

Date	11 December 2008
Board Meeting Date	19 December 2008
Submission By	Mike Godber
Subject	Race Fields Legislation and Product Co Meeting

The Race Fields legislation has been passed by Parliament (see attached copy). It follows the principles set out by Mike Kelly in his briefing to the three codes in October.

The legislation provides for the three racing codes to appoint an agent to act on their behalf in charging the levy. On Thursday 4 December a meeting of Product Co Directors was held to discuss whether Product Co would be appointed as the agent and if so what the levy would be for Queensland Race Fields Information.

The CEO attended the meeting as the alternate for the Chairman. At the meeting it was agreed by all the Directors that:

- Product Co be appointed the agent for the codes under the legislation
- The threshold for the levy to apply be set at \$5million turnover
- The levy be set at 1.5% of turnover.

These decisions were in line with the position of HRQ as discussed at previous Board meetings.

The other matter tabled for information of Directors was a legal opinion from Cooper Grace and Ward regarding Unitab deducting the race fields levies charged by other states from the codes product payments. The opinion was that a case could be made that Unitab had no right to on charge the fees. While this was only for information only it was clear that the opinion was not supported by any of the Directors present.

Also attached is a release from Queensland Racing on the Race Information Legislation and a table showing the levies to apply in each state as we know them.

Impact of Race Fields Levies on HRQ Income

The information on turnover from Tabcorp is only coming available on Friday so the Impact model is not available for inclusion in the agenda. It will be completed and tabled at the Board meeting.

RACE FIELDS LEGISLATION PERCENTAGE CHARGE TO APPLY

State and Codes	Principal Racing Authority	On Course Bookmakers	Corporate Bookmakers	Betting Exchanges	TAB Wagering Operators	Concessions to any Wagering Operator	Invoice
Victoria - Thoroughbreds	Racing Victoria Limited	10% GWR (15% GWR during Oct-Nov Spring Racing Carnival)	10% GWR (15% GWR during Oct-Nov Spring Racing Carnival)	10% GWR (15% GWR during Oct-Nov Spring Racing Carnival)	10% GWR (15% GWR during Oct-Nov Spring Racing Carnival)		
Victoria - Harness	Harness Racing Victoria						
Victoria - Greyhounds	Greyhound Racing Victoria						
New South Wales - Thoroughbreds	Racing NSW	1.5% TO	1.5% TO	1.5% TO	1.5% TO	\$5M p/a	Monthly
New South Wales - Harness	Harness Racing NSW	1.5% TO	1.5% TO	1.5% TO	1.5% TO	\$5M p/a	Quarterly
New South Wales - Greyhounds	Greyhound Racing NSW	The lesser of 1.5% TO or 10% Gross Margin	The lesser of 1.5% TO or 10% Gross Margin	The lesser of 1.5% TO or 10% Gross Margin	The lesser of 1.5% TO or 10% Gross Margin		Monthly
South Australia - Thoroughbreds	Thoroughbred Racing SA Ltd	20% GWR	20% GWR	20% GWR	20% GWR	No	
South Australia - Harness	Harness Racing SA	20% GWR	20% GWR	20% GWR	20% GWR	No	
South Australia - Greyhounds	Greyhound Racing SA	20% GWR	20% GWR	20% GWR	20% GWR	No	
Western Australia - Thoroughbreds	Racing and Wagering WA	The lesser of 1.5% TO or 20% of gross margin	The lesser of 1.5% TO or 20% of gross margin	The lesser of 1.5% TO or 20% of gross margin	The lesser of 1.5% TO or 20% of gross margin	No	
Western Australia - Harness	Racing and Wagering WA	The lesser of 1.5% TO or 20% of gross margin	The lesser of 1.5% TO or 20% of gross margin	The lesser of 1.5% TO or 20% of gross margin	The lesser of 1.5% TO or 20% of gross margin	No	
Western Australia - Greyhounds	Greyhound Racing WA	The lesser of 1.5% TO or 20% of gross margin	The lesser of 1.5% TO or 20% of gross margin	The lesser of 1.5% TO or 20% of gross margin	The lesser of 1.5% TO or 20% of gross margin	No	
Tasmania - Thoroughbreds	Tasmania Thoroughbred Racing Council						
Tasmania - Harness							
Tasmania - Greyhounds							
		3 codes amalgamating from 1 January 2009 no decision to date					

GWR = Gross Wagering Revenue TO = Turnover

GWR = T/O less payouts or gross proceeds

All calculations above exclude GST and need to be added

Note

As advised by UniTAB

Average Margin on TOTE betting is 16%

Average Margin on TOTE betting is 11%



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Race Information Legislation

Chairman of Product Company ("Product Co"), Mr Tony Hanmer, has applauded the decision by the Queensland Government to pass the much awaited Race Information Legislation during yesterday's sitting.

Mr Hanmer outlined, "The three racing codes in Queensland have been incurring charges as a result of Race Fields Legislation previously implemented in New South Wales."

"It is now a relief the State Government has passed the necessary legislation in Queensland to enable Product Co to, on behalf of the three codes, commence charging for the use of Queensland race information for the purpose of race wagering," said Mr Hanmer.

"Whilst the legislation needs to be proclaimed, it is anticipated that by February 1, 2009, the three control bodies will be in a position to issue authorities and charge wagering operators a fee for the use of our racing information.

"It is worth noting, and I put all wagering operators on notice, that the implementation of this legislation will take effect from September 1, 2008.

"Product Co and the three control bodies have discussed a number of critical issues regarding the implementation of this legislation.

"Unlike the recent decision taken by Racing Victoria Limited, the three codes in Queensland have aligned their approach with the approach taken in New South Wales by the thoroughbred and harness industries, and will implement a charge of 1.5% based on turnover," Mr Hanmer said.

It was also agreed that a threshold limit be implemented of \$5M. The first \$5M of turnover will not attract a charge with the 1.5% applying thereafter.

The common view is that this is the most equitable and fair approach to be taken.

In addition, agreement was reached that the distribution framework will reflect the current Product Co distribution rates of 76% (thoroughbred), 14.5% (harness) and 9.5% (greyhounds).

"Further information regarding the application process will become available following further advice from the State Government," said Mr Hanmer.

"This will be managed centrally and advertised at an appropriate time in the future."

For any further enquiries please contact QRL Senior Communications Officer, Ms Hollie Roberts on 07 3869 9760.

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