

21st February 2017



IN THE AUSTRALIAN COMPETITION TRIBUNAL

Statement

No. ACT of 2017

Tabcorp Holdings Limited

Proposed acquisition of Tatts Group Limited by Tabcorp Holdings Limited by way of scheme of arrangement

Statement of: Gregory Aldam
Address: 15 Hook Rd, Winnellie, Northern Territory
Occupation: Manager and Secretary, Darwin Greyhounds Association
Date: February 2017

Contents

BACKGROUND	1
NORTHERN TERRITORY GREYHOUND RACING INDUSTRY AND THE DARWIN GREYHOUNDS ASSOCIATION	3
WAGERING IN THE NORTHERN TERRITORY	8
DARWIN GREYHOUNDS ASSOCIATION – OPERATIONAL COSTS AND FUNDING ARRANGEMENTS	9
VIEWS ON PROPOSED MERGER OF TABCORP AND TATTS	11
ANNEXURES	14
SCHEDULE A	15

I, Gregory Aldam, Manager and Secretary, in the Northern Territory, say that:

BACKGROUND

1 I am the Manager and Secretary of Darwin Greyhounds Association of Northern Territory, Incorporated (DGA). I was appointed to this role in July 2015. In this role, I am responsible for managing the operations and strategic direction of Winnellie Park, the only registered greyhound race track in the Northern Territory.

Filed on behalf of	Tabcorp Holdings Limited (Applicant)		
Prepared by	Luke Woodward		
Law firm	Gilbert + Tobin		
Tel	+61 2 9263 4014	Fax	+61 2 9263 4111
Email	lwoodward@gtlaw.com.au		
Address for service	Level 35, Tower Two International Towers 200 Barangaroo Avenue, Barangaroo Sydney NSW 2000		

- 2 I have been involved in both thoroughbred racing and greyhound racing for over 25 years, including 10 years' experience working in the corporate bookmaking/ wagering industry as an employee of Betchoice Corporation Pty Ltd (**Betchoice**), which became Unibet in 2012.
- 3 I make this statement in my position as Manager and Secretary and on behalf of the DGA in relation to an application by Tabcorp Holdings Limited (**Tabcorp**) to the Australian Competition Tribunal for authorisation of the proposed merger of Tatts Group Limited (**Tatts**) and Tabcorp.

General involvement in the NT thoroughbred racing industry

- 4 I was born in Balaklava in South Australia, where my family had an interest in horses and greyhounds, including through owning and racing horses and greyhounds as part of syndicates. I relocated to the Northern Territory approximately 24 years ago.
- 5 Over the time that I have lived in the Northern Territory, I have held ownership interests in a number of horses that have run in local races. Most of these horses were trained by Kevin Lamprecht, a trainer from Alice Springs. I currently have a stake in six thoroughbred race horses.
- 6 Since 2010, I have also acted in a casual capacity as the form analyst for the Darwin Turf Club, which operates a thoroughbred race track at Fannie Bay. In this role, I write weekly form guides for those horses participating in races at the Darwin Turf Club (which is approximately 40 weeks per year). My form guide contributions are published in the Darwin Turf Club racebook.

Other relevant positions/ experience

- 7 For the period from 2006 to 2015, prior to commencing my current role at the DGA, I worked as a manager at the Darwin-based call centre office of Betchoice/ Unibet. Betchoice was an Australian corporate bookmaker established in 2001 that obtained a licence in the Northern Territory in 2006. In 2012 it was acquired by the Unibet Group plc, which is one of the largest European gambling operators and is listed on the Stockholm stock exchange. The Australian operations of Unibet are regulated and licensed in the Northern Territory.
- 8 I commenced my employment at Betchoice/ Unibet in 2006 as the second-in-charge of the Darwin call-centre. This call-centre was responsible for general customer service, including taking bets, customer queries, account enquiries and, occasionally assisting the Sydney-based head office staff with bookmaking. After 7 years in this role, I was promoted to the head of operations of the Betchoice/ Unibet call centre and held this role for approximately two and a half years.



- 9 Prior to working in the wagering industry, I worked at Bank SA and participated competitively in cricket, including playing at a representative level. I continue to coach representative Northern Territory teams.

NORTHERN TERRITORY GREYHOUND RACING INDUSTRY AND THE DARWIN GREYHOUNDS ASSOCIATION

Greyhound racing in the Northern Territory

- 10 Greyhound racing in Australia typically involves eight greyhounds competing in a race on a track over distances ranging between approximately 300 and 700 metres. Owners, breeders and trainers provide greyhounds to race and race tracks host race meetings, which punters can bet on either on or off the track. Greyhound races are conducted by using a mechanical lure, which the greyhounds chase after they are released from a starting gate by a person (called a slipper). Greyhound racing clubs typically host a series of races over the course of a race day, with some of the bigger race tracks hosting races across a number of different categories, including based on the age or sex of the dog.
- 11 Greyhound racing was started in the Northern Territory in the 1960s by a group of hobbyist greyhound owners and enthusiasts who typically owned a small number of greyhounds and this tradition has continued to the present day. Particularly in the early days of greyhound racing at Winnellie Park, the greyhound racing track served as an important social and entertainment venue with races being hosted on a Friday evening. In more recent times, the race day has shifted from a Friday night to a Sunday night and the broadcast of races on the Sky channel has generated new interest in racing at Winnellie Park across a broader audience.
- 12 Racing in the Northern Territory is regulated by the Northern Territory Racing Commission (**Racing Commission**) pursuant to the *Racing and Betting Act* (NT). The Commission is ultimately responsible for overseeing all the racing codes, including greyhound racing.
- 13 DGA works closely with the Racing Commission, as the appointed racing club for Greyhound racing in the Northern Territory. The Racing Commission applies and the DGA operates in accordance with Greyhounds Australasia's racing rules and the NT greyhound racing rules.

Darwin Greyhounds Association

- 14 DGA is an incorporated association within the meaning of the *Northern Territory Associations Act* (NT), with its principal activity being the control of greyhound racing and associated pursuits. A copy of the association extract for the DGA is at **Annexure GA-1**.
- 15 Since the 1960s, the DGA has operated the only registered venue for greyhound owners and trainers to race greyhounds in the Northern Territory at Winnellie Park. The DGA provides a

platform for spectators and punters, both on and off-course, to watch and place bets on greyhound racing at Winnellie Park.

- 16 The DGA is the principal greyhound racing body in the Northern Territory and, alongside the principal greyhound representative for other Australian states and territories, is a member of the Australian Greyhound Racing Association (AGRA).
- 17 The role of manager of the DGA is a full time role and in this role I am responsible for coordinating a small team of staff and contractors who together operate and maintain the facilities at Winnellie Park and run greyhound races. The various staff and activities include:
 - (a) a full-time groundskeeper who curates the greyhound track;
 - (b) a race caller (employed on a casual basis), who also calls the thoroughbred races at the Darwin Turf Club;
 - (c) four bar/ TAB staff (employed on a casual basis) who provide local TAB on-course betting services as well as hospitality services;
 - (d) an on-course veterinarian who attends on race days;
 - (e) two or three senior stewards, who are employed by the Racing Commission to attend race days and to provide formal regulatory oversight of the events including overseeing the integrity of on-course gambling and the proper care and welfare of the greyhounds and their fitness for racing;
 - (f) five or six casual junior stewards (who are typically young people between 16 – 30 years old), paid by the DGA, who assist the Government-employed senior stewards with the greyhounds; and
 - (g) a part-time accounts/ bookkeeping assistant who assists with managing the DGA's accounts.
- 18 The DGA conducts approximately 50 race days a year, with race days being on Sundays. In 2016, the DGA will conduct 51 races, with Christmas day being the only Sunday when it does not hold races. Winnellie Park has capacity to host greyhound races over three separate distances: 312, 383 and 537 metres.
- 19 The Group 3 Darwin Cup is the DGA's premier annual greyhound racing event that carries the largest prize money of \$25,000. The Darwin Cup is scheduled on the Sunday prior to Darwin's premier thoroughbred race event, the Darwin Cup Carnival, which takes place on the first Monday of each August. For example, in 2016, the Darwin Cup was held on Sunday 31 July 2016.

- 20 While the weekly races hosted by the DGA largely attract local greyhounds, the Darwin Cup and the larger prize money on offer attracts a number of interstate greyhounds as well as drawing the largest crowds of the year to the track. For the 2016 Darwin Cup, there were approximately 1000 people in attendance on track and approximately 14 of the 32 greyhounds competing were from outside the Northern Territory. As Winnellie Park is 3000km from the closest greyhound racing track, the higher prizemoney offered for the Darwin Cup is critically important in drawing interstate dogs to compete, who typically also run faster than the local greyhounds which improves the quality of the greyhound racing spectacle.
- 21 The regular Sunday races hosted at Winnellie Park usually draw about 100 – 150 people. On any given race day, the DGA typically hosts eight to ten races. As well as the Darwin Cup, the DGA also holds a number of other special local race days, including the last Sunday race of the year prior to Christmas, which can attract larger crowds.
- 22 The DGA provides an important social contribution to the Darwin community. As well as providing an important social and entertainment venue, the DGA supports a number of charity and fundraising events during the year, including:
- (a) hosting a Greyhound Racing Adoption NT (or **GRANT**) greyhound rehoming day, with proceeds of raffles and any donations made on the day going towards GRANT's initiatives as well as providing an important platform for raising awareness of GRANT's work;
 - (b) an annual children's Christmas party; and
 - (c) supporting the Variety children's charity Australia Day "Ute-run" by providing Winnellie Park as the venue for the event finish line Australia day ute-run, which finishes up at Winnellie Park.
- 23 The DGA has a longstanding and close relationship with GRANT, Greyhound Racing Adoption NT, a non-profit which facilitates foster care and re-homing of retired NT greyhounds. Each year, the DGA puts aside a sum of money to contribute towards the funding of GRANT's veterinarian costs associated with de-sexing and re-homing greyhounds. The aim of the DGA's funding allowance in favour of GRANT is to provide sufficient funding to re-home all of the greyhounds that require re-homing in a given year, with a sufficient allowance in case additional dogs need to be re-homed. For the 2016 – 2017 financial year, the DGA has allocated up to \$25,000 in funding in favour of GRANT for desexing and re-homing costs calculated based on an approximate cost of \$400-\$500/ dog. DGA currently estimates that 30 – 40 greyhounds will require re-homing each year, but has made allowance for funding for up to 50 greyhounds as the number of greyhounds requiring re-homing has continued to increase in recent years. In addition to providing direct funding to GRANT, the DGA seeks to raise awareness of GRANT's

activities by hosting the GRANT greyhound re-homing day (referred to at 21(a) above) and promoting GRANT's activities in other ways, such as including a link to GRANT's website on the DGA Facebook page.

- 24 The DGA also sometimes directly arranges and funds the de-sexing and re-homing of greyhounds, aside from its partnership with GRANT. Where this is the case, the DGA pays for the costs of micro-chipping, de-sexing and re-homing dogs.
- 25 The DGA faces a number of unique challenges in operating races out of Winnellie Park due to its remote location and the Northern Territory tropical climate. Due to the remote location and small local population that is serviced by the race track, there are particular challenges associated with ensuring the number and quality that participate in weekly races – in particular because the majority of participants are amateur participants. In addition, the heat and humidity of racing during tropical summers requires the DGA to take a number of steps to protect the welfare of our dogs, which includes:
- (a) keeping the greyhounds in air-conditioned kennels prior to races;
 - (b) when racing in the afternoon (before twilight), the greyhounds are put in air-conditioned kennels prior to and in-between races rather than parading them before the crowd to keep them cool; and
 - (c) requiring a veterinarian to be in attendance at all times on race night. The remoteness of DGA races also poses other challenges that require additional capital investment. For example, to address the unreliability of television coverage in the area, the DGA recently spent \$25,000 on installing its own satellite camera equipment to provide a back-up broadcast option if the live-feed from the races goes out of operation.

Darwin Greyhound racing participants and race arrangements

- 26 Greyhound racing in Darwin is characterised by a small core of dedicated, amateur racing enthusiasts and the Winnellie Park track serves as an important community and social hub for these participants. There are approximately 20 registered greyhound trainers in the Northern Territory. Of these, there are about 8 larger trainers that train between 7 – 20 dogs, with the rest being smaller trainers who own and train 1 – 5 dogs. A large number of the trainers who race dogs at Winnellie Park also own their dogs. Similar to thoroughbred horse racing, some owners also own dogs as part of a syndicate.
- 27 Dogs that win or place in a race receive prizemoney that helps their owners to fund the costs of the greyhounds and sometimes provides a small return. The typical Sunday night prize money at Winnellie Park is:



(a) for 450 metre races, \$450 first; \$180 second and \$120 third; and

(b) for 537 metre races, \$1000 first; \$300 second and \$200 third.

28 As well as prize money, trainers also collect a \$50 "turn-up fee" for each dog that races, even if the dog is unplaced for all races. This is funded by the DGA and is an important source of funding that enables local trainers/ owners to feed and upkeep their dogs and provides the assistance and an incentive to keep them returning to the track to race on a regular basis.

29 The DGA has also provides "freight subsidies" by which the DGA funds a portion of the freight costs associated with local greyhound racing participants purchasing dogs from interstate where those dogs are entered in at least four races at Winnellie Park. The amount of the freight subsidy payment is linked to the age of the dog. Younger dogs are potentially able to compete in a greater number of races over a longer period of time, and so we pay a higher subsidy payment. The DGA makes available the highest freight subsidy payment for dogs under two years of age of \$800. The payment becomes available only after a dog has participated in four races at Winnellie Park.

30 Training greyhounds in the Northern Territory is not a full time, professional occupation, because prize money is necessarily uncertain and there is insufficient prize money available to support those involved. Instead, greyhound racing in Darwin is a hobby sport, with the prizemoney and "turn-up" fee typically enabling owners and trainers to cover their expenses.

Importance of Sky television and radio to DGA

31 In addition to on-course spectators, off-course punters can view Winnellie Park race events hosted by the DGA on the Sky Racing channel or tune in on radio.

32 The television broadcast of Winnellie Park races takes place in accordance with a trial arrangement entered into between the DGA, Tabcorp and Sky Racing that commenced in 2015 and was extended to continue until early 2017. Under this arrangement, the DGA provides Sky Racing with a television feed of at least eight greyhound races a week (which all occur on a Sunday). These races are broadcast domestically and internationally to New Zealand and parts of Asia. Due to the small local racing population and the large distances any inter-state (and some local participants) need to travel to attend race meetings, the minimum race requirement is challenging for the DGA to meet across 51 weeks of the year.

33 Television broadcasts are an important part of the commercial growth and sustainability of greyhound racing in the Northern Territory. By providing this coverage, which is broadcast nationally, the DGA has seen an improvement in product fee revenue as more interstate punters bet on DGA races. Product fees are described in more detail at paragraphs 49 to 52 below.



- 34 Off-course punters in Northern Territory, Queensland, Tasmania and South Australia can also listen to Northern Territory greyhound racing events that are broadcast by RadioTAB, pursuant to arrangements with Tatts/ UBET. There is presently no radio coverage of Northern Territory greyhound racing in Victoria, New South Wales or Western Australia. While radio is an important medium for some off-course punters, the current RadioTAB arrangements only broadcast to states and territories with small population bases. The large majority of off-course punters access Northern Territory greyhound racing by viewing Sky Racing programming, often from pubs or clubs.
- 35 The limited capacity to attract dogs from interstate and the large number of races the DGA holds each year, means that it is a constant challenge for us to ensure that enough dogs are available for racing each week to support our broadcasting commitments with Sky Racing. This is another important reason why we offer the "turn up fee" discussed at paragraph 30.

WAGERING IN THE NORTHERN TERRITORY

- 36 As for other racing codes in Australia, punters can bet on greyhound racing in the Northern Territory either by placing a pari-mutuel bet with a totalisator operator or by placing a fixed odds bet.
- 37 A totalisator, commonly known as a "tote" is a betting scheme in which all bets are pooled. A set percentage of that pool is retained by the totalisator operator and the remainder is returned to winning punters. For that reason, the final payout is not determined until after the race is completed.
- 38 Fixed odds betting involves bets placed on a greyhound racing event (or another type of racing event) where the odds for the bet are set at the time when the bet is made so that the odds do not change based on the number of subsequent bets received on that race. Corporate bookmakers offer fixed-odds and tote-derivative betting products, in competition with pari-mutuel betting.
- 39 Over the last two decades, there has been a large number of corporate bookmakers enter the Australian market. A large number of these are located and registered in the Northern Territory, because of the lower taxes, duties and licencing fees and more flexible operating requirements that in place in the Northern Territory compared to other States and Territories in Australia. I am aware of these matters because in my previous role at Unibet I noticed, over time, the increasing number of other corporate bookmakers which competed with Unibet.
- 40 Tatts, through its subsidiary UBET NT Pty Limited (**UBET**), currently holds the NT totalisator licence. The licence gives UBET exclusive rights to operate a totalisator in the Territory and conduct retail betting on racing and sports through the totalisator. The licence also enables UBET to:

- (a) conduct totalisator betting on a race, including greyhound racing, or other permitted event, sport or activity inside or outside the NT;
 - (b) provide betting facilities to people outside the Territory by means of a totalisator operating in the Territory; and
 - (c) deliver betting services through retail outlets, pubs and clubs.
- 41 Totalisator operators, including UBET, responded to the increased competition of corporate bookmakers and the shift away from pari-mutuel betting to fixed-odds betting, by offering fixed odds offerings alongside pari-mutuel betting products.
- 42 UBET operates an on-course TAB outlet at Winnellie Park, as well as offering on-course wagering at the two thoroughbred racing venues in the Northern Territory: Fannie Bay and Pioneer Park. In addition to the on-course TAB outlets, UBET has seven retail shopfront TAB agencies and 40 outlets across the NT in hotels, clubs and casinos.
- 43 Totalisator bets can be placed on greyhound races on-course at the local TAB facilities provided at Winnellie Park, or by off-course betting through various channels, including retail (i.e. physical shopfront agencies), telephone, internet and mobile devices.
- 44 UBET currently operates combined pooling arrangements across the states and territories that Tatts holds exclusive totalisator licences, being Queensland, South Australia and Tasmania. This means that the amount bet across those three states and the Northern Territory for a particular race is combined. This enables Northern Territory punters (and punters in each of the other states) to access a larger and more liquid totalisator pool.

DARWIN GREYHOUNDS ASSOCIATION – OPERATIONAL COSTS AND FUNDING ARRANGEMENTS

- 45 The DGA's main operational costs relate to the costs of hosting and broadcasting race meetings at Winnellie Park and include:
- (a) the provision of prize money, as well as the race turn-up fee (described at paragraph 30 above);
 - (b) the capital and other costs associated with the upkeep of the Winnellie Park race track and facilities, including kennelling facilities; and
 - (c) staff and contractor costs.
- 46 The DGA's primary sources of revenue and funding are:

- (a) annual distributions of approximately \$500,000 - \$600,000 per year from UBET under the UBET totalisator licence. These distributions represent payment by UBET in accordance with its obligations under the Northern Territory totalisator licence pursuant to an agreement with the Northern Territory Government that it pay a proportion (currently 40%) of gross margin on Northern Territory greyhound racing events to the DGA of up to the current funding of \$800,000 per year;
- (b) direct funding from the NT Government of approximately \$200,000 - \$300,000 a year, in accordance with the Northern Territory totalisator licence that provides that the DGA is to receive \$800,000 in funding pursuant to the UBET licence, with any shortfall to be provided by the NT Government. The current level of funding to the DGA was set pursuant to a five year agreement entered into in 2016. Funding is set at a base level of \$800,000, adjusted upwards by approximately 1.5% per year, in accordance with the Consumer Price Index under the arrangements between UBET and the NT Government. The NT Government also provides additional support, including in the form of provision of Government-employed race stewards;
- (c) race field fees (called "product fees" in the Northern Territory) that are payable under the *Racing and Betting Act* (NT) to DGA on a quarterly basis. Product fees are described below at paragraphs 48-50. This form of DGA income varies depending on the level of betting activity during the year. I estimate that for the 2016/ 2017 financial year, based on the quarterly product fee revenue to date and the forecast revenue for the remainder of the year, that the total product fee revenue will be approximately \$400,000 - \$500,000;
- (d) a small amount of revenue from race day gate takings (from an admission charge of \$8 per adult with children and seniors admitted free of charge) and bar and hospitality services provided on race days; and
- (e) sponsorship revenue, including from advertising displays at Winnellie Park of approximately \$50,000 - \$60,000 per year.

47 In total, taking into account all of these revenue streams, I estimate the DGA currently has cumulative annual revenue of between \$1.5 - \$1.6 million.

48 A product fee is a fee levied by a racing club or operator on a wagering operator for accepting bets on their racing product. In the case of the DGA, the product fee is charged for the 'race field' information provided to each wagering operator, which includes the names of greyhounds, their positions and form and other data, which is then used by the wagering operator to offer wagering on the greyhound races.

49 In October 2014, following on from arrangements established by Thoroughbred Racing NT, the DGA entered into informal arrangements with all of Australia's licensed wagering operators to

make ex gratia payments, similar to a product fee. In 2016, the Northern Territory Government formalised these existing informal arrangements and statutorily permitted the charging of product fees through an amendment to the *Racing and Betting Act* (NT).

- 50 The greyhound racing product fee is set by the NT Racing Commission at a rate of 1.5% of any turnover of wagering operators on greyhound races conducted in the Northern Territory.. The product fee is paid directly by wagering operators to the DGA and the DGA is responsible for the administration and collection of those fees.
- 51 While the distributions from the UBET agreement therefore provides the core of the DGA's funding, product fee revenue offers an opportunity for DGA to grow and improve its racing product by making additional investments in capital works to improve facilities and the quality of the facilities and experience delivered to on-course spectators and off-course punters as well as potentially enabling the DGA to increase the prize money offered.

VIEWS ON PROPOSED MERGER OF TABCORP AND TATTS

Development of wagering competition

- 52 I am aware that Tabcorp has proposed to acquire the issued shares of Tatts by a scheme of arrangement (the **Proposed Transaction**).
- 53 I attended a briefing, together with Thoroughbred Racing Northern Territory representatives, by a Tabcorp executive on the Proposed Transaction in Darwin in November 2016.
- 54 As Tatts (through UBET) holds the exclusive licence to operate on-course or off-course totalisator wagering in the Northern Territory, I do not think the Proposed Transaction would negatively impact punters in the Northern Territory in terms of the competition for punters and the resulting range and quality of wagering available.
- 55 I worked for a corporate bookmaker (for 10 years) and have observed the rapid growth of corporate bookmakers in the market, many of which are based in the Northern Territory. I consider that the wagering market is now highly competitive and very different from what it looked like when corporate bookmakers entered the market, 15 – 20 years ago. The nature of the products that are offered by corporate bookmakers directly compete with the wagering products offered by UBET. Since entering the Australian market, corporate bookmakers have developed and offered products that essentially hang off the structure of totalisator pools in order to directly compete with pari-mutuel wagering. For example, corporate bookmakers offer "best of three tote" products that pay the best odds of all three Australian pari-mutuel pools which offer an attractive option to punters and have contributed to the shift away from pari-mutuel wagering. In addition, I understand that the offshore-owned corporate bookmakers based in the Northern Territory employ sophisticated algorithms which enable them to

strategically manage risk which assists in maximising returns. Further, it is my understanding that as corporate bookmakers are able to operate lower cost models (including because of lower tax exposure as a result of being incorporated in the Northern Territory), this enables them to offer attractive promotions to punters, such as free bet and bonus bet promotions, and, in some circumstances, more attractive odds.

Expected benefits for DGA from the Proposed Transaction

56 Based on my understanding of the Proposed Transaction, including based on the Tabcorp presentation I attended in November 2016, I have identified the following principal benefits from the Proposed Transaction for smaller, regional racing clubs like the DGA:

- (a) *The Proposed Transaction will offer potential benefits for punters and the DGA if it facilitates a larger, combined totalisator pool.* If the Proposed Transaction increases the size of the pool, then Northern Territory punters would benefit from access to a stronger tote, less prone to fluctuation. This is likely to increase the attractiveness of smaller events such as greyhound races at Winnellie Park where, given the small size of the tote, the odds paid for a bet can potentially fluctuate significantly over time before the race commences. If these events formed part of a larger, potentially national totalisator pool, punters could have more confidence in the odds paid for a bet as odds would be less likely to fluctuate.
- (b) *A stronger tote would promote increased levels of totalisator wagering and increase the returns to the DGA from the UBET arrangements.* To the extent that access by punters in the Northern Territory to a larger pari-mutuel pool increases and strengthens tote wagering activity (against competitive fixed odds or derivative products offered by corporate bookmakers), the Proposed Transaction would provide greater security around the ongoing funding arrangements for racing in the Northern Territory. As noted at paragraph 47 above, DGA relies heavily on funding under the arrangements in place with UBET for DGA's operating income.
- (c) *The combination of Tabcorp and Tatts may improve the media opportunity.* Tabcorp operates the Sky Racing channels, which DGA has found to be a very important part of increasing wagering on its events, particularly where this can be done from interstate punters. UBET/ Tatts do not provide racing vision and have not been a bidder for racing vision rights and, as a result, I do not consider the Proposed Transaction will have any impact on competition for racing vision. Tabcorp taking over as the pari-mutuel wagering operator in the Northern Territory may enable it to bring improved and coordinated media coverage of events in the Northern Territory, including DGA races. A combined Tabcorp/ Tatts entity would enable Australia-wide advertising campaigns and even very small scale advertising of Northern Territory greyhound race events could have a significant impact

as it would provide national exposure to a much larger population base of DGA events. In addition, media opportunities may be improved by having one source of contact to coordinate race scheduling, which may provide more flexibility and optimisation of scheduling across different time zones. I consider that it is also possible that the Proposed Transaction could facilitate commercial negotiations with relevant parties to extend radio coverage of Northern Territory greyhound races to states that RadioTAB does not currently broadcast to pursuant to the arrangements with Tatts/ UBET. This is because I consider that if Tabcorp were in the future able to gain extended radio broadcasting rights, this would likely lead to more national radio exposure for small, regional clubs like the DGA.

- (d) *General investment and improvement in UBET retail operations.* My experience and understanding of Tabcorp and Tatts is that Tabcorp are a larger and more professional wagering operation, including based on my understanding that Tabcorp has significantly higher turnover, a greater number of employees and employs more sophisticated and innovative advertising and marketing campaigns, and that they are likely to be able to improve the quality of the retail and wagering experience for punters in the Northern Territory.

57 I understand, including from the presentation I received from Tabcorp, that Tabcorp expects there will be benefits from costs synergies, which would include the alignment of product offering between Tatts' and Tabcorp's wagering operations, enhanced ability to invest in innovation, marketing and customer experience as well as potential further benefits of larger, merged pools mentioned above. I consider the alignment of product offerings between Tatts' and Tabcorp's wagering operations will mean the merged firm is in a better position to compete with corporate bookmakers in the Northern Territory because Tabcorp currently has better product offerings than UBET, in particular for exotic bet types. I expect that the benefits of the Proposed Transaction will pass through to the greyhound racing industry in the Northern Territory as a stronger tote promotes the ongoing funding arrangements of the racing industry.

58 There are a number of different areas that the DGA could invest any additional revenue resulting from the Proposed Transaction to promote greyhound racing in the Northern Territory as well as other DGA initiatives. For example, I consider that the DGA could use this additional revenue to fund one or more of the following initiatives relating to the maintenance and/ or promotion of the Northern territory greyhound racing code and the DGA:

- (a) increase prize money to make the Darwin greyhound racing product more attractive to locals and, in particular, inter-state competitors, which would in turn assist in raising the profile of Northern Territory greyhound racing (with associated benefits for NT tourism);



- (b) investment in track and stadium maintenance, works and improvement, including maintenance of the stadium roof to prevent leaks during the wet season; maintaining or improving track lights to ensure the quality meets television coverage requirements; or purchase of a new tractor for track maintenance;
- (c) investment in a new kennel block. This would enable greater flexibility in how the DGA runs races and houses dogs, for example it could provide extra capacity for dogs visiting from interstate, in particular during the Darwin Cup. This additional kennel capacity could also be used throughout the year to assist GRANT with accommodating dogs that require re-homing; and
- (d) continuation and or increase of DGA's recently implemented dog "freight subsidy" scheme, described at paragraph 29 above to promote the depth and quality of Northern territory greyhound racing fields, by assisting with the cost of shipping dogs from interstate.

ANNEXURES

59 Set out in Schedule "A" of my statement is a table of annexures that I refer to in my statement.



Signature of witness

Gregory Aldam, Manager and Secretary, Darwin Greyhounds Association

21st February 2017.



SCHEDULE A

TABLE OF ANNEXURES REFERRED TO IN STATEMENT OF GREGORY ALDAM

Annexure	Title	Confidentiality
GA-1	Association extract for the Darwin Greyhounds Association (DGA)	-



ASSOCIATION EXTRACT - Northern Territory**Created on 06 Dec 2016 at 11:07**

Association Name: THE DARWIN GREYHOUND ASSOCIATION OF N.T. INCORPORATED
Incorporation Number: 00440C
Date of Incorporation: 18/06/1976
Status: REGISTERED
Date of Cessation/Transfer:
Principal Activity: CONTROL OF GREYHOUND RACING & ASSOCIATED PURSUITS

Postal Address (current)

Address: PO BOX 39645 WINNELLIE NT 0821

Registered Office Address (current)

Address: 15 Hook Road WINNELLIE NT 0821 Australia

Public Officer (current)

Name: Gregory ALDAM
Address: 32 Tennison Crescent ANULA NT 0812 Australia
Start Date: 17/03/2016

DISCLAIMER FOR ASSOCIATIONS EXTRACT

The Department administering the Associations Act and every person acting on its behalf disclaims any liability for loss or damage arising from any error, omission or defect in the computer produced extract or the information contained herein, whether resulting from negligence, default or otherwise however so caused or resulting.