

Staltari, Danielle

From: Cachia, Jacqueline [Jacqueline.Cachia@freehills.com]
Sent: Monday, 18 June 2007 4:56 PM
To: Staltari, Danielle
Cc: Bourke, Monica; Palisi, Joanne; Freehills - michael.gray@freehills.com
Subject: FW: Tabcorp-Sky - TVN Authorisation: Question re distribution to racing codes

Danielle:

We have made enquiries in respect of your question concerning distributions to the various racing codes.

Tabcorp's and Tab Limited's arrangements with the racing industry are set out in paragraphs 8.19 – 8.28 of the submission which accompanied the authorisation application. As set out in those paragraphs, wagering profits and product fees are provided to industry bodies--namely VicRacing in Victoria and RacingCorp in NSW.

Tabcorp/Tab Limited are not parties to any agreement with those bodies concerning how monies are to be distributed between the various racing codes. However, it is Tabcorp's understanding that in NSW the various codes have agreed to split monies in accordance with a set percentage (**[RESTRICTION OF PUBLICATION IN PART CLAIMED]**). In Victoria, it is Tabcorp's understanding that the distribution of monies may vary from month to month as distributions are linked to the amount of wagering on each code in any given month.

While Tabcorp is aware that agreements exist in other states between state totalisators and racing bodies, it is unaware how those racing bodies distribute funds to the particular codes within any given state.

Given the above, it may be correct that if Sky Channel alters its product mix there may be some redistribution of monies between codes in at least certain states (on the assumption that races which are shown on Sky Channel are likely to attract more wagering than races which are not shown). This possibility does not justify the condition sought by the Albion Park Harness Racing Club and Queensland Racing Club. Tabcorp/Sky have no role in determining how such monies will be distributed. Further, and as set out in our letter of 13 June 2007, the specific mix of racing on Sky Channel is dependent on the availability of races and, importantly, the preferences of viewers/punters. It is therefore subject to change in both the factual and counterfactual. While Sky remains committed to showcasing all codes of racing on its channel conditions which would freeze content levels would be inappropriate as it would prevent the Parties from responding to market forces.

Best regards

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18/06/2007

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