

**Public Version****IN THE AUSTRALIAN COMPETITION TRIBUNAL**

ACT 3 of 2017

**Re: Proposed acquisition of Tatts Group Limited by Tabcorp Holdings Limited****Tabcorp Holdings Limited** (Applicant)Statement of: **Matthew Dean Zaba**

Address: Level 21, Tower 2, 727 Collins Street, Docklands, Victoria, 3008

Occupation: General Manager Legal and Regulatory

Date: 29 September 2017

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Filed on behalf of Tabcorp Holdings Limited (Applicant)

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**Public Version****A. INTRODUCTION**

1. I am employed by Tabcorp Holdings Limited ACN 063 780 709 (**Tabcorp**) as General Manager Legal and Regulatory. I am authorised to make this statement on Tabcorp's behalf.
2. Exhibited to me at the time of signing this statement and marked "**Highly Confidential Exhibit MDZ-1**" is a set of data contained in a single document. Where in this statement I refer to documents, I refer to them by reference to their table number in **MDZ-1**. I have reviewed the documents to which I refer prior to signing this statement.
3. The matters set out in this statement are based on my knowledge of Tabcorp's operations and my involvement with Tabcorp's business as General Manager Legal and Regulatory. I have also made direct and indirect enquiries of relevant employees and records of Tabcorp and its subsidiaries.

**A.1. Experience and employment history**

4. I was first employed by Tabcorp in 2009. Prior to my current role as General Manager Legal and Regulatory, I held various other legal roles.
5. Prior to joining Tabcorp, I was a lawyer at Allens law firm.
6. I hold a Bachelor of Science from the University of Melbourne, a Graduate Diploma in Applied Finance from the Securities Institute of Australia and a Juris Doctor from the University of Melbourne.

**B. TABCORP INFORMATION FOR NEW FORM S**

7. In this statement and in **Highly Confidential Exhibit MDZ-1** I set out information required for the new Form S application that Tabcorp will be making to the Australian Competition Tribunal under section 95AU of the *Competition and Consumer Act 2010* (Cth) for an authorisation under subsection 95AT(1) to acquire shares in Tatts Group Limited.

**B.2. Wagering**

8. I have been asked to provide the actual average take-out rates from FY13 to FY17 in relation to Tabcorp's totalisator wagering business. I set these out in **Confidential Table 1.1** of **MDZ-1**.

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9. I have been asked to provide information regarding Tabcorp's cooperative arrangements in its wagering business. I set out this information in **Confidential Table 2.1** of **MDZ-1**.
10. I have been asked to provide updated details of the names and contact details of a representative selection of suppliers of inputs to Tabcorp's wagering business in the Australian wagering market. I set these out in **Highly Confidential Table 4.1** of **MDZ-1**.
11. I have been asked to provide market share data on the basis of turnover for the merger parties and other suppliers of wagering products in the Australian wagering market for the years FY13 to FY17. I set this data out in **Confidential Table 5.1(a)** of **MDZ-1**. I also set out below in **Figure 1**, the wagering revenue of wagering operators in the period FY13-FY17 and **Figure 2** and **Figure 3** which show the market share of wagering turnover and revenue for those operators during the same period.  
**Confidential Table 5.1(a)** of **MDZ-1** and **Figures 1 – 3** have been prepared by Tabcorp using the following sources:
  - (a) Tabcorp: Tabcorp's internal books and records, comprising domestic wagering only and including Tabcorp's 50% share arising from its Victorian joint venture;
  - (b) Tatts: material obtained by Tabcorp from Tatts as part of the merger due diligence process and annual reports;
  - (c) RWWA: Racing Australia Fact Book, annual reports and media release for FY17;
  - (d) Paddy Power, William Hill and Ladbrokes: annual reports and adjustments for foreign currency conversions;
  - (e) CrownBet: Crown Resorts annual report, media articles and yield rate assumption;
  - (f) Bet365: Australian Securities and Investments Commission (**ASIC**) documents reported media articles, further public ASIC documents and yield rate assumption;
  - (g) Betfair: Tabcorp's estimates;

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- (h) Others: estimates by reference to balancing item for turnover and yield rate assumption (based on the Australian Gambling Statistics report) and estimates only for FY17; and
- (i) Total: Racing Australia Fact Books.

**[Confidential to Tabcorp and Tatts]**

|                            | Revenue  |          |          |          |          |
|----------------------------|----------|----------|----------|----------|----------|
|                            | FY13     | FY14     | FY15     | FY16     | FY17     |
| Tabcorp*                   | ████████ | ████████ | ████████ | ████████ | ████████ |
| Tatts                      | ██████   | ██████   | ██████   | ██████   | ██████   |
| RWWA                       | 315.7    | 339.5    | 335.7    | 330.2    | 319.3    |
| ACTTAB                     | 27.3     | 27.0     | 7.9      |          |          |
| ToteTAS                    |          |          |          |          |          |
| Paddy Power<br>(Sportsbet) | 221.6    | 281.9    | 402.3    | 511.0    | 597.5    |
| William Hill               | 188.2    | 203.7    | 218.2    | 188.2    | 209.2    |
| Ladbrokes                  | 21.5     | 38.9     | 87.6     | 128.5    | 228.1    |
| Crownbet                   |          |          | 44.9     | 157.0    | 230.3    |
| Bet365                     | 15.0     | 36.5     | 68.4     | 98.0     | 101.0    |
| Betfair                    | 45.0     | 45.0     | 45.0     | 45.0     | 45.0     |
| Others                     | 200.5    | 194.8    | 183.3    | 60.1     | 54.1     |
| Total                      | ████████ | ████████ | ████████ | ████████ | ████████ |
| Market Growth              | ██████   | ██████   | ██████   | ██████   | ██████   |

*\*includes Luxbet and excludes turnover from PGI which is based offshore*

**Figure 1: Wagering revenue by wagering operator for FY13 – FY17 (by \$million)****[Confidential to Tabcorp and Tatts]**

|         | Market share of turnover |          |          |          |          |
|---------|--------------------------|----------|----------|----------|----------|
|         | FY13                     | FY14     | FY15     | FY16     | FY17     |
| Tabcorp | ████████                 | ████████ | ████████ | ████████ | ████████ |
| Tatts   | ██████                   | ██████   | ██████   | ██████   | ██████   |

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|                         |      |      |      |      |      |
|-------------------------|------|------|------|------|------|
| RWWA                    |      |      |      |      |      |
| ACTTAB                  |      |      |      |      |      |
| ToteTAS                 |      |      |      |      |      |
| Paddy Power (Sportsbet) |      |      |      |      |      |
| William Hill            |      |      |      |      |      |
| Ladbrokes               |      |      |      |      |      |
| Crownbet                |      |      |      |      |      |
| Bet365                  |      |      |      |      |      |
| Betfair                 |      |      |      |      |      |
| Others                  |      |      |      |      |      |
| Total                   | 100% | 100% | 100% | 100% | 100% |

Figure 2: Market share of wagering turnover by wagering operator for FY13 – FY17

[Confidential to Tabcorp and Tatts]

|                         | Market share of revenue |      |      |      |      |
|-------------------------|-------------------------|------|------|------|------|
|                         | FY13                    | FY14 | FY15 | FY16 | FY17 |
| Tabcorp                 |                         |      |      |      |      |
| Tatts                   |                         |      |      |      |      |
| RWWA                    |                         |      |      |      |      |
| ACTTAB                  |                         |      |      |      |      |
| ToteTAS                 |                         |      |      |      |      |
| Paddy Power (Sportsbet) |                         |      |      |      |      |
| William Hill            |                         |      |      |      |      |
| Ladbrokes               |                         |      |      |      |      |
| Crownbet                |                         |      |      |      |      |
| Bet365                  |                         |      |      |      |      |
| Betfair                 |                         |      |      |      |      |

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|        |      |      |      |      |      |
|--------|------|------|------|------|------|
| Others | █    | █    | █    | █    | █    |
| Total  | 100% | 100% | 100% | 100% | 100% |

Figure 3: Market share of wagering revenue by wagering operator for FY13 – FY17

12. I have been asked to provide market share data on the basis of Tabcorp’s estimates of wagering turnover conducted by telephone and digital channels from FY13 to FY17. I set these out in **Confidential Table 5.1(b)** of MDZ-1.

**B.3. Gaming**

13. I have been asked to provide information to update the position as recorded in paragraphs 16.12 to 16.13 of Tabcorp’s Form S filed on 13 March 2017 in Proceeding ACT 1 of 2017 regarding Tabcorp’s discussions with industry bodies and government regulators about data protection.

14. On 26 April 2017, Tabcorp and ClubsNSW (a representative body of clubs, many of which are gaming venues) entered into a memorandum of understanding which records, amongst other things, Tabcorp’s proposed commitments in regards to Maxgaming’s monitoring business in NSW. **[Confidential to Tabcorp]** █

█

(a) █  
█  
█  
█  
█

(b) █  
█  
█  
█  
█);

(c) █  
█  
█  
█

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(d) [Redacted]

(e) [Redacted]

15. On 13 April 2017, Tabcorp entered into a memorandum of understanding with AHA NSW (as a representative body of hotels, many of which are also gaming venues)

[Confidential to Tabcorp] [Redacted]

16. Tabcorp has also engaged with the NSW regulator (Liquor & Gaming NSW)

[Confidential to Tabcorp] [Redacted]

17. I have been asked to provide updated information regarding Tabcorp’s cooperative agreements for the supply of gaming systems and related services. I set these out in **Confidential Table 2.2** of **MDZ-1**.

18. I have been asked to provide updated details of the names and contact details of a representative selection of suppliers of inputs to Tabcorp’s gaming systems business. I set these out in **Highly Confidential Table 4.2** of **MDZ-1**.

19. I have been asked to provide information regarding [Confidential to Tabcorp]

[Redacted]

(a) [Redacted]

(b) [Redacted]



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- (c) [REDACTED]
- (d) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]
- (e) [REDACTED]  
[REDACTED]
- (f) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

I set this information out in **Confidential Table 5.2(a)** of **MDZ-1**.

20. I have been asked to provide information regarding Tabcorp's supply of gaming systems in Victoria, NSW and Queensland for FY13 to FY17. I set these out in **Confidential Tables 5.2(a)(i), (ii) and (iii)** of **MDZ-1**.
21. I have been asked to provide information regarding Tabcorp's supply of monitoring services to licensed venues in Queensland for FY13 to FY17. I set this information out in **Table 5.2(b)** of **MDZ-1**.
22. I have been asked to provide information regarding Tabcorp's supply of field services to licensed venues in Victoria, NSW and Queensland for FY17. I set this information out in **Table 5.2(c)(i), (ii) and (iii)** of **MDZ-1**.
23. I have been asked to provide information regarding Tabcorp's:
- (a) in-venue gaming system customers in NSW;
  - (b) in-venue gaming system customers in Victoria;
  - (c) in-venue gaming system and monitoring customers in Queensland;
  - (d) monitoring customers in Queensland; and
  - (e) gaming agreements with customers.

I have set this information out in **Highly Confidential Table 6.1(a) to (e)** of **MDZ-1**.

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24. I have been asked to provide updated information regarding the indicative pricing for Intecq's gaming systems. I set this information out in **Highly Confidential Table 7.2** of **MDZ-1**.

**B.4. Keno**

25. Paragraph 4.131 of Tabcorp's Form S filed on 13 March 2017 in Proceeding ACT 1 of 2017 states:

Tabcorp's Victorian Keno licence expires in 2022. At this stage, there has been no indication from the Victorian government as to the process it may employ in relation to the next licence. The Tasmanian Keno licence expires in 2023. There has been no statement from the Tasmanian government, other than a statement from the Tasmanian Treasurer proposing that a Joint Select Committee of both houses be formed to consider the structure of the gaming sector in Tasmania post-2023.

26. **[HIGHLY Confidential to Tabcorp]** [REDACTED]
27. I have been asked to provide updated information regarding Tabcorp's cooperative agreements for Keno. I set these out in **Confidential Table 2.3(a)** of **MDZ-1**.
28. I have been asked to provide updated information regarding Tabcorp's Keno distribution agreements. I set these out in **Confidential Table 2.3(b)** of **MDZ-1**.
29. I have been asked to provide updated information regarding Tabcorp's Keno distributors and the value of distribution of each. I set these out in **Confidential Table 2.3(c)** of **MDZ-1**.
30. I have been asked to provide updated information regarding Tabcorp's Keno wholesale customer agreements. I set these out in **Highly Confidential Table 2.3(d)** of **MDZ-1**.
31. I have been asked to provide updated details of the names and contact details of a representative selection of suppliers of inputs to Tabcorp's Keno business. I set these out in **Highly Confidential Table 4.3** of **MDZ-1**.
32. I have been asked to provide turnover data for Tabcorp's Keno business for FY17. I set this data out in **Confidential Table 5.3** of **MDZ-1**.

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33. I have been asked to provide information regarding Tabcorp's Keno wholesale customer agreements. I have set this information out in **Highly Confidential Table 6.1(f) of MDZ-1**.

Signature of witness

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Name of witness

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Matthew Dean Zaba

Date of signature

29 September 2017