BRANDS
MAX

WHO WE ARE

INVESTOR RELATIONS

JOIN OUR TEAM

MEDIA CENTRE

Our Gaming Solutions business, MAX, is made up of two separate reporting units, namely, MAX and MAXtech. MAX (previously known as Maxgaming) is the Group's gaming venue services division. This business is founded upon the provision of government mandated electronic monitoring systems to gaming machine venues in New South Wales, Queensland and the Northern Territory. The operation leverages this network and the associated infrastructure to provide additional value-adding services to its contracted venues.

MAXtech (previously known as Bytecraft) is the Group's in-house maintenance provider and Australia's largest independent 24/7 service provider. They are a diverse technology and logistics based service provider that specialises in the provision of fully managed, end-to-end technical support services in the gaming, wagering, lottery, retail, information technology and banking sectors.

WHY INVEST IN US?

Tatts Group has a simple business strategy – to be the best global lottery and wagering operator. This strategy can be defined on the following levels:

- Long-term licences
- Systems
- Brands and Products
- Customer Retail experience
- Customer Online experience
- Returns to our shareholders

LONG TERM LICENCES

Our acquisition strategy has always been consistent – acquire long term, value accretive lotteries and wagering businesses. Our acquisition success story has been:

UniTAB (UBET) merger	Wagering and Gaming Solutions	2006
Golden Casket	Lotteries	2007
New South Wales Lotteries	Lotteries	2010
TOTE Tasmania	Wagering	2011
SA Lotteries	Lotteries	2012

The acquisition of these businesses and long term licences has ensured that a significant portion of our lotteries earnings before interest and tax are generated from licences that still have over 35 years to run while 95% of our wagering earnings before interest and tax are generated from licences that still have over 35 years to run.

We continue a pro-active approach to identifying and evaluating new business opportunities both in Australia and internationally and will sensibly pursue those opportunities that present commercially attractive and strategic outcomes which benefit the Group.

SYSTEMS

Tatts prides itself as being the only owner and operator of lotteries to have developed their own lottery system worldwide. This lottery system has been rolled-out to over 3,900 retail agencies across Australia and consistently maintains an uptime rate well in excess of 95%. We have also developed our own wagering retail and online system that has been rolled-out into over 1,400 retail agencies. Online is clearly a key distribution channel for both our lotteries and wagering operations. Providing online and mobile products that are easy to use and intuitive is critical for our future success and will provide an opportunity to grow our sales beyond the accepted norms of the past. We are investing in building the Group's capabilities in this extremely important area and have been working on some of the underlying systems necessary to give us more flexibility and capabilities. This journey will be a continuing one but we are now in a position to start matching it with the best.

BRANDS AND PRODUCTS

In May 2015 Tatts Group launched UBET, uniting nine wagering brands into one national identity. Working with leading brand specialist Hulsbosch, The Group was able to define business brand strategies, identify international wagering trends and understand what customers wanted. All our points of customer interaction have been considered – including our physical retail network and our retailing presentation. The results of this work is seen in UBET with a class leading wagering website and App and new generation wagering concept stores that are progressively being rolled-out across our entire network.

The first of June 2016 also marked a significant milestone for our lotteries brands, with the launch of the Lott, which brings together all seven jurisdictions under one unifying brand.

The Lott is bold and simple and a winning combination for customers, retailers and our team. Across our 4,000 lotteries retail outlets, the Lott now sits alongside existing retail brands – Tatts, NSW Lotteries, Golden Casket or SA Lotteries. The Lott also transforms customers digital experience, where they are able to choose their jurisdiction before continuing to play.

Gaming was also re-branded in 2016 with the launch of MAX in August. Following months of working with Hulsbosch, MAX brings together two key businesses, Bytecraft and Maxgaming. The brand is simple, punchy and to the point. It sums up what we do, and how we do it.

CUSTOMER RETAIL EXPERIENCE

UBET and Tatts Lotteries (the Lott) as a world leading retailer are here to stay. We view retail exclusivity as an extremely valuable asset both from a customer experience point of view and from its potential to act as a valuable marketing tool. Growth in these retail environments will be boosted through the continued roll-out of self-service terminals and potential virtual racing products in the future.

CUSTOMER ONLINE EXPERIENCE

Australia has one of the highest tablet and smartphone penetration rates in the world and as such is seen as one of the more significant growth areas for the Group both from a lotteries and wagering perspective. Providing online and mobile products that are easy to use and intuitive is critical to the growth in online.

Online customer experience also includes our online marketing proposition. Simply put, the Group has not been a "player" of any note in the extremely important areas of SEM (search engine marketing) and SEO (search engine optimisation) in the past. This is something we have focused on and have developed our capabilities in these important areas.

RETURNS TO OUR SHAREHOLDERS

As has been the case in prior years we continue to maintain a high dividend payout ratio. For the past seven years we have maintained a dividend payout ratio in excess of 90% of profits together with a Dividend Reinvestment Plan (currently suspended in accordance with terms of merger with



Tabcorp). Total shareholder return for FY16 from a combination of dividends and share price growth has been 8.0%. A strong balance sheet gives us opportunities to create value for shareholders.

[OUR BRANDS](#)[WHO WE ARE](#)[INVESTOR RELATIONS](#)[JOIN OUR TEAM](#)[MEDIA CENTRE](#)

ANALYST INFORMATION

[Contact Us](#)

TATTS BONDS

FINANCIAL INFORMATION & DIVIDEND HISTORY

SHAREHOLDER SERVICES

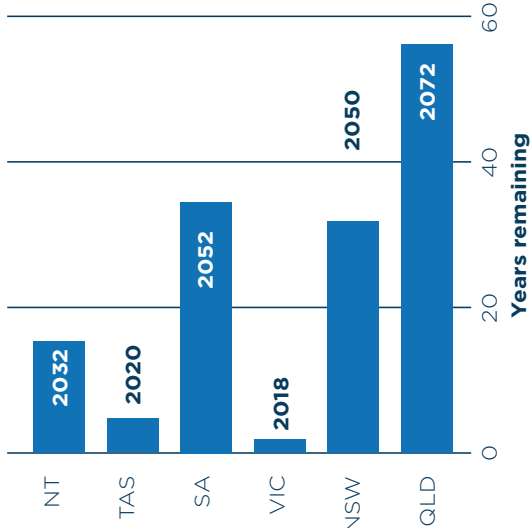


Group

[RESPONSIBLE GAMBLING](#) [MEET OUR BOARD](#) [TERMS OF USE](#) [PRIVACY POLICY](#)

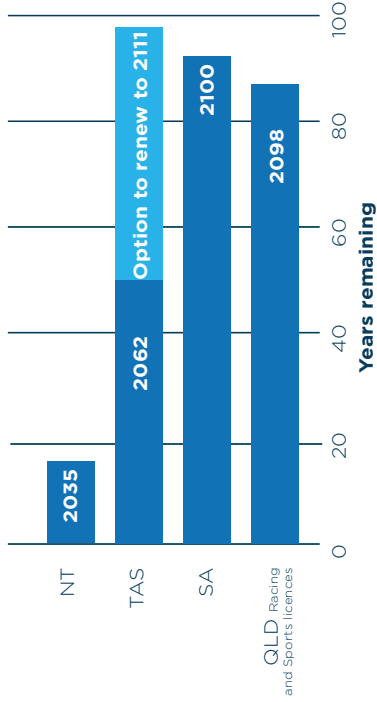
Annexure – Licences

LOTTERIES LICENCES/AUTHORISATIONS



- Sole lottery operator in NT, TAS, SA, VIC, NSW and QLD

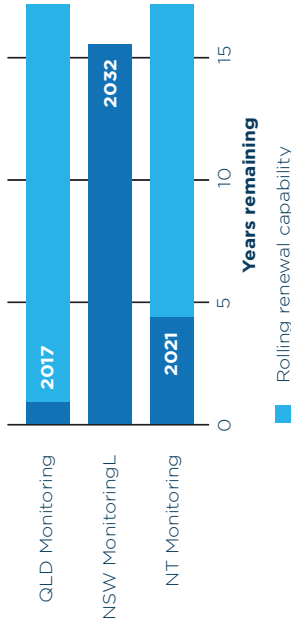
WAGERING LICENCES/AUTHORISATIONS



- Sole race and sports wagering licences in SA, TAS and QLD*
- New exclusive 20-year NT totalisator and fixed-price retail licences

* QLD licence exclusivity runs to Jun 2044, SA exclusivity to be extended to 30 June 2017 and TAS exclusivity runs to Mar 2027

GAMING LICENCES/AUTHORISATIONS



- Exclusive monitoring operator in NSW and sole operator in NT
- 15 year contract to monitor all gaming machines in NSW

IN THE AUSTRALIAN COMPETITION TRIBUNAL

ACT 1 of 2017

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-62" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-62**
UBET Media Release - Launch of UBET (30 April 2015)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000



STRICTLY EMBARGOED: Thursday, 30 April 2015

Betting on a bright new future? UBET!

After much anticipation, thrilling new punting brand, UBET, has officially launched at a gala 'green carpet' event in Sydney.

Amid the fanfare, UBET announced a series of high-profile sports ambassadors and suite of new sponsorships and, in the process, completed a full brand transformation sent a clear "watch out, we're back in game" message to its competitors.

Parent company Tatts Group announced it was rebranding its wagering division TattsBet in late 2014, and last night marked the start of a new era for the wagering space.

At the event, UBET announced its *League of Legends*, featuring some of the biggest names on the Australian sporting scene.

Three-time AFL premiership player Jonathan Brown, dual NRL premiership player, NSW Origin and Kangaroos legend Anthony Minichiello, former Wallabies captain Nathan Sharpe, four-time Bathurst champion Greg Murphy and former ESPN host and US sports expert, Jason Bennett all joined the UBET team as ambassadors.

All five will provide expert insights and commentary for UBET punters.

In addition to its existing sponsorships of racing carnivals around the country and the Gold Coast Suns, UBET announced new partnerships with the Port Adelaide Football Club, V8 Supercars, Melbourne City Football Club as well as official, national charity partner – Mates4Mates.

Chief Operating Officer Barrie Fletton said the rebrand wasn't simply a lick of new paint and a new name.

"This rebrand has been a whole of business evolution. This has been a huge undertaking, ensuring everyone understood the need for change and then working together to make it happen," Mr Fletton said.

"The customer is at the heart of everything we do and, personally, I'm very proud to see the dramatic change that has taken place both internally and externally. This is without question, the most exciting time in our business' history."

UBET, as the exclusive retail operator in Queensland, South Australia, the Northern Territory and Tasmania, has the distinct advantage of being one of only two wagering providers to offer a true multi-channel experience with web, mobile app and telephone betting available in addition to on and off-course retail outlets. One of the major changes under UBET is the emphasis on innovation and new technology.

UBET has launched a new website as well as best in class mobile and iPad apps, which provide punters with a vastly different digital experience. Some of the key features include a more intuitive design, quick multi bets, improved account management functionality and live Sky Racing vision (excluding NSW and Victorian thoroughbreds).



“We know how important vision is for punters, so this is a big win for our customers to be able to be watching the Sky coverage, whilst remaining in the app and reviewing the form or placing bets,” Mr Fletton said.

But UBET isn’t turning to the online world at the expense of bricks and mortar. It recently opened Australia’s first UBET store at New Farm in Brisbane, commencing a multi-million dollar investment in its 1,200 outlet-strong retail network, with the next store to roll out in Tasmania followed by Adelaide.

The new retail concept represents the TAB of the future – a vastly different look and feel with cutting-edge video wall technology, sound canopies, stadium-style seating and new betting terminals.

In an Australian first, the inclusion of UBET Live, a digital, in-play sports betting solution will allow punters to bet through a customised app on an in-store tablet device.

The new retail concept will be rolled out across all outlets over three to four years in Queensland, South Australia, Tasmania and Northern Territory.

ENDS

Notes to Editors

- Thursday 30 April, 2015 marks the official launch of the re-branded wagering division from TattsBet to UBET
- UBET has launched across all customer touch points including retail and digital spaces offering customers a new, innovative experience
- TattsBet started trading in 1962 as TAB Queensland. Privatised in 1999 and took over TAB operations in NT (2000), SA (2002), Tasmania (2012)
- UBET is licensed to operate retail exclusively in these four jurisdictions
- There are 1,200+ UBET stores in QLD, NT, SA and TAS and UBET’s digital offering extends nationally and is available to all Australians
- The business generates turnover in excess of \$3.5 billion annually
- The TAB stores won’t all move to UBET stores overnight. It’s a 3-5 year transition given the size of the network
- Parent company Tatts Group is Australia’s largest provider of wagering, lotteries and gaming in products and services in Australia

About UBET

UBET is Australia’s premier provider of pari-mutuel (or totalisator) and fixed price betting.

UBET conducts wagering on thoroughbred, harness and greyhound racing as well as on a variety of sports including AFL, NRL, Rugby Union, Soccer, Cricket plus many more both domestically and internationally.

With Australia’s largest wagering retail footprint, the UBET retail network consists of over 1,400 standalone, Pub, Club and on-course TAB outlets (soon to be UBET as part of a national retail



upgrade). UBET has in-excess of 150,000 active account customers betting securely 24 hours a day, 7 days a week over the phone or through a class-leading website as well as through mobile and tablet applications.

UBET provides punters with a range of pre-match and in-play markets, access to Live Sky Racing Vision through digital platforms and Australia's premier wagering rewards program – UBET+. Punters are also delivered expert analysis and tips from some of sport and racing's biggest names.

UBET is a wholly owned subsidiary of Tatts Group Limited and holds exclusive retail licences in Queensland, South Australia, Tasmania and the Northern Territory.

For more information:

Zoe Finlayson

Bang PR

P: (02) 9019 6626

E: zoe@bangpr.com.au

Sophie Callaghan

Bang PR

P: (02) 9019 6167

E: Sophie@bangpr.com.au

Katie Sinclair

UBET

P: 0402 941137

E: Katie.sinclair@tattsgroup.com

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-63" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-63**

Extract from Tabcorp's Annual Report for 2016 (page 16)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

Wagering and Media business

Operations

- Network of TAB agencies, hotels and clubs, and on-course totalisators in Victoria, NSW and the ACT.
- Wagering channels include retail, internet, mobile devices, phone and pay TV.
- Totalisator and fixed odds betting offered on racing and sporting events.
- Luxbet offers a racing, sport and novelty product bookmaking service by phone, internet and mobile devices.
- New Sun Bets business will provide online wagering and gaming services to UK and Ireland residents.
- Trackside, a computer simulated racing product, operating in Victoria, NSW and the ACT, and licensed in other Australian and overseas jurisdictions.
- International wagering and pooling through Premier Gateway International (PGI) joint venture in the Isle of Man (50% interest).

- Three Sky Racing television channels broadcasting thoroughbred, harness and greyhound racing and other sports to audiences in TAB outlets, hotels, clubs, other licensed venues, and into homes to pay TV subscribers.
- Sky Sports Radio network in NSW and the ACT, and advertising and sponsorship arrangements with Radio Sport National.
- Broadcasting Australian racing to 52 countries and importing overseas racing to Australia.
- 2,900 TAB retail outlets (approx).
- Mobile devices represent 63% of digital wagering turnover (up 9%).
- Sky Racing available in 2.6 million Australian homes (approx).
- Broadcasting to 5,400 Australian outlets.

Licences/approvals

- Victorian Wagering and Betting Licence expires in August 2024, and may be extended for a further two year period.
- NSW Wagering Licence expires in March 2029, with retail exclusivity period expiring in June 2033.
- ACT Totalisator Licence expires in October 2064.
- ACT Sports Bookmaking Licence expires in October 2029, with further rolling extensions to October 2064.
- ACT Approval to Conduct Trackside expires in October 2064.
- Luxbet's Northern Territory licence expires in June 2020.
- Sun Bets operates under a UK Remote Operating licence with no expiry, and an Irish Remote Bookmaker's Licence expiring in June 2017.
- Luxbet Europe's UK Combined Remote Operating Licence has no expiry, and its Isle of Man licence expires in January 2019.

FY16 highlights

- Established new Sun Bets business in the UK.
- 12.0% growth in turnover from digital channels.
- 16.4% growth in fixed odds revenue.
- TAB Sports turnover up 7.2%.
- ACTTAB integration successfully completed.
- TAB launched its Fixed Odds Partial Cash Out product in January 2016, an example of ongoing product innovation.
- Expanded distribution of Australian and New Zealand racing to foreign markets and international co-mingling, with the addition of the German Tote.
- Active TAB account customers now exceed 430,000, up 6%.
- Agreements in place for Victorian and NSW thoroughbred media rights.

Future objectives

- Launch Sun Bets, the new online wagering and gaming business in the UK.
- Introduce new TAB app ahead of the footy finals and the 2016 Spring Racing Carnival.
- Drive digital growth by utilising exclusive media assets and retail presence.
- Revitalise TAB customer experience across retail channels.
- Further integrate TAB with Sky media assets.
- Develop new products and enhance existing offering.
- Implement Longitude software to deliver enhanced pari-mutuel betting options (subject to regulatory approval).
- Maintain market leadership and support industry transformation.
- Be the partner of choice for racing and sporting bodies.

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-64" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-64**
Tabcorp Press Release - Announcement of Merger
(19 October 2016)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

Level 23, Rialto Towers, 525 Collins Street, Melbourne VIC 3000

19 October 2016

Tabcorp and Tatts to combine to create a world-class, diversified gambling entertainment group

- Creates a leading, diversified portfolio of gambling entertainment businesses well placed to compete in a rapidly evolving marketplace and pursue growth opportunities globally
- Anticipated to provide a wide range of benefits for stakeholders and is expected to result in at least \$50 million per annum of additional funding to the Australian racing industry, which enhances its long term sustainability
- Pro forma enterprise value of approximately \$11.3 billion¹, revenue of over \$5 billion, EBITDA of over \$1 billion² and a strong balance sheet with an intended investment grade credit rating
- Combination expected to deliver at least \$130 million of annual EBITDA synergies and business improvements, net of benefits to the racing industry
- Transaction expected to be EPS accretive (before significant items) and value accretive for both Tabcorp and Tatts shareholders
- Combined Group expected to target a dividend payout ratio of 90% of net profit after tax, before significant items and amortisation of the Victorian Wagering and Betting Licence
- Combined Group expected to undertake a \$500 million share buyback, post implementation of the Transaction and subject to Board approval and market conditions
- Completion expected mid-2017 following Tatts shareholder, regulatory and other approvals
- Transaction is unanimously recommended by the Boards of Tabcorp and Tatts³

Transaction details

Tabcorp Holdings Limited ("Tabcorp") and Tatts Group Limited ("Tatts") are pleased to announce the companies have reached an agreement to combine the two companies via a Tatts Scheme of Arrangement in which Tatts shareholders will receive 0.80 Tabcorp shares plus 42.5 cents cash for each Tatts share held (the "Transaction").

The Transaction will create a world-class, diversified gambling entertainment group, with a pro forma enterprise value of approximately \$11.3 billion¹, a national footprint and a diverse suite of product offerings across wagering, media, lotteries, Keno and gaming services (the "Combined Group").

Based on the most recent closing price of Tabcorp shares (\$4.89 per share as at 17 October 2016), the Transaction implies a value of \$4.34 per Tatts share (before the value of synergies and business improvements). This represents:

- a premium of approximately 20.8% to the most recent closing price of Tatts shares (\$3.59 per share);

¹ Based on the closing share prices of Tabcorp and Tatts as at 17 October 2016, being the last trading day prior to the announcement of the Transaction and pro forma net debt of the Combined Group as at 30 June 2016

² Based on reported FY 2016 revenue and EBITDA for Tabcorp and Tatts. Excludes the impact of synergies and business improvements

³ In Tatts Board's case, subject to there being no superior proposal and also to an independent expert concluding the Transaction is in the best interests of Tatts shareholders

- a premium of approximately 18.4% to the 1-month volume weighted average price ("VWAP") of Tatts shares (\$3.66 per share)⁴; and
- an implied enterprise value (EV) for Tatts of \$7.4 billion and an implied FY 2016 EV/ EBITDA valuation multiple of 15.0x.⁵

On completion of the Transaction, existing Tabcorp shareholders will own approximately 42% of the Combined Group and existing Tatts shareholders will own approximately 58%.⁶

Based on a blended FY 2017 EV/EBITDA multiple for Tabcorp and Tatts of 10.7x⁷, the estimated synergies and business improvements are worth approximately \$1.4 billion.⁸

Taking into account the estimated synergies and business improvement benefits, the Transaction implies a pro forma value uplift for Tatts shareholders of approximately 30% per Tatts share (before taking into account any potential market re-rating).⁹

Tatts intends to pay its shareholders a fully-franked special dividend of 20 cents per share¹⁰ (subject to the availability of franking credits) immediately prior to implementation of the Transaction in lieu of part of the cash consideration. A fully-franked dividend of 20 cents per share would have approximately 8.6 cents per share of franking credits attached.

The Directors of both Tabcorp and Tatts believe the Transaction represents a unique and compelling opportunity to create significant value for Tabcorp and Tatts shareholders, a winning offer for customers and material benefits for stakeholders, including the racing industry, TAB agencies, licensed venues, small businesses, and Federal, State and Territory Governments and regional communities.

The Directors of Tabcorp believe the Transaction is in the best interests of Tabcorp shareholders and unanimously support the Transaction. The Directors of Tatts believe the Transaction is in the best interests of Tatts shareholders and unanimously recommend that Tatts shareholders vote in favour of the Transaction, in the absence of a superior proposal and subject to an independent expert concluding the Transaction is in the best interests of Tatts shareholders. Subject to those considerations, the Directors of Tatts intend to vote all shares they personally hold in favour of the Transaction.

AustralianSuper, one of Tatts' largest shareholders, has indicated that it intends to vote its Tatts shares in favour of the Transaction, in the absence of a superior proposal and subject to there being no material adverse change in circumstances.

⁴ Based on the 1-month volume weighted average price of Tatts shares up to and including 17 October 2016, being the last trading day prior to the announcement of the Transaction

⁵ Based on Tatts' reported net debt of \$1,041 million as 30 June 2016, FY 2016 reported EBITDA of \$495 million, Tatts' fully diluted shares outstanding of 1,469 million (including performance rights) and the Tabcorp share price as at 17 October 2016, being the last trading day prior to the announcement of the Transaction

⁶ Based on Tabcorp's ordinary shares outstanding of 835 million and Tatts' fully diluted shares outstanding of 1,469 million (including performance rights) as at 18 October 2016

⁷ Based on the Bloomberg consensus FY 2017 EBITDA estimates as at 18 October 2016, implying an FY 2017 EV/EBITDA multiple for Tabcorp of 9.1x, Tatts of 12.4x and the implied weighted average for the Combined Group of 10.7x

⁸ Based on \$130 million of expected EBITDA synergies and business improvements

⁹ Based on the Bloomberg consensus FY 2017 NPAT estimates as at 18 October 2016, implying a FY 2017 P/E multiple for Tabcorp of 20.6x, Tatts of 19.6x and an implied weighted average for the Combined Group of 20.0x. Potential value uplift assuming Transaction terms and taking into account full pro forma run-rate EBITDA synergies and business improvements of \$130 million, estimated transaction costs of approximately \$90 million and net one-off estimated integration costs and capital expenditure of approximately \$110 million

¹⁰ Whilst Tatts estimates the special dividend will be 20 cents per Tatts share, under the Implementation Deed Tatts is able to pay a special dividend of up to 25 cents per share (subject to the availability of franking credits)

Chairman's comment

Tabcorp's Chairman, Paula Dwyer, said:

"In today's rapidly changing landscape, bringing together our businesses will create a strong and diversified business that is well placed to invest, innovate and compete, both in Australia and globally.

"This Transaction is expected to deliver significant value for both sets of shareholders, and material benefits to other key stakeholders including the racing industry, business partners, customers, and Governments.

"Together we will be able to pursue more investment and innovation to deliver a winning offer for customers, including best-in-class digital products and experiences.

"In wagering, combining our two complementary businesses will give us a national footprint and could create a pathway to larger wagering pools. We are excited by this opportunity, which we believe will deliver an enhanced wagering experience for our customers and, in turn, will generate stronger returns to the Australian racing industry, underpinning its sustainability.

"At the same time, bringing together our lotteries, Keno and gaming services businesses will give us the capability to create an even more compelling offer for customers and retail stakeholders as the combination increases capability, while increasing diversification."

Tatts' Chairman, Harry Boon, said:

"The combination of Tabcorp and Tatts is based on clear industrial logic and a strong and tangible synergy proposition. It comes at a time of escalating competition from new business models and rapid consolidation of gaming and wagering companies globally. The scale and efficiency benefits from this combination will provide a stronger platform in this dynamic environment.

"We believe the implied value accretion for Tatts shareholders fairly reflects the strategic value of our businesses. Further, the scrip consideration allows Tatts shareholders the opportunity to participate as shareholders in the Combined Group, with ongoing exposure to the future growth of wagering, while also retaining exposure to Tatts' unique and growing lotteries business.

"In addition to our shareholders, the benefits of this combination are also very clear for the racing industry and for customers who should, in due course and with racing industry support, be able to access deeper and more liquid wagering pools.

"A combination of Tabcorp and Tatts has been the subject of numerous discussions between the two companies over time and this transaction is fully supported by our respective Boards."

Significant value for Tabcorp and Tatts shareholders

The Directors of both Tabcorp and Tatts expect the Transaction to deliver a number of financial and other benefits to both sets of shareholders:

- The Combined Group is expected to have an attractive, diversified national portfolio of predominantly long-dated gambling licences, and be strongly positioned to invest, innovate and compete in an evolving marketplace
- The Transaction is expected to generate earnings per share accretion (before significant items) and value accretion for both Tabcorp and Tatts shareholders. The combination is expected to deliver at least \$130 million of annual EBITDA synergies and business improvements, net of benefits to the racing industry, in the first full year following completion of integration. Completion of integration is expected to take approximately two years, subject to the receipt of all necessary regulatory approvals.

Net one-off estimated integration costs and capital expenditure are estimated at approximately \$110 million

- The Combined Group is expected to have a strong balance sheet, with the capacity to pursue capital management initiatives. The Combined Group will target a gross debt to EBITDA ratio of 3.0x to 3.5x and intends to have an investment grade credit rating
- The Combined Group expects to undertake a \$500 million share buyback, post implementation of the Transaction and subject to Board approval and market conditions
- The Combined Group is expected to target a dividend payout ratio of 90% of net profit after tax, before significant items and amortisation of the Victorian Wagering and Betting Licence. Both Tabcorp and Tatts expect to continue to pay dividends in the ordinary course (subject to the Implementation Deed) until implementation of the Transaction

Benefits to the Australian racing industry and beyond

- Tabcorp and Tatts are together the largest source of funding for Australia's racing industry, having delivered approximately \$1 billion to the racing industry in FY 2016
- The Combined Group's commitment to investment, its national footprint and enhanced operational platform will create a stronger business, and provide a strong financial base to support the racing industry, strengthening its overall sustainability
- The Transaction is expected to result in at least \$50 million per annum of additional funding to the racing industry, which will flow to participants and related industries across Australia
- Additional payments to the racing industry will create broader economic benefits, including in regional areas
- The Transaction provides a pathway to national pooling for pari-mutuel wagering, subject to regulatory and racing industry approvals and an enhanced ability to adopt strategies to address the national decline in pari-mutuel betting

Profile of the Combined Group

The Combined Group is expected to have a pro forma enterprise value of approximately \$11.3 billion, market capitalisation of approximately \$8.6 billion¹¹, revenue of over \$5 billion and EBITDA of over \$1 billion.¹²

The Combined Group will have diversified national wagering, media, lotteries, Keno, and gaming operations including:

Wagering & Media

- Totalisator and fixed odds licences and retail wagering networks in NSW, VIC, QLD, SA, TAS, ACT and NT, offering wagering products in approximately 4,300 retail outlets
- National Sky Racing media business

Lotteries

- An iconic Australian lotteries business with licences to offer products in NSW, VIC, QLD, SA, TAS, ACT and NT

¹¹ Based on the closing share prices of Tabcorp and Tatts as at 17 October 2016, being the last trading day prior to the announcement of the Transaction. Pro forma net debt of the Combined Group as at 30 June 2016 (including estimated transaction costs of \$90 million) adjusted for cash paid to Tatts shareholders under the Transaction of \$624 million based on a cash consideration component of 42.5 cents per Tatts share and Tatts' fully diluted shares outstanding of 1,469 million (including performance rights). Excludes synergies and business improvements

¹² Based on reported FY 2016 revenue and EBITDA of Tabcorp and Tatts. Excludes impact of synergies and business improvements

Keno

- Keno distribution network of over 4,200 venues across clubs, hotels and TAB agencies in VIC, QLD, SA and the ACT, and in clubs and hotels in NSW

Gaming Services

- Gaming machine monitoring operations in NSW, QLD and NT under the MAX and Odyssey¹³ brands, and venue services operations nationwide, under the TGS, Intecq¹³ and Bytecrafft brands

Governance

The Combined Group will benefit from a highly experienced Board and senior executive team.

The Board will be comprised of the existing Tabcorp Board of Directors with Paula Dwyer as Chairman. Tatts Chairman Harry Boon will join the Board of the Combined Group as a Non-Executive Director following implementation of the Transaction.

David Attenborough will be Managing Director and Chief Executive Officer of the Combined Group and Damien Johnston will be Chief Financial Officer.

Implementation process

In addition to the approval by Tatts shareholders of the Tatts Scheme of Arrangement, the Transaction is also subject to satisfying regulatory conditions, including competition approval and approvals from various industry and State Government wagering, gaming, monitoring and lotteries regulators, obtaining court approval for the Scheme and an independent expert concluding the Transaction is in the best interests of Tatts shareholders.

The obligations of Tabcorp and Tatts regarding the implementation of the Transaction, the deal protections and break fee are agreed and set out in the Implementation Deed entered into by both parties. A copy of this Deed is attached to this announcement.

Tabcorp and Tatts currently expect the Transaction to complete in mid-2017 following Tatts shareholder, regulatory and other approvals.

Transaction costs are estimated at approximately \$90 million.

Presentation and market briefing details

To provide an overview of the Transaction in further detail, a presentation has also been released to the ASX today.

A briefing for investors and analysts will be held today at 10.00 a.m. AEDT. The briefing will be hosted by Paula Dwyer, Chairman of Tabcorp, Harry Boon, Chairman of Tatts, David Attenborough, Managing Director and Chief Executive Officer of Tabcorp and Robbie Cooke, Managing Director and Chief Executive Officer of Tatts.

Advisers

UBS is acting as financial adviser and Herbert Smith Freehills is acting as legal adviser to Tabcorp.

Goldman Sachs is acting as financial adviser and Clayton Utz is acting as legal adviser to Tatts.

¹³ Subject to implementation of the Intecq scheme of arrangement

Key contacts

Tabcorp – Investors

Lachlan Fitt

General Manager – Investor Relations and
Corporate Strategy

T: +61 2 9218 1414

E: lachlan.fitt@tabcorp.com.au

Tabcorp – Media

Nicholas Tzaferis

General Manager – Corporate Affairs

T: +61 3 9868 2529

E: nicholas.tzaferis@tabcorp.com.au

Tatts – Investors

Giovanni Rizzo

Head of Investor Relations

T: + 61 7 3877 1002

E: giovanni.rizzo@tattsgroup.com

Tatts – Media

Jim Kelly/Ross Thornton

Domestique Consulting

T: +61 412 549 083/ +61 418 233 062

E: jim@domestiqueconsulting.com.au

RE: PROPOSED ACQUISITION OF TATTS GROUP LIMITED BY TABCORP HOLDINGS LIMITED

ANNEXURE CERTIFICATE

This is the annexure marked "NDT-65" annexed to the statement of NICHOLAS TYSHING dated 13 April 2017.

Annexure **NDT-65**

Australian Financial Review - Tabcorp bets on venue incentives in bid to boost digital customers (27 November 2016)

Filed on behalf of (name & role of party)

CrownBet Pty Ltd (Intervener)

Prepared by (name of person/lawyer)

Geoff Carter

Law firm (if applicable)

Minter Ellison

Tel (03) 8608 2000

Fax (03) 8608 1000

Email geoff.carter@minterellison.com

Address for service

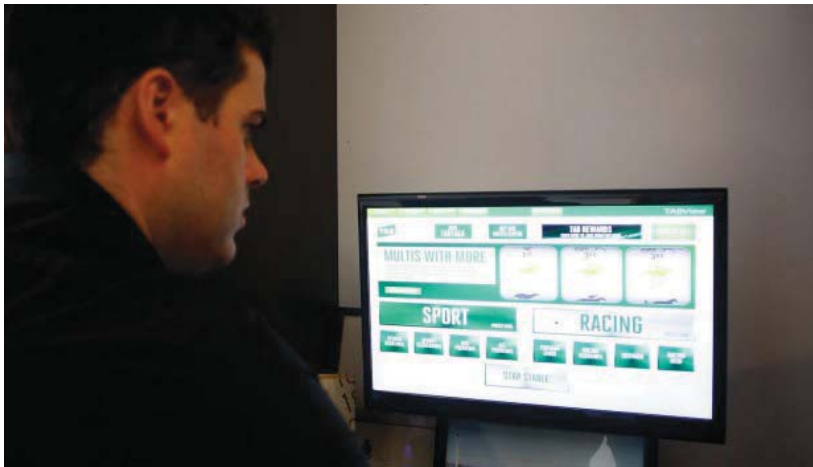
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Tabcorp bets on venue incentives for digital customers



TAB is paying commissions to venues to sign up customers to its online products. **Daniel Munoz**



by **John Stensholt**

Tabcorp is moving to aggressively roll out its new program incentivising pubs, clubs and other venues that contain TAB outlets to sign up customers to bet via the company's digital apps.

The wagering giant has in recent months undertaken successful trials of the program where TAB's digital products are promoted within venues and customers are encouraged to sign up for online TAB accounts.

Venue owners are paid a commission when a customer opens an account at the venue, and is also paid a trailing commission for bets that customers subsequently makes – both inside the venue and also outside it.

"We've previously had some resistance from our venues in terms of getting people signed up," Tabcorp's head of wagering Craig Nugent said. "But the commissions we think removes that angst. So far we are signing up people in venues at 10 times the rate we used to."

Tabcorp has exclusive licences to operate retail betting outlets in the ACT, where the trials were held, Victoria and NSW, and have now rolled out the incentivising program into all three markets.

"This is combining our retail strength with our digital business. We are the only ones that can do this, so we've got to

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exploit this opportunity," said Mr Nugent. "And we fully intend to. We are in 3000 venues servicing up to 2 million customers. We think there is a market of about 5 million people who go to licensed venues, and we intend to go after that market.

Mr Nugent said data collected from consumers would allow it to promote its products to TAB customers, but also for the venues to send promotions and special offers to punters, including on food and beverage packages.

Meanwhile, a public hearing regarding amendments to the Interactive Gambling Act will be held in Canberra on Monday. The Senate referred the amendment Bill to the Senate Environment and Communications Legislation Committee for inquiry and report by Wednesday.

The IGA is to once and for all ban "in-play" betting online, as well as a raft of other measures. [Tabcorp's corporate bookmaker rivals have hit out at the insertion of language in the Act's explanatory memorandum that they argue could open up the possibility of Tabcorp being allowed to hand out tablets or smartphones and allow punters to bet in-play as long as they are in a venue – which is separate to the incentive program Tabcorp has started.](#)

TABCORP FPO (TAH)
\$4.83 0.03 0.63%
volume 2607093 value 12531447.5

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Last updated: Sun Apr 09 2017 - 03:48:32 pm

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Company Profile

The provision of gambling and other entertainment services. The company has wagering and media, gaming services, and Keno operations.

<http://www.tabcorp.com.au/>

Hotels, Restaurants & Leisure (253010)

ASIC 063780709

ASX Announcements

- 7/4/17 [Change in substantial holding](#)
- 30/3/17 [Formal appointment of Company Secretary](#)
- 28/3/17 [Change in substantial holding from UBS Group AG](#)
- 28/3/17 [Change in substantial holding](#)
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