



TOTE Tasmania Pty Ltd

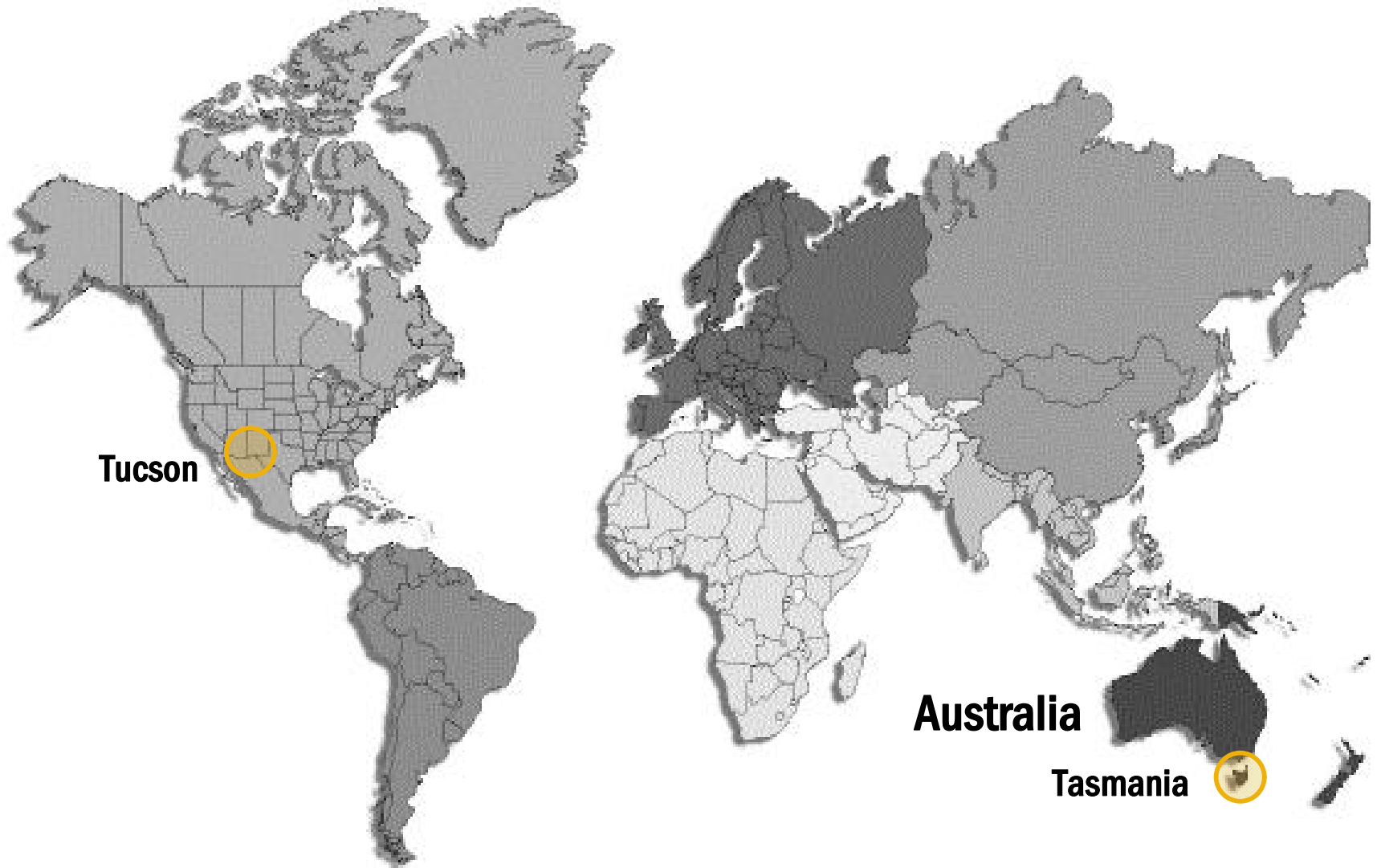
**Managing Media Rights to Maximize
Value: Racing into Digital Dimensions**

7 December 2005

Kevin Toohey

General Manager Business Development

Bearings



Tucson

Australia

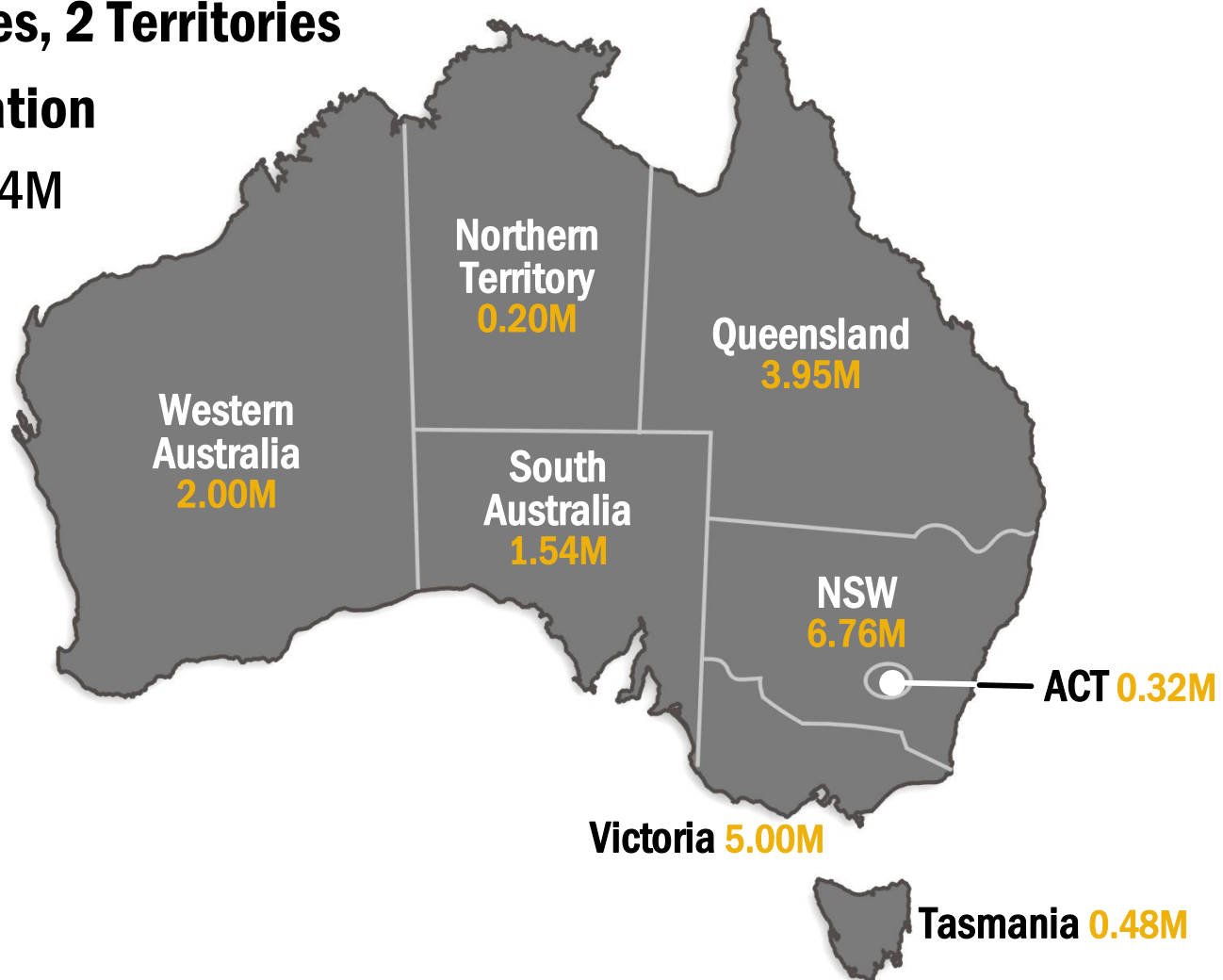
Tasmania

Australia Industry Overview :: Population

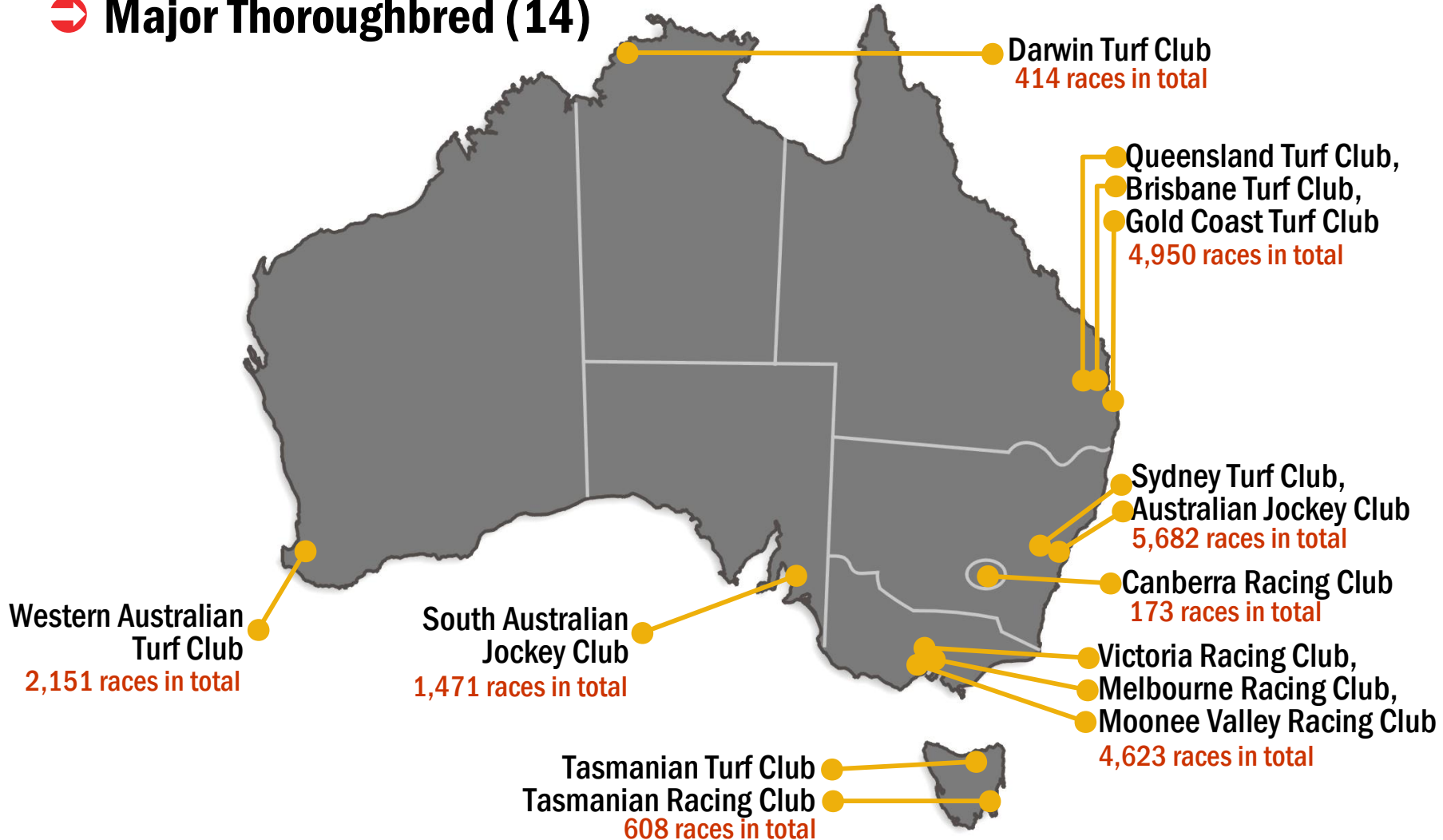
➔ 6 States, 2 Territories

➔ Population

■ 20.4M



➔ Major Thoroughbred (14)

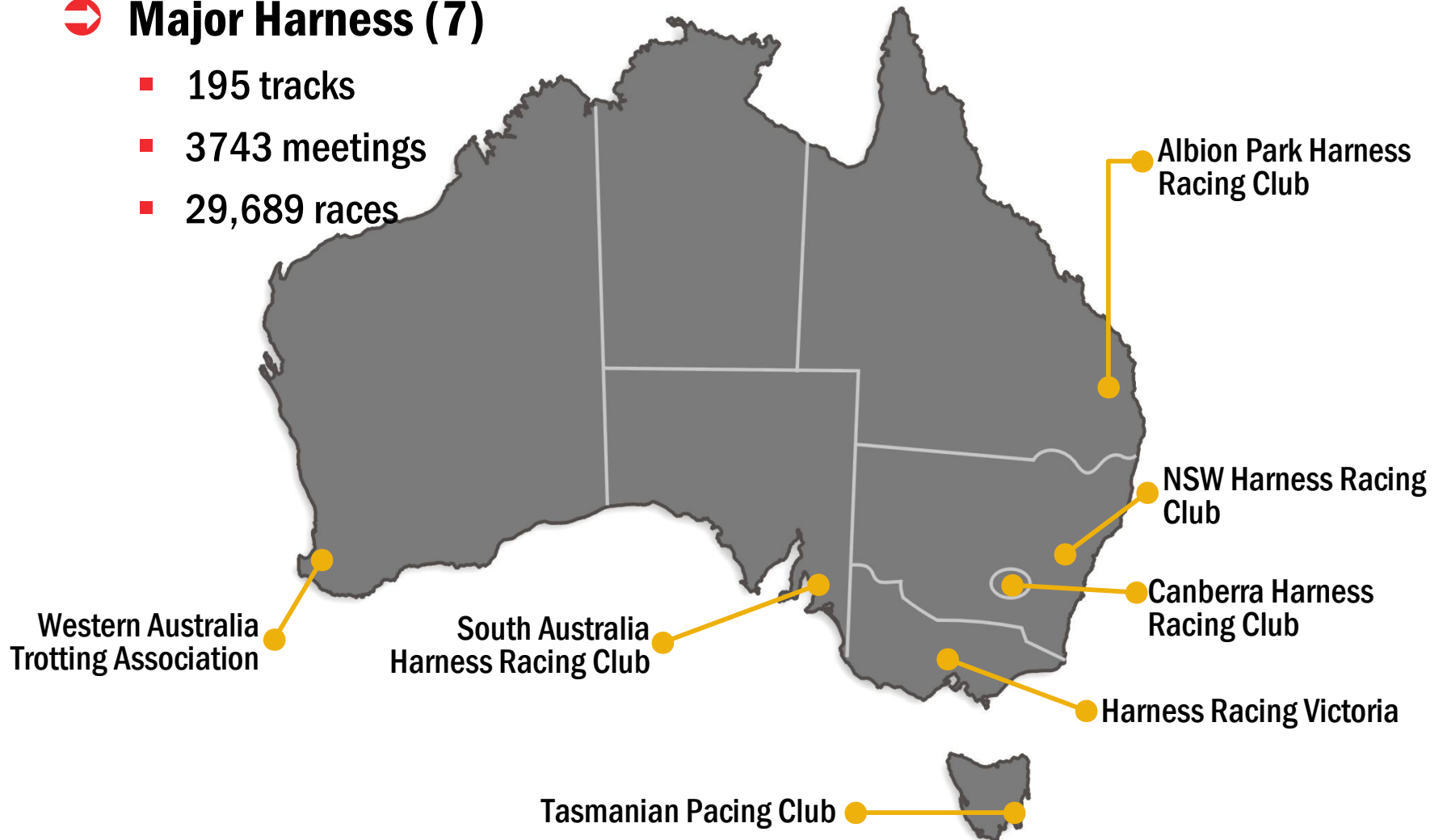


➔ **Thoroughbred Industry breakdown**

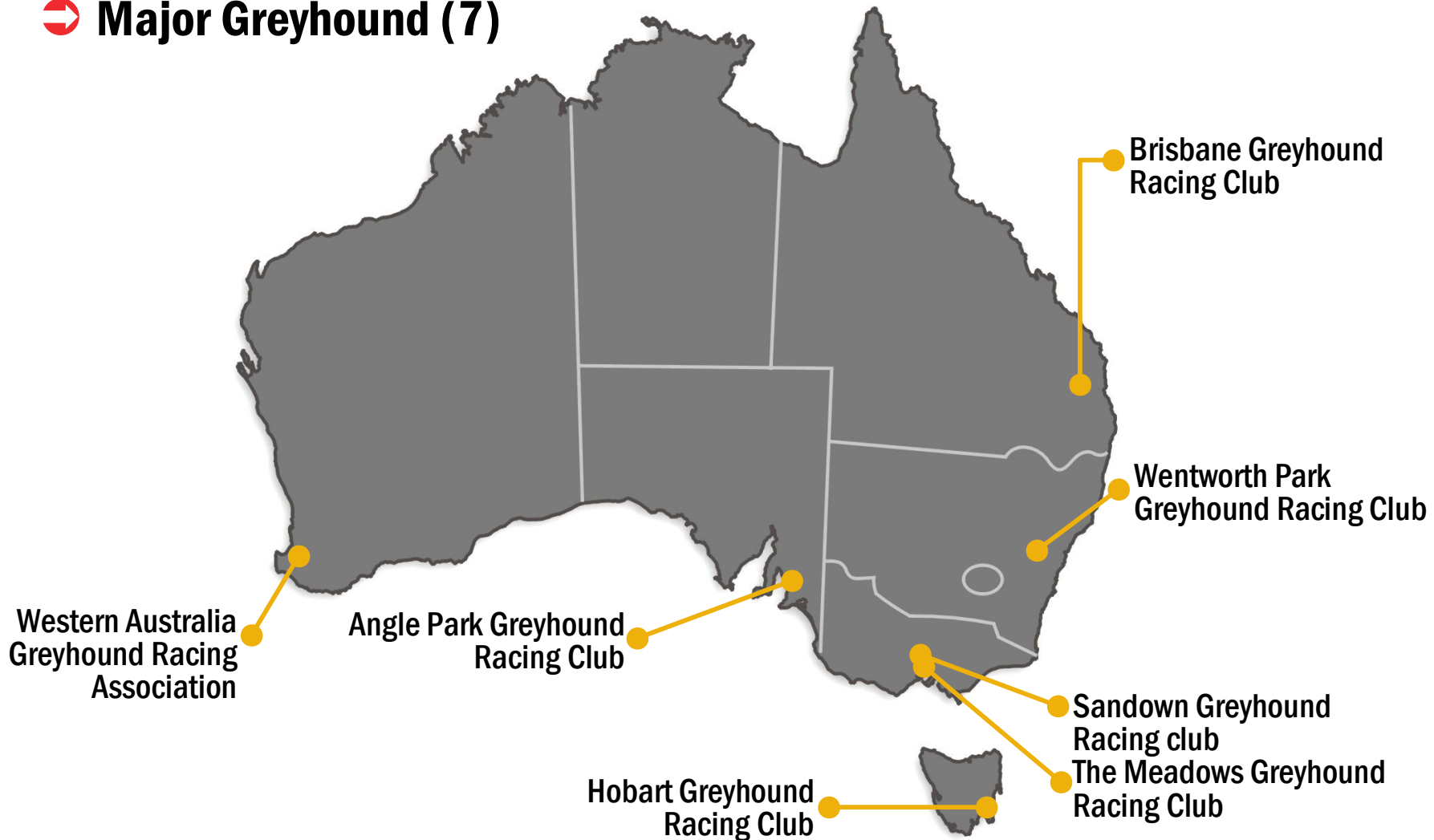
- 393 Clubs – 342 tracks
- 14 Major Clubs (20 tracks)
- 2,777 race meetings
- 20,072 races

➔ Major Harness (7)

- 195 tracks
- 3743 meetings
- 29,689 races



➔ Major Greyhound (7)



➔ **In most jurisdictions Government regulations restrict animal racing to:**

- Horse racing (gallops and harness)
- Dog Racing (greyhound)

➔ **There are 6 States and 2 Territories**

- States – WA, SA, TAS, VIC, NSW and QLD
- Territories – NT and ACT

➔ **Each has its own Regulatory regime**

➔ **Monopoly Licences exist for Pari-mutuel wagering**

- Each State – varying periods (Victoria 2008)
- Possibility of second license in some States

➔ **Bookmakers can apply for a licence in any State**

- Some States require an office within that State

➔ Gentlemen's Agreement

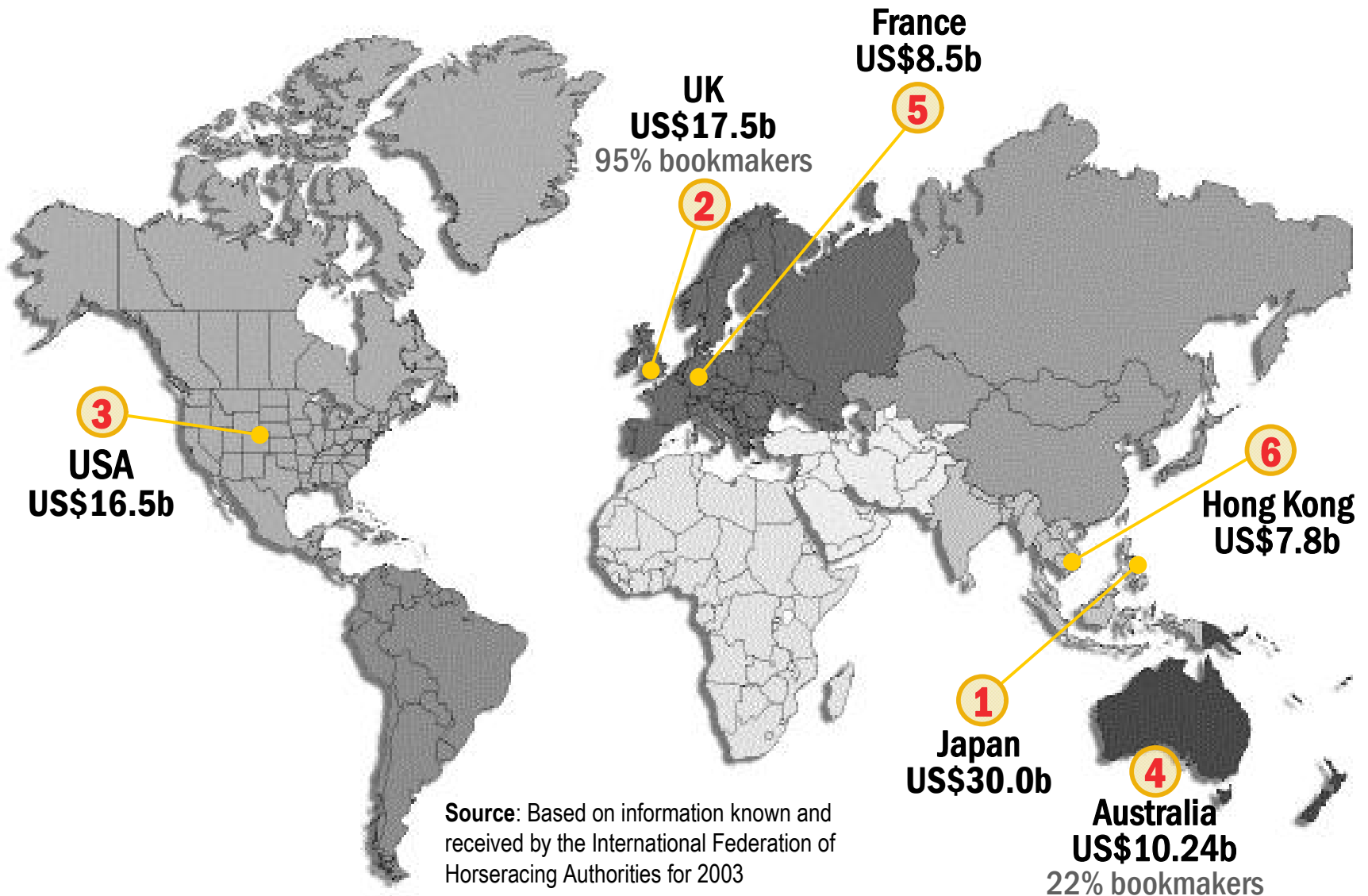
➔ State Government Business Enterprises

- Tasmania – TOTE Tasmania Pty Ltd
- Western Australia – Racing & Wagering Western Australia
- Australian Capital Territory – ACTTAB

➔ Public Companies

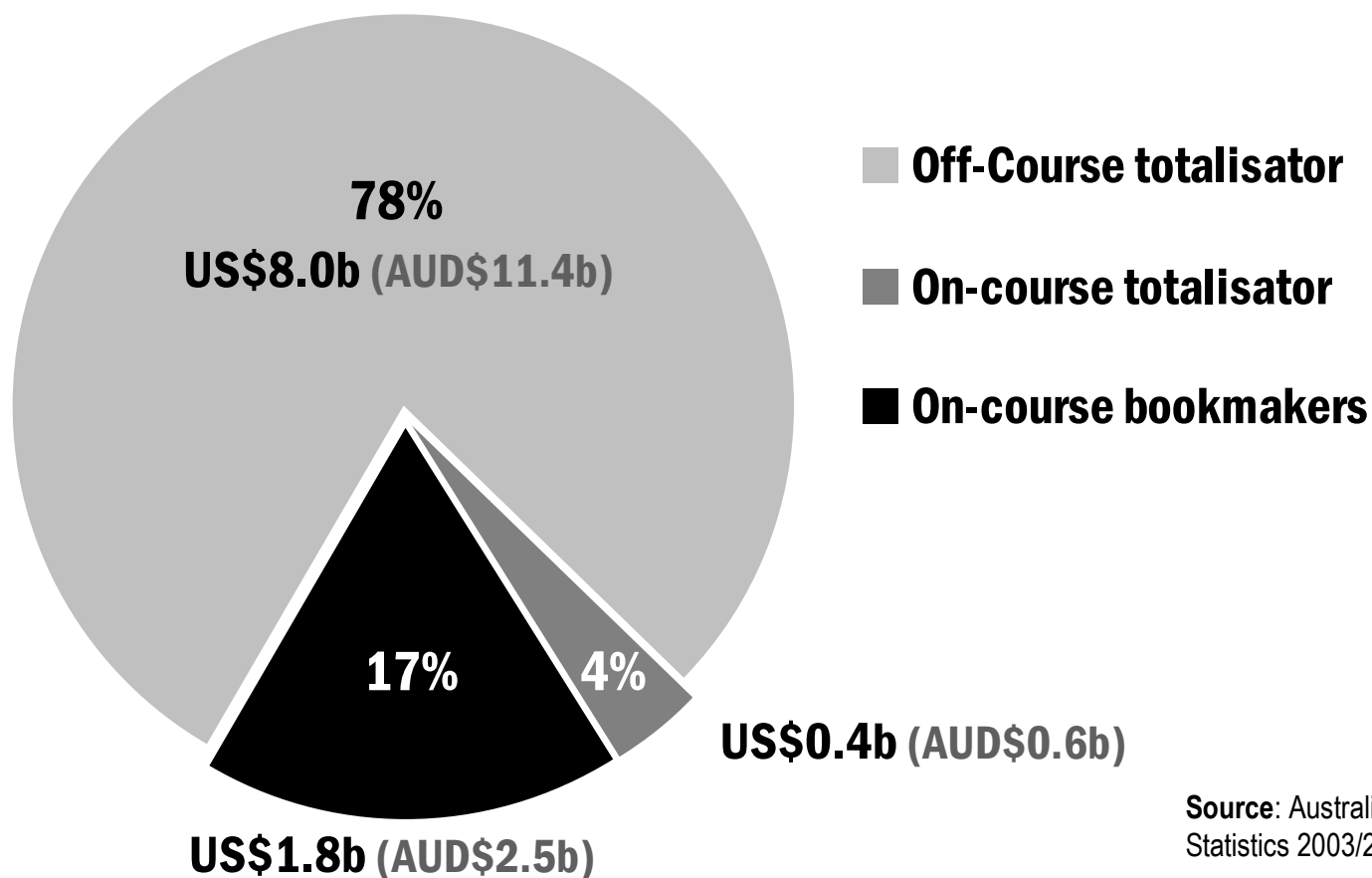
- Queensland – UniTAB (SA, NT, QLD)
- Victoria – Tabcorp (VIC, NSW)

Australia Statistics :: Betting/Wagering



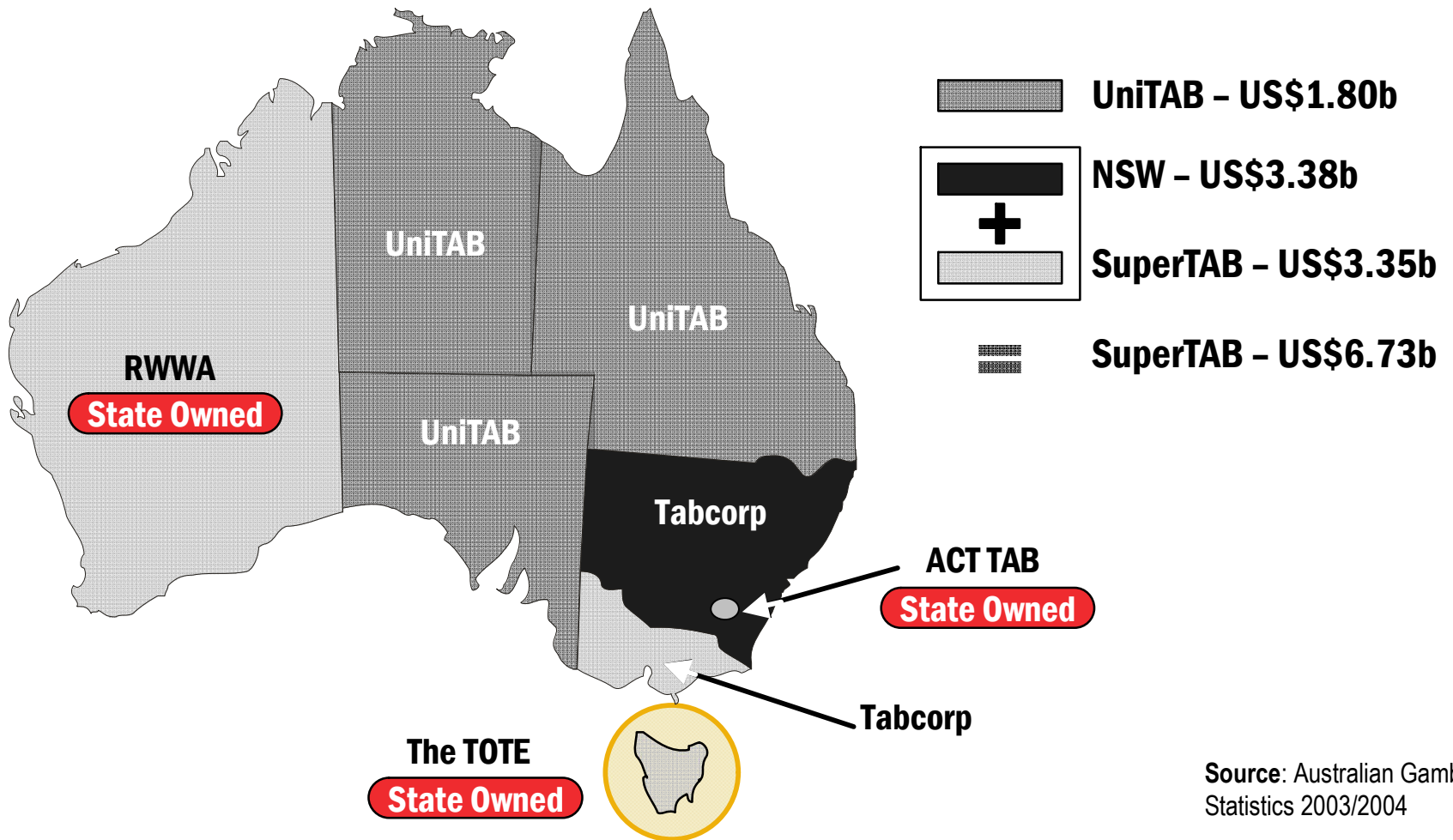
➔ Race Betting 2003/04

- Excludes “sports betting” bookmakers US\$1.2b (AU\$1.6b)



Source: Australian Gambling Statistics 2003/2004

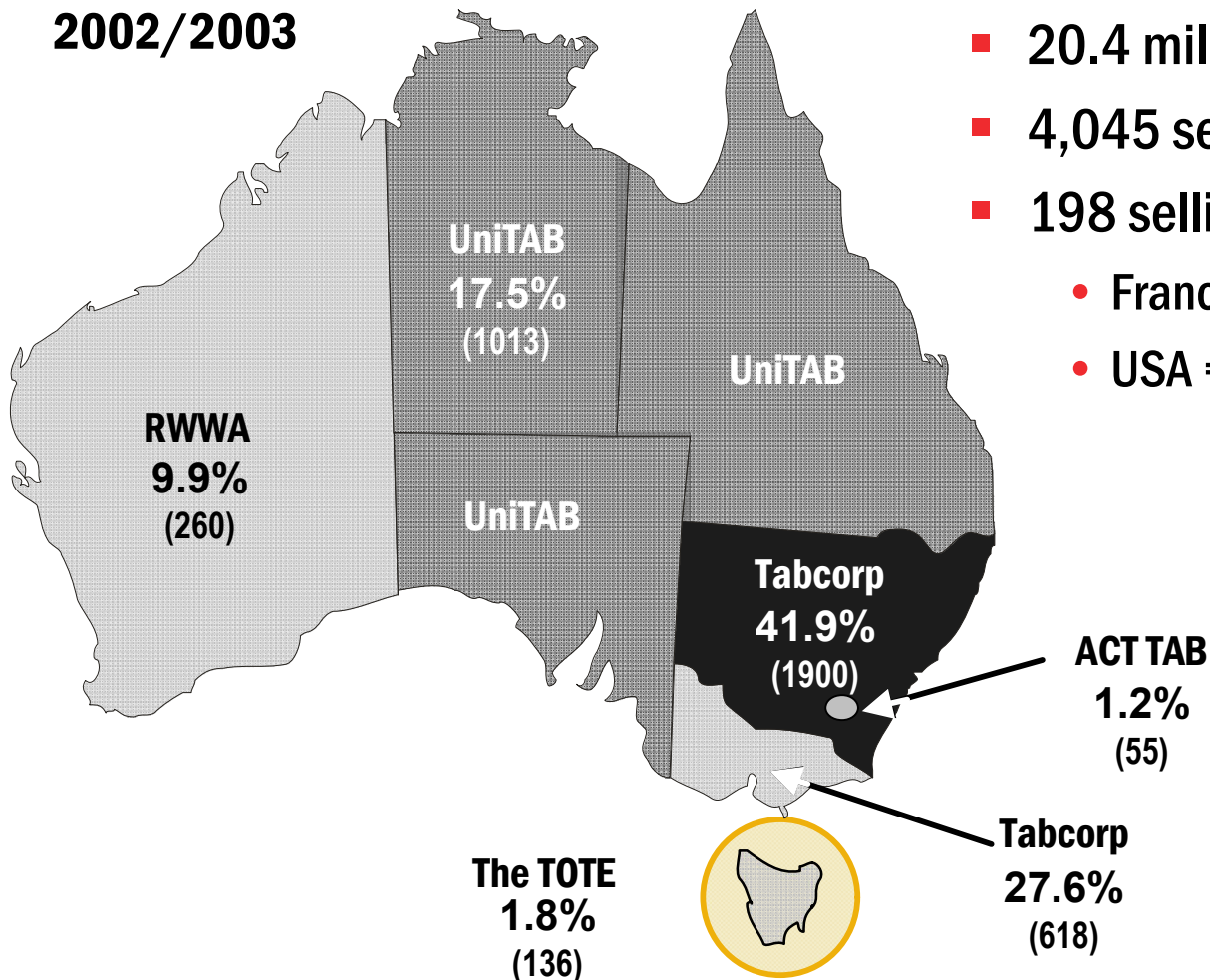
➔ **Totalisator Pools, 03/04 US\$8.53b (AUD\$11.6b)**



➔ TAB – % Retail Turnover (# Retail Outlets)

2002/2003

- 20.4 million people
- 4,045 selling points
- 198 selling points / million people
 - France = 142
 - USA = 2



Broadcast & Media Rights :: Domestic

- ➔ **Sky acquired media rights from Racing Clubs**
 - All three codes / domestic and international
- ➔ **Developed broadcast program based primarily on wagering volume**
 - Wall-2-wall product presentation – 7days a week
 - Very complex task to meet expectations of all clubs
 - Inevitably impossible to please everyone
- ➔ **Managed control over process by carefully crafted contract arrangements**
 - Non co-terminus
- ➔ **Ensured a strong monopoly situation for Sky**

➔ **Racing Victoria Limited created TVN (ThoroughVision)**

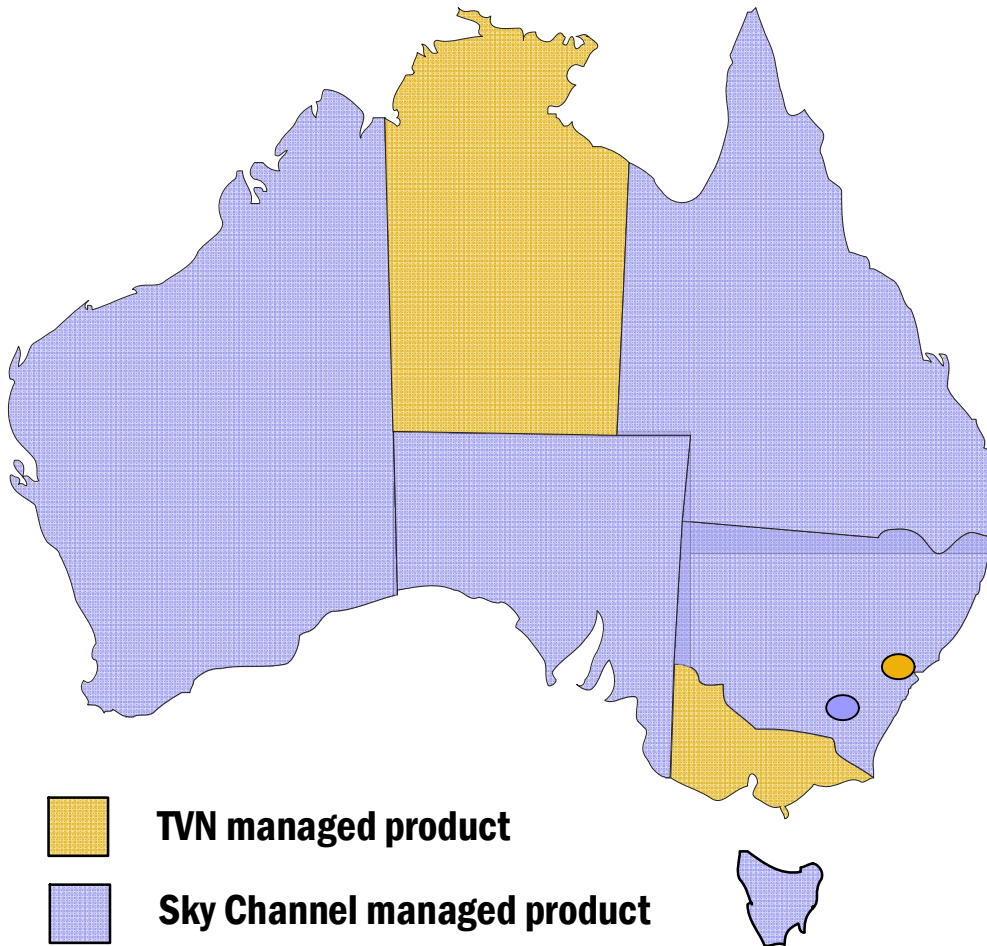
- Rights management company for all Victorian clubs
- Convinced the major NSW Clubs to buy into TVN
 - Sydney Turf Club (STC) 25%
 - Australian Jockey Club (AJC) 25%
- Major Victorian Clubs own 12.5% each and CRV 12.5%

➔ **Over last 18 months TVN has secured clubs rights and in doing so has had to become a broadcaster**

- Believed the product was worth more than Sky was prepared to pay
- Believed it wasn't being presented appropriately

➔ **Northern Territory has joined**

➔ Now have duplication of infrastructure



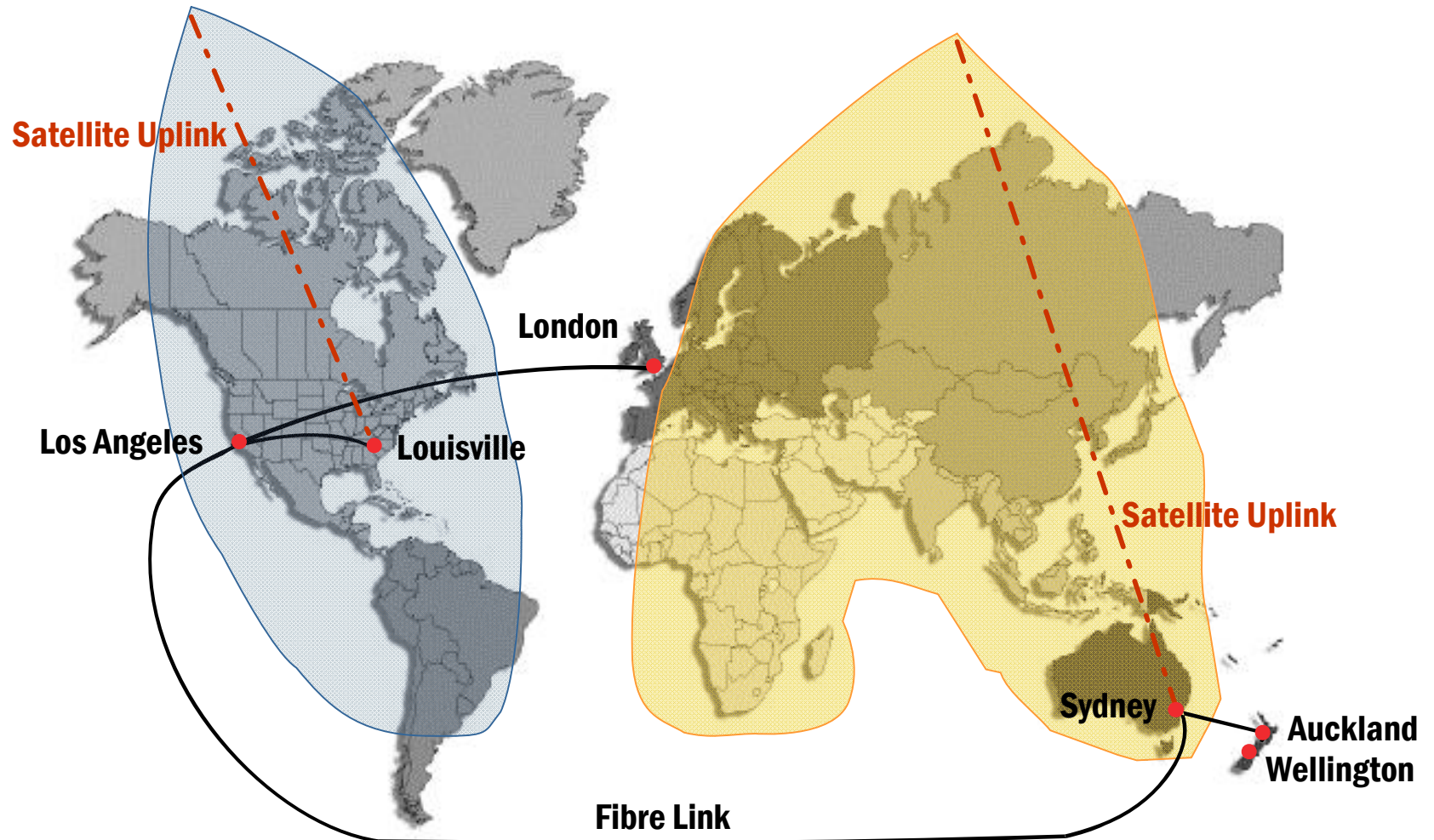
- Challenging revenue model
 - Commercial and Pay TV
- TVN committed not to increase commercial subscription costs
- Cost sharing debate
 - Content delivered (Sky 82%+)
 - Turnover generated (TVN 30%+)
- Pay TV
 - Sky Racing – national coverage on Foxtel
 - TVN – Major metro areas only.

➔ Commercial Distribution Networks

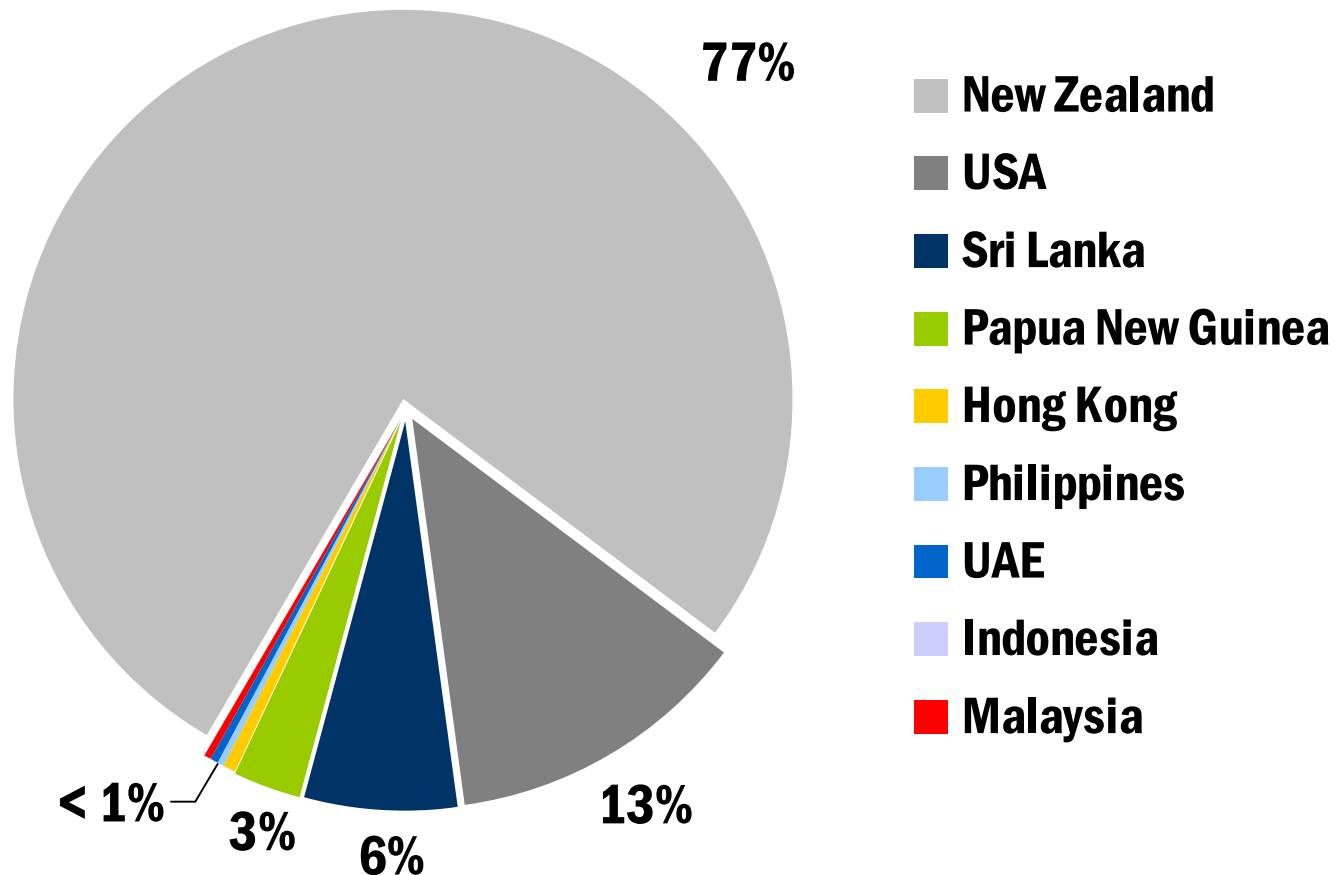
	Sky	TVN	Sky	TVN	Sky	TVN	Sky	TVN	Sky	TVN
	Retail Outlets		Hotels		Clubs		Racecourses		TOTAL	
Victoria	112	95	421	469	52	77	67	63	652	704
New South Wales	313	327	1,222	1,100	582	675	58	63	2,175	2,165
Queensland	161	121	530	325	-	77	124	55	815	578
South Australia	61	53	291	217	-	9	25	16	377	295
Western Australia	130	37	350	152	-	10	83	13	563	212
Norther Territory	11	10	38	19	-	20	6	2	55	51
Australian Capital Territory	17	26	32	6	2	10	1	1	52	43
Tasmania	32	33	79	78	16	20	-	5	127	136
TOTAL	837	702	2,963	2,366	652	898	364	218	4,816	4,184

- ➔ **International Product a major strategy for both**
- ➔ **Sky for replacement product**
 - Limited – programming style and available time slots
- ➔ **TVN for augmented product**
 - Needs good quality thoroughbred product to create “The Thoroughbred Channel”
- ➔ **Sky has almost all of the Australian Racing Clubs international product rights.**
 - Through to 2011

➔ Sky Channel International Reach / Network



➔ Sky Channel International Revenue Sources



➔ Pooling

- Two pools will survive for the foreseeable future
- Two opportunities for accessing Australian market
- TOTE Tasmania currently only active importer

➔ Gentlemen's agreement threatened

- Product rights fee model – question of product relativity
- Becomes a purchasable commodity
- Adds complexity to broadcast model

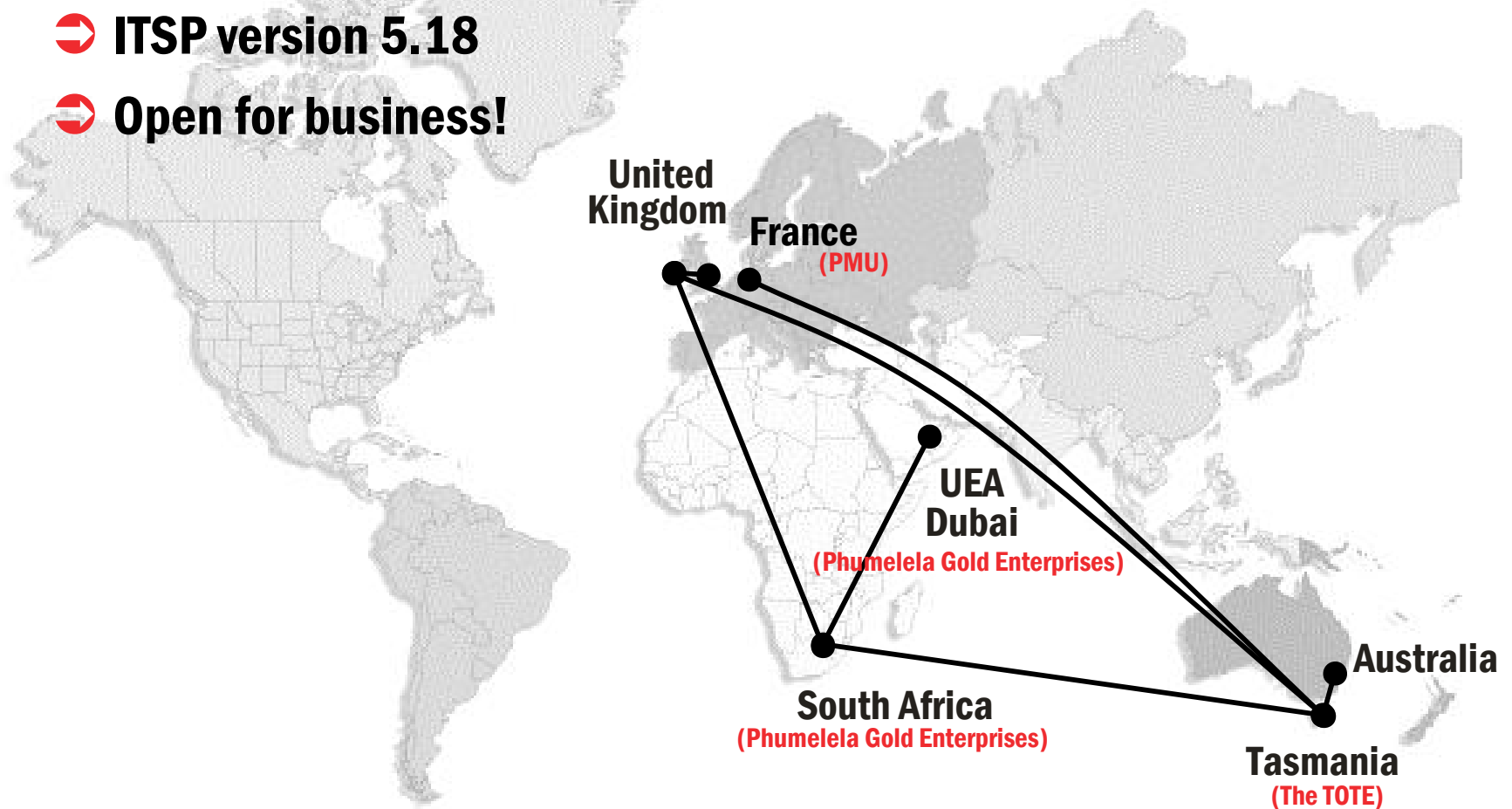
➔ Digital broadcasting

- May solve some of the broadcasting issues – multiple streams, but
- Not in off-course selling points if Sky model (wall-2-wall) is right for maximizing punter turnover

- ➔ **Responsible for the administration and development of the Tasmanian Racing Industry**
- ➔ **First Australian State to merge wagering business and Administration functions**
- ➔ **All profits are directed to the Tasmanian Racing Industry**

- ➔ **Small State**
- ➔ **480,000 people**
- ➔ **Small to Medium sized Enterprise**
- ➔ **Clearly have to be:**
 - **progressive in identify new opportunities**
 - **progressive with respect to technology**
 - **innovative and agile in approach to product development**
- ➔ **Host of the 2006 Inter Dominion Pacing Championship**
 - **Riches Pacing race in the world US\$1.13M (AU\$1.5M)**

- ➔ Current commingling points
- ➔ ITSP version 5.18
- ➔ Open for business!





Thank you