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Your reference: 10/13175

Mr Paul Baxter
Senior Commissioner
Independent Competition and Regulatory Commission
GPO Box 296
CANBERRA CITY ACT 2601

Dear Mr Baxter

I refer to your correspondence of 4 November 2010 notifying the Terms of Reference issued by the Attorney General to the Independent Competition and Regulatory Commission under the *Independent Competition and Regulatory Commission Act 1997*, to review the racing industry. ACTTAB notes the Issues Paper prepared by the Commission detailing matters the Commission considers relevant to its investigation.

As the largest and longest established provider of wagering products and services in the Australian Capital Territory ACTTAB is indisputably an interested party in the outcome and recommendations of the Commission's investigation and as such welcomes the opportunity to participate and assist the Commission with its inquiry. ACTTAB employs in excess of 100 staff with an FTE of 68.1. Whilst it is the Corporation's view that others are probably better placed to comment on the levels of funding and future structure of the industry in the Territory, ACTTAB makes a number of general observations.

The Territory's racing industry is an integral part of not only the local but regional economy providing significant employment opportunities both in the industry itself and in a range of allied industries including wagering. It also plays a significant role in regional tourism hosting several key events which attract national interest and participation.

As with most other Australasian jurisdictions the TAB and the racing industry in the ACT have, until quite recently, happily co-existed in what might loosely be described as a protected environment, under the umbrella of the 'gentleman's agreement'. However, a global tide of uncertainty, largely driven by technological change and deregulation, is rapidly impacting that environment, destabilising and placing at significant risk the future of the racing industry and the long term sustainability of ACTTAB.

Whilst the nexus between the racing industry and ACTTAB was severed to some extent with the decoupling earlier this year of industry funding arrangements linked to ACTTAB turnover, the relationship between the two parties remains strong, each to some extent co-dependent on the product generated by the other to sustain their respective existences. In the current financial year ACTTAB anticipates making payments to government in respect of license fees and dividends of approximately \$7m. Clearly, it is in ACTTAB's interest that the industry be encouraged and assisted to grow and produce a high quality product on which the Corporation's customers desire to wager and the return to the ACT Government and community is maximised.

ACTTAB greatly values its relationship with the racing industry in the Territory and with the strategic objective of strengthening that relationship and supporting growth of the industry, regularly partners with participants in both marketing and direct sponsorship initiatives.

The Gentleman's Agreement served the industry well for a number of decades and it was inevitable following on from the licensing of corporate bookmakers and betting exchanges in some jurisdictions that Australia would ultimately see the nature of change we now witness. This ought not have come as any surprise as it was evident in 2002 in the work of the then Task Forces established by the Conference of Australasian Racing Ministers which closely examined the impacts of cross border betting and betting exchanges. It is disappointing that consensus was not able to be reached at that time as it may well have resulted in a national approach to industry reform instead of the piecemeal approach to deregulation of the wagering industry, particularly in respect of advertising and the subsequent application of product fee regimes by racing bodies which vary in terms of their thresholds and basis of calculation. Uncertainty is further compounded by the various legal challenges across several jurisdictions to the imposition of those fees. Ultimately, the loser is the racing industry.

That said, ACTTAB does not decry change, or the resultant increase in competition to traditional pari-mutuel wagering. To the contrary, the Corporation welcomes change and the challenge that change presents. While the pari-mutuel model of wagering has served its purpose and will continue to do so for some time there is undoubtedly a transition occurring which will see the resurrection of fixed odds wagering as the preferred method of betting over pari-mutuel, not only on racing products but a wide range of other sports and events. This in itself presents as a considerable threat and challenge to the future of the Territory's racing industry as attendance and participant

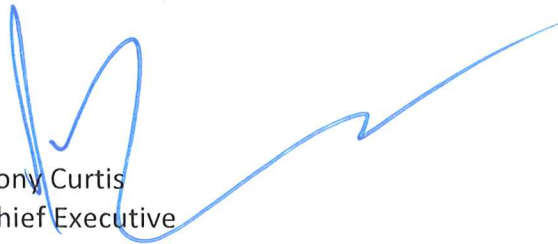
numbers fall, clubs battle to have vision of their product aired to the national market and interest in the sport of racing outside of the major metropolitan centers continues to wane as greater exposure and visibility of competing sports drives interest and growth in those areas. ACTTAB is responding to the challenge, currently implementing a new betting system and terminals as well as products which will enable the Corporation to effectively compete in the national market.

ACTTAB believes it is critical to the racing industry's future in the Territory that the concept of the TAB in its existing form, as a monopoly retail wagering provider, whether that be in government or private hands, be retained in order that the maximum percentage of every dollar wagered in the Territory on racing, in any jurisdiction, remains in the ACT and is not diminished or directed to the benefit of organisations or private shareholders located outside of the Territory.

Like the wagering industry, ACTTAB believes that racing clubs will need to become more progressive and innovative in their approach to the management and delivery of their respective products and the attraction of private sponsorship to the sport.

The Corporation would be pleased to meet with the Commission at a mutually convenient time to discuss and explore these and related matters further.

Yours sincerely



Tony Curtis
Chief Executive

22 November 2010