

Sydney Morning Herald Friday 27/12/2002
Business News Page 14
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TAB fights Panthers plan to quit linked pokies

Geesche Jacobsen

TAB is fighting plans by the State's largest club, Panthers, to pull out of its new maximillions linked pokie jackpot system.

John Wilson, gaming manager at Panthers World of Entertainment said the club decided on Christmas Eve to reject "an extremely good deal" from TAB and withdraw its 40 machines from the system, saving the club over \$1000 a day.

But TAB had "not taken 'no' for an answer" and would make another offer on Friday, Mr Wilson told the *Herald*. A TAB spokesman said talks would continue this week.

TAB is understood to be trying to get the club to commit to investing in its newest jackpot product, called bullionaire.

It fears a pull-out by the biggest club could cause other venues to review their strategy.

The contract for the jackpot system expires in mid January because Panthers, which has 12 separate venues and operates more than 1150 poker ma-

chines, gave TAB three months' notice of plans to pull out in October.

Mr Wilson said the club had experienced a 6 per cent drop in revenue since May - shortly after the introduction of the compulsory three-hour shut-down of poker machines.

The TAB spokesman said maximillions had been rolled out to 1025 machines in 148 venues, with another 144 machines committed, but not yet connected. Since its introduction, the product had paid out \$13.6 million in 1276 major and maxi jackpots.

But in February, when the system's trial started, TAB said it was expecting to have 2000 machines connected by the end of its financial year, in October.

TAB charges clubs \$26 a day per machine connected to the jackpot and says it has increased turnover of the machines three to fourfold. But Mr Wilson said the increase had come at the expense of other machines and the club now aimed to save \$5 million to \$6 million a year.

partners from the departments from the departments

Increased TAB commissions: the creation of a TAB/SKY Committee early in 2001 ultimately led to significant increases in commissions being paid to PubTAB operators, following months of negotiations by the Committee with the TAB organisation. The new commission rates place NSW PubTAB operators at equal or better rates than hoteliers in other states of Australia.

Members surveyed on TAB problems: another initiative undertaken by the Committee, chaired by Senior Vice-President Bevan Douglas, was to survey all members during 2001 to find out how PubTABs were trading and what could be done in various areas.

The survey provided a clear mandate to the TAB/Sky Committee that the single biggest improvement that can be sought is a reduction in SKY Channel costs.

Taking aim at SKY Channel cost: from the time that the new commission rates came into effect, the Association has focused on the soaring cost of SKY Channel. The TAB has blamed the cost of SKY Channel on the fees paid to racing clubs for broadcast rights.

However, the Association's position is that it is time to go back to the drawing board for the whole racing industry.

Negotiations planned with racing clubs: Bevan Douglas has told the TAB that PubTAB operators do as much to promote racing as the racing clubs – the PubTABs screen the races, take the bets and promote the sport.

During 2001, the Association TAB/SKY Committee made its view clear to the TAB – in 2002, the Association will meet with the racing clubs in NSW. It is the first time in many years that the Association has sought to negotiate directly with the racing clubs.

Correcting the new TAB agreement: another major concern dealt with in 2001 was the new TAB venue agreement, which contained unexpected risks and potential new costs for members.

On behalf of all members with PubTABs, the Committee authorised expert legal advice which enabled the Association to obtain an 'umbrella' guarantee from the TAB covering all member hotels in NSW.

The Committee also obtained from the TAB an agreement to start providing operators with 'plain English' billing statements, so that members can easily understand their monthly costs and charges from the TAB.

Working with the TAB to lift wagering: whilst continuing to negotiate toughly with the TAB on SKY Channel the AHA (NSW) is at the same time working co-operatively with the TAB on areas of mutual benefit.

The main area at present is the slipping average wagering revenue, caused by so many hotels and clubs taking up new TAB outlets (there are now 990 PubTABs alone) and thus cutting into the existing wagering market. Late last year, the Senior Vice-President and AHA (NSW) staff travelled to SKY Channel to look at the technical operation of the network.

More particularly, this was to look at ways in which the TAB and the AHA (NSW) could jointly lift public betting activity.

During 2002, the Association plans to do further development work in this area, through such avenues as hotel-based betting promotion in conjunction with Sky channel promoting hotel sites.

MEMBERSHIP

Chairman – John Daly

Department Coordinator – Phillip Ryan

2001 commenced on a very positive note with the addition of a second Membership Field Officer, Garry Tansley joining Os Scrivo on the road. This was the first year that two Membership Field Officers were utilised to visit hoteliers right across New South Wales, resulting

in a higher level of visitation and a best-service approach towards members. Greater AHA (NSW) representation at Sub-Branch and Regional Meetings/Events was also achieved and resulted in higher attendance by members at these meetings.

Communications and services to members was increased with the launch of www.aha-nsw.asn.au, the introduction of *Member Update* and the commencement of a range of new training courses to further skill the hotel industry workforce.

Success for the AHA (NSW) on major industry issues such as TAB/CMS, Smoke Free Environment Act and Gaming Machines Act combined with the services above, lead to the highest level of membership for many years and by continuing to adopt a best-service approach for members, this will continue to grow and strengthen the Association.

HARM MINIMISATION

Chairman – Paul Dirou

Gaming Counsellor/Psychotherapist – Rowan Cameron

2001 was the year the AHA (NSW) formed a Harm Minimisation Sub-Committee, primarily responsible for directing the activities of the Association's Harm Minimisation Department. The 'GameChange' program is administered by the Association's resident Gambling Counsellor/Psychotherapist, Rowan Cameron and assisted by Co-ordinator Kate Ramsay. The Committee, under the Chairmanship of Executive Member Paul Dirou, met a total of eight times in 2001.

The last 12 months have seen our Harm Minimisation efforts evolve to be recognised as a leading industry program not only across Australia, but throughout the world. The Sub-Committee and AHA (NSW) Council gave approval for Rowan Cameron to attend the 15th International Conference on Problem Gambling that was held in Seattle last June. This was an opportunity for our program to be measured alongside other industry programs, with the result that NSW hotels have embraced industry harm minimisation practices far in advance of comparable operators around the world.

2001 saw more than 270 hotel gaming Self-Exclusions performed across NSW through the AHA (NSW) Harm Minimisation Department. Such services were provided to patrons free of charge. Through letters the Association has received from participating patrons, we start to form a picture of the true worth of the tools of recovery that we offer problem gamblers, such as self-exclusion and counselling. The Committee has approved a formal research program to accurately measure the effectiveness of our GameChange program and its various components, commencing this year.

Last year, the Sub-Committee approved:

- Sub-Branch presentations in 2002 by Rowan Cameron as part of on-going education and training of members on Harm Minimisation best practice.
- The building of closer ties with religious and welfare organisations involved in gambling treatment services.
- Developing an Internet strategy for our Self-Exclusion program for more efficient dissemination of Self-Exclusion notification around the state.

Despite these early successes, the Harm Minimisation Sub-Committee recognises that our industry cannot afford the luxury of time to reflect on our successes. With the pace of change in Australian gaming showing no signs of abating, the Sub-Committee invested much of its time in working with our Gambling Counsellor on strategies for the future, and will continue to plan for future success for our program throughout 2002.

FUNCTIONS & SPONSORSHIP

Chairman - Phillip Webster

Department Manager - Lyndall Lee Arnold

The Functions & Sponsorship Committee comprising Phillip Webster, John Thorpe, John Daly, Paul Dirou, Nick Elliott, Brian Ross and Lyndall Lee Arnold, oversees the activities of the Marketing Department. The primary objective being to create an environment and opportunities for hoteliers and suppliers to come together in both social and business situations.

Our main areas of concern are sponsorship, functions and events, associate membership and special projects.

As a major source of revenue to fund the Association's activities, sponsorship is vital to our success and throughout 2001, the Official Partnership Programme continued to expand. I would like to take this opportunity to thank all Official Partners for their support throughout 2001 and invite all suppliers to join us for 2002.

In 2001 we enjoyed a sensational calendar of Functions and Events where social and business interests merged magnificently. While each has their own personal highlights, the largest and most successful event of the year was the Awards for Excellence. While many see this just as a dinner, it is in fact a massive project run over an eight-month period, involving an enormous amount of behind-the-scenes work. Over the past few years, this project has grown enormously in profile and much of this is the result of the work of the Marketing Department and Committee in introducing new initiatives.

One of the few problems for the past two years has been the decline in the numbers attending the Annual Ball. This, we feel was a combination of the clash of dates with major sporting events and the decline in the popularity of such functions. Along with several other recommendations from the Marketing Manager, the Committee has initiated a new concept for this function, which is more suited to our current market and will be announced shortly.

Associate Membership received an increase in benefits with the launch of the official AHA (NSW) Website and the increasing popularity of the networking evenings, which offer the ideal opportunity to meet with hoteliers and particularly Executive Members at the AHA (NSW) premises.

We are fortunate to have a talented Marketing Manager in Lyndall Lee Arnold, whose hands-on approach has allowed us to present top quality events and services while very importantly containing costs and hence ticket prices, with our 'in-house production' policy and along with her assistant Brooke Casey, I commend them for the hard work and commitment they have both given to ensure our success in 2001.

TRAINING

Chairman - Robert French

Department Coordinator - Angela Murray

2001 was a real test for the AHA (NSW) Training Department. We have conducted over 700 courses right across New South Wales. While the majority of these were for the legislated RSA and RCG courses, in excess of 200 people also undertook intensive professional development courses with the AHA (NSW).

Our highly qualified trainers visited every part of the state, from Gol Gol to Grafton, from Silvertown to Sylvania and all points in between. We have a commitment to bring top quality training resources to every member and we have certainly fulfilled that, completing almost 13,000 training days in 2001.

The enormous weight of RCG courses in particular, meant that we needed to be able to offer courses right up to the end of 2001 and, as a result, we ran 65 courses during December for a total of nearly 1,500 students. We have introduced night and weekend course options to reflect the flexibility this industry is famous for.

We have also completed many courses for groups who recognise the AHA (NSW)'s position of "industry preferred training" and who utilise our network for their own staff. Qantas, Ansett and Hazelton Airlines have all benefited from our professionalism. Many Community Colleges, especially in country NSW, now choose the AHA (NSW) as their sole source of hospitality training resources.

As we look back on the past year, it is very encouraging to see the strengthening demand for specialised courses as our members continue to increase their skills, whilst still being able to provide for the many people who need to fulfil legislated course requirements. The AHA (NSW) Training Department has had a very successful 2001 and we look forward to continuing to provide top quality "industry preferred training".

CMS - THE FIGHT IS NOT OVER

Chairman - Bevan Douglas

Corporate Services Manager - Greg McFarland

During 2001, the new Executive Committee continued the Association's longstanding fight against the introduction of the Central Monitoring Service (CMS) fee, which was given to the TAB in a contract from the NSW Government.

The CMS, which sets a cost on poker machine operators of \$26.10 per machine per month (a fee set by the Independent Pricing And Regulatory Tribunal without any consultation with industry), was originally scheduled by the TAB to start operation in July 2000. However, faulty technology in the CMS meant that not all hotel and club regions were linked up in time.

The Association's CMS Committee has maintained a steadfast refusal for the past 18 months against any individual hotels to begin paying CMS unless all hotels were treated equally.

This strong stance meant members saved thousands in CMS costs during this period (eg. a \$7,000 saving for a member with 15 poker machines). This single action alone by the CMS Committee more than repaid the average hotel's membership costs in the past two years, and reflects the Association's role as the powerful single voice of the industry. There is no doubt that without the unmovable stance taken by the CMS Committee, many hoteliers would have been paying out CMS fees since July 2000 under a 'variable roll-out' approach.

Even though the CMS has finally been forced through, the Association has not accepted it as a finished matter. The Association recently commissioned a major study on CMS costings through a consultant, the second such study done to support the industry's fight against this hidden taxation.

Through Chairman Bevan Douglas and Executive Member Paul Dirou, the CMS Committee is now focusing on two key CMS targets in 2002. The first is to tackle unfair concessions being made to small clubs - while these are being charged CMS, the NSW Government has decided to provide a full rebate for several years. The CMS Committee is lobbying for small country hotels to receive the same compensation treatment. The second target is to be alert for future increases in the CMS fee. The Association is extremely concerned about the potential for the TAB to try and seek fee increases and, in fact, the CMS Committee has already lodged a formal objection with the Department of Gaming and Racing.

TAB - TARGETS FOR 2002

Chairman - Bevan Douglas

In the past 12 months, TAB and SKY Channel issues have greatly increased in problems being caused to AHA (NSW) members.

Consequently, the current Executive Committee, elected in February 2001, opted to make TAB/SKY a greater priority for the Association's resources in the past year and in the future.


MEDIA MONITORS
 Phone: 02 9318 4000



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Bin: 3528
Brief: TAB LTD

Canberra Times Saturday 18/1/2003
General News Page 2
Circulation: 39,165
Size: 23.21 sq.cms.

IN BRIEF

Pub TV claims

SYDNEY: Dozens of pubs have been using pirated equipment to broadcast SkyChannel for free, it was claimed yesterday. SkyChannel is taking legal action against two hotels for breach of the Copyright Act, claiming they used pirated smart cards and set-top boxes to show the racing channel.


MEDIA MONITORS
 Phone: 02 9318 4000



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Bin: 0000
Brief: TAB MEDIA

Daily Telegraph Saturday 18/1/2003
Sport Page 86
Circulation: 412,190
Size: 40.96 sq.cms.

Sky Channel claims pirating

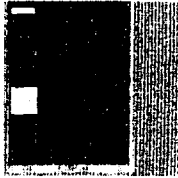
DOZENS of pubs around the country have been using pirated equipment to broadcast Sky Channel for free, it was claimed yesterday.

Sky Channel is taking legal action against two hotels for breach of the Copyright Act, claiming they used pirated smart cards and set-top boxes to show the satellite racing channel without authorisation.

Sky Channel lawyers appeared yesterday in the Federal Court in Sydney to apply for injunction orders to stop the hotels broadcasting the channel. The Tattersalls Club Hotel in Mathoura, in the Riverina, and Commercial Hotel, Hamilton, Victoria, are the hotels involved.



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Bin: 0000
Brief: TAB MEDIA

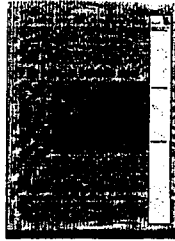
Canberra Times Sunday 19/1/2003
Sport Page 50
Circulation: 39,165
Size: 48.68 sq.cms.

IN BRIEF

Pirates of Sky

DOZENS of pubs around the country have been using pirated equipment to broadcast Sky Channel for free, it was claimed on Friday. Sky Channel is taking legal action against two hotels for breach of the Copyright Act, claiming they used pirated smart cards and set-top boxes to show the satellite racing channel without authorisation. Lawyers for the Tattersall Club Hotel in Mathoura, in the Riverina, consented to an injunction to stop the channel being shown without authorisation in the bar. They agreed to reveal who had supplied the hotel with the pirated equipment. Lawyers for the Commercial Hotel in Hamilton, south-west Victoria, successfully applied for the matter to be stood over.


MEDIA MONITORS
 Phone: 02 9318 4000



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Bin: 0000
 Brief: TAB MEDIA

Sunday Age Sunday 19/1/2003
Sport Page 23
 Circulation: 196,000
 Size: 120.41 sq.cms.



HANDS AND HEELS
ANDREW EDDY

Industry backs Goring family

The Victorian racing industry is moving swiftly to support the young family of jockey Mark Goring, who died last Monday after a race fall at Tatura the previous day. A trust fund has been set up for the family and a sportsmen's night fund-raiser is planned for next month.

Len Treloar, who trains at Cranbourne where Goring was based, said yesterday that donations to Goring's wife Emma, who is pregnant and has a two-year-old daughter Madelaine, could be forwarded to Racing Victoria, 400 Epsom Road, Flemington, 3031.

Treloar said the sportsmen's night will be held at the Cranbourne Turf Club on February 5.

Sky pulls plug

The free ride for pubs around Australia looks to be over, with Sky Channel last week taking court action against two hotels for breach of the Copyright Act.

Sky Channel took the action in the Federal Court in Sydney against a New South Wales and a Victorian hotel, which they claimed had used pirated smart cards and set-top boxes to show the satellite

racing channel without authorisation.

A Sky Channel spokesman said the offences were "just the tip of the iceberg", as Sky Channel believed dozens of pubs throughout the land were broadcasting illegally. More legal action is imminent.

Staying hope

On paper, it read as just another metropolitan win for the Brian Mayfield-Smith stable when Gussy Godiva narrowly took the Nunkalowe Handicap yesterday, but it represented a whole lot more for the outstanding Flemington trainer. Finally, after a long search, he has found a talented staying horse.

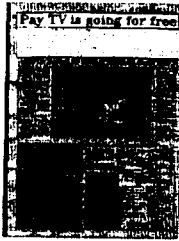
Mayfield-Smith earned his lofty reputation as a horseman in the 1980s in Sydney, where he produced classic winners and top stayers almost at will, but since making a comeback to training in Melbourne about five years ago, his success has revolved around class sprinters.

The trainer was offered Gussy Godiva by her New Zealand owners last year and after checking her form, Mayfield-Smith found a box at Flemington for the daughter of Last Tycoon.

"She looked a good staying prospect and she did a good job today as she's not fit yet," he said.

[B23 NAA 19jan03]


MEDIA MONITORS
 Phone: 02 9318 4000



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Bin: 3528
 Brief: TAB LTD

Daily Advertiser (Wagga Wagga) Saturday 18/1/2003
 General News Page 16
 Circulation: 14,287
 Size: 179.94 sq.cms.

Pay TV is going for free

DOZENS of pubs around the country have been using pirated equipment to broadcast SkyChannel for free, it was claimed yesterday.

SkyChannel is taking legal action against two hotels for breach of the Copyright Act, claiming they used pirated smart cards and set-top boxes to show the satellite racing channel without authorisation.

SkyChannel lawyers yesterday appeared before Justice Roger Gyles in the Federal Court in Sydney to apply for injunction orders to stop the hotels broadcasting the channel.

Lawyers for the Tattersall Club Hotel in Mathoura, in the NSW Riverina, consented to an injunction to stop the channel being

shown without authorisation in the public bar.

They also agreed to reveal who had supplied the hotel with the pirated equipment.

Lawyers for the Commercial Hotel in Hamilton, south-west Victoria, successfully applied for the matter to be stood over until February 4.

Bradley Cooper, a director of the Commercial Hotel's licensee, Darcy's Tavern Pty Ltd, was yesterday named as a third respondent in the case.

SkyChannel barrister Richard Cobden tendered an affidavit to

the court alleging a smart card being used by the hotel was in Mr Cooper's name.

Equipment was seized from the two hotels earlier in the week.

Outside court, a SkyChannel spokesman said the two cases were just the tip of the iceberg.

He said SkyChannel sales representatives and private investigators had found dozens of hotels around the country broad-

casting the channel illegally.

"It's quite an extensive black market," he said.

He said there was evidence one of the hotels had been using the illegal equipment for three years, while the other had been detected about six months ago.

The pay TV industry was cracking down on piracy and would take strong action to show "that they are not tolerating this sort of illegal behaviour," he said.


MEDIA MONITORS
 Phone: 02 9318 4000



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Bin: 0000
 Brief: TAB MEDIA

Central Coast Herald Saturday 18/1/2003
 General News Page 4
 Circulation: 300,000
 Size: 71.24 sq.cms.

Pubs face court stoush over SkyChannel broadcasts

DOZENS of pubs around the country have been using pirated equipment to broadcast SkyChannel for free, it has been alleged.

SkyChannel is taking legal action against two hotels for breach of the Copyright Act, alleging they used pirated smartcards and set-top boxes to show the

satellite racing channel without authorisation.

SkyChannel lawyers appeared yesterday before Justice Roger Gyles in the Federal Court in Sydney to apply for injunction orders to stop the hotels broadcasting the channel.

Lawyers for the Tattersall Club Hotel, Mathoura, in the

Riverina, south-eastern NSW, consented to an injunction to stop the channel being shown.

They agreed to say who had supplied the hotel with the pirated equipment.

Lawyers for the Commercial Hotel, Hamilton, south-western Victoria, succeeded in their application for the

matter to be stood over until February 4.

Outside court, a SkyChannel spokesman said the two cases were the tip of the iceberg.

He said SkyChannel sales representatives and private investigators had found dozens of hotels broadcasting the channel illegally. ANP


MEDIA MONITORS
 Phone: 02 9318 4000



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Bin: 3096
 Brief: FOXTEL

Herald Sun (Melbourne) Friday 5/7/2002
 General News Page 17
 Circulation: 542,478
 Size: 47.43 sq.cms.

Rinay

Blitz nets pub Sky raiders

By **MICHAEL WARNER**

A WEEKEND blitz has caught more than 30 Victorian hotels illegally accessing the Sky Channel racing service.

The pubs were sprung during raids by private investigators in the Geelong and Ballarat regions.

Sky chief executive Geoff Want believes about 400 hotels Australia-wide breach piracy laws.

Sky Channel has told the Australian Hotels Association it will sue offending venues.

But AHA boss Alan Giles defended the honesty of publicans, saying he was not aware of any members illegally accessing the service.

Some hoteliers are believed to use smart cards sold on the blackmarket to pirate telecasts. Others illegally show the football and boxing programs of Foxtel and Optus pay-TV.

The AHA and Sky have been embroiled in a bitter dispute over the soaring cost of racing coverage at the state's 483 PubTabs.

Hotels with PubTabs pay about \$35,000 a year for Sky Channel, while those without pay \$12,000.

— —

The Australian Financial Review
www.afr.com • Thursday 4 July 2002

COMPANIES **13**⁺

AHA hits back at Sky piracy accusations

Ben Power

A war of words has erupted between TAB and the Australian Hotels Association over allegations of piracy of the Sky Channel television racing service by member pubs throughout Australia.

In a statement issued late yesterday, the AHA called on Sky to apologise over allegations that its members were engaged in illegally accessing the Sky service, which is costing TAB millions in lost revenue a year.

TAB — in a letter obtained by *The Australian Financial Review* — told

It warned that it would seek criminal prosecution against pubs illegally accessing the service.

However, the national executive director of the AHA, Richard Mulcahy, yesterday called on Sky to withdraw their broad allegations.

"We only received the letter from Sky today ... I also personally met with the CEO of TAB over a week ago and no mention of this action was made," he said.

"If Sky were so concerned about this issue, why haven't they raised it with me personally? To imply, as Sky have, that the AHA is involved in this kind of conduct is insulting."

KEY POINTS

- TAB is concerned at alleged systematic piracy by hoteliers of its Sky Channel racing pay-TV service.
- The Australian Hotels Association denies any problem but TAB has handed evidence to Federal Police.

the AHA: "Sky Channel has been concerned for some time by the level of piracy engaged in by some hoteliers throughout Australia. Many of these hoteliers are members of your association."

TAB's stepped-up attack on pirates comes as the pay-TV industry moves into crisis mode on the issue, which is hindering attempts to make the industry viable.

Industry estimates suggest as much as 10 per cent of Austar and Foxtel customers are not paying for their pay-TV service.

Amendments to the Copyright Act, which came into effect on March 4, ban the use of illegal set-top boxes and fraudulent smart cards.

Criminal penalties can reach \$60,500 in fines and imprisonment for up to five years.

Mr Mulcahy said the AHA was

strongly opposed to piracy and had recently warned in its newsletter that piracy was a serious crime. He said the AHA was working with the pay-TV industry to stamp out piracy.

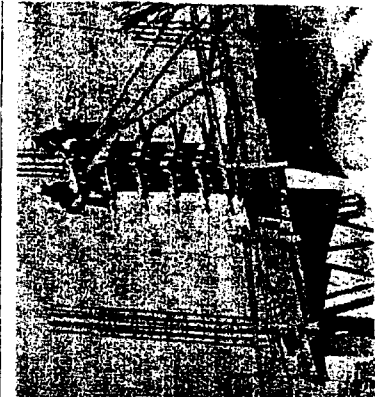
TAB has presented evidence to the Australian Federal Police alleging systematic piracy of its Sky Channel racing television service by certain clubs and pubs throughout the country.

The company is believed to have evidence, including sworn affidavits, showing a number of pubs in areas such as Ballarat in Victoria use fake smart cards to access its expensive Sky Channel service.

News tries to
rejig deal as
Gemstar slips

Luke Collins NEW YORK

Where the
best and the



Companies

Coles Myer
Review identifies
big savings 17

Vivendi
The king
is dead 18

Breaking news on www.afr.com/companies

TAB cracks down on pub Sky pirates

Ben Power

TAB has threatened to sue members of the Australian Hotels Association for piracy of its lucrative Sky Channel racing television service, in an escalation of a dispute that is costing the gambling company millions of dollars a year in lost revenue.

In a letter obtained by *The Australian Financial Review*, TAB's Sky operation has told the AHA that it will seek civil and criminal remedies against hotel owners illegally accessing the Sky service, which costs venues \$12,000 a year.

TAB is believed to be losing \$5 million a year from clubs and pubs illegally using smart cards to get the service from Optus's digital satellite

KEY POINTS

- TAB is acting to stamp out piracy of its Sky Channel in clubs and pubs around Australia.
- It is understood to have evidence of hotels illegally using smart cards to access the service.

— but it has yet to take significant action on the issue.

The company is understood to now have documented evidence of hotels across Australia using the smart cards to access the service, as well as vendors of digital satellite services promoting the illegal tapping of pay-TV services, including

Sky Channel. In a letter to the AHA, Sky Channel said it wants full support from the body to crack down on the issue as it seeks legal and criminal remedies.

"We seek your commitment to provide us with any information about this illegal activity which you may become aware of ... furthermore, we seek your assurance that you will co-operate fully with us in bringing offenders to justice," it said.

The letter comes as the Australian Subscription Television and Radio Association met yesterday to thrash out ways to stem the loss of revenues from piracy, which is estimated to affect between 5 per cent to 10 per cent of pay-TV revenue in Australia.

Sky chief executive Geoff Want

yesterday confirmed the company was looking to prosecute hotel and club owners. "We intend to protect our rights to the fullest extent possible," he said. "We have made information available to the Federal Police and we will be pursuing individual sites."

Mr Want said he was seeking the co-operation of all industry bodies. TAB bought the Sky channel from Rupert Murdoch's News Ltd and Kerry Packer's Publishing & Broadcasting Ltd in 1998 for \$260 million to diversify its earnings base and is currently seeking to boost returns.

Sky's commercial service provides Sky Channel to hotels, clubs, TABs, and racecourses over 100 live race meetings a week via a satellite

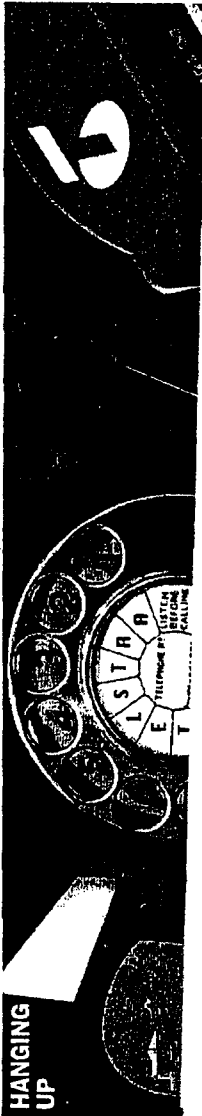
dish and a decoder box to 5,600 customers. The company's pay-TV service, Sky Racing, is available to 1.5 million subscribers through the Optus, Foxtel and Austar platforms. Macquarie Bank has forecast revenue from commercial, pay-TV and international services of \$105.3 million in 2002 and \$118.8 million in 2003 and earnings before interest and tax of \$27.1 million in 2002 and \$32.7 million in 2003.

TAB is also looking to renegotiate its content and program agreements with race clubs. It recently negotiated a reduction with Victorian clubs which has led to a 5 per cent discount being passed on to venues from this month. Agreements with other clubs expire in the next five years.

Telstra to lay off more as market tightens

Jane Boyle

Telstra is slashing hundreds more managerial jobs at its largest division, Telstra Retail, as it faces another year of limited revenue growth and the realisation that it



Tough times for telcos

Jane Boyle

Five years of competition in telecommunications industry has led to price reductions and more choice for consumers, but the rest

AUSTRALIAN
HOTELS
ASSOCIATION
(NSW)

13th December 2000

Mr Warren Wilson
Managing Director
TAB
GPO Box 4168
SYDNEY NSW 2001

Dear Warren,

Thank you for your time yesterday in addressing our Delegates. I can assure you it was appreciated by everyone. I will arrange for a copy of the transcript to be sent to you as soon as possible.

Our members now have a much better understanding of your proposals however, given the mood of the meeting I am sure you appreciated that the smaller operators are very concerned about having to pay for the consumables and if there could be some reconsideration given to the payment of commission for those at the lower end of the scale, (that is those with turnover under \$7,500 per week) I think this would be very well received.

We would also appreciate it if we could receive the deed of agreement you referred to before January 15th 2001 to enable our Executive to review the document.

I would appreciate meeting with you early in the new year to discuss these matters further.

Yours sincerely,



BRIAN ROSS
Chief Executive
Australian Hotels Association (NSW)



14 November, 2002

Mr John Thorpe
President
Australian Hotels Association (NSW)
L5 Prince Centre
8 Quay St
SYDNEY NSW 2000

Dear John,

I refer to your letter of 8 November, 2002, under the heading "Inadequacy of Eureka Self-Service Seminars". As the invitation (which you attached) clearly states but quite apparently not fully read by either yourself or Bevan Douglas, the 47 sessions listed are the first in a series, with further sessions to be conducted from late January, 2003. These additional sessions will be conducted at metropolitan and other regional centres, according to demand, and will take into account Hoteliers' ability to attend.

Please assure Senior Vice-President, Bevan Douglas (Tamworth), that country hoteliers and staff are not expected to bear significant time and cost to travel to Sydney and that detailed Information Sessions are not scheduled for Tab's convenience, as you have incorrectly asserted.

In conclusion, John, should you wish to be a critique of our training procedures, I suggest you fully research and understand the project so that we avoid you sending ill-informed correspondence.

Yours sincerely,

PETER KADAR
Chief Executive Wagering

Email: pkadar@tablimited.com.au



15 November, 2002

Col & Jo Schneider
Newmarket Hotel
200 Borella Road
ALBURY NSW 2640

Dear Col & Jo,

I note your letters to Warren Wilson and Russell Bourne relating to the breakdown of the Eureka terminal on Melbourne Cup day.

Prior to addressing your specific issue, let me start by saying that Melbourne Cup day is the busiest day of the year for TAB and this year was certainly no exception. There were some 3,200 terminals operating in almost 2,000 outlets throughout the State together with a 650 seat Call Centre and other electronic distribution channels.

Planning for the 2002 Melbourne Cup commenced literally the day after the running of the 2001 Melbourne Cup and the excellent results for 2002 is a testament to the detailed planning and execution undertaken by TAB.

The result for both the Melbourne Cup and the entire day was excellent, recording an increase on the Cup of 3.8% and a 6.6% increase on the whole day. In dollar terms, turnover on the Cup was \$44.6 million and \$78.3 million for the day.

What made this years results even more gratifying is the fact that it was the first test under extreme load for the new Eureka terminal. Additionally, during the year a new network communications infrastructure was established together with two state of the art IBM mainframe computers. The overall cost of the terminals, communications network and computers was in excess of \$55 million and all performed with distinction.

Whilst the peak transactions per minute increased by 9% to 37,100 the systems did not miss a beat and provided the best ever service to our valued customers.

I am hopeful that the above gives you some insight into the size of TAB's Wagering operations and some appreciation of the volumes processed on Melbourne Cup day.

The overwhelming feedback we have received from operations of our retail distribution channel has been that it was a highly successful day and in fact many have gone on to say that it was the best ever. I attach a copy of an article on the subject from the Financial review of 6 November, 2002.

Notwithstanding this, your letter contains a number of complaints that I will address in sequence:-

♦ You were able to get a technician quicker than the TAB.

Our records show that the fault was reported at 1.21pm. TAB's service provider acknowledged this promptly and issued the job to a technician at 1.38pm. He arrived at the outlet at 1.40pm. This was a different technician to the one you contacted directly.



- ◆ *It took 1 ¼ hours before you were authorised to use a terminal from the SS&A Club in Albury.*

The technician correctly diagnosed the problem. The power supply was replaced. This took 40 minutes, however this did not fix the problem. At 2.50pm the call log shows that the Eureka Help Desk spoke to the technician at the Hotel approving the use of a terminal from the SS&A Club. Please understand this was not a spare terminal. It was allocated to the Club pending installation in the new outlet. The technician promptly collected the terminal and had it operational by 3.30pm.

- ◆ *There is no spare terminal for the Albury area.*

The Eureka terminal is designed to allow technicians to replace individual components quickly. They have access to a suitable range of spares for this purpose. It was unfortunate that this particular fault could not be corrected on site.

Terminals represent a substantial capital investment. TAB does not believe that the likely incremental turnover warrants TAB making that investment in relation to your Hotel.

You may be aware that TAB recently introduced arrangements which provide you with the opportunity to have a spare terminal based on a rental arrangement. I enclose the details for renting a terminal.

TAB has acted in a thoroughly proper and professional manner however it would appear that you are not satisfied with your TAB service. If you do not wish to maintain the service, in the current circumstances I would be happy to waive the standard one month notice period. Please advise me whether you wish to maintain your TAB service.

Yours sincerely,

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Chief Executive Wagering

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