

# ARIZONA CONFERENCE

## Broadcasting and Pooling Issues within Australia

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# Today's Focus

- Broadcasting of Racing Pictures in Australia
- Status of Co-pooling in the Australian Wagering Market



# Introduction

3 Key areas of ownership in racing:

- Racing product – fixture/program, dates/data or fields/form
- The Picture – transmission and distribution
- Wagering distribution network – OTBs, internet, phone



# Historical Overview of Broadcasting in Australia

- 1986 – Sky Channel established by PBL (Kerry Packer)
- 1995 – Sold 50% stake for \$75m to News Corp (Rupert Murdoch)
- 1998 – Sky Channel acquired by TAB Ltd (NSW TAB) for \$260m
- 2000 – Sky Channel acquired radio station 2KY

# SKY's Performance

- 1998 – At time of acquisition by TAB Ltd
  - Operating profit was \$14.95m
  - Revenue of \$67.4m
  - By 2004 TAB Ltd's media division was able to post the following results:

## TAB Ltd Media Division Results

| 12 months ended 30 June (\$m) | 2004  | 2005  | Up/down | %   |
|-------------------------------|-------|-------|---------|-----|
| Total Revenue                 | 102.5 | 100.5 | Down    | 2   |
| EBITDA                        | 40.9  | 38.7  | Down    | 5.7 |

# SKY's Strategy

- Become the monopoly provider of race wagering pictures
- “Divide and Conquer”
- Negotiate with each race club separately
- Stagger contract terms to make aggregation of rights by race clubs difficult
- Use TPA provisions against collusive bargaining to stop aggregation of rights by race clubs

# Creation of TVN

- Sky putting downward pressure on rights fees
- To compete with Sky need Melbourne and Sydney rights
- Created by the Victorian clubs to facilitate aggregation of rights in line with TPA
- May 2002 – TVN sold the Victorian rights to SKY for 2 years with two 6 month options (to May 05)
- March 2004 – Rights to Sydney Racing (AJC/STC) fell due
- AJC/STC granted rights to TVN until May 05



# Peace – But Not For Long

- Aug 2004 – TABCORP and TVN signed heads of agreement to produce a thoroughbred only channel
- Jan 2005 – TABCORP withdraws support for channel
- TVN announces establishment of its own channel carrying Victorian and Sydney racing





# Outstanding Issues

- Split coverage – 2 racing channels impacting customer participation
- Pay TV exclusivity arrangements exclude TVN from Austar network

However

- Increase in international coverage is a positive



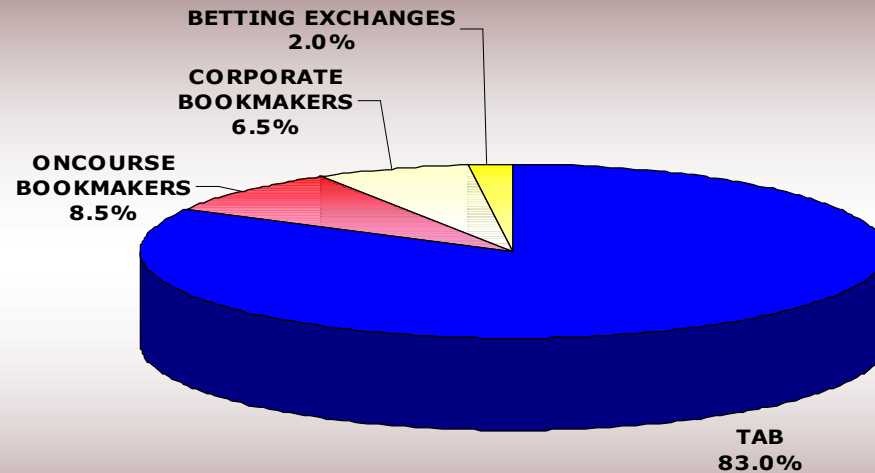
# Co-pooling by Totalisators

Australian Wagering Market comprised of:

- TABs (including on-course totes)
- On-course bookmakers
- Corporate bookmakers
- Betting exchanges

## AUSTRALIAN RACE WAGERING MARKET (TURNOVER) 2003-04

### AUSTRALIAN RACE WAGERING MARKET (TURNOVER) 2003/2004



Source: Australian Gambling Statistics 2002-2003 & ARB Forecasts

# Consolidation of Australian Wagering Market

- 1994 – TABCORP created from VIC TAB
- 1998 – TAB Ltd created from NSW TAB
- 1999 – Unitab Ltd created from QLD TAB
- 2000 – Unitab acquired NT TAB
- 2002 – Unitab acquired SA TAB
- 2004 – TABCORP acquired TAB Ltd
- Now 2 main players TABCORP 65% Unitab 25%

Only smaller TAB's remain in government ownership – WA, Tasmania and ACT

# Current Pooling Arrangements in Australia

3 main pools:

- Unitab – Queensland, South Australia and Northern Territory
- TABCORP – SuperTAB pool – Victoria, Western Australia, Tasmania and ACT
- TABCORP – NSW pool
- Outstanding issue is the merging of the TABCORP controlled pools



# International Co-pooling

- Most likely to occur with countries we exchange product with – NZ and South Africa
- Wagering providers may choose to participate internationally outside of existing Australian pools if internal co-pooling arrangements cannot be resolved