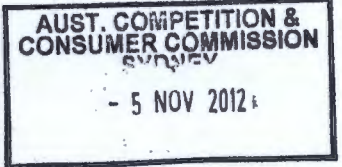




HERBERT
SMITH
FREEHILLS



Dr Richard Chadwick
General Manager, Adjudication Branch
Mergers and Adjudication Group
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

5 November 2012
Matter 82098727
By hand

Dear Dr Chadwick

Application for authorisation of the Book Management Agreement between Tabcorp and ACTTAB

We act for Tabcorp Wagering Manager (Vic) Pty Limited (**Tabcorp**).

On 2 November 2012, Tabcorp and ACTTAB Limited (**ACTTAB**) entered into an agreement regarding the provision of fixed odds wagering and risk management services by Tabcorp to ACTTAB (**Book Management Agreement**).

Tabcorp is applying to the Australian Competition and Consumer Commission (**Commission**) for authorisation and interim authorisation to give effect to the Book Management Agreement.

We enclose the following documents:

- Forms A, B and E;
- a confidential submission and annexures in support of the application (including a confidential copy of the Book Management Agreement);
- a non-confidential, redacted version of the submission;
- a non-confidential summary of the Book Management Agreement; and
- a cheque for \$10,500 payable to the Commission.

We attach a separate letter outlining Tabcorp's claims for confidentiality in respect of certain sections of the submission and some annexures.

Please contact Patrick Gay on (02) 9322 4378 or Sarah Chubb on (02) 9225 5688 if you require any further information.

Yours faithfully

Patrick Gay
Partner
Herbert Smith Freehills

+61 2 9322 4378
+61 407 400 530
patrick.gay@hsf.com

Sarah Chubb
Senior Associate
Herbert Smith Freehills

+61 2 9225 5688
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Herbert Smith Freehills LLP and its subsidiaries and Herbert Smith Freehills, an Australian Partnership, are separate member firms of the international legal practice known as Herbert Smith Freehills.

Doc 18433397.3



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Non-confidential documents

Tab	Document
1	Application for authorisation of Book Management Agreement (Forms A, B and E)
2	Summary of Book Management Agreement
3	Non-confidential version of supporting submission
4	Annexure C – Betting Rules

Confidential documents

Tab	Document
5	Letter regarding Tabcorp's claims for confidentiality
6	Confidential version of supporting submission
7	Confidential Annexure A – Book Management Agreement

Form A

Commonwealth of Australia

Competition and Consumer Act 2010 — subsections 88 (1A) and (1)



EXCLUSIONARY PROVISIONS AND ASSOCIATED CARTEL PROVISIONS: APPLICATION FOR AUTHORISATION

To the Australian Competition and Consumer Commission:

Application is hereby made under subsection(s) 88 (1A)/88 (1) of the *Competition and Consumer Act 2010* for an authorisation:

- to give effect to a provision of a contract, arrangement or understanding that is, or may be, a cartel provision within the meaning of Division 1 of Part IV of that Act and which is also, or may also be, an exclusionary provision within the meaning of section 45 of that Act.
- to give effect to a provision of a contract, arrangement or understanding where the provision is, or may be, an exclusionary provision within the meaning of section 45 of that Act.

1. Applicant

(a) Name of Applicant:

A91344

Tabcorp Wagering Manager (Vic) Pty Ltd (**Tabcorp Wagering Manager**)
(ABN 84 154 419 342)
5 Bowen Crescent
Melbourne VIC 3004

This application is to be read and determined together with Tabcorp Wagering Manager's applications in Form B and Form E (together, the **Application**).

A copy of the submission made in support of the Application is attached (**Submission**).

(b) Description of business carried on by applicant:

Tabcorp Holdings Limited (**TAH**) (ABN 66 063 780 709) is an Australian publicly listed holding company. TAH and its subsidiaries have commercial interests in gaming, wagering and media. Further details of the Tabcorp group's operations are provided in the Submission.

Tabcorp Wagering (Vic) Pty Ltd, a wholly owned subsidiary of TAH, holds the sole Victorian Wagering and Betting Licence (**Licence**) under the *Gambling Regulation Act 2003 (Vic)*. The Licence was issued on 19 December 2011 and operates for a period of 12 years.

Tabcorp Wagering Manager, the applicant, is authorised to provide wagering services in Victoria pursuant to the Licence and does so as the manager of a joint venture with the Victorian racing industry. Tabcorp Wagering Manager offers on-course and off-course totalisator and fixed odds wagering and betting services on thoroughbred, harness and greyhound racing and approved sporting and other events.

(c) Address in Australia for service of documents on the applicant:

Herbert Smith Freehills
MLC Centre
19 Martin Place
Sydney NSW 2000
www.herbertsmithfreehills.com

Attention: Patrick Gay
Direct: 02 9322 4378
Telephone: 02 9225 5000
Facsimile: 02 9322 4000
patrick.gay@hsf.com

2. Contract, arrangement or understanding

(a) Description of the contract, arrangement or understanding, whether proposed or actual, for which authorisation is sought:

Tabcorp Wagering Manager seeks authorisation to give effect to the agreement between Tabcorp Wagering Manager and ACTTAB Limited (**ACTTAB**) dated 2 November 2012 (**Book Management Agreement**). The Book Management Agreement governs the provision of fixed odds wagering and risk management services by Tabcorp to ACTTAB.

A confidential copy of the Book Management Agreement is attached to the Submission.

A non-confidential summary of the Book Management Agreement (**Summary**) is also attached to the Submission.

(b) Description of those provisions of the contract, arrangement or understanding described at 2 (a) that are, or would or might be, exclusionary provisions and (if applicable) are, or would or might be, cartel provisions:

Tabcorp Wagering Manager applies for authorisation in respect of all provisions of the Book Management Agreement, including the following:

- Clause 5.1(d)(1) (paragraph 6.1 of the Summary), under which ACTTAB must ensure that it accepts, processes and transmits the ACTTAB Bets it is obliged to transmit to Tabcorp under the Book Management Agreement in accordance with the Betting Rules and the Betting Guidelines.
- Clause 12.1(a) (section 12 of the Summary), which provides that Tabcorp must calculate all Payouts in respect of ACTTAB Bets in accordance with the Betting Rules.

(c) Description of the goods or services to which the contract, arrangement or understanding (whether proposed or actual) relate:

- fixed odds wagering on racing, sports and other events; and
- risk management services in respect of fixed odds wagering.

(d) The term for which authorisation of the provision of the contract, arrangement or understanding (whether proposed or actual) is being sought and grounds supporting this period of authorisation:

The term for which authorisation of the Book Management Agreement is being sought is the period of 5 years from the Commencement Date.

The grounds supporting this period of authorisation are set out in the Submission.

3. Parties to the proposed arrangement

- (a) **Names, addresses and descriptions of business carried on by other parties or proposed parties to the contract or proposed contract, arrangement or understanding:**

ACTTAB Ltd (ABN 98 071 257 504)
Suite I Level I, The Market Place, Hibberson Street
Gungahlin ACT 2912

ACTTAB was established in 1964 and operates as a Territory-owned Corporation under the provisions of the *Betting (ACTTAB Limited) Act 1964* (ACT) and the *Territory-owned Corporations Act 1990* (ACT). ACTTAB provides a variety of totalisator and fixed odds wagering products in relation to racing and other sports and events.

The address for service of documents on ACTTAB is:

Attention: Geoff Carter
Minter Ellison
Rialto Towers
525 Collins Street
Melbourne Victoria 3000

- (b) **Names, addresses and descriptions of business carried on by parties and other persons on whose behalf this application is made:**

There are no other parties or persons on whose behalf this Application is made.

4. Public benefit claims

- (a) **Arguments in support of application for authorisation:**

The arguments in support of authorisation are set out in the Submission.

- (b) **Facts and evidence relied upon in support of these claims:**

The facts and evidence relied upon in support of these claims are set out in the Submission.

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2 (c) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):

The markets in which the services described in 2(c) are supplied are set out in the Submission.

6. Public detriments

- (a) **Detriments to the public resulting or likely to result from the contract arrangement or understanding for which authorisation is sought, in particular the likely effect of the contract arrangement or understanding, on the prices of the goods or services described at 2 (c) and the prices of goods or services in other affected markets:**

Details of the detriments to the public resulting or likely to result from the Book Management Agreement are set out in the Submission.

- (b) **Facts and evidence relevant to these detriments:**

The facts and evidence relevant to these detriments are set out in the Submission.

7. Contracts, arrangements or understandings in similar terms

(a) This application for authorisation may also be expressed to be made in relation to other contracts, arrangements or understandings or proposed contracts, arrangements or understandings, that are or will be in similar terms to the abovementioned contract, arrangement or understanding:

(b) Is this application to be so expressed?

No.

(c) If so, the following information is to be furnished:

(i) description of any variations between the contract, arrangement or understanding for which authorisation is sought and those contracts, arrangements or understandings that are stated to be in similar terms:

Not applicable.

(ii) Where the parties to the similar term contract(s) are known — names, addresses and descriptions of business carried on by those other parties:

Not applicable.

(iii) Where the parties to the similar term contract(s) are not known — description of the class of business carried on by those possible parties:

Not applicable.

8. Joint Ventures

(a) Does this application deal with a matter relating to a joint venture (See section 4J of the *Competition and Consumer Act 2010*)?

No.

(b) If so, are any other applications being made simultaneously with this application in relation to that joint venture?

Not applicable.

(c) If so, by whom or on whose behalf are those other applications being made?

Not applicable.

9. Further information

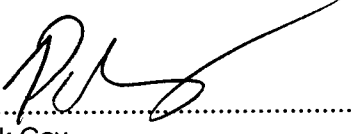
(a) Name, postal address and telephone contact details of the person authorised by the applicant seeking authorisation to provide additional information in relation to this application:

Herbert Smith Freehills
MLC Centre
19 Martin Place
Sydney NSW 2000
www.herbertsmithfreehills.com

Attention: Patrick Gay
Direct: 02 9322 4378
Telephone: 02 9225 5000
Facsimile: 02 9322 4000
patrick.gay@hsf.com

Dated..... 05/11/12

Signed on behalf of the applicant



.....
Patrick Gay
Partner
Herbert Smith Freehills

AUST. COMPETITION &
CONSUMER COMMISSION
SYDNEY
- 5 NOV 2012

DIRECTIONS

1. Use Form A if the contract, arrangement or understanding includes a provision which is, or might be, a cartel provision and which is also, or might also be, an exclusionary provision. Use Form B if the contract, arrangement or understanding includes a provision which is, or might be, a cartel provision or a provision which would have the purpose, or would or might have the effect, of substantially lessening competition. It may be necessary to use both forms for the same contract, arrangement or understanding.

In lodging this form, applicants must include all information, including supporting evidence, that they wish the Commission to take into account in assessing their application for authorisation.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

2. Where the application is made by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the application and the application is to be signed by a person authorised by the corporation to do so.
3. Describe that part of the applicant's business relating to the subject matter of the contract, arrangement or understanding in respect of which authorisation is sought.
4. Provide details of the contract, arrangement or understanding (whether proposed or actual) in respect of which the authorisation is sought. Provide details of those provisions of the contract, arrangement or understanding that are, or would or might be, exclusionary provisions. Provide details of those provisions of the contract, arrangement or understanding that are, or would or might be, cartel provisions.

In providing these details:

- (a) to the extent that any of the details have been reduced to writing, provide a true copy of the writing; and
 - (b) to the extent that any of the details have not been reduced to writing, provide a full and correct description of the particulars that have not been reduced to writing.
5. Where authorisation is sought on behalf of other parties provide details of each of those parties including names, addresses, descriptions of the business activities engaged in relating to the subject matter of the authorisation, and evidence of the party's consent to authorisation being sought on their behalf.
 6. Provide details of those public benefits claimed to result or to be likely to result from the proposed contract, arrangement or understanding including quantification of those benefits where possible.
 7. Provide details of the market(s) likely to be effected by the contract, arrangement or understanding in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the application for authorisation.
 8. Provide details of the detriments to the public, including those resulting from any lessening of competition, which may result from the proposed contract, arrangement or understanding. Provide quantification of those detriments where possible.

9. Where the application is made also in respect of other contracts, arrangements or understandings, which are or will be in similar terms to the contract, arrangement or understanding referred to in item 2, furnish with the application details of the manner in which those contracts, arrangements or understandings vary in their terms from the contract, arrangements or understanding referred to in item 2.
10. Where authorisation is sought on behalf of other parties provide details of each of those parties including names, addresses, and descriptions of the business activities engaged in relating to the subject matter of the authorisation, and evidence of the party's consent to authorisation being sought on their behalf.

Form B

Commonwealth of Australia

Competition and Consumer Act 2010 — subsections 88 (1A) and (1)

AGREEMENTS AFFECTING COMPETITION OR INCORPORATING RELATED CARTEL PROVISIONS: APPLICATION FOR AUTHORISATION

To the Australian Competition and Consumer Commission:

Application is hereby made under subsection(s) 88 (1A)/88 (1) of the *Competition and Consumer Act 2010* for an authorisation:

- to give effect to a provision of a contract, arrangement or understanding that is, or may be, a cartel provision within the meaning of Division 1 of Part IV of that Act (other than a provision which is also, or may also be, an exclusionary provision within the meaning of section 45 of that Act).
- to give effect to a provision of a contract, arrangement or understanding which provision has the purpose, or has or may have the effect, of substantially lessening competition within the meaning of section 45 of that Act.

1. Applicant

(a) Name of Applicant:

A91345

Tabcorp Wagering Manager (Vic) Pty Ltd (**Tabcorp Wagering Manager**)
(ABN 84 154 419 342)
5 Bowen Crescent
Melbourne VIC 3004

This application is to be read and determined together with Tabcorp Wagering Manager's applications in Form A and Form E (together, the **Application**).

A copy of the submission made in support of the Application is attached (**Submission**).

(b) Short description of business carried on by applicant:

Tabcorp Holdings Limited (**TAH**) (ABN 66 063 780 709) is an Australian publicly listed holding company. TAH and its subsidiaries have commercial interests in gaming, wagering and media. Further details of the Tabcorp group's operations are provided in the Submission.

Tabcorp Wagering (Vic) Pty Ltd, a wholly owned subsidiary of TAH, holds the sole Victorian Wagering and Betting Licence (**Licence**) under the *Gambling Regulation Act 2003 (Vic)*. The Licence was issued on 19 December 2011 and operates for a period of 12 years.

Tabcorp Wagering Manager, the applicant, is authorised to provide wagering services in Victoria pursuant to the Licence and does so as the manager of a joint venture with the Victorian racing industry. Tabcorp Wagering Manager offers on-course and off-course totalisator and fixed odds wagering and betting services on thoroughbred, harness and greyhound racing and approved sporting and other events.

(c) Address in Australia for service of documents on the applicant:

Herbert Smith Freehills
MLC Centre
19 Martin Place
Sydney NSW 2000
www.herbertsmithfreehills.com

Attention: Patrick Gay
Direct: 02 9322 4378
Telephone: 02 9225 5000
Facsimile: 02 9322 4000
patrick.gay@hsf.com

2. Contract, arrangement or understanding

(a) Description of the contract, arrangement or understanding, whether proposed or actual, for which authorisation is sought:

Tabcorp Wagering Manager seeks authorisation to give effect to the agreement between Tabcorp Wagering Manager and ACTTAB Limited (**ACTTAB**) dated 2 November 2012 (**Book Management Agreement**). The Book Management Agreement governs the provision of fixed odds wagering and risk management services by Tabcorp to ACTTAB.

A confidential copy of the Book Management Agreement is attached to the Submission.

A non-confidential summary of the Book Management Agreement (**Summary**) is also attached to the Submission.

(b) Description of those provisions of the contract, arrangement or understanding described at 2 (a) that are, or would or might be, cartel provisions, or that do, or would or might, have the effect of substantially lessening competition:

Tabcorp Wagering Manager applies for authorisation in respect of all provisions of the Book Management Agreement, including the following:

- Clause 4.1 (section 5 of the Summary), under which Tabcorp agrees to permit ACTTAB to participate in the Tabcorp Book, and to provide ACTTAB with the services set out in Schedule 2, in each case, subject to the terms set out in the Book Management Agreement. Schedule 2 includes a requirement for Tabcorp to offer the same fixed odds prices.
- Clause 5.1(a)(1) (paragraph 6.1 of the Summary), under which ACTTAB must transmit to Tabcorp, for inclusion in a Tabcorp Book, all ACTTAB Bets made by a Qualified Person.
- Clause 5.1(d)(1) (paragraph 6.1 of the Summary), under which ACTTAB must ensure that it accepts, processes and transmits the ACTTAB Bets it is obliged to transmit to Tabcorp under the Book Management Agreement in accordance with the Betting Rules and the Betting Guidelines.
- Clause 12.1(a) (section 12 of the Summary), which provides that Tabcorp must calculate all Payouts in respect of ACTTAB Bets in accordance with the Betting Rules.
- Clause 12.1(b)(1) (section 12 of the Summary), which provides that Tabcorp will, in its sole discretion, set the Payout on each bet in the Tabcorp Book.

(c) Description of the goods or services to which the contract, arrangement or understanding (whether proposed or actual) relate:

- fixed odds wagering on racing, sports and other events; and

- risk management services in respect of fixed odds wagering.

(d) The term for which authorisation of the contract, arrangement or understanding (whether proposed or actual) is being sought and grounds supporting this period of authorisation:

The term for which authorisation of the Book Management Agreement is being sought is the period of 5 years from the Commencement Date.

The grounds supporting this period of authorisation are set out in the Submission.

3. Parties to the proposed arrangement

(a) Names, addresses and descriptions of business carried on by other parties or proposed parties to the contract or proposed contract, arrangement or understanding:

ACTTAB Ltd (ABN 98 071 257 504)
Suite I Level I, The Market Place, Hibberson Street
Gungahlin ACT 2912

ACTTAB was established in 1964 and operates as a Territory-owned Corporation under the provisions of the *Betting (ACTTAB Limited) Act 1964 (ACT)* and the *Territory-owned Corporations Act 1990 (ACT)*. ACTTAB provides a variety of totalisator and fixed odds wagering products in relation to racing and other sports and events.

The address for service of documents on ACTTAB is:

Attention: Geoff Carter
Minter Ellison
Rialto Towers
525 Collins Street
Melbourne Victoria 3000

(b) Names, addresses and descriptions of business carried on by parties and other persons on whose behalf this application is made:

There are no other parties or persons on whose behalf this Application is made.

4. Public benefit claims

(a) Arguments in support of authorisation:

The arguments in support of authorisation are set out in the Submission.

(b) Facts and evidence relied upon in support of these claims:

The facts and evidence relied upon in support of these claims are set out in the Submission.

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2 (c) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):

The markets in which the services described in 2(c) are supplied are set out in the Submission.

6. Public detriments

- (a) Detriments to the public resulting or likely to result from the authorisation, in particular the likely effect of the contract, arrangement or understanding, on the prices of the goods or services described at 2 (c) and the prices of goods or services in other affected markets:**

Details of the detriments to the public resulting or likely to result from the Book Management Agreement are set out in the Submission.

- (b) Facts and evidence relevant to these detriments:**

The facts and evidence relevant to these detriments are set out in the Submission.

7. Contract, arrangements or understandings in similar terms

This application for authorisation may also be expressed to be made in relation to other contracts, arrangements or understandings or proposed contracts, arrangements or understandings, that are or will be in similar terms to the abovementioned contract, arrangement or understanding.

- (a) Is this application to be so expressed?**

No.

- (b) If so, the following information is to be furnished:**

- (i) description of any variations between the contract, arrangement or understanding for which authorisation is sought and those contracts, arrangements or understandings that are stated to be in similar terms:**

Not applicable.

- (ii) Where the parties to the similar term contract(s) are known — names, addresses and descriptions of business carried on by those other parties:**

Not applicable.

- (iii) Where the parties to the similar term contract(s) are not known — description of the class of business carried on by those possible parties:**

Not applicable.

8. Joint Ventures

- (a) Does this application deal with a matter relating to a joint venture (See section 4J of the *Competition and Consumer Act 2010*)?**

No.

- (b) If so, are any other applications being made simultaneously with this application in relation to that joint venture?**

Not applicable.

- (c) If so, by whom or on whose behalf are those other applications being made?**

Not applicable.

9. Further information

- (a) **Name and address of person authorised by the applicant to provide additional information in relation to this application:**

Herbert Smith Freehills
MLC Centre
19 Martin Place
Sydney NSW 2000
www.herbertsmithfreehills.com

Attention: Patrick Gay
Direct: 02 9322 4378
Telephone: 02 9225 5000
Facsimile: 02 9322 4000
patrick.gay@hsf.com



Dated..... 05/11/12

Signed on behalf of the applicant

A handwritten signature in black ink, appearing to be "Patrick Gay", written over a dotted line.

Patrick Gay
Partner
Herbert Smith Freehills

DIRECTIONS

1. Use Form A if the contract, arrangement or understanding includes a provision which is, or might be, a cartel provision and which is also, or might also be, an exclusionary provision. Use Form B if the contract, arrangement or understanding includes a provision which is, or might be, a cartel provision or a provision which would have the purpose, or would or might have the effect, of substantially lessening competition. It may be necessary to use both forms for the same contract, arrangement or understanding.

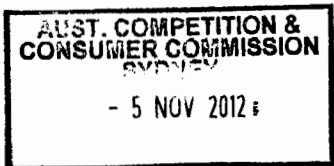
In lodging this form, applicants must include all information, including supporting evidence, that they wish the Commission to take into account in assessing the application for authorisation.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

2. Where the application is made by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the application and the application is to be signed by a person authorised by the corporation to do so.
3. Describe that part of the applicant's business relating to the subject matter of the contract, arrangement or understanding in respect of which the application is made.
4. Provide details of the contract, arrangement or understanding (whether proposed or actual) in respect of which the authorisation is sought. Provide details of those provisions of the contract, arrangement or understanding that are, or would or might be, cartel provisions. Provide details of those provisions of the contract, arrangement or understanding that do, or would or might, substantially lessen competition.

In providing these details:

- (a) to the extent that any of the details have been reduced to writing, provide a true copy of the writing; and
 - (b) to the extent that any of the details have not been reduced to writing, provide a full and correct description of the particulars that have not been reduced to writing.
5. Where authorisation is sought on behalf of other parties provide details of each of those parties including names, addresses, descriptions of the business activities engaged in relating to the subject matter of the authorisation, and evidence of the party's consent to authorisation being sought on their behalf.
 6. Provide details of those public benefits claimed to result or to be likely to result from the proposed contract, arrangement or understanding including quantification of those benefits where possible.
 7. Provide details of the market(s) likely to be effected by the contract, arrangement or understanding, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the authorisation.
 8. Provide details of the detriments to the public which may result from the proposed contract, arrangement or understanding including quantification of those detriments where possible.
 9. Where the application is made also in respect of other contracts, arrangements or understandings, which are or will be in similar terms to the contract, arrangement or understanding referred to in item 2, furnish with the application details of the manner in which those contracts, arrangements or understandings vary in their terms from the contract, arrangements or understanding referred to in item 2.



Form E

Commonwealth of Australia

Competition and Consumer Act 2010 — subsection 88 (8)

EXCLUSIVE DEALING: APPLICATION FOR AUTHORISATION

To the Australian Competition and Consumer Commission:

Application is hereby made under subsection 88 (8) of the *Competition and Consumer Act 2010* for an authorisation under that subsection to engage in conduct that constitutes or may constitute the practice of exclusive dealing.

1. Applicant

(a) Name of applicant:

A91346

Tabcorp Wagering Manager (Vic) Pty Ltd (**Tabcorp Wagering Manager**)
(ABN 84 154 419 342)
5 Bowen Crescent
Melbourne VIC 3004

This application is to be read and determined together with Tabcorp Wagering Manager's applications in Form A and Form B (together, the **Application**).

A copy of the submission made in support of the Application is attached (**Submission**).

(b) Short description of business carried on by applicant:

Tabcorp Holdings Limited (**TAH**) (ABN 66 063 780 709) is an Australian publicly listed holding company. TAH and its subsidiaries have commercial interests in gaming, wagering and media. Further details of the Tabcorp group's operations are provided in the Submission.

Tabcorp Wagering (Vic) Pty Ltd, a wholly owned subsidiary of TAH, holds the sole Victorian Wagering and Betting Licence (**Licence**) under the *Gambling Regulation Act 2003* (Vic). The Licence was issued on 19 December 2011 and operates for a period of 12 years.

Tabcorp Wagering Manager, the applicant, is authorised to provide wagering services in Victoria pursuant to the Licence and does so as the manager of a joint venture with the Victorian racing industry. Tabcorp Wagering Manager offers on-course and off-course totalisator and fixed odds wagering and betting services on thoroughbred, harness and greyhound racing and approved sporting and other events.

(c) Address in Australia for service of documents on the applicant:

Herbert Smith Freehills
MLC Centre
19 Martin Place
Sydney NSW 2000
www.herbertsmithfreehills.com

Attention: Patrick Gay
Direct: 02 9322 4378
Telephone: 02 9225 5000
Facsimile: 02 9322 4000
patrick.gay@hsf.com

2. Contract, arrangement or understanding

(a) Description of the conduct that would or may constitute the practice of exclusive dealing:

Tabcorp Wagering Manager seeks authorisation to give effect to the agreement between Tabcorp Wagering Manager and ACTTAB Limited (**ACTTAB**) dated 2 November 2012 (**Book Management Agreement**). The Book Management Agreement governs the provision of fixed odds wagering and risk management services by Tabcorp to ACTTAB.

A confidential copy of the Book Management Agreement is attached to the Submission.

A non-confidential summary of the Book Management Agreement (**Summary**) is also attached to the Submission.

Tabcorp Wagering Manager applies for authorisation in respect of all provisions of the Book Management Agreement, including the following:

- Clause 5.1(a)(1) (paragraph 6.1 of the Summary), under which ACTTAB must transmit to Tabcorp, for inclusion in a Tabcorp Book, all ACTTAB Bets made by a Qualified Person.
- Clause 5.1(c)(1) (paragraph 6.1 of the Summary), under which ACTTAB appoints Tabcorp as its exclusive provider of services the same as or similar to the services provided by Tabcorp under the Book Management Agreement.
- Clause 5.1(c)(3) (paragraph 6.1 of the Summary), which provides that, other than as permitted under the Book Management Agreement, ACTTAB must not transmit ACTTAB Bets to any other person or include ACTTAB Bets in a book managed or provided by any other person.

(together, the **Betting Requirements**).

- Clause 5.1(d)(2) (paragraph 6.1 of the Summary), under which ACTTAB must ensure that it does not transmit to Tabcorp any bet that is not an ACTTAB Bet, was not placed by a Qualified Person or does not comply with the requirements referred to in the Book Management Agreement (**Re-Supply Restriction**).
- Clause 5.3(a) (paragraph 6.3 of the Summary), which requires the parties to comply with the Betting Guidelines. Clause 2.7(b) of the Betting Guidelines states that Tabcorp will not be obliged to accept ACTTAB Bets where acceptance of such bets would place Tabcorp or one of its related bodies corporate in breach of a contractual obligation owed to a third party (**Third Party Contract Provision**).
- Clauses 9.1(a) and (b) (paragraph 10.1 of the Summary), which require ACTTAB to have and maintain the ACTTAB Event Approvals (**ACTTAB Event Approvals Requirement**).

(b) Description of the goods or services in relation to the supply or acquisition of which this application relates:

- fixed odds wagering on racing, sports and other events; and
- risk management services in respect of fixed odds wagering.

(c) The term for which authorisation of the conduct is being sought and grounds for supporting this period of authorisation:

The term for which authorisation of the Book Management Agreement is being sought is the period of 5 years from the Commencement Date.

The grounds supporting this period of authorisation are set out in the Submission.

3. Parties to the proposed arrangement

(a) Class or classes of persons to which the conduct relates:

- Betting Requirements – other possible suppliers of fixed odds wagering and risk management services;
- Re-Supply Restriction – other licensed wagering operators and their punters.
- ACTTAB Event Approvals Requirement – ACTTAB and bodies that give or provide racing and other industry approvals required by ACTTAB for it to use, publish or make available race fields information and other information and data in the course of its business and to conduct betting operations including, without limitation: Racing Victoria Limited, Greyhound Racing Victoria, Harness Racing Victoria, Racing NSW, Harness Racing NSW, Greyhound Racing NSW, Racing Queensland Limited, Racing SA Pty Ltd, Tasracing Pty Limited, ACT Gambling and Racing Commission, Gaming and Wagering Commission of WA.
- Third Party Contract Provision – ACTTAB and third parties with whom Tabcorp may enter into contracts for the supply of data, information or vision.

(b) Number of those persons:

(i) At present time:

- Betting Requirements – unknown
- Re-Supply Restriction – unknown
- ACTTAB Event Approvals Requirement – eleven
- Third Party Contract Provision – unknown

(ii) Estimated within the next year:

- Betting Requirements – unknown
- Re-Supply Restriction – unknown
- ACTTAB Event Approvals Requirement – unknown
- Third Party Contract Provision – unknown

- (c) **Where number of persons stated in item 3 (b) (i) is less than 50, their names and addresses:**

Not applicable.

4. Public benefit claims

- (a) **Arguments in support of authorisation:**

The arguments in support of authorisation are set out in the attached Submission.

- (b) **Facts and evidence relied upon in support of these claims:**

The facts and evidence relied upon in support of these claims are set out in the attached Submission.

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2 (b) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):

The markets in which the services described in 2(b) are supplied are set out in the attached Submission.

6. Public detriments

- (a) **Detriments to the public resulting or likely to result from the authorisation, in particular the likely effect of the conduct on the prices of the goods or services described at 2 (b) above and the prices of goods or services in other affected markets:**

Details of the detriments to the public resulting or likely to result from the authorisation are set out in the attached Submission.

- (b) **Facts and evidence relevant to these detriments:**

The facts and evidence relevant to these detriments are set out in the attached Submission.

7. Joint Ventures

- (a) **Does this application deal with a matter relating to a joint venture (See section 4J of the *Competition and Consumer Act 2010*)?**

No.

- (b) **If so, are any other applications being made simultaneously with this application in relation to that joint venture?**

Not applicable.

- (c) **If so, by whom or on whose behalf are those other applications being made?**

Not applicable.

8. Further Information

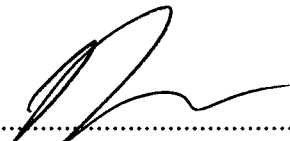
- (a) **Name and address of person authorised by the applicant to provide additional information in relation to this application:**

Herbert Smith Freehills
MLC Centre
19 Martin Place
Sydney NSW 2000
www.herbertsmithfreehills.com

Attention: Patrick Gay
Direct: 02 9322 4378
Telephone: 02 9225 5000
Facsimile: 02 9322 4000
patrick.gay@hsf.com



Dated 05/11/12
Signed on behalf of the applicant


.....
Patrick Gay
Partner
Herbert Smith Freehills

DIRECTIONS

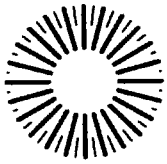
1. In lodging this form, applicants must include all information, including supporting evidence that they wish the Commission to take into account in assessing their application for authorisation.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

2. Where the application is made by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the application and the application is to be signed by a person authorised by the corporation to do so.
3. Describe that part of the applicant's business in the course of which the conduct is engaged in.
4. Provide details of the conduct (whether proposed or actual) which may constitute the practice of exclusive dealing in respect of which this authorisation is sought.

In providing these details:

- (a) to the extent that any of the details have been reduced to writing — provide a true copy of the writing; and
 - (b) to the extent that any of the details have not been reduced to writing — provide a full and correct description of the particulars that have not been reduced to writing.
5. Where authorisation is sought on behalf of other parties provide details of each of those parties including names, addresses, descriptions of the business activities engaged in relating to the subject matter of the authorisation, and evidence of the party's consent to authorisation being sought on their behalf.
 6. Provide details of those public benefits claimed to result or to be likely to result from the proposed conduct including quantification of those benefits where possible.
 7. Provide details of the market(s) likely to be effected by the conduct, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the authorisation.
 8. Provide details of the detriments to the public which may result from the conduct including quantification of those detriments where possible.



HERBERT
SMITH
FREEHILLS

5 November 2012

Summary of Book Management Agreement between Tabcorp and ACTTAB

5 November 2012



Summary

1 Introduction

On 2 November 2012, Tabcorp Wagering Manager (Vic) Pty Ltd (**Tabcorp**) and ACTTAB Limited (**ACTTAB**) entered into an agreement under which Tabcorp will provide fixed odds wagering and risk management services to ACTTAB in return for a management fee (**Agreement**).

The following is a summary of the Agreement.¹ The summary does not contain confidential information and may be used by the Australian Competition and Consumer Commission in undertaking market inquiries.

2 Relevant definitions

Relevant definitions are set out in the table at Annexure A to this summary.

3 Term

The Agreement commences on the Commencement Date and continues for a period of 3 years from the Commencement Date (**Initial Term**).

The Agreement will automatically renew for successive 12 month periods from the end of the Initial Term unless either party provides the other with written notice to terminate the Agreement, at least 6 months prior to the end of the Initial Term or a subsequent 12 month period.

4 Conditions precedent

4.1 Conditions precedent

The Agreement is subject to the following conditions precedent:

- (a) final authorisation is granted and comes into force;
- (b) all Victorian Approvals have been obtained in a form that is acceptable to Tabcorp, acting reasonably;
- (c) all ACTTAB Regulatory Approvals have been obtained by ACTTAB in a form that is acceptable to ACTTAB, acting reasonably; and
- (d) ACTTAB or ACTTAB's auditor has provided an audited confirmation to Tabcorp of the amount of ACTTAB's FY12 fixed odds wagering turnover and that confirmation is satisfactory to Tabcorp, acting reasonably.

¹ General boilerplate clauses have not been included in this summary.



Tabcorp and ACTTAB may terminate the Agreement immediately by notice in writing if specified conditions are not satisfied by the Cut Off Date or become incapable of satisfaction, unless those conditions are waived in accordance with the Agreement.

4.2 Authorisation

The condition precedent relating to authorisation provides that:

- in the absence of interim authorisation being granted, the clauses of the Agreement (other than those relating to Conditions Precedent, Definitions and Interpretation, Confidentiality, Representations and Warranties, and Miscellaneous) do not become binding and are of no force or effect until final authorisation is granted and comes into force;
- if the Commission grants interim authorisation then, subject to the remaining conditions precedent being satisfied, Tabcorp and ACTTAB will give full effect to the Agreement on the date specified by the Commission in the interim authorisation, but only until the earlier of the Cut Off Date or expiration of the interim authorisation;
- if the Commission grants interim authorisation in part or subject to a condition, the parties must give effect to the Agreement to the extent permitted by the partial interim authorisation, unless either party notifies the other that a term of or condition to the partial interim authorisation is unacceptable, in which case the parties must decide whether and on what terms to negotiate with the Commission for a review of the Commission's decision regarding interim authorisation.

If the Agreement comes into force because interim authorisation is granted, either party may terminate the Agreement immediately by notice in writing if:

- the interim authorisation expires, is subsequently withdrawn or is revoked; and
- final authorisation has not come into force by the Cut Off Date.

5 Book management services

Tabcorp agrees to permit ACTTAB to participate in the Tabcorp Book, and to provide ACTTAB with the services set out in Schedule 2, subject to the terms of the Agreement.

The services set out in Schedule 2 are:

- (a) managing the fixed odds book, including:
 - (1) undertaking all research;
 - (2) establishment of opening fixed odds betting prices;
 - (3) managing event selling and fixed returns during the selling cycle;
 - (4) the laying off of any investments if appropriate; and
 - (5) processing results and calculating payouts; and
- (b) providing the same fixed odds pricing.



6 Betting

6.1 Acceptance of bets

ACTTAB must transmit to Tabcorp, for inclusion in a Tabcorp Book, all ACTTAB Bets made by a Qualified Person.

ACTTAB is not required to transmit to Tabcorp (and Tabcorp is not required to accept) bets placed with ACTTAB in a Retail Precinct in any jurisdiction other than the Australian Capital Territory, except where that bet is placed by a Qualified Person via Portable Technology owned or brought into the Retail Precinct by a Qualified Person.

ACTTAB:

- appoints Tabcorp as its exclusive provider of services the same as or similar to the services provided by Tabcorp under the Agreement;
- may accept ACTTAB Bets that it is not required to transmit to Tabcorp under the Agreement, place those bets into its own fixed odds book and declare its own payouts on those bets; and
- other than as permitted under the Agreement, must not transmit ACTTAB Bets to any other person or include ACTTAB Bets in a book managed or provided by any other person.

ACTTAB must ensure that it:

- accepts, processes and transmits the ACTTAB Bets it is obliged to transmit to Tabcorp under the Agreement in accordance with the Betting Rules and the Betting Guidelines;
- does not transmit to Tabcorp any bet that is not an ACTTAB Bet, was not placed by a Qualified Person or does not comply with the requirements referred to in the Agreement; and
- does not offer, accept, process or transmit any ACTTAB Bet in contravention of any Law (whether in Victoria or the Australian Capital Territory).

Nothing in the Agreement requires Tabcorp to accept and incorporate into a Tabcorp Book any:

- ACTTAB Bet, during any period while ACTTAB is in breach of any of its obligations under the Agreement, except if the breach is insignificant;
- ACTTAB Bet on any Tabcorp Event, for which ACTTAB does not have any of the ACTTAB Regulatory Approvals or any of the ACTTAB Event Approvals;
- ACTTAB Bets during any period when the link between ACTTAB's and Tabcorp's computer systems is interrupted; or
- ACTTAB Bet where Tabcorp determines, in its sole discretion, that the bet does not meet, or is inconsistent with, Tabcorp's risk parameters or is not in the best interests of Tabcorp.

6.2 Changes to Betting Rules

Tabcorp may make changes to the Betting Rules at any time. Tabcorp requires approval from VCGLR to make changes to the Betting Rules.



6.3 Betting Guidelines

The parties must comply with the Betting Guidelines.

Tabcorp may make changes to the Betting Guidelines, from time to time on written notice to ACTTAB.

6.4 Other participants

Tabcorp may amend a Tabcorp Book at any time by:

- including, removing or suspending the inclusion of betting transactions conducted by or on behalf of a Participating Third Party; or
- merging the Tabcorp Book with, or demerging it from, other books.

Tabcorp may include bets placed with Tab Limited in a Tabcorp Book.

7 Fees

7.1 Fees

ACTTAB must pay Tabcorp a monthly payment calculated in accordance with the Agreement.

7.2 Product fees

ACTTAB remains liable for, and must pay, the product fees (or equivalent) under its own product fee (or equivalent) agreements with any Sports Controlling Body (or equivalent) in respect of the bets accepted by ACTTAB on the sport or event covered by that agreement.

8 Coverage of Events

8.1 Tabcorp Events

Tabcorp may provide a fixed odds book for one or more Approved Bet Types on each Tabcorp Event.

Tabcorp may, from time to time, add a new, or remove an existing, Tabcorp Event or Approved Bet Type, by giving notice to ACTTAB.

8.2 Additional Events

ACTTAB may request that Tabcorp offers a fixed odds book on:

- an event that is not a Tabcorp Event (**Additional Event**); or
- a bet type that is not an Approved Bet Type (**Additional Bet Type**),

by giving reasonable notice in writing to Tabcorp.



Where a request is made, Tabcorp will use its reasonable endeavours to offer a fixed odds book on the Additional Event or Additional Bet Type, provided that Tabcorp is not required to do so if Tabcorp:

- does not have all requisite Approvals;
- does not possess the relevant expertise; or
- determines that it will incur unacceptable additional expense or risk, to provide that book on the event or bet type.

9 Integrity protocols and Laws

9.1 Records

Tabcorp must create:

- records of all bets received by Tabcorp from persons in Victoria; and
- aggregated records of all bets,

which are included in a Tabcorp Book that ACTTAB participates in as soon as those bets are made.

ACTTAB must create records of all ACTTAB Bets which are included in the Tabcorp Book as soon as those ACTTAB Bets are made.

Each party must retain its records for a minimum of 7 years.

On request, each party must make those records available to:

- in the case of ACTTAB, Tabcorp's Group Risk, Audit and Compliance team;
- the stewards of the thoroughbred, harness and greyhound racing codes and the controlling or other bodies associated with the regulation or integrity of any sport or event; and
- the officers of any Authority whose function is to regulate wagering,

in Victoria, the Australian Capital Territory or any jurisdiction of a Participating Third Party to enable those persons to:

- investigate suspicious betting activity;
- enforce applicable Laws and the respective rules of Tabcorp Events; and
- investigate compliance with and enforce the Betting Rules.

ACTTAB must promptly provide its records to Tabcorp and the Sports Controlling Body (or equivalent) if they are required under an integrity agreement between Tabcorp and a Sports Controlling Body (or equivalent).

Each party must comply with all applicable Laws.

ACTTAB must:

- notify Tabcorp immediately upon it becoming aware of any event which may compromise the integrity of a Tabcorp Book; and
- upon request by Tabcorp in writing, promptly provide Tabcorp with all information and access to key officers and employees of ACTTAB, that Tabcorp reasonably requires in relation to the integrity of a Tabcorp Book.



9.2 Inspection by Tabcorp

Tabcorp may, at Tabcorp's cost and on reasonable notice to ACTTAB:

- appoint an auditor to audit and inspect; and
- require ACTTAB to allow an Authority to audit and inspect,

any premises, documents, records, practices, wagering terminals and data of ACTTAB as Tabcorp reasonably requests or the Authority requests, for the purpose of confirming compliance with the terms of the Agreement, applicable Laws and any relevant Approvals. Tabcorp must take all reasonable steps to ensure any audit or inspection is conducted with minimal disruption to the business and operations of ACTTAB.

ACTTAB must permit the audits and inspections.

10 Maintenance of Approvals

10.1 Approvals

In order to accept and transmit bets for inclusion in a Tabcorp Book, ACTTAB must at all times have and maintain the ACTTAB Event Approvals and ACTTAB Regulatory Approvals, and comply with the requirements of the Required Participation Approvals.

ACTTAB warrants and represents that:

- it has and will at all times maintain the ACTTAB Event Approvals and ACTTAB Regulatory Approvals required for it to accept and transmit to Tabcorp the ACTTAB Bets; and
- on and from the date it first transmits to Tabcorp a bet on an Additional Event or an Additional Bet Type, it has and will at all times maintain the ACTTAB Event Approvals and ACTTAB Regulatory Approvals required for it to accept and transmit to Tabcorp the bets on that Additional Event or the Additional Bet Type.

Tabcorp warrants and represents that it has and will at all times maintain the Victorian Approvals required for it to provide ACTTAB with the services contemplated by the Agreement.

10.2 Assurances and additional approvals

Both Tabcorp and ACTTAB must use reasonable endeavours to:

- maintain in force and, where applicable, renew all of its licences and approvals necessary for the purpose of performing its obligations under the Agreement; and
- ensure its conduct does not adversely affect the other party in such a way that would jeopardise the other party's licences and/or approvals or the probity, integrity or reputation of the other party.

11 Wagering Data

Tabcorp grants to ACTTAB a non-exclusive licence to use the Wagering Data for the Term, in the Approved Jurisdictions (except New South Wales and Victoria), for the sole



purpose of ACTTAB promoting and accepting ACTTAB Bets in a manner consistent with ACTTAB's obligations under the Agreement.

ACTTAB must:

- use reasonable efforts to prevent unauthorised parties from gaining access to, reproducing or disassembling Wagering Data in any manner, and in particular, to protect Wagering Data from unauthorised access via the internet;
- restrict access to Wagering Data to ACTTAB and its authorised personnel and Retail Operators;
- not use Wagering Data outside of the Australian Capital Territory, other than in operating ACTTAB's betting engine in the ordinary course of ACTTAB's business via any website or platform owned and controlled by ACTTAB, including for use in connection with a mobile device or any other portable device;
- implement and maintain a process to govern ACTTAB's authorised personnel's access to the Wagering Data.

12 Payouts

Tabcorp must calculate all Payouts in respect of ACTTAB Bets in accordance with the Betting Rules.

Tabcorp will, in its sole discretion, set the Payout on each bet in the Tabcorp Book.

ACTTAB is liable for, and must distribute and pay, all Payouts on ACTTAB Bets to its customers.

As between the parties, ACTTAB will be entitled to retain all unclaimed Payouts payable in respect of ACTTAB Bets transmitted by it to Tabcorp for inclusion in the Tabcorp Book.

13 Costs

ACTTAB is responsible for its own costs in respect of marketing, accepting, processing and transmitting ACTTAB Bets.



Annexure A

Defined Term	Meaning
Act	the <i>Gambling Regulation Act 2003 (Vic)</i> .
ACTTAB Bet	a fixed odds bet, of an Approved Bet Type, on a Tabcorp Event, placed with ACTTAB in accordance with ACTTAB's wagering licence issued in the Australian Capital Territory.
ACTTAB Event Approvals	<p>the racing industry and regulatory approvals required by ACTTAB for it to use, publish or make available Race Fields Information in the course of its business and to conduct betting operations in a State or Territory including, without limitation, approvals from the following bodies:</p> <ol style="list-style-type: none">1 Racing Victoria Limited;2 Greyhound Racing Victoria;3 Harness Racing Victoria;4 Racing NSW;5 Harness Racing NSW;6 Greyhound Racing NSW;7 Racing Queensland Limited;8 Racing SA Pty Ltd;9 Tasracing Pty Limited;10 ACT Gambling and Racing Commission; and11 Gaming and Wagering Commission of WA, <p>and any other sporting or other industry or regulatory approvals required by ACTTAB for it to use, publish or make available any information or data relating to a Tabcorp Event in the course of its business and to conduct betting operations in a State or Territory.</p>
ACTTAB Regulatory Approvals	all regulatory consents, approvals, authorisations, licences, permits, instruments or other acts made or given by a Government Agency or Minister required by ACTTAB to lawfully conduct wagering services in the Australian Capital Territory and to enable ACTTAB to lawfully transmit ACTTAB Bets to Tabcorp for inclusion in a Tabcorp Book.
Approvals	<ol style="list-style-type: none">1 the Victorian Approvals; and2 any Additional Approvals, <p>as may be amended from time to time.</p>
Approved Affiliate	means each approved affiliate of ACTTAB specified in the Agreement, for the term, and for so long as that affiliate complies with any



Defined Term	Meaning
	requirements set out in the Agreement, and any new affiliates approved by Tabcorp under the Agreement.
Approved Affiliate Website	means each website of an Approved Affiliate which is specified in the Agreement.
Approved Bet Types	means the bet types offered by Tabcorp, and as may be further described in the Betting Rules, as varied by Tabcorp from time to time in accordance with the Agreement and any Additional Bet Type notified by Tabcorp to ACTTAB under the Agreement.
Approved Jurisdiction	means Australia and foreign jurisdictions other than: <ol style="list-style-type: none">1 Hong Kong, Singapore, South Africa, New Zealand, United States of America, Canada, United Kingdom and Isle of Man;2 any jurisdiction where it is illegal for residents to place bets with an Australian wagering operator or for an Australian wagering operator to accept bets from its residents; and3 a jurisdiction which is the subject of a notice under the Agreement.
Authority	<ol style="list-style-type: none">1 any government;2 any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity;3 any person responsible for administering any Laws;4 any person responsible for granting or administering an Approval; and5 any Victorian Industry Body, and any person or body which succeeds to any or all of the powers or functions of the persons listed in 1 to 5, but excludes: <ol style="list-style-type: none">6 ACTTAB;7 any industry body within the Australian Capital Territory; and8 any person or body which succeeds to any or all of the powers and functions of the persons listed in 6 and 7.
Betting Guidelines	the procedures and guidelines relating to the operation of the fixed odds betting arrangements under the Agreement, as set out in Annexure 1 and as amended, updated and/or replaced by Tabcorp from time to time under the Agreement.
Betting Rules	the TAB Sportsbet (Vic) Betting Rules, as set out in Annexure 2, and the associated TAB Sportsbet Policies, each as amended, updated



Defined Term	Meaning
	and/or replaced by Tabcorp from time to time.
Commencement Date	the later of the date on which the last condition precedent in clause 3.1 to be satisfied is satisfied or waived and 29 November 2012, or such other date as may be mutually agreed between the parties in writing.
Cut Off Date	30 June 2013 or such other date agreed between the parties in writing.
Distributor	<p>a person who acts as an access point, conduit or agent (other than a Retail Operator) for one or more wagering operators or betting exchanges, which in effect allows the customers of that person to place bets with one or more wagering operators or betting exchanges, including by using any one or more of the following:</p> <ol style="list-style-type: none">1 the betting infrastructure of the wagering operator or betting exchange, including retail betting, phone betting, internet betting, betting through or using applications on portable technology (including a mobile phone, tablet computer, laptop computer or similar portable technology), or any analogous method used to place a bet;2 a method of linking or clicking through to the website or betting platform of one or more wagering operators or betting exchanges and the person receives a commission or rebate for click through; or3 funds maintained in an account or betting account with that person, but does not include an Approved Affiliate.
Government Agency	any government or governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.
Laws	<ol style="list-style-type: none">1 legislation, including regulations, determinations, by-laws, declarations, ministerial directions and other subordinate legislation;2 common law;3 requirements issued by or authorisations required by an Authority (including conditions in respect of any authorisation);4 mandatory codes, standards and guidelines; and5 writ, order, injunction or judgment.
Minimum Age	<ol style="list-style-type: none">1 for a person located in Australia, 18 years of age or over; and2 for a person located in any other jurisdiction, the age from which a person is lawfully permitted to place a bet in that jurisdiction, or over.



Defined Term	Meaning
Participating Third Party	a third party, including each wagering operator set out in Schedule 4 (as amended in accordance with the Agreement), from the start date for that wagering operator set out in Schedule 4.
Payout	has the meaning given in the Betting Rules.
Portable Technology	a mobile phone, tablet computer, laptop computer or similar portable technology other than any technology (whether portable or otherwise) which is provided or made available to a person by or on behalf of ACTTAB or a person associated with a Retail Precinct.
Qualified Person	either: <ol style="list-style-type: none">1 a person, of Minimum Age, located in an Approved Jurisdiction making a bet on their own behalf with ACTTAB who is not making a bet via a Distributor; or2 a person, of Minimum Age, who holds a personal betting account with ACTTAB and who is:<ul style="list-style-type: none">• temporarily outside an Approved Jurisdiction; and• not in a jurisdiction where it is illegal to place bets with an Australian wagering operator or for an Australian wagering operator to accept bets from,and uses Portable Technology to place a bet on their own behalf via their account with ACTTAB.
Race Fields Information	information that identifies, or is capable of identifying, the names or numbers of any or all horses or greyhounds nominated for, or which will otherwise take part in, a thoroughbred, harness or greyhound race.
Required Participation Approvals	means the approvals or consents which Tabcorp must obtain from the racing industry or regulatory authorities for ACTTAB to participate in a Tabcorp Book.
Retail Operators	means legal agents of ACTTAB who operate retail wagering outlets including on-course wagering outlets, under the ACTTAB brand as agent for, and on behalf of, ACTTAB in the Australian Capital Territory at which members of the public attend in person to place bets and who accept bets of Approved Bet Types on the Tabcorp Events.
Retail Precinct	the area inside, outside and within the general vicinity of any public house, bar, café or restaurant, sporting or other club, sporting venue, race course, retail or commercial premises or other public place.



Defined Term	Meaning
Sports Controlling Body	has the meaning given to that term in the Act.
Tabcorp Book	each fixed odds book managed by Tabcorp for Approved Bet Types on a Tabcorp Event.
Tabcorp Events	the sporting, racing or other events or contingencies within a sporting, racing or other event that Tabcorp accepts fixed odds bets on, as amended from time to time by Tabcorp in accordance with the Agreement and any Additional Event notified by Tabcorp to ACTTAB under the Agreement.
Victorian Approvals	<p>all Ministerial, regulatory and racing industry approvals which Tabcorp determines are necessary for Tabcorp to operate a Tabcorp Book, and to include ACTTAB Bets into the Tabcorp Book, including:</p> <ol style="list-style-type: none">1 all approvals which Tabcorp determines to be necessary from relevant Authorities in Victoria;2 any approval required under or in connection with the off-course wagering licence held by Tabcorp Wagering (Vic) Pty Ltd (ACN 134 587 107); and3 all approvals which Tabcorp determines to be necessary from VicRacing Pty Ltd (ACN 064 067 849) and VCGLR.
Victorian Industry Bodies	<ol style="list-style-type: none">1 VicRacing Pty Ltd (ACN 064 067 849);2 Racing Products Victoria Pty Ltd (ACN 064 067 867); and3 any person or body which succeeds to any or all of the powers and functions of the persons listed in 1 or 2.
Wagering Data	fixed odds for a Tabcorp Book delivered to ACTTAB through the Fixed Odds Protocol and excludes Race Fields Information and analogous data and information relating to a sporting event or any other Tabcorp Event.

~~5 November 2012~~

[REDACTED]

Submission to the Australian Competition and Consumer Commission

Applications for authorisation of the agreement
between Tabcorp Wagering Manager (Vic) Pty Ltd
and ACTTAB Limited in relation to the supply of
fixed odds book management services

5 November 2012

~~COMMERCIAL IN CONFIDENCE~~

~~No part of this submission or its attachments is to be disclosed to any third party (other than those government agencies required to be consulted in the course of processing the application for authorisation), under the Freedom of Information Act or otherwise, without the prior consent of Tabcorp.~~

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above done by ACCC - 08.11.12

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**Confidential Annexure A
Book Management Agreement**

**Annexure B
Information regarding some corporate bookmakers in Australia**

**Annexure C
Betting Rules**

**Annexure D
Industry contacts**

1 Introduction and procedural matters

1.1 The Application

On 2 November 2012, Tabcorp Wagering Manager (Vic) Pty Ltd (**Tabcorp Wagering Manager**) entered into an agreement with ACTTAB Limited (**ACTTAB**) regarding the provision of certain fixed odd wagering and risk management services (**Book Management Services**) by Tabcorp to ACTTAB (**Book Management Agreement**).

ACTTAB currently acquires fixed odds wagering and risk management services from Centrebet Pty Ltd (**Centrebet**). These arrangements, which were authorised by the Commission in 2009¹, are due to expire on 28 November 2012.

This submission is provided in support of Tabcorp Wagering Manager's application for authorisation (**Application**) to give effect to the Book Management Agreement. Given that ACTTAB's arrangements with Centrebet are due to expire on 28 November 2012, Tabcorp is also applying for interim authorisation of the Book Management Agreement.

A copy of the Book Management Agreement is attached as Confidential Annexure A.

Tabcorp Wagering Manager has applied for authorisation on the basis that:

- in the case of the exclusive dealing conduct, Tabcorp Wagering Manager (and not ACTTAB) would be engaging in the relevant conduct; and
- in the case of conduct potentially in contravention of sections 44ZZRF, 44ZZRG, 44ZZRJ, 44ZZRK and 45, ACTTAB would obtain the benefit of the Commission's grants of authorisation to Tabcorp by virtue of section 88(6) of the *Competition and Consumer Act 2010* (Cth) (**CCA**).

While Tabcorp Wagering Manager is the applicant, this submission will generally refer to 'Tabcorp' as the applicant for the sake of simplicity. In addition, in this submission, references to 'Tabcorp' include references to Tabcorp Wagering (Vic) Pty Ltd, Tabcorp Holdings Limited and / or Tab Limited, as the context requires.

1.2 Conditions precedent

The Book Management Agreement is subject to a condition precedent relating to authorisation.² It provides that:

- Tabcorp must prepare applications for ACCC Final Authorisation;
- at the same time as submitting the applications for ACCC Final Authorisation, Tabcorp will prepare and submit applications for ACCC Interim Authorisation to be effective from the Commencement Date;³
- if the Commission grants Interim Authorisation, the Book Management Agreement will come into force, subject to the other conditions precedent being satisfied; and
- if the Commission grants Interim Authorisation but it expires, or is subsequently withdrawn or revoked, and the Commission does not ultimately grant ACCC

¹ ACCC, Determination regarding applications for authorisation A91123, A91124, A91158 and A91159 lodged by TOTE Tasmania, ACTTAB, and Racing and Wagering Western Australia, 9 September 2009 (**Centrebet Determination**).

² See clauses 3.1, 3.4, 3.6, 3.7 and 3.8 of the Book Management Agreement.

³ The Commencement Date is defined in clause 1.1 of the Book Management Agreement as: 'the later of the date on which the last condition precedent in clause 3.1 to be satisfied is satisfied or waived and 29 November 2012, or such other date as may be mutually agreed between the parties in writing'.

Final Authorisation by the Cut Off Date,⁴ either party may terminate the Book Management Agreement immediately by notice in writing to the other party.

⁴ The Cut Off Date is defined in clause 1.1 of the Book Management Agreement as: '30 June 2013 or such other date agreed between the parties in writing'.

2 Confidentiality

This submission, including its annexures, contains information which is confidential to Tabcorp, and must not be disclosed to any other person.

In particular, the terms of the Book Management Agreement are commercially sensitive and are provided to the Commission on a strictly confidential basis.

This claim for confidentiality does not prevent the Commission from disclosing this submission, or any part of it, to the Commission's third party legal and economic advisers. However, those third party advisers are required to treat this submission on the same basis as the Commission.

A redacted, non-confidential version of this submission, and a non-confidential summary of the Book Management Agreement, have been provided to the Commission.

3 Parties

3.1 Tabcorp

(a) Introduction

The Tabcorp Group has interests in wagering, gaming and media. The ultimate parent company, Tabcorp Holdings Limited (**TAH**), is listed on the ASX.

The Application and this submission concern Tabcorp Wagering Manager, which is part of the Tabcorp Group's Wagering Division (**Wagering Division**). The Wagering Division's operations, which are primarily conducted in Victoria and New South Wales, include:

- off-course totalisator betting on racing and other sports in agencies and licensed venues (hotels, pubs and clubs) in Victoria and New South Wales and by telephone and the internet;
- on-course totalisators in Victoria and New South Wales;
- fixed odds betting on racing, sports and other events under the TAB and tab.com.au brands;
- fixed odds betting on racing, sports and novelty events via the Northern Territory bookmaker Luxbet;
- national racing broadcasting through the Sky Racing television service;
- SKY Sports Radio, a New South Wales radio broadcasting service which specialises in race broadcasts;
- Trackside – a virtual fixed odds racing game distributed principally in Victoria and New South Wales; and
- joint venture operations via Premier Gateway International Limited (**PGI**), which is based in the Isle of Man and provides totalisator wagering and wagering interface systems.

The Wagering Division employs approximately 2,800 people. For the year ending 30 June 2012, total wagering revenue and EBIT were \$1,637.4 million and \$242.2 million respectively.⁵ Fixed odds revenue was \$321.4 million.⁶

The Wagering Division operates under separate licences in Victoria, New South Wales and the Northern Territory.

(b) Victorian wagering operations

Tabcorp Wagering (Vic) Pty Ltd (**Tabcorp Wagering**), a wholly owned subsidiary of TAH, holds the sole Victorian Wagering and Betting Licence (**Licence**). The Licence allows Tabcorp Wagering to offer on-course and off-course totalisator wagering and fixed odds betting on thoroughbred, harness and greyhound racing and approved sporting and other events. The Licence also allows for the offering of approved simulated racing games and the operation of a betting exchange.

Tabcorp Wagering Manager is authorised to provide wagering services in Victoria pursuant to the Licence and does so as the manager of a joint venture with the Victorian racing industry.

⁵ Tabcorp Concise Annual Report 2012, p 4.

⁶ Ibid.

Tabcorp Wagering Manager offers wagering services through:

- approximately 752 retail outlets throughout Victoria, of which 93 are agencies and 659 are licensed venues comprising hotels, clubs, and kiosks;
- 274,915 open telephone accounts in Victoria, 221,960 of which have been activated for internet access;⁷
- an online portal (www.tab.com.au) which directs punters to TAB Victoria or TAB NSW;
- Tab.mobi – a platform for betting via mobile phones;
- iPhone, iPad and Android apps; and
- tabactive, Tabcorp's interactive television service.

The Tabcorp Group's Victorian wagering business is conducted through an unincorporated joint venture agreement (**Joint Venture Agreement**) between:

- Tabcorp Wagering;
- Tabcorp Wagering Manager;
- Tabcorp Wagering Participant (Vic) Pty Ltd (**Tabcorp Wagering Participant**);
- Tabcorp Wagering Assets (Vic) Pty Ltd (**Tabcorp Wagering Assets**);
- Racing Products Victoria Pty Ltd (**Racing Products Victoria**); and
- VicRacing Pty Ltd (**VicRacing**).

Under the Joint Venture Agreement, Tabcorp Wagering Participant and VicRacing each retain 50% of the total net profits derived from wagering and betting under the authority of the Licence.

Tabcorp Wagering, Tabcorp Wagering Manager and Tabcorp Wagering Participant are also party to a Racing Program Agreement and a Racing Information Agreement under which the major Victorian racing bodies have undertaken to provide Tabcorp entities with certain services and information in return for:

- a Product Fee of 15% of revenue less statutory fees; and
- a Program Fee equal to \$72.6 million per annum (indexed so as to increase annually in line with increases in wagering revenue).

The Wagering Division's current Victorian activities also include operating the SuperTAB totalisator pool and the provision of pari-mutuel (totalisator) pooling services to ACTTAB, Racing and Wagering Western Australia (**RWWA**), New Zealand Racing Board, PGI, and Phumelela Gold Enterprises and Phumelela Gaming and Leisure Limited (South Africa).

(c) **NSW wagering operations**

In 2004, TAH acquired the NSW-based company Tab Limited. Tab Limited is a wholly owned subsidiary of TAH. It holds a licence under the *Totalisator Act 1997 (NSW)* to provide off-course and on-course totalisator wagering services in New South Wales for thoroughbred, harness and greyhound racing until 2097, with an exclusivity period until June 2013.

Tab Limited also offers totalisator and fixed odds betting on sports and other events.

Tab Limited offers wagering services through:

- approximately 2,100 retail outlets throughout New South Wales, of which 213 are agencies and 1,962 are licensed venues comprising hotels, clubs, and kiosks;

⁷ Some of these accounts may be frozen for various reasons (e.g. pending ID verification), but they are all classed as open accounts.

- 302,115 open telephone accounts in New South Wales, 221,960 of which have been activated for internet access;⁸
- its online portal, www.tab.com.au, and tab.mobi;
- iPhone, iPad and Android apps; and
- tabactive, Tabcorp's interactive television service.

Tab Limited is party to a Racing Distribution Agreement under which it pays to the NSW racing industry a Product Fee of 21.9965% of net wagering revenue, a Wagering Incentive Fee of 25% of wagering earnings, an annual Fixed Product Fee indexed to CPI⁹, and certain other fees in respect of particular products.

(d) **Fixed odds offering**

In addition to its totalisator wagering services, Tabcorp provides distinct fixed odds wagering services in Victoria and New South Wales through Tabcorp Wagering Manager and Tab Limited.

Tabcorp Wagering Manager and Tab Limited operate through a single book and a single risk management system. Accordingly, subject to regulatory approvals, Tabcorp Wagering Manager's customers and Tab Limited's customers can bet on the same racing and sporting events and, subject to the general fluctuation in odds and availability of product in the jurisdiction, receive the same odds. There are approximately 82 people employed by Tabcorp, including 64 bookmakers, who manage Tabcorp's fixed odds books and the associated risk. [REDACTED].

Tabcorp offers fixed odds betting on racing, sports and other events. For FY2012:

- Tabcorp Wagering Manager had fixed odd sales of approximately \$[REDACTED], of which approximately \$[REDACTED] was attributable to racing and \$[REDACTED] was attributable to sports and other events; and
- Tab Limited had fixed odd sales of approximately \$[REDACTED], of which \$[REDACTED] was attributable to racing and \$[REDACTED] was attributable to sports and other events.

(e) **Luxbet**

Luxbet is a racing and sports corporate bookmaking operation, licensed by the Northern Territory Racing Commission and launched in September 2008. Luxbet is a wholly owned subsidiary of TAH.

Luxbet offers fixed odds betting and derivative pari-mutuel (totalisator) wagering (i.e. tote odds) on racing, and a full suite of licensed fixed odds sports and novelty event offerings. Luxbet provides its service through internet (including via mobile devices) and telephone accounts.

Luxbet's fixed odds book and risk management are unrelated to the fixed odds wagering services provided by Tabcorp Wagering Manager and Tab Limited.

(f) **Other Tabcorp Group activities**

Gaming

Tabcorp's Victorian gaming licence expired on 15 August 2012. As a result, Tabcorp no longer conducts a gaming business. Tabcorp's new business division – Tabcorp Gaming Solutions – supplies electronic gaming machines and consulting and support services to operators of gaming machines.

⁸ Some of these accounts may be frozen for various reasons (e.g. pending ID verification), but they are all classed as open accounts.

⁹ For FY2012, the Fixed Product Fee was approximately \$13.5 million.

Keno

Tabcorp offers Keno in licensed hotels and clubs in New South Wales, Queensland and Victoria. In May 2011, TAH was awarded the new Victorian Keno Licence, which has a term of 10 years.

3.2 ACTTAB

ACTTAB was established in 1964 and operates as a Territory-owned corporation under the provisions of the *Betting (ACTTAB Limited) Act 1964 (ACT)* and the *Territory-owned Corporations Act 1990 (ACT)*.

ACTTAB's principal activity is the provision of totalisator wagering services. Its distribution network comprises:

- a retail network of 58 outlets throughout the ACT, including 15 branches and agencies, and 43 sub-agencies located in clubs, hotels, taverns and Casino Canberra;¹⁰
- facilities located at the three ACT race courses (thoroughbred, harness and greyhound), and a facility at Canberra Stadium;¹¹
- over 5,000 account holders using internet and telephone services;¹² and
- an internet site that provides racing and sporting information (www.acttab.com.au).

In addition, ACTTAB provides fixed odds wagering on racing, sport, and other approved events.¹³ ACTTAB currently acquires fixed odds wagering and risk management services from Centrebet, although these arrangements are due to expire on 28 November 2012.

ACTTAB is a very small provider of fixed odds wagering services. For FY2012, ACTTAB's gross turnover was \$176.7 million. Of that, total fixed odds sales amounted to only approximately \$19.6 million.

¹⁰ ACTTAB Annual Report 2012.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

4 Industry background

4.1 The broader gambling industry

Wagering is part of the broader gambling industry, which includes the supply of gaming and wagering products.

(a) Gaming

Gaming comprises all legal forms of gambling other than wagering – including lotteries, gaming machines, casino table games, and keno.¹⁴ Gaming is a chance-based activity.

Gaming dominates Australian gambling, both in terms of turnover and customer expenditure. According to the most recent comprehensive statistical overview of gambling, compiled by the Office of Economic and Statistical Research, total turnover from gaming during the period 30 June 2008 to 30 June 2009 was \$139,374.3 million.¹⁵

Table 1 below sets out the turnover for gaming by State and Territory for the period 30 June 2008 to 30 June 2009.

Table 1: Total turnover from gaming by State and Territory 2008-2009¹⁶

State	Turnover (million)
New South Wales	\$59,380.161
Victoria	\$37,861.052
Queensland	\$25,616.436
South Australia	\$8,825.848
Western Australia	\$3,327.062
Tasmania	\$2,079.309*
Australian Capital Territory	\$2,239.095
Northern Territory	\$2,047.321

*(2005-06 figure)

(b) Wagering

Wagering or betting involves staking something, usually money, on the outcome of a contest or any uncertain event or matter. The principal forms of wagering are wagering on racing (thoroughbred, harness and greyhound racing) and sports betting. Wagering is generally seen as a skill-based activity, involving some knowledge and study of the 'form' of various runners or contestants.

¹⁴ Productivity Commission, *Australia's Gambling Industries*, 26 November 1999, p 7.

¹⁵ Office of Economic and Statistical Research, Queensland Treasury, *Australian Gambling Statistics 1983-84 to 2008-09*, (27th edition, June 2011), p 1 (**Australian Gambling Statistics 27th edition**).

¹⁶ Australian Gambling Statistics 27th edition.

In Australia, wagering generates significantly lower turnover than gaming. According to the Office of Economic and Statistical Research, total turnover from wagering between 30 June 2008 and 30 June 2009 was \$21,809.2 million.¹⁷

Table 2 sets out the total turnover for wagering by State and Territory for the period 30 June 2008 to 30 June 2009.

Table 2: Total turnover from wagering by State and Territory 2008-2009¹⁸

State	Turnover (million)
New South Wales	\$5,997.333
Victoria	\$4,916.378
Queensland	\$2,365.01
South Australia	\$871.276
Western Australia	\$1,792.547
Tasmania	\$751.171
Australian Capital Territory	\$272.432
Northern Territory	\$4,852.087

4.2 Types of wagering

(a) Introduction

Wagering in Australia traditionally has been divided into pari-mutuel (or 'totalisator') and fixed odds wagering (known as 'bookmaking'). Recently, other forms of wagering have been introduced – tote odds bookmaker betting (a derivative of pari-mutuel wagering schemes) and betting exchanges.

(b) Pari-mutuel (or 'totalisator') wagering

In pari-mutuel wagering, all the bets are consolidated or 'pooled' into a totalisator pool, and the final odds are not calculated until after the close of betting on the relevant event.

The totalisator operator deducts from the totalisator pool a predetermined percentage of the totalisator pool (referred to as the 'commission rate' or 'take out rate') as the operator's commission. The remainder of the totalisator pool is referred to as the 'dividend pool' and is available for distribution to the winning customers.

Therefore, pari-mutuel wagering involves customers betting against each other, rather than against the operator of the totalisator. The pool is divided by the number of units of the successful outcome(s) to arrive at a 'dividend' – the basis upon which the dividend pool is divided pro rata amongst the holders of winning tickets. To calculate the dividend per unit of investment for each selection, the number of units of investment on that selection is divided into the total dividend pool on that selection. Therefore, the odds

¹⁷ Australian Gambling Statistics 27th edition, p 1.

¹⁸ Australian Gambling Statistics 27th edition, pp 58 and 224. Note total Wagering turnover figures determined by adding total Racing and total Sports Betting turnover figures.

received on a totalisator can vary after a bet is placed according to other bets placed on the totalisator until betting closes.

The revenue of a totalisator operator on an event is a percentage of the turnover wagered on the event, with the amount of the totalisator operator's revenue being a function of the totalisator pool (that is, the turnover) and the commission rate.

The relevant legislation in each State and Territory regulates the totalisator operator's commission rate – for example, as a maximum rate per bet type or a maximum overall rate across all bet types over the course of a year.

(c) Fixed odds wagering

In fixed odds wagering the customer is informed of the odds at the time the bet is placed. The odds accepted by the customer on that bet are fixed at this time and do not change, regardless of developments or betting patterns after the bet is placed.

However, customers who bet on the same outcome (at different times) will not necessarily receive the same odds. This is because the operator actively adjusts the odds offered over time based on the quantities wagered on each outcome. In this way, the operator can calibrate the odds to maintain a balanced book and possibly make a profit regardless of the actual outcome.

In fixed odds wagering, the operator's revenue is not a set commission, but instead depends on factors including the outcome of the event, the management of the book of bets, and the extent to which the risk is 'bet-back' or 'laid off' (that is, bets are placed with another wagering operator so as to spread the risk of the loss). Unlike pari-mutuel wagering, which involves customers betting against each other, fixed odds wagering involves customers wagering against the wagering operator. As a result, fixed odds wagering is more risky for the operator compared to pari-mutuel wagering, as the profit margin is not guaranteed and the operator's profit is not the same for every outcome.

The management of a large scale fixed odds operation is dependent on the skill of an operator's bookmakers and the sophistication of its risk management system. As noted above, Tabcorp's fixed odds book and associated risks are managed by approximately 82 persons, with the cost of risk management (including the risk management system) being approximately \$[REDACTED] per annum.

In recent years, fixed odds wagering products have enjoyed an increasing share of the Australian wagering market at the expense of pari-mutuel wagering products. This changing market share by product is illustrated in Figure 1 below.

Figure 1: Australian wagering market share by product



Source: Based on data from Australian Racing Fact Book 2011

(d) **Betting exchanges**

A betting exchange is a means by which parties stake money on opposing outcomes of a future event. That is, a betting exchange effectively allows people to wager directly against each other on fixed odds bets, instead of betting against a totalisator or bookmaker.

Exchanges are structured to facilitate customers betting that a particular outcome will, or will not, occur. Punters can bet that an outcome will happen ('back' it), or bet against a selection or outcome ('lay' it). Bets are matched between people with opposing views. Bets that cannot be matched are not placed.

The betting exchange operator is merely an intermediary and takes no risk in relation to the outcome of the event – the risk is carried entirely by the customers themselves.

Betting exchange operators derive an income by charging a commission on a customer's net winnings in a market.

4.3 Suppliers of wagering services

(a) **Totalisators**

The term 'totalisator' has a number of meanings. For example, it is defined in section 1.3 of the *Gambling Regulation Act 2003 (Vic) (GRA)* to mean:

[A] scheme of pari-mutuel betting, whether conducted by means of an instrument or contrivance known as a totalisator or otherwise.

Under this definition, it means a method of wagering or the equipment (hardware and/or software) used to conduct the method of wagering. It may also refer to the pool of bets of a specific type (e.g. 'win' bets) on a specific event (e.g. a particular race).

However, in this submission, 'totalisator' generally refers to the State and Territory licensed wagering operators providing pari-mutuel wagering in each State and Territory.

Totalisators are classified as either on-course totalisators or off-course totalisators. An on-course totalisator is a totalisator operation in which bets on the totalisator can be placed only by people physically present at a racecourse, whereas an off-course totalisator may accept bets from people not physically present at the racecourse. The large majority of totalisator turnover in Australia is off-course.

In each State and Territory, there is one operator licensed or otherwise authorised to conduct off-course totalisator wagering. Table 3 below sets out the off-course totalisator operators in each State and Territory and their current status. This submission refers to these operators as TABs.

Table 3: Off-course totalisator operators (TABs)

State	Status of off-course totalisator operators
New South Wales	Tab Limited – a wholly owned subsidiary of TAH
Victoria	Tabcorp Wagering Manager – a wholly owned subsidiary of TAH
Queensland	Tatts Group Limited ¹⁹ – a listed public company, which operates the UNiTAB pool
Western Australia	RWWA – a government authority
South Australia	SATAB Pty Ltd – a wholly owned subsidiary of Tatts Group Limited
Tasmania	TOTE Tasmania – a wholly owned subsidiary of Tatts Group Limited
Australian Capital Territory	ACTTAB – a Territory-owned corporation
Northern Territory	NTTAB Pty Ltd – a wholly owned subsidiary of Tatts Group Limited

In Australia, there are three main off-course totalisators into which all other off-course totalisators currently pool. The three main totalisator pools are:

- the Victorian totalisator pool (known as SuperTAB), which pools bets with both Western Australia (RWWA) and the Australian Capital Territory (ACTTAB);
- the Queensland totalisator pool (known as UniTAB), which pools bets with its related bodies corporate, including the totalisators from South Australia, Tasmania and the Northern Territory; and
- the New South Wales totalisator pool, which does not currently pool with any other Australian off-course totalisators (although it does pool with international totalisators).

While TABs were originally confined to the provision of pari-mutuel wagering products, legislative amendments have allowed the totalisators to expand their operations to provide fixed odds wagering. Consequently, in each State and Territory, TABs currently provide (among other things):

- pari-mutuel and fixed odds wagering on racing; and
- pari-mutuel and fixed odds wagering on sports and other events.

In addition to authorising an off-course wagering operator, all States and Territories allow racing clubs to conduct on-course totalisators on racing events at their racecourses. In

¹⁹ On 12 October 2006, UNiTAB became part of Tattersall's Limited as a result of a merger of both companies.

practice, most racing clubs operate their on-course wagering operations through the off-course totalisator in the relevant State or Territory.

(b) **Bookmakers**

Bookmakers conduct fixed odds betting on racing and other sports and events, and derivative pari-mutuel wagering schemes (e.g. tote odds bookmaker betting).

Bookmakers can generally be divided into two categories:

- traditional bookmakers; and
- corporate bookmakers.

Bookmakers are regulated to some extent by the various State and Territory racing bodies. In each State and Territory, there is no statutory limit to the number of bookmaker licences issued.

Traditional on-course bookmakers

The traditional bookmaker (or 'stand up' bookmaker) is a natural person operating as a sole trader or family company. Generally, traditional bookmakers are located on-course, although they may also offer telephone betting. Traditional bookmakers generally offer fixed odds wagering only.

A customer who wagers with a traditional bookmaker at a racetrack can wager any amount above a set minimum and receive the odds offered by the bookmaker at the time of making the wager.²⁰ Those odds stand irrespective of whether the bookmaker alters the odds at a later time.

In order to offer fixed odds profitably, the bookmaker must 'frame a market'. This refers to the process by which a traditional bookmaker generates the odds that he or she will offer on the different outcomes in a particular event. After framing a market, a bookmaker will often seek to 'balance' his or her book so that a profit is made no matter what the outcome of the event on which the bookmaker accepts bets. This may involve the bookmaker placing 'bet backs' on its own behalf with another wagering operator in order to minimise his or her risk.

The number of registered bookmakers operating in Australia has declined from 900 in 1989/1990 to an estimated 522 in 2010/2011.²¹ This decline in numbers reflects a move away from small traditional bookmaking operations located on-course to a reduced number of large corporate bookmakers, which distribute their product via the internet and telephone.

Corporate bookmakers

The advent of electronic wagering has seen the growth of large corporate bookmakers, licensed in the Northern Territory (for tax and regulation purposes). These corporate bookmakers conduct their operations Australia-wide online and by telephone and have enjoyed significant growth in recent years, in part because of their offering of 'tote odds' wagering products and 'variable odds' betting.²²

Most, if not all, corporate bookmakers offer 'tote-odds' products. While not licensed to operate a totalisator, these operators offer punters odds by reference to the dividend

²⁰ Bookmakers operating from virtually all racecourses throughout Australia are subject to 'minimum wager obligations' imposed by the racing industry. This normally involves a State controlling body or race club setting a minimum amount which a bookmaker must, on demand, set a punter to win at a price displayed.

²¹ *Australian Racing Fact Book 2011*, p 10.

²² In *Racing New South Wales v Sportsbet Pty Ltd* (2010) 189 FCR 448, the Full Court of the Federal Court noted the primary judge's finding that: 'Sportsbet is competing with the TAB and other interstate totalisators. This it does through fixed price betting and, more particularly, through the offer of its various totalisator price matching products which I infer, at the risk of being obvious, are specifically designed to compete with totalisators' (see [21]).

being offered by one or more totalisators (for example, the 'best of the odds offered by the three totalisator pools or 'home tote' odds plus 5%).

'Variable odds' betting describes a bet where the odds are not known at the time of the bet. For example:

- 'starting price odds' refers to the odds determined, when the race commences, by the Australian Price Network (a joint initiative of Victorian and New South Wales metropolitan race clubs) as the official bookmakers' price offered at the race track where the event is being conducted; and
- 'best fluctuation odds' refers to the odds determined by the Australian Price Network as the official highest price offered during the course of betting by on-course bookmakers at the race track where the race is being conducted.

Tabcorp estimates that approximately 81% of bookmaker turnover in Australia is from Northern Territory corporate bookmakers, and that Northern Territory bookmakers now handle approximately 22% of all wagering turnover in Australia.

Corporate bookmakers generally distribute their products via telephone or the internet, with internet sales constituting the bulk of their business.

Corporate bookmakers have significant competitive advantages over totalisators:

- Although they have the same reliance on the racing industry as the totalisators, corporate bookmakers are not subject to the same level of regulation. Most corporate bookmakers (many of which are owned directly or indirectly by international operators) are licensed in the Northern Territory to take advantage of minimal regulation and taxation, but offer wagering on racing and other events conducted throughout Australia (via the internet and telephone) to residents in all States and Territories.
- Despite the recent introduction of race fields legislation, corporate bookmakers' financial contribution to the racing industry remains minimal compared to the significant contribution made by the TABs.²³
- Further, corporate bookmakers do not contribute to the same extent as the totalisators to the provision of racing information services to the public (which are largely funded by the TABs). For example, in financial year 2010/2011, Tabcorp contributed in excess of \$[REDACTED] to information services, including radio stations, the newspaper form guides, and Sky Racing vision in TAB agencies and on home pay TV channels.
- Bookmakers also enjoy lower overhead costs because they do not have to maintain the same retail distribution infrastructure as the TABs, and have significant tax advantages.

In recent years, there has been some consolidation amongst corporate bookmakers, with Irish Bookmaker Paddy Power acquiring Sportsbet and IASbet, and Sportingbet plc acquiring Centrebet. Tabcorp understands that UK bookmaker William Hill has recently agreed terms to a takeover of Sportingbet.²⁴ There has, however, also been significant entry by corporate bookmakers. In particular, bet365, a privately owned UK-based company who claims to be one of the world's largest bookmakers, commenced operations in Australia in July 2012.

Table 4 lists a number of corporate bookmakers and their current status. All bookmakers listed are licensed in the Northern Territory.

²³ Under the Race Fields Legislation, interstate and overseas corporate bookmakers (and other wagering operators) are required to obtain approval for the publishing of race field data and make an economic contribution to the racing industry of various States. See: sections 2.5.19A-2.5.19E of the GRA; Part 4 Division 3 of the *Racing Administration Act 1998* (NSW); section 62E of the *Authorised Betting Operations Act 2000* (SA); Chapter 3 Part 6 of the *Racing Act 2002* (Qld); section 27D of the *Betting Control Act 1954* (WA); Part 6A of the *Racing Regulation Act 2004* (TAS).

²⁴ Courier Mail, 26 October 2012, p 109.

Table 4: Corporate bookmakers

Company	Status
Sportingbet Australia Centrebet	Subsidiary of UK-based Sportingbet plc. Sportingbet plc acquired Centrebet in 2011.
Sportsbet IASbet	Wholly owned subsidiaries of Paddy Power plc, which is publicly listed on the Ireland and London stock exchanges.
Luxbet	A wholly owned subsidiary of TAH.
Tom Waterhouse	A private company operated by the Waterhouse family.
BetChoice	A wholly owned subsidiary of Unibet Group plc. Unibet is a Swedish operator that acquired Northern Territory bookmaker BetChoice and leverages its European business in conducting its Australian operations.
bet365	A privately owned UK-based company which has recently entered the Australian market.
Centre Racing	A wholly owned subsidiary of NTTAB (part of UNITAB).
Betezy	A privately owned company.
Betstar	A privately owned company.
Sportsbetting.com.au	A privately owned company.

Annexure B provides additional information about some of the large corporate bookmakers operating in Australia. Tabcorp notes that many of these bookmakers are subsidiaries of, or are otherwise associated with, large overseas wagering operators.

(c) **Betting exchanges**

Betfair is a betting exchange with operations based in Hobart. Betfair is regulated by the Tasmanian Gaming Commission under the *Gaming Control Act 1993 (Tas)*.

Betfair distributes its products via the internet and by telephone, and does not have a retail presence. Betfair has various wagering operations outside Australia. It is a registered bookmaker in the United Kingdom, where it operates an online betting exchange. Betfair also operates under licences in Malta, Italy, Austria and Germany.²⁵

²⁵ <http://betting.betfair.com/lp/info/about-us.html>.

Betfair processes more than five million transactions a day and has more than three million registered users.²⁶ Betfair's group revenue for the financial year ending 30 April 2012 was £389.7million.²⁷

The Licence allows Tabcorp to run a betting exchange. [REDACTED].

(d) **Racing clubs**

Licensed racing clubs may operate on-course totalisators by applying to the relevant body in each State or Territory for an on-course wagering permit. Commonly, on-course totalisators are conducted by the TAB licensed in the relevant State or Territory.

4.4 The racing industry

The racing industry comprises three codes of racing: thoroughbred racing (horses), harness racing (horses), and greyhound racing (dogs).

There are approximately 374 thoroughbred racing clubs, 119 harness racing clubs, and 82 greyhound racing clubs in Australia. The racing clubs, all of which are non-profit organisations, provide racing 'products' by organising and conducting race meetings.

It is estimated that the racing and sports betting industry in Australia will generate revenue (revenue retained after giving out prize money) of \$3.5 billion in 2012-13, up 0.4% from the previous year.²⁸

The racing industry alone makes a significant contribution to the Australian economy. For example:

- the economic value of the racing industry in Victoria in the 2004/2005 financial year was \$2.1 billion, with direct spending of \$1.8 billion into the economy,²⁹
- the direct industry value added by the racing industry in the ACT was estimated to be \$25 million in 2009/2010, which represents approximately 0.09% of the ACT's Gross State Product;³⁰ and
- in 2010/2011, ACTTAB paid dividends to the ACT Government in the sum of \$1.48 million. In 2011/2012, that figure increased to \$5.12 million.

4.5 Interrelationship between the racing and wagering industries

The racing and wagering industries are closely interrelated, both economically and legally. The predominance of wagering on racing events, and the historical development of the racing and wagering industries, has resulted in a mutually dependent relationship between the racing industry and wagering operators in which:

- the racing industry supplies the product (that is, holds race meetings and stages the races) on which wagering operators conduct betting; and
- the totalisators provide a significant proportion of the funding for the racing industry.

This differs from wagering on other sporting events, because other sporting events are generally funded through ticket sales, sponsorship, and media rights (particularly television media rights).

²⁶ <http://www.betfaircorporate.com/>.

²⁷ Betfair Annual Report 2012, p 25.

²⁸ IBISWorld Industry Report, Horse and Sports Betting in Australia, July 2012, p 6.

²⁹ *Size and Scope of the Victorian Racing Industry* (March 2006) (available at http://www.parliament.vic.gov.au/rrc/inquiries/rcf/pdf/subs/008_20080828_racingvictoria.pdf).

³⁰ ICRC Final Report, Investigation into the ACT Racing Industry, April 2011.

Tabcorp / Tab Limited and ACTTAB each make significant economic contributions to the racing industries in their respective jurisdictions. For example:

- Under the Licence, Tabcorp must pay VicRacing 50% of the total net profits derived from wagering and betting under the authority of the Licence, as well as a range of other fees. In the 2011/2012 financial year, Tabcorp generated income for the Victorian racing industry of \$324.2 million.³¹
- Under the Racing Distribution Agreement, Tab Limited must pay to the NSW racing industry a Product Fee of 21.9965% of net wagering revenue, a Wagering Incentive Fee of 25% of wagering earnings, an annual Fixed Product Fee indexed to CPI³², and certain other fees in respect of particular products. In the 2011/2012 financial year, Tab Limited generated income for the NSW racing industry of \$238.6 million.³³
- ACTTAB has paid approximately \$137 million in distributions to the ACT racing industry. Commencing with the 2010/2011 financial year, arrangements for support of the ACT racing industry have changed. ACTTAB now pays dividends to the ACT Government and the ACT Government makes a direct appropriation to the racing industry.

The racing industries in both Victoria and New South Wales receive direct contributions from Tabcorp's totalisator and fixed odds wagering businesses, and receive contributions from wagering on sport as well as racing.

³¹ Tabcorp Concise Annual Report 2012, p 1. During this period, Tabcorp held a 75% interest in the joint venture and the Victorian racing industry held 25%. Also during this period, Tabcorp held a gaming licence in Victoria which generated income for the Victorian racing industry.

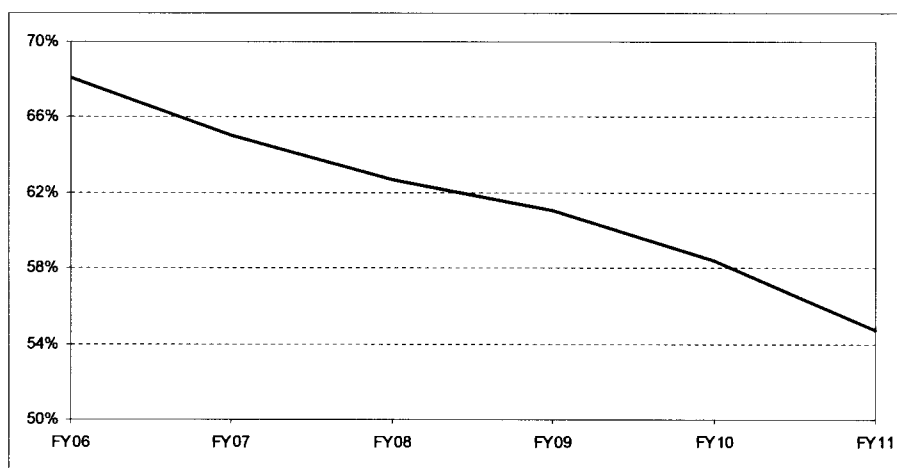
³² For FY2012, the Fixed Product Fee was approximately \$13.5 million.

³³ Tabcorp Concise Annual Report 2012, p 1.

5 The growth of corporate bookmakers

Totalisators (operated by the TABs)³⁴ have traditionally enjoyed a significant share of the Australian wagering market. However, their market share has been decreasing steadily, as illustrated by Figure 2 below.

Figure 2: Totalisator % of total Australian wagering market 2006-11³⁵



Source: Based on data from Australian Racing Fact Book 2011

During this period, the rate of growth of corporate bookmakers has been significantly higher than that of the TABs.

In particular:

- over the last decade, the presence of corporate bookmakers and betting exchanges using both phone and internet-based account services has grown from approximately 3% (in 2000) to approximately 28% (in 2011) of the Australian wagering market;³⁶ and
- over the same period, the market share of Australian TABs has decreased from approximately 83% (in 2000) to approximately 67% (in 2011) of the Australian wagering market.³⁷

Corporate bookmakers (including Betfair) are continuing to increase their advertising presence and spend. This is clear from Figure 3 below, which shows the advertising spend (rolling 12 months) of corporate bookmakers (including Betfair), TAB NSW/Vic/TAB Sportsbet, and other TABs.

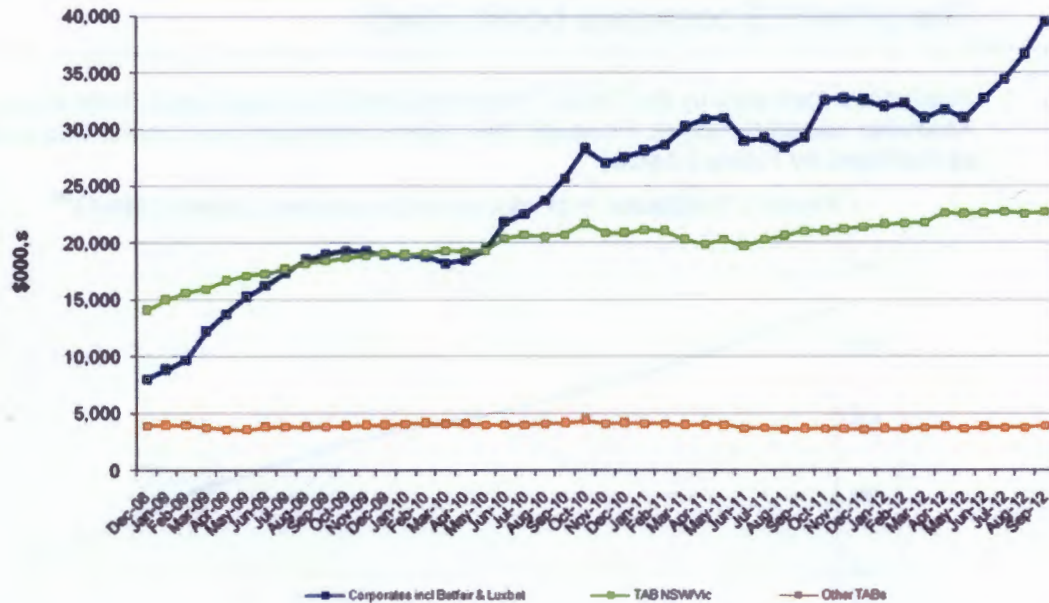
³⁴ Tabcorp notes that some racing clubs in Australia are licensed to operate on-course totalisators.

³⁵ This figure only includes market shares for pari-mutuel wagering products.

³⁶ Data obtained from the Australian Racing Fact Book 2011.

³⁷ Data obtained from the Australian Racing Fact Book 2011. These market share figures include the TABs' pari-mutuel and fixed odds products.

Figure 3: Advertising spend (rolling 12 mths) for corporate bookmakers and TABs



Source: Nielsen AII, Estimated ad spend based on rate card, includes TV, Print, Radio, Outdoor, Cinema, Online

Amongst corporate bookmakers (including Betfair and Luxbet), in the year to September 2012, the biggest advertising spenders (valued at rate card) were:

- Tom Waterhouse: \$7.52 million;
- Sportsbet: \$6.97 million;
- Sportingbet: \$6.49 million;³⁸
- Centrebet: \$6.31 million; and
- Betfair: \$2.24 million.

Table 5 below sets out Tabcorp’s estimates of turnover and market shares in the Australian wagering market between 2005 and 2011. It illustrates the increasing turnover and market share of bookmakers, particularly those licensed in the Northern Territory, as compared to the generally decreasing market shares of the TABs.

While Tabcorp notes that the figures in Table 5 present Northern Territory bookmakers as a whole, the revenues of the larger operators are significant. Tabcorp estimates that sales by Paddy Power’s subsidiaries in Australia (Sportsbet and IASBet) exceed \$2 billion, as do bets / sales taken by Sportingbet / Centrebet.

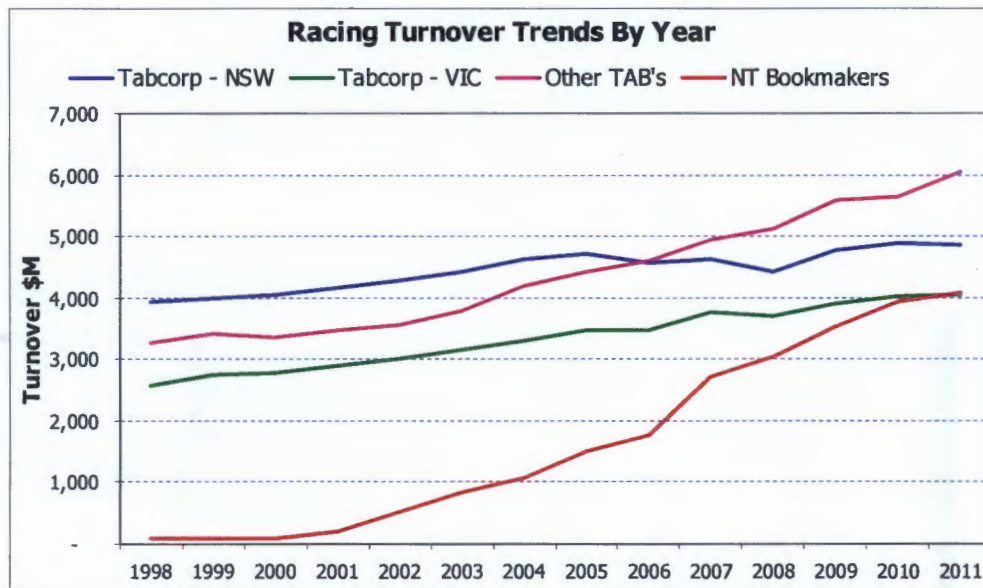
³⁸ While Sportingbet owns Centrebet, both brands continue to operate and therefore have separate advertising costs.

Table 5: Market shares in the Australian wagering market³⁹
[REDACTED]

³⁹ [REDACTED].

Similarly, Figure 4 below illustrates the increasing turnover and market share of Northern Territory-based bookmakers.

Figure 4: Racing turnover trends by year



Source: Based on data from Australian Racing Fact Book 2011

In recent years, Tabcorp has adopted measures designed to strengthen its overall pari-mutuel and fixed odds turnover figures in direct response to increased competition from corporate bookmakers. Some of these measures include:

- launching Luxbet in September 2008 to directly compete with the corporate bookmakers by offering products which, at that time, Tabcorp was unable to provide;
- since November 2008, expanding its fixed odds wagering business to allow it to offer fixed odds products akin to corporate bookmakers so that Tabcorp can better compete with them (although Tabcorp does not offer tote odds products);⁴⁰
- investing in its retail outlets to promote retail wagering;
- investing in new products. For example:
 - since 2008, Tabcorp has sought and obtained approval to offer fixed odds wagering products on a range of additional events, including NHL ice hockey, professional snooker, international rules matches, and US, UK and Australian elections; and
 - in January 2009, Tabcorp introduced a new pari-mutuel wagering product known as the 'Big6', which awards a major dividend to punters who pick the winner in six races nominated by the TAB; and
- in early 2011, Tabcorp expanded the range of wagering products available in its retail outlets to include fixed odds wagering on racing.

⁴⁰ As noted in Section 3.1(e) above, Luxbet does offer tote odds products.

6 The conduct

6.1 The Book Management Agreement

Under the Book Management Agreement, Tabcorp will provide Book Management Services to ACTTAB in return for a management fee.

In broad terms, this involves Tabcorp managing ACTTAB's fixed odds offering by integrating ACTTAB's fixed odds bets into Tabcorp's fixed odds book. The Book Management Services will include:

- managing the fixed odds book, including:
 - undertaking all research;
 - establishing opening fixed odds betting prices;
 - managing event selling and fixed returns during the selling cycle;
 - laying off any investments (if appropriate);
 - processing results and calculating payouts;
- providing the same fixed odds pricing as Tabcorp.⁴¹

As a consequence, ACTTAB customers will have access to the same fixed odds products as Tabcorp customers, and will be offered the same odds in respect of those products.⁴²

Tabcorp seeks authorisation to give effect to the entire Book Management Agreement, including the following aspects of the agreement:

- Tabcorp provides Book Management Services to ACTTAB on condition that:
 - ACTTAB transmits to Tabcorp for inclusion in a Tabcorp Book all ACTTAB Bets made by a Qualified Person;⁴³
 - ACTTAB appoints Tabcorp as its exclusive provider of services the same as or similar to the services provided by Tabcorp under the Book Management Agreement;⁴⁴ and
 - other than as permitted under the Book Management Agreement, ACTTAB does not transmit ACTTAB Bets to any other person or include ACTTAB Bets in a book managed or provided by any other person.⁴⁵(together, the **Betting Requirements**).
- Tabcorp provides Book Management Services to ACTTAB on condition that ACTTAB does not re-supply those services to other wagering operators (**Re-Supply Restriction**).⁴⁶

⁴¹ Book Management Agreement, Schedule 2.

⁴² Tabcorp notes that not all bets accepted by Tabcorp will be accepted by ACTTAB and transmitted to Tabcorp for inclusion in a Tabcorp Book. For example, Tabcorp may accept bets for which ACTTAB does not have the necessary approvals.

⁴³ Book Management Agreement, clause 5.1(a)(1).

⁴⁴ Book Management Agreement, clause 5.1(c)(1).

⁴⁵ Book Management Agreement, clause 5.1(c)(3).

⁴⁶ Book Management Agreement, clause 5.1(d)(2).

- Tabcorp provides Book Management Services to ACTTAB on condition that ACTTAB has and maintains the ACTTAB Event Approvals (**ACTTAB Event Approvals Requirement**).⁴⁷
- Tabcorp is not obliged to accept ACTTAB Bets where acceptance of such bets would place Tabcorp in breach of a contractual obligation owed to a third party (**Third Party Contract Provision**).⁴⁸
- Tabcorp and ACTTAB will offer the same fixed odds pricing in respect of Approved Bet Types on Tabcorp Events (**Pricing Provisions**).⁴⁹

6.2 The relevant provisions of the Book Management Agreement

(a) The Betting Requirements

Under the Book Management Agreement, Tabcorp is the exclusive supplier of Book Management Services to ACTTAB. In particular:

- Clause 5.1(a)(1) states:

Subject to clause 5.1(b), from the Commencement Date, ACTTAB must transmit to Tabcorp, for inclusion in a Tabcorp Book, all ACTTAB Bets made by a Qualified Person.
- Clause 5.1(c)(1) states:

ACTTAB appoints Tabcorp as its exclusive provider of services the same as or similar to the services provided by Tabcorp under this agreement.
- Clause 5.1(c)(3) states:

ACTTAB, other than as permitted under this agreement, must not transmit ACTTAB Bets to any other person or include ACTTAB Bets in a book managed or provided by any other person.

While Tabcorp is the exclusive supplier of Book Management Services (and similar services) to ACTTAB, the Book Management Agreement allows ACTTAB to accept ACTTAB Bets that it is not required to transmit to Tabcorp, place those bets into its own fixed odds book and declare its own payouts on those bets.

Application of the CCA

This conduct may be a form of exclusive dealing under section 47(2) of the CCA. That is, Tabcorp supplies Book Management Services to ACTTAB on condition that ACTTAB does not acquire those services (or similar services) from any other provider.

This conduct will contravene the CCA only if it has the purpose, or has or is likely to have the effect, of substantially lessening competition in a market.

Tabcorp submits that the conduct has neither the purpose nor the likely effect of substantially lessening competition in any market because:

- The purpose of the conduct is to ensure that Tabcorp achieves the commercial benefits underlying its decision to enter into the Book Management Agreement with ACTTAB. **[REDACTED]**.
- To the extent that there is a market for the supply of fixed odds wagering and risk management services, the conduct will not affect competition for the supply or acquisition of these services:

⁴⁷ Book Management Agreement, clauses 9.1(a) and (b).

⁴⁸ Book Management Agreement, clause 5.3(a), and the Betting Guidelines, clause 2.7(b).

⁴⁹ Book Management Agreement, clause 4.1 and Schedule 2, and clauses 5.1(a)(1), 5.1(d)(1), 12.1(a) and 12.1(b).

- Under the Book Management Agreement, Tabcorp remains free to provide fixed odds wagering and risk management services to other wagering operators.
 - ACTTAB is a very small supplier of fixed odds wagering services to punters. There are other suppliers of fixed odds wagering services who may wish to acquire wagering and risk management services from Tabcorp or an alternative provider.
- Competition in the market for the supply of wagering products to the public will remain strong with or without the Book Management Agreement, due to the strong growth of corporate bookmakers and the increasing level of competition between totalisators and corporate bookmakers (discussed in Sections 4 and 5 above and Section 7 below).

(b) Re-Supply Restriction

Under the Book Management Agreement, ACTTAB must not transmit to Tabcorp any bet that was not placed by a Qualified Person.⁵⁰ The definition of 'Qualified Person' excludes bets made via a Distributor.⁵¹

In effect, this prevents ACTTAB from transmitting to Tabcorp for inclusion in a Tabcorp Book any bets received from another wagering operator where that wagering operator is acting as an access point, conduit or agent for its punters to bet through ACTTAB into a Tabcorp Book. However, ACTTAB may transmit to Tabcorp any 'bet backs' placed with ACTTAB by another wagering operator. As discussed in Section 4.3(b) above, a 'bet back' is a bet placed by a bookmaker **on its own behalf** with another wagering operator in order to minimise the bookmaker's risk.

Application of the CCA

This conduct may be characterised as exclusive dealing under section 47(2) of the CCA. That is, Tabcorp supplies Book Management Services to ACTTAB on condition that ACTTAB does not re-supply those services to other wagering operators.

This conduct will contravene the CCA only if it has the purpose, or has or is likely to have the effect, of substantially lessening competition in a market.

Tabcorp submits that the conduct has neither the purpose nor the likely effect of substantially lessening competition. In particular:

- The conduct is designed to prevent ACTTAB from being used as a vehicle to allow customers of other wagering operators to place bets into a Tabcorp Book without the consent (and potentially the knowledge) of Tabcorp. The conduct aims to ensure that Tabcorp has a unique identifier for each punter who is transmitting bets into its books. Tabcorp must be in a position to effectively manage its risk and to ensure the integrity of its books.
- Under the Book Management Agreement:
 - Tabcorp remains free to provide fixed odds wagering and risk management services directly to other wagering operators; and
 - as noted above, ACTTAB remains free to accept and transmit to Tabcorp 'bet backs' placed by other wagering operators.

(c) ACTTAB Event Approvals Requirement

Clauses 9.1(a) and (b) of the Book Management Agreement state:

- (a) ACTTAB acknowledges and agrees that in order to accept and transmit bets for inclusion in a Tabcorp Book, ACTTAB must at all times have and maintain

⁵⁰ Book Management Agreement, clause 5.1(d)(2).

⁵¹ Book Management Agreement, clause 1.1.

the ACTTAB Event Approvals and ACTTAB Regulatory Approvals, and comply with the requirements of the Required Participation Approvals.

- (b) ACTTAB warrants and represents that:
- (1) it has and will at all times maintain the ACTTAB Event Approvals and ACTTAB Regulatory Approvals required for it to accept and transmit to Tabcorp the ACTTAB Bets; and
 - (2) on and from the date it first transmits to Tabcorp a bet on an Additional Event or an Additional Bet Type notified to ACTTAB under clause 7.2(c), it has and will at all times maintain the ACTTAB Event Approvals and ACTTAB Regulatory Approvals required for it to accept and transmit to Tabcorp the bets on that Additional Event or the Additional Bet Type.

'ACTTAB Event Approvals' is defined in clause 1.1 as:

The racing industry and regulatory approvals required by ACTTAB for it to use, publish or make available Race Fields Information in the course of its business and to conduct betting operations in a State or Territory including, without limitation, approvals from the following bodies:

1. Racing Victoria Limited;
2. Greyhound Racing Victoria;
3. Harness Racing Victoria;
4. Racing NSW;
5. Harness Racing NSW;
6. Greyhound Racing NSW;
7. Racing Queensland Limited;
8. Racing SA Pty Ltd;
9. Tasracing Pty Limited;
10. ACT Gambling and Racing Commission; and
11. Gaming and Wagering Commission of WA,

and any other sporting or other industry or regulatory approvals required by ACTTAB for it to use, publish or make available any information or data relating to a Tabcorp Event in the course of its business and to conduct betting operations in a State or Territory.

Race fields information

The States and Territories have introduced legislation requiring wagering operators to pay fees for the use and publication of racing information or race fields.⁵²

The race fields legislation operating in each State and Territory is essentially the same as that in section 2.5.19B of the GRA, which states:

A wagering service provider must not, in Victoria or elsewhere, publish, use or otherwise make available a race field in the course of business unless:

- (a) the wagering service provider has obtained the publication and use approval of the appropriate controlling body; and
- (b) the wagering service provider complies with the conditions (if any) to which the approval is subject.

'Appropriate controlling body' is defined as:

- in the case of horse racing, Racing Victoria;

⁵² See: sections 2.5.19A-2.5.19E of the GRA; Part 4 Division 3 of the *Racing Administration Act 1998* (NSW); section 62E of the *Authorised Betting Operations Act 2000* (SA); Chapter 3 Part 6 of the *Racing Act 2002* (Qld); section 27D of the *Betting Control Act 1954* (WA); Part 6A of the *Racing Regulation Act 2004* (TAS).

- in the case of harness racing, Harness Racing Victoria; and
- in the case of greyhound racing, Greyhound Racing Victoria.⁵³

'Race field' is defined as:

any information that identifies, or is capable of identifying, the names or numbers of the horses or greyhounds:

- (a) nominated for, or which will otherwise take part in, an intended horse race, harness race or greyhound race to be conducted in Victoria; or
- (b) that have been scratched or withdrawn from an intended horse race, harness race or greyhound race to be conducted in Victoria.⁵⁴

The legislation in each State and Territory nominates a different 'controlling body' from whom a wagering service provider wishing to publish or use race field information must obtain approval.

Application of the CCA

These clauses could be characterised as a form of third line forcing under section 47(6) of the CCA – that is, the supply of services by Tabcorp on condition that ACTTAB acquire industry approvals to use race fields information (and other information and data) from various industry bodies.

As a preliminary matter, it is not clear that, when industry bodies give race fields or other approvals, they are supplying 'services' for the purposes of the CCA. If they are not supplying services, then section 47(6) has no application to clauses 9.1(a) and (b) of the Book Management Agreement. Tabcorp nonetheless applies for authorisation in respect of these clauses.

Tabcorp notes that, in the absence of the requirement to seek relevant industry approvals, it could not provide Book Management Services to ACTTAB. This is because ACTTAB would not have the legal right to use the data and information necessary to offer and accept bets on the relevant racing and sporting events.

The proposed conduct would not result in any anti-competitive detriment. In particular, ACTTAB is required by legislation to obtain race fields approvals if it wishes to publish State / Territory race fields data (whether or not through its participation in a Tabcorp Book). Therefore, clauses 9.1(a) and (b) of the Book Management Agreement impose no additional obligations on ACTTAB.

(d) Third Party Contract Provision

Clause 5.3(a) of the Book Management Agreement requires Tabcorp and ACTTAB to comply with the Betting Guidelines. A copy of the Betting Guidelines is included at Annexure 1 to the Book Management Agreement.

Clause 2.7(b) of the Betting Guidelines states that:

Tabcorp will not be obliged to accept ACTTAB Bets where acceptance of such bets would place Tabcorp or one of its related bodies corporate in breach of a contractual obligation owed to a third party.

Application of the CCA

In certain circumstances, Tabcorp's conduct pursuant to this clause could possibly be characterised as a form of third line forcing under section 47(6) of the CCA.

⁵³ GRA, section 2.5.19A.

⁵⁴ GRA, section 1.3.

For example:

- in order to offer and accept bets on certain international events, Tabcorp may enter into a contract with a third party regarding the supply of relevant data, information or vision by an international racing or sports provider;
- under its contract with that third party, Tabcorp may be prevented from providing fixed odds wagering and risk management services to a wagering operator in respect of bets on those events in circumstances where the wagering operator has not entered into a similar contract with the third party for the supply of relevant data, information or vision.

This situation might give rise to a circumstance where Tabcorp could be said to be supplying Book Management Services (in respect of a limited number of events) on condition that ACTTAB acquires services from a third party.

To the extent that this conduct would result in third line forcing, there is no anti-competitive detriment. It would simply require ACTTAB to obtain rights to use relevant data, information or vision in order to offer bets on certain international events.

The conduct would, however, give rise to a clear public benefit because it would allow Tabcorp to provide Book Management Services to ACTTAB in respect of certain international events. This would give ACTTAB's customers access to a broader range of wagering products than they would otherwise have. This would, in turn, increase ACTTAB's output of wagering, and its revenue, which would lead to additional benefits for the racing, sporting and broader communities in the ACT.

(e) Pricing Provisions

Under the Book Management Agreement, at any given time, Tabcorp and ACTTAB will offer the same fixed odds prices to their respective punters in respect of Approved Bet Types on Tabcorp Events.⁵⁵

Relevant clauses of the Book Management Agreement (**Pricing Provisions**) include:

- Clause 4.1, which states:

Tabcorp agrees to permit ACTTAB to participate in the Tabcorp Book, and to provide ACTTAB with the services set out in Schedule 2, in each case, subject to the terms set out in this agreement.

Schedule 2 includes a requirement for Tabcorp to offer the same fixed odds prices on bets placed with Tabcorp and ACTTAB Bets transmitted to Tabcorp.
- Clause 5.1(a)(1), which states:

Subject to clause 5.1(b), from the Commencement Date, ACTTAB must transmit to Tabcorp, for inclusion in a Tabcorp Book, all ACTTAB Bets made by a Qualified Person.
- Clause 5.1(d)(1), which states:

ACTTAB must ensure that it accepts, processes and transmits the ACTTAB Bets it is obliged to transmit to Tabcorp under this agreement in accordance with the Betting Rules and the Betting Guidelines.
- Clause 12.1(a), which states:

Tabcorp must calculate all Payouts in respect of ACTTAB Bets in accordance with the Betting Rules.
- Clause 12.1(b)(1), which states:

Tabcorp will, in its sole discretion, set the Payout on each bet in the Tabcorp Book.

⁵⁵ Tabcorp notes that the fixed odds offered on any given event may change from time to time and that, under the Book Management Agreement, Tabcorp has the right to reject any bets that do not conform with its risk profile.

A copy of the Betting Rules is included at Annexure 2 to the Book Management Agreement, and at Annexure C to this submission.⁵⁶

Application of the CCA

The arrangements between Tabcorp and ACTTAB might be construed as having the purpose or effect of fixing, controlling or maintaining the price of fixed odds wagering products that are offered by Tabcorp and ACTTAB.

Such arrangements could potentially contravene sections 44ZZRF, 44ZZRG, 44ZZRJ and 44ZZRK of the CCA if Tabcorp and ACTTAB are relevantly competitive in relation to the supply of fixed odds wagering products to punters.

For the reasons discussed in Sections 4 and 5 above and Section 7 below, Tabcorp considers that Tabcorp and ACTTAB may be relevantly competitive in relation to the supply of fixed odds wagering products to punters. Accordingly Tabcorp has applied for authorisation of the Book Management Agreement, including the Pricing Provisions.

Tabcorp would not enter into the Book Management Agreement without the Pricing Provisions. Accordingly, the public benefits flowing from the Book Management Agreement (discussed in Section 9 below) are attributable to the Pricing Provisions.

For the reasons discussed in Section 10 below, the Pricing Provisions would not give rise to any significant anti-competitive detriment.

⁵⁶ The Betting Rules contain a number of restrictions on the persons to whom and the circumstances in which the wagering operator can supply wagering products to punters. For example, clause 14.4 of the Betting Rules states that: *'By making an Investment via any means of communication provided by the Betting Operator, the Investor warrants that he or she is 18 years of age or over and that making of the Investment does not violate any international, federal, state or local laws'*. This is consistent with legislative prohibitions which prevent minors from gambling. However, if Tabcorp were considered to be an actual or likely competitor of ACTTAB, then it would be arguable that such restrictions raise issues under Part IV Div I, and sections 45(2) and 4D, of the CCA. This submission does not set out these restrictions in detail or discuss them further because it is Tabcorp's view that they will not be of concern to the Commission.

7 Relevant markets

7.1 Approach to market definition

The Application relates to the supply of fixed odds wagering and risk management services by Tabcorp to ACTTAB.

Tabcorp submits that, for the purposes of the Application, the relevant markets are:

- 1 the market for the supply of wagering and risk management services for fixed odds wagering; and
- 2 the national market for the supply of wagering products to the public.

In fact, there are good arguments that the second market identified above includes other forms of gambling.

Regardless of the market definition adopted by the Commission, the Book Management Agreement would result in significant public benefits and minimal, if any, anti-competitive detriments.

7.2 The market for the supply of wagering and risk management services

In the Centrebet Determination, the Commission concluded that 'there is a national market for the supply of wagering and risk management services'.⁵⁷

Assuming that there is such a market, this is the market for the supply of wagering and risk management services by large operators (such as Tabcorp) to smaller operators (such as ACTTAB).

7.3 The national market for the supply of wagering products to the public

(a) Relevant product market

As noted in Section 4.2 of this submission, there are two main types of wagering – pari-mutuel (or totalisator) wagering and fixed odds wagering – although other forms of wagering have been introduced in recent years, including tote odds wagering and betting exchanges.

The Commission has considered the issue of market definition in respect of wagering services on a number of previous occasions. For example:

- In the Centrebet Determination, and in its decision authorising the 2009 pooling agreements between Tabcorp and each of RWWA and ACTTAB:
 - the Commission stated that it was not necessary to conclude:
 - ... whether the traditional product markets for pari-mutuel betting by state totalisators on racing, fixed odds betting by state totalisators / bookmakers on racing, and fixed odds betting by state totalisators and bookmakers on sporting events have converged.⁵⁸
 - nevertheless, the Commission noted a degree of convergence between pari-mutuel wagering and fixed odds wagering, and stated that an increasing number of consumers now consider pari-mutuel

⁵⁷ Centrebet Determination, at [4.9].

⁵⁸ Centrebet Determination, at [4.21]; ACCC, Determination regarding applications for authorisation A91127-A91132 and A91162-A91165 lodged by Tabcorp Manager Pty Ltd, 9 September 2009 (2009 Pooling Determination), at [4.30].

wagering and fixed odds wagering offers to be in competition with each other.⁵⁹

- In addition, in its 2009 consideration of the proposed acquisitions of TOTE Tasmania by Tabcorp and UNiTAB, the Commission considered the proposed acquisitions by reference to a national wagering market.

Tabcorp considers that there is, at the very least:

- a national market for the supply of wagering on racing, including products offered by totalisators, bookmakers and betting exchanges; and
- a national market for the supply of wagering on other sports and events, including products offered by totalisators, bookmakers and betting exchanges.

Tabcorp considers that the relevant product market is likely to be broader and include both wagering on racing and wagering on other sports and events, in each case including products offered by totalisators, bookmakers and betting exchanges.

Wagering on racing

The advent of electronic wagering, by telephone and particularly the internet, and the supply by corporate bookmakers of tote odds products, has seen the continued growth of large corporate bookmakers, with significant competitive advantages over totalisators, including the following:

- Corporate bookmakers operate under significant tax and other advantages to the totalisators (including much lower contributions to the racing industry), with the TABs essentially funding the product on which bookmakers offer fixed odds wagering. This enables corporate bookmakers to offer more attractive odds than those available from the TABs.
- Telephone and internet betting give corporate bookmakers access to a broad customer base.

Corporate bookmakers offer wagering on the same racing events as the totalisators and directly compete with TABs, including by offering tote odds products and other forms of fixed odds wagering.

It is clear that the fixed odds offerings of corporate bookmakers compete with the fixed odds offerings of totalisators, and that, more broadly, the wagering products offered by corporate bookmakers compete with and are in the same product market as both the pari-mutuel and fixed odds wagering products offered by totalisators.

Evidence of competition between the TABs and corporate bookmakers includes:

- Evidence that fixed odds wagering products are increasing their share of the Australian wagering market at the expense of pari-mutuel wagering products.
- Evidence of corporate bookmakers increasing their share of the total wagering market and a corresponding decrease in the market share of TABs.
- Tabcorp and other totalisators seeking to expand their fixed odds offering to better compete with the services offered by corporate bookmakers.
- Evidence of comparative advertising. For example, see: <http://www.youtube.com/watch?v=WdqTqWueXI0>.

Wagering on other sports and events

There is evidence of demand side substitution between wagering on racing and wagering on other sports and events.

⁵⁹ Centrebet Determination, at [4.22]; 2009 Pooling Determination, at [4.31].

For example, over the week of 25 August 2007 to 31 August 2007, during which time all Australian thoroughbred and harness race meetings were abandoned due to the outbreak of Equine Influenza in New South Wales and Queensland, Tabcorp's Victorian pari-mutuel wagering business operated at 40% of expected turnover levels. [REDACTED]:

- [REDACTED],⁶⁰ and
- [REDACTED].⁶¹

Further, regardless of demand side substitution, there would appear to be supply side substitution across wagering products, because wagering on races and wagering on other sports and events are supplied by the same providers (totalisators and bookmakers) using the same infrastructure and distribution facilities.

Distribution channels

In the Centrebet Determination, the Commission stated that:

The increase in consumer demand for online wagering services may also suggest that, for some consumers, retail (shop-front) and online services are increasingly substitutable.⁶²

Tabcorp considers that the acceptance of internet betting has increased since the ACCC's 2009 determination and that all forms of distribution may be included in the same market. On the demand side, an informed punter can readily shift between the various distribution channels. On the supply side, there is nothing in the nature of the wagering product itself that limits the extent to which it can be supplied through one or other distribution channel. The only limitations in this regard are:

- the capacity of the operator's server (in respect of the internet) or call centre (in respect of telephone);
- technological constraints (in respect of the internet, mobile phones and interactive television); and
- the number and size of its retail premises (in respect of retail).

(b) **Geographic scope**

In the Centrebet Determination, the Commission stated:

... most states and territories have removed, or are in the process of removing, restrictions on advertising by wagering providers not licensed in that jurisdiction. This, in combination with the increased prevalence of telephone and internet wagering, has facilitated greater competition between wagering providers across jurisdictions.⁶³

There are a range of factors suggesting that the scope of the market is national:

- Technological developments (in particular, the rise of telephone and internet betting) have enabled wagering operators to accept wagers from punters located outside the State or Territory in which they are licensed.
- Large corporate bookmakers provide telephone and internet based wagering for fixed odds products in direct competition with totalisators.
- In the *Befair* decision⁶⁴, the High Court recognised a national market for the provision by means of the telephone and the internet of wagering services on racing and sporting events. The Court stated (at [114]):

⁶⁰ Internal Tabcorp data. [REDACTED].

⁶¹ Internal Tabcorp data.

⁶² Centrebet Determination, at [4.23].

⁶³ Centrebet Determination, at [4.19].

⁶⁴ *Befair Pty Ltd v Western Australia* (2008) 234 CLR 418.

The evidence shows that there is a developed market throughout Australia for the provision by means of the telephone and the internet of wagering services on racing and sporting events. Indeed, the evidence shows that such a market may be international. Within the Commonwealth the events may take place in one State, the customer may be in another and the licensed bookmaker or TAB be in a third.

- More recently, in *Racing New South Wales v Sportsbet Pty Ltd*⁶⁵, the Full Court of the Federal Court stated (at [21]):

The primary judge described the circumstances of competition between Sportsbet, TAB and other totalisators and bookmakers in terms which reflect the common ground between the parties that all wagering operators participate in an Australian market for wagering services in which, on the demand side, no distinction is made between punters, in terms of their sophistication and financial resources, and on the supply side, no distinction is made between the kinds of betting in which the wagering operators engage.

⁶⁵ *Racing New South Wales v Sportsbet Pty Ltd* (2010) 189 FCR 448.

8 The Factual and Counterfactual

8.1 The future with and without the conduct

(a) Introduction

If the Book Management Agreement does not come into effect (whether because of Tabcorp's failure to obtain authorisation or for some other reason), Tabcorp will not provide Book Management Services to ACTTAB.

(b) The future with the Book Management Agreement

The Book Management Agreement would allow ACTTAB to acquire Book Management Services from Tabcorp.

ACTTAB would continue to supply fixed odds wagering products to punters, and would be able to provide an improved wagering product to its customers compared to the case if it did not acquire fixed odds wagering and risk management services from a third party.

(c) The future without the Book Management Agreement

Tabcorp will not provide Book Management Services to ACTTAB without the Book Management Agreement.

In these circumstances, Tabcorp considers the options available to ACTTAB would include:

- **Not acquiring fixed odds wagering and risk management services:**
As noted above, ACTTAB's arrangements with Centrebet terminate on 28 November 2012.
- **Extending ACTTAB's existing arrangements with Centrebet:**
ACTTAB's continued participation in a joint venture with other totalisators for the acquisition of fixed odds wagering and risk management services from Centrebet would likely create the same competition law issues that arise in respect of the Book Management Agreement. Given that the same competition law issues are likely to arise, this counterfactual is not considered further in this submission.
- **Acquiring fixed odds wagering and risk management services from an alternative supplier:**
Again, this would likely create the same competition law issues that arise in respect of the Book Management Agreement. Therefore, this counterfactual is not considered further in this submission.

If ACTTAB does not participate in a fixed odds arrangement with a third party, it would either lack the ability to conduct its fixed odds wagering operations at all, or it would offer fixed odds wagering products to punters on a more limited scale and scope and at an increased cost. Alternatively, ACTTAB would be required to take on significant risk, which may expose other ACT Government revenues to the risks associated with fixed odds wagering.

Tabcorp understands from ACTTAB that, given ACTTAB's small size, it is unlikely to be able to offer fixed odds wagering products to punters without acquiring fixed odds wagering and risk management services from a third party. Consistent with this, in the Centrebet Determination, the Commission questioned ACTTAB's ability to independently offer fixed odds wagering products in light of its small turnover.⁶⁶

⁶⁶ Centrebet Determination, at [4.62].

If ACTTAB is not able to offer fixed odds wagering services independently, these services will not be available to retail customers in the ACT, because ACTTAB is the only licensed supplier of retail wagering services in that jurisdiction.

If ACTTAB is able to offer fixed odds wagering products independently:

- The nature of those fixed odds wagering products will be less attractive to punters due to their smaller scope. For instance, ACTTAB will not be able to offer bets on as many events, and will offer fewer betting contingencies on those events.
- While ACTTAB will have the freedom to determine the odds for its fixed odds wagering products, it will likely have difficulty managing its risk profile given its small scale. As a result, ACTTAB will likely need to take a conservative approach and either refuse to take certain wagers or lower its wagering limits. In addition, ACTTAB's increased costs in establishing and managing its fixed odds business will likely lead to increased supply costs and less attractive odds compared to the future with the Book Management Agreement, and to reduced revenue for the ACT Government.

9 Public benefits

9.1 Introduction

The Betting Requirements and the Re-Supply Restriction

The Betting Requirements and the Re-Supply Restriction may fall within section 47(2) of the CCA and are consequently subject to a substantial lessening of competition test. As set out above, the relevant conduct would have little, if any, anti-competitive effect in any relevant market. Therefore, the Commission should grant authorisation in respect of these provisions.

The ACTTAB Event Approvals Requirement, the Third Party Contract Provision and the Pricing Provisions

The ACTTAB Event Approvals Requirement and (in certain circumstances) the Third Party Contract Provision may be characterised as resulting in third line forcing within section 47(6) of the CCA. Both of these requirements enable Tabcorp to provide Book Management Services to ACTTAB.

The Pricing Provisions may fall within sections 44ZZRF, 44ZZRG, 44ZZRJ, 44ZZRK and 45/4D of the CCA. Tabcorp would not enter into the Book Management Agreement without the Pricing Provisions.

Accordingly, the public benefits discussed below are attributable to the ACTTAB Event Approvals Requirement, the Third Party Contract Provision and the Pricing Provisions.

9.2 Managing risk and offering enhanced wagering products to punters

As the ACCC is aware, ACTTAB has little or no experience in offering fixed odds wagering products to punters on an independent basis. It currently participates in a joint venture with other totalisators. That joint venture acquires fixed odds wagering and risk management services from Centrebet, and has done so since 2009. Before that, ACTTAB offered fixed odds wagering on racing, sports and other events through its participation in the national fixed odds wagering book operated by Tabcorp under the TAB Sportsbet brand.

As discussed above, Tabcorp understands that, given ACTTAB's small size, it is unlikely to be able to offer fixed odds wagering products to punters without acquiring fixed odds wagering and risk management services from a third party. In particular, ACTTAB advises that:

- ACTTAB is a much smaller operator than Tabcorp and would lack sufficient liquidity in many of its individual fixed odds books to balance those books and make a profit regardless of the outcome of the events;
- ACTTAB does not have sufficient expertise or scale to manage the risk associated with fixed odds books and to offer a full range of bet types on a large range of events at competitive odds. By contrast, Tabcorp employs approximately 82 people, including 64 bookmakers, who manage risk for its fixed odds business; and
- ACTTAB has not invested in the technology necessary to support its own fixed odds wagering operations.

Even if ACTTAB is able to offer fixed odds wagering individually, the Book Management Agreement will allow ACTTAB to better manage the risk involved in offering fixed odds wagering services and to offer those services on a broader range of events. In particular:

- it will give ACTTAB access to a more liquid and diversified book with less volatile margins and returns;
- it should allow ACTTAB to increase wagering limits and to attract higher value punters; and
- it will provide ACTTAB with the ability to offer punters a wider range of fixed odds wagering products than would be possible absent the arrangements. This includes offering fixed odds wagering on a larger number of events as well as a larger number of betting contingencies across these events.

Punters are increasingly demanding more betting contingencies on events. Table 6 shows the number of betting contingencies offered by Tabcorp from FY2010 to FY2013. Over that four year period, the number of betting contingencies offered by Tabcorp has increased by over 200,000.

Table 6: Tabcorp betting contingencies, FY2010 to FY2013

Year	Number of betting contingencies
FY 2010	135,534
FY 2011	204,173
FY 2012	291,097
FY 2013	345,000 ⁶⁷

Source: Tabcorp management.

Tables 7 and 8 provide examples of the large number of betting contingencies that are offered against single events – the 2012 AFL Grand Final (Table 7) and the 2012 NRL Grand Final (Table 8).

Table 7: Tabcorp's 2012 AFL Grand Final betting contingencies

1	Margin	28	1st Goal Scorer
2	Winning Margin	29	1st Goal Scorer
3	Line	30	Head To Head
4	Quarter by Quarter Leader	31	Medal Winner
5	Half/Full Double	32	Last Goal Scorer
6	Line/OverUnder Double	33	Live Lines
7	Super Line	34	3rd Quarter Line/OverUnder Double
8	Tri Bet	35	1st Goalkicker 3rd Quarter
9	Total Points Over/Under	36	4th Quarter Line/OverUnder Double
10	1st Goalscorer/Winning Margin Double	37	Quarter 3 Margin
11	Exact Winning Margin	38	Total Score Over/Under
12	Double	39	1st Score Type 3rd Quarter
13	Total Match Points	40	2nd Quarter Line/OverUnder Double
14	Super Margin	41	1st Goalkicker 4th Quarter
15	Total Score Over/Under	42	1st Goalkicker 2nd Quarter
16	Pick the Score Double	43	Quarter 4 Margin
17	First Team to 25 Points	44	Race to 20 3rd Quarter

⁶⁷ Expected figure.

18	Half Time Margin	45	Quarter 2 Margin
19	Total Goals	46	Race to 20 4th Quarter
20	Team 1 Score	47	Race to 20 2nd Quarter
21	Half Time Leader	48	1st Score Type 4th Quarter
22	Double	49	1st Score Type 2nd Quarter
23	Points Start	50	Last Score Type 4th Quarter
24	Team 2 Score	51	Last Score Type 1st Quarter
25	1st Goal Scorer	52	Last Score Type 2nd Quarter
26	1st Score Type	53	Last Score Type 3rd Quarter
27	Top Goal Scorer		

Source: Tabcorp Management

Table 8: Tabcorp's 2012 NRL Grand Final betting contingencies

1	Margin	32	Jersey of 1st Tryscorer
2	Churchill Medal	33	Total Match Tries
3	Line	34	Player Performance
4	Half/Full Double	35	Team 2 Score
5	Winning Margin	36	Team 1 Score
6	Line/OverUnder Double	37	Time of Last Try Awarded
7	Super Line	38	Most Tries Scored
8	1st Tryscorer/Margin Double	39	Jersey of Last Tryscorer
9	Total Points Over/Under	40	Most Tries Scored
10	Exact Winning Margin	41	Most Tries Scored
11	1st Score Type	42	Most Tries Scored
12	Tri Bet	43	Most Tries Scored
13	Double	44	Most Tries Scored
14	Half Time Margin	45	Most Tries Scored
15	Total Match Points	46	Head To Head
16	40/20 Kicks	47	1st Try Scorer
17	To Score a Try	48	Last Try Scorer
18	Time of 1st Try Awarded	49	Live Lines
19	Total Score Over/Under	50	1st Tryscorer 2nd Half
20	Player Performance	51	Line/OverUnder Double
21	1st Half Line/OverUnder Double	52	Total Score Over/Under
22	1st Half Over/Under	53	Next Tryscorer
23	1st Half Winner	54	1st Team to Score 2nd Half
24	Dozen Start	55	2nd Half Head to Head
25	Total Tries Over/Under	56	Next Conversion
26	1st Team Tryscorer	57	Next Tryscorer
27	1st Half Line	58	Next Tryscorer

28	1st Team Tryscorer	59	Next Conversion
29	Highest Scoring Half	60	Next Tryscorer
30	Player Performance	61	Next Conversion
31	1st Team to 10 Points	62	Next Conversion

Source: Tabcorp Management

The ability to offer wagering on a larger number of events and a larger number of contingencies is a key aspect of competing in the wagering market. As noted in the Centrebet Determination, where an operator cannot offer punters a wager on a particular event there is a risk that the punter will not only place that wager, but also subsequent wagers, with an alternative operator.⁶⁸

9.3 Ongoing administration and transaction cost savings

The provision of fixed odds wagering services involves significant risk management costs. Tabcorp estimates that the cost of risk management for Tabcorp's fixed odds book (excluding fixed odds wagering products offered by Luxbet) is approximately **[\$REDACTED]** per annum. Key costs for risk management include staffing (Tabcorp employs approximately 82 people to manage its fixed odds book), information services and support and maintenance.

Experienced staff are required to actively adjust the odds offered over time based on the quantities wagered on each outcome. In doing so, the operator can calibrate the odds to maintain a balanced book and make a profit regardless of the actual outcome. Staff performing this role also often require expertise in relation to the particular wagering event.

As noted above, ACTTAB has not previously independently managed a fixed odds wagering book of any scale. Accordingly, in order to offer fixed odds wagering, ACTTAB would need to acquire risk management systems, trained staff and risk management integration systems.

Acquiring access to external risk management systems and bookmaking staff via the Book Management Agreement will generate efficiencies and cost savings compared to ACTTAB developing or acquiring these services independently.

With respect to the distribution of any cost savings, the Commission noted in the Centrebet Determination that:

... the increase in consumer demand for online wagering services may suggest that, for some consumers, retail and online services are increasingly substitutable. To the extent that this is the case, this would exert some competitive pressure on the applicants to pass on the benefits of any cost savings resulting from the proposed arrangements.⁶⁹

Further, while the applicants offer fixed odds wagering services predominantly through retail outlets, they also offer these services online where they face strong competition. Given that the applicants set a single price for fixed odds offered online and through retail outlets it would be expected that the price at which they offer these services would be set having regard to the competitive constraints faced by them through both distribution channels.⁷⁰

To the extent that these cost savings are retained by ACTTAB, they would reflect increased productive efficiencies. The Commission concluded in the Centrebet

⁶⁸ Centrebet Determination, at [4.69].

⁶⁹ Centrebet Determination, at [4.95].

⁷⁰ Centrebet Determination, at [4.96].

Determination that cost savings arising from increases in productive efficiency constitute a benefit to the public in and of themselves.⁷¹

9.4 Benefits to the racing industry through increased participation in wagering

The Book Management Agreement will increase the revenue of Tabcorp because, under the agreement, Tabcorp will receive a management fee from ACTTAB.⁷²

The racing industries in Victoria and New South Wales have revenue and/or profit share arrangements with Tabcorp and Tab Limited. For example, as noted above, under the Licence, Tabcorp is required to pay 50% of its total net profit derived from wagering and betting under the authority of the Licence to VicRacing.

To the extent that the Book Management Agreement generates fees, this will result in increased funding to the racing industries in Victoria and New South Wales, [REDACTED]. This constitutes a benefit to the public.

9.5 Benefits to the ACT economy and community

There is no longer a revenue and/or profit share arrangement between ACTTAB and the ACT racing industry. Instead, ACTTAB pays dividends to the ACT Government, and the ACT Government makes a direct appropriation to the racing industry bodies.

While arrangements for the support of the ACT racing industry have changed, ACTTAB's ability to offer fixed odds wagering products via its arrangements with Tabcorp is likely to continue to give rise to significant public benefits because:

- Absent the Book Management Agreement, ACTTAB may be unable to offer fixed odds wagering at all. As noted above, if ACTTAB is unable to offer fixed odds wagering services, these services would not be available to retail customers in the ACT, since ACTTAB is the sole licensed supplier of retail wagering services in that jurisdiction.
- In any event, acquiring fixed odds wagering and risk management services from a third party will allow ACTTAB to offer a broader and more competitive range of fixed odds wagering products to punters.
- ACTTAB directly sponsors ACT racing clubs, as well as a range of other major sporting bodies and community projects. For example:
 - during 2011/2012, ACTTAB contributed over \$840,000 in corporate sponsorships, including major sponsorships of the Canberra Raiders, ACT Brumbies, Canberra Capitals and other community projects; and
 - during 2012/2013, ACTTAB will be contributing in excess of \$150,000 in direct sponsorship to the Canberra Racing Club.
- In addition, ACTTAB pays substantial dividends to the ACT Government, which assists the government to fund public works throughout the ACT. For example:
 - in 2010/2011, ACTTAB paid dividends to the ACT Government in the sum of \$1.48 million; and
 - in 2011/2012, ACTTAB paid dividends to the ACT Government in the sum of \$5.12 million.

To the extent that the Book Management Agreement allows ACTTAB to offer a broader range of fixed odds wagering products at more competitive prices, it is likely to lead to

⁷¹ Centrebet Determination, at [4.97].

⁷² The Management Fee is calculated in accordance with Schedule 1.

both an increase in ACTTAB's turnover and a reduction in the risk assumed by ACTTAB. To the extent that it leads to an increase in ACTTAB's turnover and a reduction in risk assumed by ACTTAB, it will allow ACTTAB to continue to sponsor racing clubs, sporting bodies and community projects, and to pay substantial dividends to the ACT Government to assist it to fund public works. This constitutes a benefit to the public.

10 Anti-competitive detriment

10.1 Introduction

The Betting Requirements and the Re-Supply Restriction may fall within section 47(2) of the CCA and are consequently subject to a substantial lessening of competition test. As set out above, the relevant conduct would have little, if any, competitive effect in any relevant market.

The ACTTAB Event Approvals Requirement may be characterised as third line forcing conduct within section 47(6) of the CCA. However, the requirement does not necessarily relate to the acquisition of services, and does not impose any additional obligations on ACTTAB, so would not have any anti-competitive effect.

In certain circumstances, the Third Party Contract Provision may also be characterised as resulting in third line forcing within section 47(6) of the CCA. However, there is no anti-competitive detriment associated with this provision, because it simply requires ACTTAB to obtain rights to use relevant data, information or vision in order to offer bets on certain international events.

Accordingly, this section of the submission focuses on the Pricing Provisions.

10.2 Price competition

Tabcorp submits that there will be no anti-competitive detriment resulting from any diminution in price competition between Tabcorp and ACTTAB.

As discussed above, absent the Book Management Agreement, ACTTAB may be unable to offer fixed odds wagering products to punters at all. In those circumstances, the Book Management Agreement could not be said to result in any lessening of competition.

Even if ACTTAB is able to offer fixed odds wagering individually, the Book Management Agreement will allow ACTTAB to better manage the risk involved in offering fixed odds wagering. ACTTAB will be able to offer those services on a broader range of events and contingencies, at more competitive odds, than if it offered the services independently. Given that the Book Management Agreement will facilitate ACTTAB's ability to offer an **improved** wagering product to punters, it could not be said to be anti-competitive.

In addition:

- The proposed arrangements will not affect price competition between Tabcorp and ACTTAB in supplying fixed odds wagering services through retail outlets as Tabcorp and ACTTAB are the sole licensed retail operators in their respective jurisdictions.
- To the extent that Tabcorp and ACTTAB compete with one another in the supply of fixed odds wagering services, they do so by offering those services via telephone and online. As discussed in detail in Section 4 above, there are a large number of corporate bookmakers who compete in this space in Australia. Indeed, many corporate bookmakers offer wagering predominantly or exclusively online, where cost structures are lower and customers are more price sensitive. It is the corporate bookmakers (and not the totalisators) that drive price competition in fixed odds wagering for online customers. In these circumstances, the Book Management Agreement could not be said to give rise to any anti-competitive detriment for online / telephone punters – the corporate bookmakers will continue to drive price competition in this space with or without the Book Management Agreement. Irrespective of any possible counterfactual, there could be no significant anti-competitive detriment.

- The Book Management Agreement does not affect any other aspect of competition between Tabcorp and ACTTAB – for example, competition in respect of the discounts, rebates, service levels and other benefits offered to punters.

Consistent with Tabcorp's submissions, in the Centrebet Determination, the ACCC concluded that:

... while the applicants will agree to offer the same odds, their retail operations are in different states and territories and their online operations are subject to competitive constraints provided by competing operators – the applicants are not 'price setters' in respect of online wagering.⁷³

10.3 Product offerings

Tabcorp submits that there will be no anti-competitive detriment resulting from any reduction in the number of betting options available to customers as a consequence of the Book Management Agreement.

The Book Management Agreement will allow ACTTAB to continue to offer fixed odds wagering on a wide range of events and contingencies.

Furthermore, the expansion of betting options in Australia has been driven by corporate bookmakers, and not by any competition between Tabcorp and ACTTAB.

As noted in Section 5 above, in recent years, Tabcorp has adopted measures designed to strengthen its overall fixed odds wagering business in direct response to increased competition from corporate bookmakers. Some of these measures include:

- launching Luxbet in September 2008 to directly compete with the corporate bookmakers by offering products which, at that time, Tabcorp was unable to provide;
- since November 2008, expanding its fixed odds wagering business to allow it to offer fixed odds products akin to corporate bookmakers so that Tabcorp can better compete with them (although it does not and cannot offer tote odds products); and
- developing new fixed odds products, including the following:
 - since 2008, Tabcorp has sought and obtained approval to offer fixed odds wagering products on a range of additional events, including NHL ice hockey, professional snooker, international rules matches, and US, UK and Australian elections; and
 - in early 2011, Tabcorp expanded the range of wagering products available in its retail outlets to include fixed odds wagering on racing.

Corporate bookmakers and Tabcorp will continue to compete in respect of fixed odds product innovation to the benefit of Australian punters, with or without the Book Management Agreement.

10.4 Conclusion

Based on the above analysis, Tabcorp submits that the Book Management Agreement would result in substantial public benefit and limited (if any) anti-competitive detriment.

⁷³ Centrebet Determination, at [4.142].

11 Length of authorisation

The term of the Book Management Agreement is set out in clause 2, which provides:

- (a) Other than the clauses referred to in clause 3.1, this Agreement commences on the Commencement Date and continues for a period of 3 years from the Commencement Date (**Initial Term**).
- (b) This agreement will automatically renew for successive 12 month periods from the end of the Initial Term unless either party provides the other with written notice to terminate this agreement, at least 6 months prior to the end of the Initial Term or a subsequent 12 month period.

The 'Commencement Date' is defined in clause 1.1 as:

the later of the date on which the last condition precedent in clause 3.1 to be satisfied is satisfied or waived and 29 November 2012, or such other date as may be mutually agreed between the parties in writing.

Tabcorp requests authorisation to give effect to the Book Management Agreement for a period of 5 years from the Commencement Date, to cover the Initial Term as well as the possibility for a further two years' extension.

Tabcorp submits that it is appropriate for the Commission to grant authorisation for 5 years because:

- this is consistent with the five-year period of authorisation typically granted by the Commission; and
- the Commission may re-consider its grant of authorisation at any time if there has been a material change of circumstances since the authorisation was granted.

12 Interim authorisation

12.1 Introduction

ACTTAB's existing fixed odds wagering services agreement with Centrebet expires on 28 November 2012.

Tabcorp applies for interim authorisation to give effect to the Book Management Agreement, granted effective on and from 29 November 2012 until final authorisation comes into effect or, if refused, the later of expiry of the period to apply for review or, if review occurs, when the matters are dispensed with.

Tabcorp submits that interim authorisation should be granted for the following reasons:

- ACTTAB's current agreement regarding fixed odds wagering services expires on 28 November 2012. If interim authorisation is not granted, and assuming that final authorisation is not granted on or before that date, it is unlikely that ACTTAB will be able to continue to offer fixed odds wagering for the period between 29 November 2012 and the date final authorisation comes into force.
- The changes resulting from implementation of the Book Management Agreement (if interim authorisation is granted) can easily be reversed should final authorisation not be granted.
- There is a strong prima facie case for authorisation. In particular, the Commission examined the public benefit and public detriment arising from similar arrangements when it considered the applications for authorisation of Centrebet's agreements with TOTE Tasmania, ACTTAB and RWWA in September 2009. In granting authorisation in that matter, the Commission recognised public benefits resulting from the agreements which outweighed any public detriment.

12.2 Effect of final authorisation being denied

The Book Management Agreement specifically provides for interim authorisation being granted and final authorisation later being denied.

The Book Management Agreement provides that:

- if the Commission grants interim authorisation but it expires, is subsequently withdrawn or is revoked; and
- the Commission does not grant final authorisation by the Cut Off Date;

then either party may terminate the Agreement immediately by notice in writing.⁷⁴

Given that ACTTAB's existing fixed odds wagering agreement will expire on 28 November 2012, the granting of interim authorisation by the Commission will effectively maintain the status quo – that is, it will allow ACTTAB to continue to provide fixed odds wagering in accordance with an agreement with a third party, until such time as final authorisation is granted or denied. If final authorisation is ultimately denied by the Commission, the granting of interim authorisation would be easily reversed under the terms of the Book Management Agreement.

⁷⁴ Book Management Agreement, clause 3.10(c).

12.3 There is a strong prima facie case for authorisation

There may be no opportunity for the Commission to form a comprehensive view on the strength of the Application (including in light of interested party submissions) prior to granting interim authorisation. However, Tabcorp submits that, even without the benefit of interested party submissions, the case for authorisation is strong.

The Commission has examined the public benefit and public detriment arising from fixed odds wagering arrangements when it considered the applications for authorisation of Centrebet's arrangements with TOTE Tasmania, ACTTAB and RWWA in September 2009. In the Centrebet Determination, the Commission concluded that:

... the proposed arrangements will result in public benefits by allowing the applicants to more efficiently manage their fixed odds wagering services and provide better fixed odds wagering services. The ACCC considers that the public detriment resulting from the proposed arrangements will be limited as Centrebet will continue to set its odds independently of the applicants and the applicants agreeing on their odds will not significantly impact the range of wagering options, including in respect of price, available to consumers.⁷⁵

The Book Management Agreement, and the agreements previously considered and authorised by the Commission, are relevantly similar. While Tabcorp recognises that the Centrebet agreements contemplated a single book for TOTE Tasmania, ACTTAB and RWWA and a separate book for Centrebet, Tabcorp does not consider this to be a material distinction. The Centrebet agreements involved Centrebet managing a single book for three totalisators, all of whom supplied the same fixed odds offerings to their respective punters.

In the circumstances, Tabcorp submits that the Commission should grant interim authorisation.

⁷⁵ Centrebet determination, at [4.145].

Confidential Annexure A

Book Management Agreement

[REDACTED].

Information regarding some corporate bookmakers in Australia

Large corporate bookmakers operating in Australia include:

1 **Sportingbet plc**

Sportingbet is an international wagering operator originally based in the United Kingdom. It has substantial Australian operations based in Darwin.

In 2011, gross amounts wagered in Australia increased by 11%. In total there were 29 million bets placed by customers. The amounts wagered online in Australia increased by 62%.⁷⁶

Sportingbet's Australian operations were originally limited to a telephone business service for a relatively small number of 'high rollers'. However, since 2003, it has offered online wagering to a much broader base of Australian punters. Sportingbet is licensed to accept bets by phone and the internet.

Tabcorp understands that UK bookmaker William Hill has agreed terms to a takeover of Sportingbet.⁷⁷

2 **Centrebet Pty Ltd**

Sportingbet plc acquired Centrebet in 2011.

Centrebet holds a licence in the Northern Territory. It is a long-established telephone and internet bookmaking firm. Its wagering business offers fixed odds online betting on a diverse range of Australian and international sporting, racing, entertainment and political events.

Sixty eight per cent of Centrebet's turnover is derived from customers located in Australia. Its other significant customer base is Scandinavia (25% of turnover).⁷⁸

3 **Sportsbet Pty Ltd**

Sportsbet has operated in Australia for more than 14 years and is licensed in the Northern Territory.

Sportsbet accepts wagers on Australian and international thoroughbred, harness and greyhound racing as well as all manner of local and international sporting, political and entertainment events.

As of July 2009, Sportsbet operates as a subsidiary of Paddy Power plc.

4 **International All Sports Ltd**

In September 2009, Sportsbet Pty Ltd acquired 100% ownership of International All Sports Ltd (**IAS**) by scheme of arrangement. IAS owns and manages various licensed and regulated racebooks, sportsbooks, casinos and poker rooms in both the United Kingdom and Australia.

IASbet is licensed by the Northern Territory Government and the Northern Territory Racing Commission in Australia. Its focus is on racing and sports wagering in Australia and overseas with a specialty in fixed odds.

⁷⁶ Sportingbet.com Annual Report 2011.

⁷⁷ Courier Mail, 26 October 2012, p 109.

⁷⁸ Centrebet Annual Report 2010.

Most recent financial information for IASbet.com is for the financial year ending 2009. IASbet.com achieved an increase in revenue of \$3.50 million over this period. This was a direct result of the change in customer base to recreational customers and the move away from a dependence on high staking professionals and credit customers for turnover.⁷⁹

IASbet has a system called *BetaDiv*, which guarantees to beat the best TAB price from each of the three Australian totalisator pools.

5 **TomWaterhouse.com**

The Waterhouse name has been associated with racing for more than 100 years and TomWaterhouse.com markets itself as offering superior knowledge in the industry.

TomWaterhouse.com offers a range of exotic betting options as well as flexi betting on events such as greyhound racing, harness racing, horse racing, AFL and a range of other sports.

6 **Unibet / Betchoice**

Unibet Group plc (Unibet) is a publicly listed company on the NASDAQ OMX Nordic Exchange in Stockholm, with a registered office in Malta. Founded in 1997, Unibet provides a primarily European facing online betting platform to over 5.9 million customers in more than 150 countries.

The company has 4 key operation areas:

- Sports betting – offers a range of pre-match and live fixed odds and pool betting products on international and local sporting and entertainment events. The gross winnings revenue for the 2011 financial year was £60.9 million.
- Casino – provides an online browser and downloadable platform offering around 250 live games. The gross winnings revenue for the 2011 financial year was £64.6 million.
- Poker – offers competitive online poker tournaments, including the Unibet Open tour which held events in Malta, Barcelona, Riga and Dublin. The gross winnings revenue for the 2011 financial year was £13.6 million.
- Other games – provides a wide selection of online games including bingo, keno, slots and hi-lo for key markets. The gross winnings revenue for the 2011 financial year was £15.3 million.

In February 2012, Unibet entered an agreement to acquire 100% of the Australian company Betchoice Corporation Pty Limited (**Betchoice**), a bookmaker licensed in the Northern Territory. The deal had an acquisition price of £13.6 million and transferred across Betchoice's customer base of more than 8,000 active accounts, in addition to introducing horse racing capability into Unibet's existing operations.

7 **bet365**

bet365, a privately owned UK-based company, is one of the world's largest bookmakers. Employing over 1,900 people, bet365 boasts over 7 million customers in 200 countries. In 2012, bet365 expanded into Australia and is licensed and regulated by the Northern Territory Racing Commission.

⁷⁹ IAS Annual Report 2008-2009, pp 3 and 4.

Betting Rules

See attached.

Annexure D

Industry contacts

The following table lists some of the parties that may be interested in commenting on the application for authorisation of the Book Management Agreement between Tabcorp Wagering Manager and ACTTAB.

Name	General enquiries	Postal address
Totalisators, betting exchanges and corporate bookmakers		
ACTTAB Limited	Phone: (02) 6245 6211 Fax: (02) 6245 6242 Email: customerservice@acttab.com.au	Suite 1, Level 1, The Marketplace Hibberson Street Gungahlin ACT 2912
UniTAB	Phone: (07) 3637 1500	240 Sandgate Rd Albion QLD 4010
Betfair Pty Limited	Phone: 1300 238 324 Email: AusCommunications@betfair.com	Tasmanian Technopark 40-44 Innovation Drive Dowsing Point Hobart TAS 7010
Sportsbet Pty Ltd	Phone: 1800 990 907 Fax: 1800 131 238	GPO Box 4755 Melbourne VIC 3001
IASbet	Phone: 133 773	Level 33 South Rialto Tower 525 Collins Street PO Box 4755 Melbourne VIC 3001
Sportingbet	Phone: 1800 007 238 Email: admin@sportingbet.com.au	PO Box 700 Parap NT 0804
Centrebet	Phone: (02) 9206 8933 Fax: (02) 9310 5718 Email: centrebet@centrebet.com	110 Bourke Road Alexandria NSW 2015
Tom Waterhouse	Phone: 1800 928 374	Level 6, 73 Walker St North Sydney NSW 2059
Unibet / Betchoice	Phone: 13 78 68 Fax: (02) 8860 9198	Suite 320/4 Columbia Court Baulkham Hills NSW 2153
bet365	Phone: 1800 200 365 Fax: 1800 300 365	Suites 3 & 4 Brett Dixon House Fannie Bay Race Course Dick Ward Drive Fannie Bay NT 0820
Racing clubs and industry bodies		
Canberra Racing Club	Phone: (02) 6241 3888 Fax: (02) 6241 5697	PO Box 275 Mitchell ACT 2911

	canberracing@thoroughbredpark.com.au Peter Stubbs (Chief Executive)	
Canberra Harness Racing Club	Phone: (02) 6241 3911 G Nugent (General Manager)	PO Box 588 Dickson ACT 2602
Canberra Greyhound Racing Club	Phone: (02) 6295 3554 Fax: (02) 6239 6136 Email: cgrc@bigpond.com	PO Box 647 Fyshwick ACT 2609
Victoria Racing Club	Phone: (03) 8378 0747	Victoria Racing Club Limited 448 Epsom Road, Flemington VIC 3031
Racing Victoria Limited	Phone: (03) 9258 4258 Fax: (03) 9258 4707 Email: information@racingvictoria.net.au	Racing Victoria Centre 400 Epsom Road Flemington VIC 3031
Greyhound Racing Victoria	Phone: (03) 8329 1100 Fax: (03) 8329 1000	Greyhound Racing Victoria 46-50 Chetwynd Street West Melbourne VIC 3003
Harness Racing Victoria	Phone: (03) 8378 0200 Fax: (03) 9372 6104 John Anderson (Chief Executive): info@hrv.org.au	PO Box 184 Moonee Ponds VIC 3039
Thoroughbred Breeders Association Victorian Inc	Phone: (03) 9258 4233 Fax: (03) 9258 4707 Email: tvb@racingvictoria.net.au	Racing Victoria Limited Centre 400 Epsom Rd Flemington VIC 3031
ACT Bookmakers Association	Phone: (02) 6288 8255 Fax: (02) 6287 2018	PO Box 474 Woden ACT 2606
Victorian Bookmakers Association	Phone: (03) 9376 1933 Fax: (03) 9376 7933 John Clancy (Executive Officer): j.clancy@vicbookmakers.com.au Office Manager: r.jenkins@vicbookmakers.com.au	Racing Victoria Centre 400 Epsom Road Flemington VIC 3031
National racing bodies		
Australian Racing Board Ltd	Phone: (02) 9551 7700 Fax: (02) 9551 7708 Andrew Harding(Chief Executive): aharding@australian-racing.net.au	Australian Racing Board Level 7, 51 Druitt Street Sydney NSW 2000
Australian Harness Racing Council	Phone: (03) 9867 8033 Fax: (03) 9866 8356 Email: hrc@harness.org.au	Level 7, 390 St Kilda Road, St Kilda VIC 3004
Australian Greyhound Racing Association	Phone (Executive Officer): (08) 8243 7100 Phone (Group Race Co-ordinator): (02) 9649 7166 Howard Ashton (Executive Officer) hashton@agra.com.au Brenton Scott (Group Race Co-ordinator)	PO Box 485 Glebe NSW 2037

	brenton@gbota.com.au	
Australian Punters Association	Phone: (02) 9905 6470 Fax: (02) 9401 0632 Email: info@auspunters.com.au	25 Allambie Road Allambie Heights NSW 2100
Australian Bookmakers Association	Phone: (02) 9267 7605 Fax: (02)9267 4147 Email: bookies@citytatts.com.au	ABA Pty Ltd Level 2, 198 Pitt St Sydney NSW 2000

SPORTSBET RULES

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1. INTERPRETATION

1.1 In the interpretation of these Rules except where the context otherwise requires:-

" Account"	means a facility that allows an identified Investor to establish a credit balance to be used for betting purposes and the credit of winnings and which allows deposits and withdrawals
"the Act"	means the <u>Gambling Regulation Act 2003</u> as amended from time to time or any successor legislation thereto;
"All In"	means the forfeiture to the Betting Operator of all Investments made in respect of a Competitor which does not in fact participate in an Event;
"Bet"	means a wager in cash or by medium of debiting against the existing credit balance of an Account upon a Proposition and the terms "Investment" and "Wager" shall have identical meaning. In the case of multiple betting the consideration of each bet may be in fractions of whole dollars or cents;
"the Betting Operator"	means the operator of the wagering and betting licence pursuant to the Act, and where appropriate, its duly authorised employees and agents;
"the Betting Rules"	means the "Rules Relating to Betting Transactions in Victoria" established under the Act;
"Cash Outlet"	has the same meaning as that term is given in the Betting Rules;
"Commission"	means the Victorian Commission for Gambling and Liquor Regulation;
"Competitor"	means any person, team, animal or object anticipated by the Betting Operator at the commencement of betting to compete in an Event;
"Conclusion"	means the end of play or the end of the conduct of the Event;
"Controlling Body"	means the body or authority controlling the conduct of an Event upon which Sportsbet is operating;
"Customer Number"	means the number provided to the Internet Investor following activation of his or her account for the placing of Internet Investments and which allows the Investor to place Investments via the Internet;
"Event"	means an event the subject of a betting competition, approved by the Commission pursuant to Section 4.5.6 of the Act;
"Extra Time"	means any additional periods that are played beyond the normal time scheduled for the match or game, to resolve any tie, draw or dead heat.
"Group Betting"	means any form of betting involving the relative performances of any two or more nominated competitors.
"Internet Betting Confirmation Screen"	means the screen seeking confirmation from the Investor that the details that the Investor has entered are correct;
"Internet Betting Receipt"	means the acknowledgement from the Betting Operator via the Betting Operator's web-site that acknowledges that an Internet Investment has been placed by an Investor;
"Internet Investment"	means an Investment made on an Account via a web-site operated by the Betting Operator;
"Investment"	means and shall have identical meaning to the terms "Bet" and "Wager" as defined in these Rules;
"Investment Request"	means an offer of an Investment made by an Investor to the Betting Operator;
"Investor"	means any person placing or attempting to place an Investment;
"Late Scratching"	means any scratching declared by the Controlling Body to be a late scratching;



"Normal Time"	means the period for which the relevant match or game is scheduled to be played, including any additional time provided by match officials for stoppages, but not including any further time to resolve any draw or dead heat.
"Outcome"	where used in relation to any Event or part thereof shall mean the result of such Event or part thereof;
"Outcomes Not Quoted"	means a number of outcomes (eg players, competitors) within a particular bet form which are bracketed together as a single selection.
"Parlay Bet"	means a series of betting investments which could be single and/or multiple bets issued under one (1) ticket serial number;
"Password"	means the password selected by an Internet Investor to access his or her Account;
"Payout"	means the amount payable to a particular Investor should the Result wagered upon by that Investor in fact occur and includes the total amount wagered upon that result and the terms "prize" and "face value of the Ticket" shall have identical meaning;
"PIN"	means the personal identification number used by the Betting Operator to identify an Investor;
"Prices"	means the multiple or factor set by the Betting Operator in its absolute discretion and applied at the time of an Investment to predetermine the Payout in respect of a successful Wager upon a particular result in an Event based upon the Result of such Event;
"Proposition"	means a given Result or combination of Results which may occur in any Event upon which Sportsbet operates;
"Refund"	means the return to the Investor in cash or by crediting the amount of his or her Investment to the balance of his or her Account;
"Result"	means the potential outcome of any Event or part of any Event or the performance of any Competitor in an Event or part thereof and/or score upon which the Betting Operator in its absolute discretion chooses to accept Bets and for which it sets Prices;
"Sportsbet"	means the business of the Betting Operator dedicated to betting competitions approved by the Minister pursuant to Section 4.5.1 of the Act conducted with fixed odds;
"Telephone Investment"	means an Investment made on an Account by means of a telephone call to the Betting Operator;
"Ticket"	means a ticket issued by the Betting Operator in respect of any Wager on which there is denoted the particular Proposition, the Bet and Prices on which a Wager has been made, the amount of such Wager and the date and place of issue of the ticket;
"Wager"	means and shall have identical meaning to the terms "Bet" and "Investment" as defined in these Rules;
"Withdrawal"	means scratchings in horse racing Events and otherwise Competitors who, in respect of an Event or part thereof, fail to lawfully qualify, are rendered ineligible, are disqualified or otherwise for any reason whatsoever do not participate in such Event.

2. PURPOSE, COMMENCEMENT AND APPLICATION OF THESE RULES

2.1 The purpose of these Rules is to establish the conditions of Sportsbet under which the Betting Operator will accept Bets and for which



- 2.2 These Rules are to be made, subject to the Commission's approval on 27 June 2012 and come into operation on 16 August 2012.
- 2.3 If the Controlling Body of the Event requests the disclosure of personal information pertaining to accounts or transactions, the customer shall be deemed for the purposes of the Act to have consented to the Betting Operator providing such personal information to the Controlling Body.
- 2.4 All Investors shall be deemed to accept and be bound by these Rules and the Betting Rules. Where there is an inconsistency between the Betting Rules and these Sportsbet Rules, these Sportsbet Rules shall prevail to the extent of the inconsistency.

3. INVESTMENT AND USE OF ACCOUNTS

- 3.1 Investors may make Investments:
- (a) in cash at Cash Outlets, or
 - (b) using an Account via the telephone or internet; or
 - (c) using any other payment method and via any other means as the Betting Operator may determine from time to time.
- 3.2 Procedures for opening and operating an Account are contained in the Betting Rules.

Telephone Investments

- 3.3 Telephone Investments may only be made by telephone by use of an Account established in accordance with the Betting Rules.

Internet Investments

- 3.4 Internet Investments may only be made by use of an Account established in accordance with the Betting Rules.
- 3.5 To activate an existing Account to allow placement of Investments on the Internet, an Investor shall provide his or her Account number, his or her PIN (which relates to the Account selected) and an alphanumeric Password nominated by the Investor. The Investor shall then confirm his or her Password by re-typing it in the Password confirmation box.
- 3.6 Following submission to the Betting Operator of the details outlined in Rule 3.5, the Investor will receive a Customer Number to enable the Investor to make subsequent Internet Investments.
- 3.7 For every subsequent Internet Investment, the Investor shall be required to enter his or her Customer Number and Password.

4. DURATION OF BETTING

- 4.1 Subject to Rules 4.2 and 4.3, Investments may be accepted for Events at such times in accordance with the Act as the Betting Operator shall direct, provided that at the time the Betting Operator accepts an Investment then, subject to any other provision of these Rules, it must do so with Investors generally in respect of the Event.
- 4.2 Investments may be accepted for the following Events after the start of the Events but before the conclusion of the Events:

Sporting Events

American Football – matches controlled and regulated by national or international authorities:



authorities;

Australian Rules Football – games that form part of the Australian Football League and Victorian Football League competitions including the State of Origin series and the Brownlow Medal Vote Count;

Baseball – matches controlled and regulated by national or international authorities;

Basketball – matches controlled and regulated by national or international authorities;

Boxing – contests controlled and regulated by national or international authorities (subject to the condition that separate individual approval of boxing contests taking place in the Commonwealth of Australia be sought except if the contest is an officially sanctioned national or international boxing title fight);

Cricket – matches controlled and regulated by national or international authorities;

Cycling – events controlled and regulated by national or international authorities;

Golf – events controlled and regulated by national or international authorities;

Ironman – events controlled and regulated by national or international authorities;

Motor Sport – races controlled and regulated by national or international authorities;

Netball – matches controlled and regulated by national or international authorities;

Olympic and Commonwealth Games – contingencies of or relating to events at Olympic and Commonwealth Games;

Rugby – matches controlled and regulated by national or international authorities;

Soccer – matches controlled and regulated by national or international authorities;

Surfing – events controlled and regulated by national or international authorities;

Tennis – tournaments controlled and regulated by state, national or international authorities;

Thoroughbred racing, harness racing and greyhound racing, subject to Ministerial approval and conditions imposed pursuant to Section 4.5.1 of the Act;

Triathlon – events controlled and regulated by national or international authorities;

Yachting – events controlled and regulated by national or international authorities;

Other Events

American Academy Awards

- 4.3 The Betting Operator shall not accept Bets after Conclusion of an event and any Bets so made shall be void and shall be refunded by the Betting Operator. If this circumstance arises in the context of one or more legs of a multiple sports bet, only the affected leg(s) of the sports bet is deemed void.

5. SETTING OF PRICES

- 5.1 The Betting Operator shall at its sole discretion and from time to time set Prices for any Event, and in so doing shall not be obliged to set Prices to bear any relation to the amount of Wagers already accepted for that Event.
- 5.2 The Betting Operator may delegate to its duly authorised employees or agents its powers in respect to the setting of Prices, acceptance or refusal of individual Bets and the recording of such Bets and as to such other matters as it may from time to time determine.
- 5.3 Unless otherwise determined by the Betting Operator and advised to customers generally at the time of making the bet, where betting on the particular



6. BETTING OPTIONS

- 6.1 Wagering shall be by the investment of an amount (subject to any minimum amount as set by the Betting Operator from time to time) upon any Result in any Event upon which Sportsbet is operating at the Prices then offered and otherwise upon the terms and conditions set by the Betting Operator.
- 6.2 Subject to the Act and to any regulations made thereunder, the Betting Operator shall in its absolute discretion determine those Events upon which Sportsbet operates and upon which it shall accept Investments.
- 6.3 The acceptance by the Betting Operator of a Wager in respect of any Result at particular Prices shall not require the Betting Operator to accept any other Investment upon the same Result at similar Prices.
- 6.4 The Betting Operator may at any time prior to the commencement of betting and up until the close of betting discontinue the setting of Prices and decline to accept Investments or suspend betting in respect of particular Results of an Event or in respect of the Event itself.
- 6.5 The Betting Operator may refuse to accept any Bet tendered without stating reasons.
- 6.6 An agreement may be made at the time of placing a bet between the duly authorised employee of the Betting Operator and the customer for a bet to be called off at any time up until the close of betting on the relevant Event.
- 6.7 Wagering upon multi-leg combinations of Results of any Event or Events or parts thereof, including quinella betting, shall where conducted by the Betting Operator in the operation of Sportsbet be in accordance with and governed by the provisions of the Act and the Regulations where applicable to Sportsbet betting as supplemented by these Rules.
- 6.8 In respect of any Investment including multi-leg or quinella betting, any Wager to be successful must be upon the Outcome which does in fact occur and subject to the provisions of these Rules relating to the declaration of the Outcome. The Betting Operator in determining whether a particular Wager is successful shall be entitled to rely upon the happening of any occurrence or the intervention of any factor which prevents or renders impossible the occurrence of a Result.
- 6.9 The Betting Operator shall by electronic means or otherwise, as it determines, record details including Prices offered on all Wagers accepted by it and shall maintain such records for a reasonable period following the conclusion of the Event upon which such wagering is conducted, but in any case not less than one hundred and twenty (120) days.
- 6.10 The Betting Operator shall at all times endeavour as far as it is reasonably possible to do so, to provide accurate and up-to-date details of Competitors including Withdrawals and Outcomes for all Events in respect of which Sportsbet operates.
- 6.11 Subject to Rule 6.14, all wagering upon Events upon which Sportsbet operates shall be on an All In basis.
- 6.12 Except as specifically and expressly provided in these Rules or required by law, no customer is entitled to any refund of or in respect of any amount of any bet. This Rule does not prevent the Betting Operator, in its sole and absolute discretion, refunding in whole or in part the amount of any bet, but any such refund or other payment which the Betting Operator, in its sole and absolute discretion elects to make will be without prejudice and will not be binding on the Betting Operator or create any precedent or entitlement on any other person or bet.



- 6.13 In any Event, where team orders or any such like factor prevents or tends to prevent a Competitor from competing on its merits in an event, such team orders or any like factor will have no bearing on the Outcome.
- 6.14 Subject to Rules 7.6 and 7.7 in the event of a Withdrawal in respect of horse or harness or greyhound racing on which future win or place wagering is conducted, which is a Withdrawal from an Event after the time for final acceptances with the Controlling Body:
- (a) all bets made on such Competitor:
 - (i) before the time for final acceptances shall be on an All In basis; and
 - (ii) after the time for final acceptances shall be Refunded; and
 - (b) all other Bets made:
 - (i) before the time for final acceptances, or after the Betting Operator makes any adjustment to the Prices it has set for the Event following the Withdrawal, shall stand; and
 - (ii) after the time for final acceptances but before the Betting Operator makes any adjustment to the Prices it has set for the Event following the Withdrawal shall stand subject, at the Betting Operator's discretion, to a deduction to be calculated in accordance with the table set out in the Deductions Schedule to these Rules.

For the purposes of this Rule, in the case of greyhound racing where the phrase "the time for final acceptances" appears it shall be deemed to mean after the box draw is conducted.

Where there is more than one such Withdrawal in respect of the same Event, but the Withdrawals are at different times, the Betting Operator shall apply as far as is reasonably possible the provisions of the rules of betting of the Controlling Body.

- 6.15 Unless otherwise determined by the Betting Operator and notified to customers generally at the time of making the bet, in the event of a change to venue of an Event involving named competitors, that is not a thoroughbred, harness or greyhound Event, all bets relating to that Event are deemed void and are to be refunded. If this circumstance arises in the context of one or more legs of an all-up or multiple bet:
- (a) only the affected leg(s) of the bet will be deemed to be void; and
 - (b) subject to Rule 6.15 (a), if all the valid legs of the bet are decided in the customer's favour, the revised Payout shall be the amount obtained as the product of the cumulative Prices applicable to the Events decided in the customer's favour and the original stake.
- 6.16 In respect of any Investment made via the 'Combo' product, Parlay Bet or any other similar product which groups a series of bets:
- (a) no bet will be sold unless all bets that form the grouped product can be sold;
 - (b) a single serial number will be issued for all bets that form the grouped product;
 - (c) cancellation of the bet will cause all bets in the grouped product to be cancelled; and
 - (d) payment for any successful bet that forms part of the grouped product will not be available until results for all Events that make up the grouped product have been processed by the Betting Operator.



- 7.1 The Betting Operator may allow all-up bets or bets involving two or more contingencies to be made across:
- (a) fixed price racing Events; and/or
 - (b) other fixed odds sports and fixed price sports betting Events.
- 7.2 If the selection in any of the contingencies in an all-up or multiple bet loses or is deemed to have lost, the whole of the bet is lost.
- 7.3 If one or more of the contingencies in an all-up or multiple bet results in a dead heat, the revised price for each leg shall be calculated by applying the method set out in Rule 11.5 and the revised payout payable shall be the amount obtained as the product of the cumulative prices applicable and the original Investment.
- 7.4
- (a) Where a bet covers two or more Events, that are not thoroughbred, harness or greyhound Events, and one or more Event is decided in the customer's favour but any remaining Events are abandoned or postponed and not officially scheduled to be replayed or conducted within 3 calendar days, the remaining payout shall be the amount obtained as the product of the cumulative prices applicable to the Events decided in the customer's favour at the time such bet was made and the original Investment.
 - (b) Subject to Rule 9.6(b) where a bet covers two or more Events, that are thoroughbred, harness or greyhound Events, and one or more Event is decided in the customer's favour but any remaining Events are abandoned or postponed, the remaining payout shall be the amount obtained as the product of the cumulative prices applicable to the Events decided in the customer's favour at the time such bet was made and the original Investment.
- 7.5 The Betting Operator reserves the right to adjust the prices of an all-up or multiple bet involving the same contestant, provided that in such cases the customer is clearly notified of such adjustment in prices prior to the bet offer being accepted by the Betting Operator.
- 7.6 Any all-up or multiple bet involving thoroughbred, harness or greyhound Events placed before the official time for the declaration of final acceptances for all Events of the all-up or multiple bet shall be All In.
- 7.7 In the case of any all-up or multiple bet on thoroughbred, harness or greyhound Events only, if the time of bet placement is after the official time for the declaration of final acceptances for an Event within the all-up or multiple bet:
- (a) In the event of a Withdrawal of a Competitor from that Event, that leg will be ignored for the purpose of calculating the Payout;
 - (b) If all legs of the bet are to be ignored or are invalid, the bet shall be refunded;
 - (c) Bets placed after the time for final acceptances but before the Betting Operator makes any adjustment to the Prices it has set for the Event following a withdrawal shall stand subject, at the Betting Operator's discretion, to a deduction to be calculated in accordance with the table set out in the Deductions Schedule to these Rules.
 - (d) Subject to Rule 7.7(a) and (b) the revised Payout shall be the amount obtained as the product of the cumulative Prices applicable to the Events decided in the customer's favour and the original stake.



Cash and Telephone Investments

- 8.1 Acknowledgment of an Investment will be made to an Investor in the case of a cash Investment, by the issue of a Ticket, and in the case of a Telephone Investment, by the telephone operator's call back, provided that in the case of an Investment by telephone where the maximum possible liability exceeds the limits set by the Betting Operator from time to time, the Investment shall not be confirmed until the final call back to the Investor. The Betting Operator will keep such books and accounts as it thinks fit to maintain a record of all Investments.
- 8.2 An Investor shall, immediately following the issue of a Ticket or the telephone operator's call back, satisfy himself or herself that the details recorded on the Ticket or contained in the call back are in accordance with the Investor's instructions to the Betting Operator in making his or her Investment.
- 8.3 A customer who is issued with a betting Ticket or Telephone Investment that the customer claims is incorrect because it does not correctly reflect the details given by the customer when the bet was made, is entitled to have that bet cancelled but only if the seller who issued the betting Ticket or Telephone Investment is satisfied that it is incorrect on the grounds so claimed. Having satisfied the seller in these terms, the customer is entitled to:
- (a) Have the betting Ticket or Telephone Investment re-issued by the issuing cash outlet or telephone operator in accordance with the details so given, or
 - (b) Have the betting Ticket or Telephone Investment cancelled and the amount of the bet refunded by the issuing cash outlet or telephone operator.
- 8.4 Any entitlement under Rule 8.3 may only be exercised within the period of time applicable, prior to the close of betting on the relevant Event determined by the Betting Operator from time to time.
- 8.5 Any Ticket issued in replacement of a Ticket cancelled or any Telephone Investment amended pursuant to Rule 8.3 shall be upon such terms including as to Prices as are applicable to the particular Result wagered upon at the time of issue of the replacement Ticket or amended Telephone Investment as the case may be.

Internet Investments

- 8.6 An Investor shall satisfy himself or herself that all the details recorded on the Internet Betting Confirmation Screen, including but not limited to the details in the Investment Request, are correct.
- 8.7 An Investor shall confirm the Investment Request contained in the Internet Betting Confirmation Screen by clicking the appropriate button on that screen.
- 8.8 Upon confirmation of the Investment by the Investor in accordance with Rule 8.7, the Investor may not cancel, amend or replace the Investment.
- 8.9 The Investment contained in the Investment Request shall be accepted and confirmed by the Betting Operator upon allocation by the Betting Operator of a ticket serial number to the Investment.
- 8.10 The Betting Operator will make reasonable endeavours to notify the Investor of confirmation of the Investment by issuing to the Investor an Internet Betting Receipt.
- 8.11 If the Investor does not receive an Internet Betting Receipt in respect of an Investment, the Investor may request by telephone or in writing and the Betting



- 8.12 If the Investor receives an Internet Betting Receipt that does not match the Investment Request confirmed by the Investor, the Investor may make a claim in relation to the Investment, provided such claim is rendered to the Betting Operator within fourteen (14) days of the date of placing of the Investment by the Investor.

9. DECLARATION OF OUTCOME

- 9.1 In addition to these Rules all Wagers shall be subject where appropriate to the rules of the Controlling Body of the Event upon which each particular Wager is made provided that to the extent of any inconsistency these Rules shall prevail.
- 9.2 The Outcome in respect of any particular Results of an Event or in respect of the Event itself shall be that as officially declared upon the conclusion of the Event provided that in the event an Outcome is not declared within three (3) days of the Conclusion of an Event, the Betting Operator shall refund the Investment to the Investor.
- 9.3 In respect of horse or harness and greyhound racing Events the official Outcome declared shall be that immediately following the declaration of correct weight or 'all clear' respectively.
- 9.4 At all times the Betting Operator will reasonably endeavour to declare the Outcome in accordance with the generally acknowledged outcome of the Event at the time of its conclusion or at such time as the outcome is first reliably notified to the Betting Operator.
- 9.5 Subject to Rule 7.4 if any Event shall be cancelled in full prior to its commencement the Betting Operator shall refund all Wagers invested on that Event.
- 9.6 (a) Subject to Rule 7.4 if any Event, which is not a thoroughbred, harness or greyhound racing Event, is postponed prior to its commencement for a period of more than three (3) days from the day on which the Event was scheduled to commence, the Betting Operator shall refund the Investment. If any Event is postponed prior to its commencement for a period of three (3) days or less from the day on which the Event was scheduled to commence, the Investment shall stand.
- (b) Subject to Rules 7.6 and 7.7 if any Event which is a thoroughbred, harness or greyhound racing Event is postponed:
- (i) in the case of an Event where betting is opened prior to the official time for the declaration of final acceptances, if the Event is not held within seven (7) or less days from the day on which the Event was originally scheduled to commence, then the Event shall be treated as abandoned and all Investments shall be refunded to the Investor, otherwise the Investment shall stand.
- (ii) in the case of an Event where betting is opened after the official time for the declaration of final acceptances, if the Event is not held within one (1) day from the day on which the Event was originally scheduled to commence, then the Event shall be treated as abandoned and all Investments shall be refunded to the Investor, otherwise the Investment shall stand.
- 9.7 Unless otherwise determined by the Betting Operator and notified to customers generally at the time of making the bet, wagers on Events will be settled on the official or podium positions as per the adjudication of the relevant, recognised governing body. Subsequent disqualification, promotion of competitors, or any other change is irrelevant for the purposes of determining the result of a bet.



- 9.8 Subject to Rule 9.9 unless otherwise determined by the Betting Operator and notified to customers generally at the time of making the bet, the final results shall take into account any extra time periods or match replay or any other contingency necessary to determine the winner.
- 9.9 Where an Event results in a tie, draw or dead heat and the Betting Operator has offered prices within that Event for a tie, draw or dead heat, the outcome shall be determined excluding any extra time, replay or other contingency necessary to determine an official result and any bet for a result other than a tie, draw or dead heat will be deemed to have lost.

10. SPORTS SPECIFIC RULES

- 10.1 10.1 Unless otherwise determined by the Betting Operator and notified to customers generally at the time of making the bet, the clauses below apply to all bets on the relevant sport. If any inconsistency arises between a Rule in Rule 10.1 relating to the sport on which the sports bet was placed and a Rule elsewhere in the Rules, the sport specific Rule in Rule 10.1 prevails to the extent of any inconsistency.

10.1.1 Baseball

10.1.1.1 Where one or both of the nominated starting pitchers does not start a game, all bets on that game are deemed void and are to be refunded unless otherwise determined by the Betting Operator and notified to customers generally at the time of placing the bet.

10.1.1.2 Where a baseball match is postponed to another day Rule 9.6 (a) does not apply and all bets on the match are deemed void and are to be refunded.

10.1.2 Boxing

10.1.2.1 Where a contest is postponed (to the calendar day following or later) or a contestant is replaced by a substitute, such contest is deemed to be abandoned and all bets are to be refunded.

10.1.2.2 Where, for any reason, the scheduled number of rounds in a contest is altered, all bets on that contest are deemed void and are to be refunded.

10.1.2.3 Where, for any reason, a points decision is awarded before the full number of rounds is completed, bets will be settled on the round in which the fight was stopped.

10.1.2.4 If a boxer fails to 'answer the bell' signalling the commencement of the next round, the contest is deemed to have ended in the previous round.

10.1.3 Cricket

10.1.3.1 In the case of all types of cricket matches,

(a) Unless at least one ball is bowled, all bets on the match are deemed void and are to be refunded.

(b) A player who officially retires for any reason other than injury is deemed to be out.

(c) In the case of 'next batsman out' betting, bets on a member of a batting partnership which remains intact at the end of an innings are deemed void and are to be refunded.

(d) In the case of 'next batsman out betting', a batsman who officially retires injured during the course of an innings is not considered out for betting purposes. In such instances, bets relating to the relevant batsman or pairing are deemed void and are to be refunded.



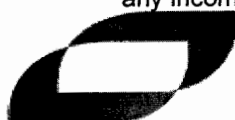
unless both the relevant batsmen are at the wicket when at least one ball is bowled (but not necessarily at the same time) the relevant bets are deemed void and are to be refunded.

- (f) A "Mankad" dismissal of a batsman is of similar effect to a dismissal by other means.
- (g) This Rule is subject to any specific rulings by the relevant recognised governing body. In the case of betting on player, team or other type of performance over a series of matches (eg most wickets, most catches, most runs or number of catches) any runs, wickets or catches accumulated in matches that were abandoned shall count toward the relevant tallies at the end of the series.

10.1.3.2 A one-day cricket match means a cricket match so classified by the Betting Operator.

10.1.3.3 In the case of one-day cricket and Twenty 20 matches only,

- (a) If a match is shortened by the relevant recognised governing body (due to weather, poor light or any other reason) the result is that determined by the relevant recognised governing body under the relevant competition rules.
 - (i) In the case of one-day cricket a minimum of 20 overs must be completed otherwise all bets not determined at the time the match is concluded are deemed void and are to be refunded.
 - (ii) In the case of Twenty 20 matches a minimum of 6 overs must be completed otherwise all bets not determined at the time the match is concluded are deemed void and are to be refunded.
- (b) In the case of betting on the highest scoring batsman (across both teams) where the match is abandoned with no official result declared, all bets are deemed void and are to be refunded.
- (c) In the case of highest scoring batsman in one team's innings:
 - The successful outcome will be the batsman scoring the most runs, regardless of whether or not all batsmen for that team have faced a ball.
 - In the case of an innings shortened by the relevant recognised governing body (due to weather, poor light or any other reason) the successful outcome will be the batsman scoring the most runs across the revised number of overs provided an official result is declared. If an official result is not declared bets are deemed void and will be refunded.
- (d) In the case of betting on the highest wicket taking bowler for one team in an innings:
 - The successful outcome will be the bowler taking the most wickets, regardless of whether or not all the opposing team's wickets have fallen
 - Unless at least one wicket is taken by a bowler during the relevant innings all bets are deemed void and are to be refunded.
- (e) In the case of betting on the highest wicket taking bowler across both teams in a one day match:
 - the successful outcome will be the bowler taking the most wickets, regardless of whether or not all wickets have fallen.
 - Unless at least one wicket is taken by a bowler during the relevant innings all bets are deemed void and are to be refunded.
- (f) If play is postponed to a reserve day, any bets not decided – including (but not limited to) bets on the outcome of the match and bets relating to any incomplete innings – are to be carried forward to the reserve day and



- (g) In the case of betting on the total number of runs scored in an innings:
- the successful outcome will be the number of runs scored in that innings regardless of whether or not the innings is shortened by the relevant recognised governing body (due to weather, poor light or any other reason)
 - where the innings is shortened by the relevant recognised governing body (due to weather, poor light or any other reason) to the extent that the match is abandoned with no official result declared, all bets are deemed void and are to be refunded.

10.1.3.4 In the case of Twenty 20 matches only,

- (a) The outcome of any betting option excludes the super over unless otherwise expressly stated;
- (b) The outcome of any match betting excludes the super over unless otherwise expressly stated.

10.1.3.5 In the case of cricket matches, other than one-day matches,

- (a) In the case of betting on the highest scoring batsman for one team in an innings match or series.
- the successful outcome will be the batsman scoring the most runs, regardless of whether or not all batsmen for that team have faced a ball
 - unless at least one run is scored 'off the bat' by a batsman for that team during the relevant innings, match or series all bets are deemed void and are to be refunded.
- (b) In the case of betting on the highest scoring batsman across both teams in an innings, match or series.
- (c) the successful outcome will be the batsman scoring the most runs, irrespective of whether or not all batsmen for both teams have faced a ball
 - (d) unless at least one run is scored 'off the bat' by a batsman for either team during the relevant innings, match or series all bets are deemed void and are to be refunded.
- (c) In the case of betting on the highest wicket-taking bowler for one team in an innings, match or series:
- the successful outcome will be the bowler taking the most wickets, regardless of whether or not all the opposing team's wickets have fallen
 - unless at least one wicket is taken by a bowler during the relevant innings, match or series all bets are deemed void and are to be refunded.
- (d) In the case of betting on the highest wicket-taking bowler across both teams in an innings, match or series:
- The successful outcome will be the bowler taking the most wickets, regardless of whether or not all wickets have fallen
 - (e) unless at least one wicket is taken by any bowler during the relevant innings, match or series all bets are deemed void and are to be refunded.
- (e) In the case of betting on the total number of runs scored in an innings:
- the successful outcome will be the number of runs scored in that innings regardless of whether or not the innings is completed



- unless at least one ball is bowled in the innings all bets are deemed void and are to be refunded.
- (f) In the case of test (and non-limited overs) cricket, if the match is declared a "tie", all bets to win on either team will be paid at half face-value, while bets on the draw will be losers.

10.1.4 Golf

10.1.4.1

(a) Where a tournament which is scheduled for (72) holes is abandoned for any reason, if less than thirty six (36) holes have been completed, all bets on the outcome of the tournament are void and are to be refunded. If thirty six (36) or more holes have been completed and an official result is declared by the relevant recognised governing body, all bets stand and are to be determined in accordance with that official result. This clause is subject to Rule 10.1.4.6.

(b) Where a tournament which is scheduled for (90) holes is abandoned for any reason, if less than fifty four (54) holes have been completed, all bets on the outcome of the tournament are void and are to be refunded. If fifty four (54) or more holes have been completed and an official result is declared by the relevant recognised governing body, all bets stand and are to be determined in accordance with that official result. This clause is subject to Rule 10.1.4.6.

10.1.4.2 Where a tournament which is scheduled for fewer than seventy two (72) holes is abandoned, bets on the outcome of the tournament are to be determined in accordance with the official result declared by the relevant recognised governing body.

10.1.4.3 Any play-off holes will be taken into account in determining the winner of a tournament. However, in the case of place bets, Rules 11.5 and 7.3 herein will apply where there is a tie after completion of the set number of holes (subject to Rules 10.1.4.1 and 10.1.4.2 herein).

10.1.4.4 In the case of 'group' betting:

- (a) where all players in a group fail to complete the scheduled number of holes in an event, the winner of that group shall be the player who completes the most number of holes;
- (b) where some of the players in a group fail to complete the scheduled number of holes in an event, the winner of that group shall be the player(s) who completes the most number of holes with the lowest score;
- (c) where all players in a group complete the same number of holes, the winner will be the player in that group with the lowest score (subject to Rules 10.1.4.1 and 10.1.4.2 herein);
- (d) where a tied result occurs in relation to any part of this clause, the provisions of Rules 11.5 and 7.3 herein are to be applied.

10.1.4.5 This Rule applies where a tournament is suspended on the direction of the relevant recognised governing body and no official result is declared under circumstances where the balance of the tournament is intended to be rescheduled. In such cases, all bets not yet determined upon suspension of play are to be held by the Betting Operator until a result is declared by the relevant governing body. In these circumstances, if a result is not declared within one month of the original commencement date, all bets not yet determined are deemed void and are to be refunded.

10.1.4.6 In the event that a tournament is abandoned prior to completion of the scheduled number of holes, any bets placed after the point in the tournament are deemed void and are to be refunded.



be refunded.

10.1.4.7 In the case of 2 or 3 ball (player) group betting over 18 holes, the winner will be the player with the lowest score after completion of the relevant 18 holes. Unless all players in the group complete the relevant 18 holes, bets are deemed void and are to be refunded.

10.1.5 Jockey/Driver Challenge

10.1.5.1 “Jockey/Driver Challenge” is betting on a jockey or driver achieving the highest aggregate points scored in accordance with these rules for achieving a place in races conducted at a particular race meeting or over a racing carnival. A racing carnival shall include a series of race meetings as nominated by the Betting Operator.

10.1.5.2 Prior to commencement of betting, wagering operators will prepare a list of jockeys and/or drivers and opening prices. The list will include an “any other” price option to cover any jockey and/or driver who is not included in the original list. At all times the “any other” option shall be treated as one entity.

10.1.5.3 In the event of a race meeting being abandoned or postponed all bets are void and moneys are to be refunded except where:

(a) in the event of Jockey/Driver Challenge betting on a single meeting, a jockey and/or driver has an unassailable lead in which case all bets stand

(b) in the event of Jockey/Driver Challenge betting on a racing carnival, a jockey and/or driver has an unassailable lead in which case all bets stand

10.1.5.4 No points shall be allocated in relation to a race scheduled to be conducted at a race meeting if that race is postponed to another race meeting, abandoned or declared a no race by the Stewards on the day of the race meeting.

10.1.5.5 The winner will be the jockey and/or driver who has the most points accumulated at the end of the competition. Subject to 10.1.5.6 points will be accrued per race and calculated as follows:

- 3 points for a winning ride
- 2 points for a second placed ride
- 1 point for a third placed ride

Points will only be allocated to the jockey(s) and/or driver(s) who actually ride/drive the winning or placed horse(s) in a race. Points will not be allocated to any rider/driver who may have been engaged to ride/drive a horse but was subsequently replaced by permission or direction of the Stewards. There will be no refunds of bets should a jockey and/or driver be replaced by another rider/driver.

10.1.5.6 In the event of a dead heat for any or all of the placings jockey/driver points will be allocated on a proportionate fractional basis i.e.

6.1.1.1.1 Dead Heat for a Win	Dead Heat for Second	Dead Heat for Third
Points	Points	Points
1st - 2.5, 2.5	1st - 3	1st - 3
2nd - 0	2nd -1.5, 1.5	2nd - 2
3rd - 1	3rd - 0	3rd - 0.5, 0.5

In the event of a triple dead heat for any or all of the placings, points will be allocated on a proportionate fractional basis i.e.:



Win	Second	Third
Points	Points	Points
1st - 2, 2, 2	1st - 3	1st - 3
2nd - 0	2nd - 1, 1, 1	2nd - 2
3rd - 0	3rd - 0	3rd - 0.3, 0.3, 0.3

10.1.5.7 In the event of two or more jockeys and/or drivers being tied on the same number of points at the completion of the competition all successful bets will be paid by dividing the face value of the sports betting ticket (the original dividend) by the number of competitors involved in the tie.

10.1.5.8 In accordance with Rule 9.7 allocated points will not be subject to change in the case of any future disqualification.

10.1.5.9 Payment will be declared at the end of each race meeting or carnival, unless otherwise determined by the Betting Operator.

10.1.6 Motor Racing

10.1.6.1 In the case of individual races, in accordance with Rules 9.7 herein, results will be determined based on the initial declaration of the official result of the race by the relevant recognised governing body. The result will not be affected by any subsequent protests, processes or amendments to placing.

10.1.6.2 In the case of championships, in accordance with Rule 9.7 herein, results will be determined based on the official points standing upon the initial declaration of the official result by the relevant recognised governing body of the final event for championship purposes. The championship result will not be affected by any subsequent protests, processes or amendments to placing.

10.1.6.3 In the case of individual races where the drivers for individual cars are not known 48 hours prior to the scheduled commencement time of the race, betting will be conducted on the winning car rather than the winning driver.

10.1.6.4 In the case of "head-to-head" betting between two cars or two drivers, if either of the relevant cars or drivers fail to finish, the successful outcome will be determined in accordance with which car or driver completes the most laps. In the event that both cars or drivers are credited with completing the same number of laps dead heat rules apply.

10.1.6.4 Where the event details specify, in the case of endurance car racing betting will be conducted on the winning car and not the winning driver.

10.1.7 Rugby

10.1.7.1 In the case of bets on the first or next try scorer:

- (a) except in cases where the Betting Operator offers prices for a penalty try within the relevant market, in the event that the first or next try is a penalty try, relevant bets will be determined on the basis of the try following; and
- (b) relevant bets stand regardless of whether the player who is the subject of the sports bet or any other player takes or leaves the field or is dismissed from the game.

10.1.7.2 In the case of bets on the next scoring play:

- (a) except in cases where the Betting Operator offers prices for a penalty try within the relevant market, in the event that the next scoring play is a penalty try the relevant bet will be determined on the basis of the next scoring play and



from the game.

10.1.8 Soccer

10.1.8.1 If a soccer match is officially called off prior to its scheduled completion and an official match result is not declared by the relevant recognised governing body, bets not determined at the time the match is concluded are deemed void and are to be refunded. This does not apply to bets already determined at the conclusion of the match, eg first goal scorer.

10.1.8.2 If a soccer match is officially called off prior to its scheduled conclusion and an official match result is declared by the relevant recognised governing body, relevant bets will be determined on that result. However, in these circumstances, bets which are dependent upon the number of goals scored (including line bets) and are yet to be determined are deemed void and are to be refunded.

10.1.8.3 Unless otherwise determined by the Betting Operator and notified to customers generally at the time of placing the bet, the outcome of soccer matches is determined at the end of 'normal time' (in most circumstances 90 minutes plus injury time).

10.1.8.4 Except in cases where the Betting Operator offers prices for an own goal within the relevant market, if the first or next goal scorer is awarded an 'own goal', relevant bets will be determined on the basis of the goal following.

10.1.9 Tennis

10.1.9.1 A tennis match is deemed to have commenced with the first serve. If, for any reason, the scheduled number of sets is not completed, sports bets not determined when the match is completed are deemed void and are to be refunded. This is subject to Rule 10.1.9.2 herein.

10.1.9.2 If, for any reason, a competitor or a doubles team withdraws, is disqualified or fails to complete a match after it has commenced, all single bets are deemed void and are to be refunded, while affected multiple bets will be recalculated on the same basis as applying to the calculation of payouts in the case of postponed or abandoned betting events under Rule 7.4.

10.1.9.3 Where, for any reason, the venue for a tennis match is changed but does not involve a change in the type of playing surface rule 6.15 does not apply.

10.1.9.4 If a scheduled match within a tournament is played prior to the completion of the tournament, all bets stand and rule 9.6(a) does not apply.

10.1.10 Yachting

10.1.10.1 Where betting is conducted on 'line honours' or 'quinella', in accordance with Rule 9.7, results will be determined based on the placings of the yachts as they cross the finish line. The result will not be affected by any subsequent protests, processes or amendments to placings.

10.1.11 Greyhound Box Challenge

10.1.11.1 "Greyhound Box Challenge" is betting on a Selection achieving the highest aggregate points scored in accordance with these rules for achieving a place in races conducted at a particular race meeting or over a racing carnival. A racing carnival shall include a series of race meetings as nominated by the Betting Operator.

10.1.11.2 Prior to commencement of betting, wagering operators will prepare a list of Selections and opening prices.

10.1.11.3 In the event of a race meeting being abandoned or postponed all bets



(a) in the event of Greyhound Box Challenge betting on a single meeting, a Selection has an unassailable lead in which case all bets stand.

(b) in the event of Greyhound Box Challenge betting on a racing carnival, a Selection has an unassailable lead in which case all bets stand.

10.1.11.4 No points shall be allocated in relation to a race scheduled to be conducted at a race meeting if that race is postponed to another race meeting, abandoned or declared a no race by the Stewards on the day of the race meeting.

10.1.11.5 The winner will be the Selection who has the most points accumulated at the end of the competition. Subject to 10.1.11.6 points will be accrued per race and calculated as follows:

3 points for a win
2 points for second place
1 point for third place

Points will only be allocated to the Selection(s) who actually place first, second or third in a race. This includes any reserve runners entering the field in the place of a scratched Selection, whereby points will be awarded to the box in which they are allocated.

10.1.11.6 In the event of a dead heat for any or all of the placings, points will be allocated on a proportionate fractional basis i.e.

6.1.1.1.1 Dead Heat for a Win	Dead Heat for Second	Dead Heat for Third
Points	Points	Points
1st - 2.5, 2.5	1st - 3	1st - 3
2nd - 0	2nd -1.5, 1.5	2nd - 2
3rd - 1	3rd - 0	3rd - 0.5, 0.5

In the event of a triple dead heat for any or all of the placings, points will be allocated on a proportionate fractional basis i.e.:

Triple Dead Heat for Win	Triple Dead Heat for Second	Triple Dead Heat for Third
Points	Points	Points
1st - 2, 2, 2	1st - 3	1st - 3
2nd - 0	2nd -1, 1, 1	2nd - 2
3rd - 0	3rd - 0	3rd - 0.3, 0.3, 0.3

10.1.11.7 In the event of two or more Selections being tied on the same number of points at the completion of the competition all successful bets will be paid by dividing the face value of the sports betting ticket (the original dividend) by the number of Selections involved in the tie.

10.1.11.8 In accordance with Rule 9.7 allocated points will not be subject to change in the case of any future disqualification.

10.1.11.9 Payment will be declared at the end of each race meeting or carnival, unless otherwise determined by the Betting Operator.

10.1.12 Badminton



If, for any reason a competitor or a doubles team withdraws, is disqualified or fails to complete a match after it has commenced, all sports bets not already determined when the match is concluded are deemed void and are to be refunded. Affected multiple bets will be recalculated on the same basis as applying to the calculation of payouts in the case of postponed or abandoned sports betting events under Rule 7.4(a)


10.1.13 Squash

10.1.12.1 A Squash match is deemed to have commenced with the first serve. If, for any reason a competitor or a doubles team withdraws, is disqualified or fails to complete a match after it has commenced, all sports bets not already determined when the match is concluded are deemed void and are to be refunded. Affected multiple bets will be recalculated on the same basis as applying to the calculation of payouts in the case of postponed or abandoned sports betting events under Rule 7.4(a)

10.1.14 Surfing

10.1.14.1 If a scheduled event within a tournament is played prior to the completion of the tournament, all bets stand and Rule 9.6(a) does not apply.

11. PAYMENT OF PAYOUTS AND REFUNDS

- 11.1 Upon the declaration of the Outcome by the Betting Operator payment of Payouts in respect of all successful Wagers shall be made.
- 11.2 All Payouts payable to an Investor shall be paid, at the Betting Operator's option, in cash or by the crediting of the amount of such Payout to the then current balance of that Investor's Account or where no valid Account is at that time held by the crediting of the amount to a freshly issued Account with a commencing nil balance.
- 11.3 Payouts and Refunds will be paid in cash or credited to the Investor's Account as soon as practicable following the declaration of the Outcome at/or after the conclusion of the Event being the Event forming the final leg in the case of multi-leg betting.
- 11.4 The amount standing to the credit of an Account or the value of such other devices as may be used by an Investor in connection with Sportsbet as may be determined by the Betting Operator from time to time shall be paid or dealt with in accordance with the instructions of the holder thereof. The instructions shall be in such form as the Betting Operator in its sole discretion may from time to time require.
- 11.5 Unless otherwise determined by the Betting Operator and notified to customers generally at the time of making the bet, if the result of an Event is declared with joint winners or placegetters and a tie, draw or dead heat is not a form of betting offered by the Betting Operator on that Event, the revised payout payable shall be calculated by the following method:
- (a) Divide the face value of the sports betting ticket (the original payout) by the number of competitors involved in the tie, draw or dead heat; then
 - (b) Multiply the figure obtained in Rule 11.5(a) by the number of official placings to be filled by the competitors figuring in the tie, draw or dead heat.
- 11.6  The amount of the revised payout shall be paid such that remaining

number of placings available and divided by the number of eligible Competitors tying for those available placings.

- 11.7 The Betting Operator shall at all times retain the right to postpone the payment of Payouts in respect of any Event or Events as it shall see fit.
- 11.8 For the payment of Payouts, the "outcomes not quoted" selection is considered to be a single competitor, and accordingly can only be paid the equivalent of one payout, irrespective of the number of "outcomes not quoted" that would have achieved a payout if they were players that had prices quoted.
- 11.9 Procedures for making claims for a payout or refund (including in relation to lost tickets) are contained in the Betting Rules.

12. LIABILITY OF THE BETTING OPERATOR

- 12.1 The Betting Operator shall in no circumstances be liable for any loss or damage suffered or alleged to have been suffered by an Investor as a result of or in any way arising out of or as a consequence of any of the following:
- (a) Inability to place or cancel an Investment prior to the closing of betting for any Event;
 - (b) The loss of a Ticket;
 - (c) Any payment made to the bearer of a Ticket where an Investor alleges that such payment was made to the wrong person;
 - (d) Reliance upon any omission, inaccurate information or statement whether made by employees of the Betting Operator or any agent of the Betting Operator, or by the electronic or print media, concerning any matter whatsoever relating to the Investor or to the Betting Operator or to any Event, Competitor, Withdrawal or other matter whatsoever;
 - (e) Any subsequent change to the Outcome of an Event after the Betting Operator has declared an Outcome pursuant to Rule 9;
 - (f) Unauthorised use of the Investor's Account;
 - (g) In the case of an Investment at a Cash Outlet, failure by an Investor to correct inaccurate or omitted Investment details recorded on a Ticket immediately upon issue of the Ticket;
 - (h) In the case of a Telephone Investment, failure by an Investor to correct inaccurate or omitted Investment details when such details are called back to the Investor by the Betting Operator;
 - (i) In the case of an Internet Investment, where the Investor has confirmed the Investment Request in accordance with Rule 8.7;
 - (j) In the case of an Internet Investment, use of, participation in or inability to obtain access to the web-site for the purpose of making an Investment;
 - (k) In the case of an Internet Investment, any loss or damage caused in the event that the computer of the Investor becomes infected with a virus as a result of connecting to the web-site of the Betting Operator or by any technology failure whatsoever;
 - (l) Access by the Investor to web-sites of any other person via links from the web-site of the Betting Operator;
 - (m) Any decision of the recognised governing body of the sport or any referee or other official appointed to administer, supervise, referee or control a sports betting event (including without limitation any decision to impose, or not to impose, penalties or sanctions and the nature and extent of any such sanctions);
 - (n) Any prices quoted by any source other than duly authorised employee or no longer



valid for betting purposes;

- (o) The failure, exclusion or refusal of any competitor, team or member of a team to start or complete a betting event;
- (p) The refusal or inability of the Betting Operator, its agents or assigns to accept all or part of any Bet, or to accept any Bet or Bet type on a particular Event;
- (q) The exercise by the Betting Operator of any discretion conferred on the Betting Operator under these Rules or the manner in which that discretion is exercised either generally or in particular circumstances.

13. GENERAL RULES

- 13.1 The Investor is responsible for ensuring that the Investor's Password, PIN and other pieces of personal information that the Betting Operator may use to verify the Investor's identity are kept secret.
- 13.2 The Investor is responsible for transactions relating to his or her account. The Betting Operator accepts no responsibility for disputed transactions or for transactions made by the Investor on his or her Account.
- 13.3 The records of the Betting Operator shall be conclusive evidence of and be deemed to be the true and correct record of all Bets made via the Internet. Computer printouts and other records provided by the Investor shall not be accepted as evidence of Bets placed.
- 13.4 The Betting Operator may cease to provide access to an Investor to the web-site of the Betting Operator to place Bets via the Internet at any time. This may be done without notice to the Investor.
- 13.5 The Investor warrants that all information provided by him or her on the web-site of the Betting Operator shall be true and correct and that he or she will immediately notify the Betting Operator of any change to the information.
- 13.6 The Investor agrees to the use by the Betting Operator of the information provided by the Investor on the web-site for any purpose relating to the opening of an account, the activation of Internet access, the placement of Bets by the Investor, for marketing purposes or as required by law.
- 13.7 The Betting Operator may change the information or the format of the information on the web-site of the Betting Operator at any time without notice to the Investor.

14. ALTERATIONS OF RULES

- 14.1 If any question arises which is not or which is alleged not to be provided for by these Rules or the Act or regulations made thereunder it shall be determined by the Betting Operator or where appropriate by its duly authorised employees or agents applying as far as it is reasonably possible to do so the concept of fair play and the principles for the rules of betting of the Racing Victoria Limited.
- 14.2 These Rules may be amended from time to time in accordance with the Act and the Rules as amended shall apply to all Investments accepted after such



- 14.3 Settlement between the Betting Operator and any Investor or group of Investors shall not be disturbed by the operation of these Rules save for cases of fraud or dishonesty.
- 14.4 By making an Investment via any means of communication provided by the Betting Operator, the Investor warrants that he or she is 18 years of age or over and that making of the Investment does not violate any international, federal, state or local laws.



DEDUCTIONS SCHEDULE

Price Range	Win Deductions (Cents in dollar)	Place Deductions (3 place dividends)	Place Deductions (2 place dividends)
1.01 - 1.16	80	30	44
1.17 - 1.18	79	30	44
1.19 - 1.20	78	30	44
1.21 - 1.22	77	30	44
1.23 - 1.24	75	29	43
1.25 - 1.26	74	29	43
1.27 - 1.28	73	29	43
1.29 - 1.30	72	29	42
1.31 - 1.35	69	29	42
1.36 - 1.40	67	28	41
1.41 - 1.45	64	28	41
1.46 - 1.50	62	28	40
1.51 - 1.55	60	27	39
1.56 - 1.60	58	27	39
1.61 - 1.65	57	27	38
1.66 - 1.70	55	27	38
1.71 - 1.75	53	26	37
1.76 - 1.80	52	26	37
1.81 - 1.85	51	26	36
1.86 - 1.90	49	25	36
1.91 - 1.95	48	25	35
1.96 - 2.00	47	25	35
2.01 - 2.05	46	25	35
2.06 - 2.10	45	24	34
2.11 - 2.15	43	24	34
2.16 - 2.25	42	24	33
2.26 - 2.30	41	24	33
2.31 - 2.35	40	23	32
2.36 - 2.40	39	23	32
2.41 - 2.45	38	23	32
2.46 - 2.50	37	23	31
2.51 - 2.60	36	22	30
2.61 - 2.70	35	22	30
2.71 - 2.80	33	21	29
2.81 - 2.90	32	21	29
2.91 - 3.00	31	21	28
3.01 - 3.10	30	20	27
3.11 - 3.20	29	20	27



Price Range	Win Deductions (Cents in dollar)	Place Deductions (3 place dividends)	Place Deductions (2 place dividends)
3.21 - 3.30	28	20	26
3.31 - 3.40	27	19	26
3.41 - 3.50	27	19	25
3.51 - 3.60	26	19	25
3.61 - 3.70	25	19	25
3.71 - 3.80	25	18	24
3.81 - 3.90	24	18	24
3.91 - 4.00	23	18	23
4.01 - 4.20	22	17	23
4.21 - 4.40	21	17	22
4.41 - 4.60	20	16	21
4.61 - 4.80	19	16	21
4.81 - 5.00	19	16	20
5.01 - 5.50	17	15	19
5.51 - 6.00	16	14	18
6.01 - 6.50	14	13	16
6.51 - 7.00	13	12	16
7.01 - 7.50	12	12	15
7.51 - 8.00	12	11	14
8.01 - 8.50	11	11	13
8.51 - 9.00	10	10	13
9.01 - 9.50	10	10	12
9.51 - 10.00	9	10	12
10.01 - 11.00	8	9	11
11.01 - 12.00	8	8	10
12.01 - 13.00	7	8	9
13.01 - 14.00	7	7	9
14.01 - 16.00	6	7	8
16.01 - 19.00	5	6	7
19.01 - 20.00	5	5	6
20.01 - 21.00	4	5	6
21.01 - 26.00	3	4	5
26.01 - 31.00	3	3	4
31.01 - 41.00	2	3	3
41.01 - 51.00	2	2	2

* Price > \$51.00 = No deduction.

