N.S.W. GREYHOUND BREEDERS OWNERS & TRAINERS ASSOCIATION
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SUBMISSION RESPONDING TO
DRAFT OF THE
BETTING TAX AMENDMENT
(POINT OF CONSUMPTION) BILL 2018

NSW GBOTA SUBMISSION

FAIR DISTRIBUTION TO GREYHOUNDS

SEPTEMBER · 2018

1. Introduction

This submission provides feedback to the NSW Government on the *Betting Tax Amendment (Point-of-Consumption) Bill 2018.* The Bill amends the Betting Tax Act 2001 to provide for the imposition of a point of consumption betting tax. It is proposed that the Bill will commence on the January 1, 2019.

The NSW Greyhound Breeders, Owners and Trainers Association (NSW GBOTA) is a member organisation that provides services to its membership relating to participation in the greyhound racing industry. These services include provision of commercial racing operations and advocacy in the interests of its membership.

Currently there are 1200 registered members, spread through the width and breadth of the State (See Figure 1). NSW GBOTA is managed by a Board of Directors and professional secretariat based at Wentworth Park, Glebe. Further information is available at the NSW GBOTA website: http://www.gbota.com.au/.

NSW GBOTA operates greyhound race meetings throughout NSW, including at the State's premier greyhound track Wentworth Park, the sole metropolitan venue in NSW. TAB operations include Bulli, Bathurst, Gosford, Lismore and Maitland, as well as TAB and non-TAB operations at Gunnedah and Temora. Appin Way is also utilised as a training facility.

NSW GBOTA also operates a network of branches throughout NSW (25 in total) which provide greyhound racing participants with the opportunity to meet on a monthly basis and progress issues of significance to the industry and discuss their ongoing participation.

NSW GBOTA and its membership have a keen interest in the introduction of a Point of Consumption Tax (PoCT) in NSW and its impact on the progression and viability of NSW greyhound racing.

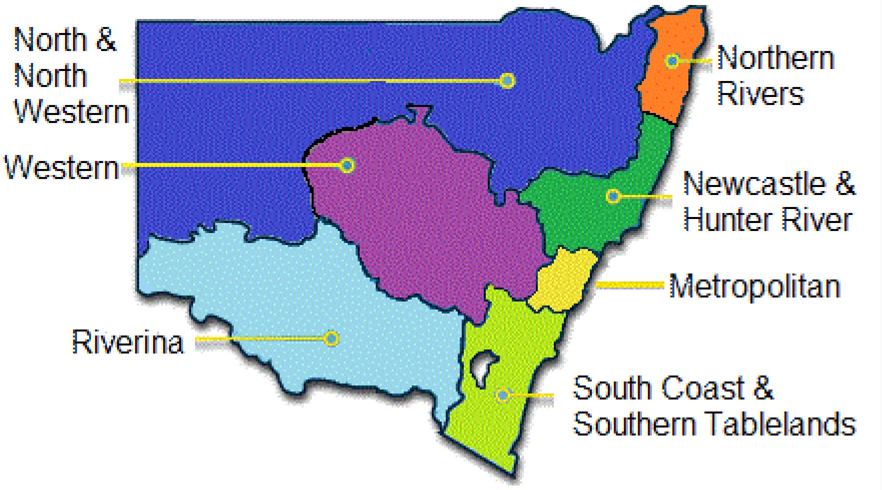
We believe, of all the racing codes, greyhounds have the greatest financial stake in the design details of the PoCT and the details of the distribution mechanism. Greyhound racing has forged a strong relationship with corporate bookmakers due to revenue constraints from TAB operations. It is of critical importance to the greyhound industry that current corporate bookmaker revenue flows are not disturbed and further that any racing industry distribution arising from PoCT be distributed on the basis of market performance.

The Draft Bill provides for a 10 per cent Point of Consumption (PoCT) tax to be applied by the NSW Government on all betting operators' wagering revenue derived from NSW activity.

In addition, the Draft Bill provides for an additional funding stream to be provided to the racing industry, equal to 2 per cent of all taxable net NSW wagering revenue each year.

The Draft Bill also sets out the formula for distributing the revenue to the codes. Racing NSW is to receive 72%; Harness Racing NSW 15% and Greyhound Racing NSW 13%. The Bill states the proportions are the same as the proportions for the distribution of amounts under the Racing Inter-Code Deed dated 27 February 1998[1].

Figure 1: NSW GBOTA Membership Regions



The proposed PoCT tax will fit with the existing arrangements for betting tax payable by a NSW TAB. Existing arrangements will remain in place, but the NSW TAB operator can offset any betting tax and tax parity payments made in a given financial year against its NSW PoCT tax liability.

Accordingly, PoCT revenue raised is a tax contribution made entirely by corporate bookmakers as opposed to the NSW TAB. It is a tax raised in proportion with the market share performance of each of the three racing codes.

[1] However, NSW GBOTA understands that subsequent arrangements between Racing NSW and Harness NSW cause for the ICA to operate in real terms to the following: Racing NSW 70%, Harness Racing NSW 17% and Greyhound Racing NSW 13%.

2. Executive Summary / Key Points

NSW GBOTA proposes two significant changes are required to the draft Betting Tax Amendment (Point of ConsumptionTax) Bill.

First, we propose a reduction in the PoCT rate from 10% (as proposed in the Draft Bill) to 8%. The tax will be raised purely on the basis of NSW wagering activity with corporate bookmakers. The current revenue flowing to the racing industry from corporate bookmakers is substantial. It is critical that this revenue flow is not disturbed as a consequence of PoCT's introduction and the NSW GBOTA proposal de-risks potential impact.

Second, we propose that any distribution of PoCT revenue to the three codes of racing must be distributed in same proportion as the tax is generated by each of the codes. Any other mechanism will amount to unjustifiable cross subsidisation between the codes and exasperate the unfair funding model already challenging NSW greyhound racing.

The NSW Government estimates that the PoCT will raise around $100m in annual revenue for the Government. In return, the racing industries will receive the equivalent of 2% of total wagering revenue in NSW which, on an estimated wagering revenue base of $2b, is equivalent to about $40m annually.

The Draft Bill sets the PoCT rate at 10% of net wagering revenue. Corporate bookmaking has been the key driver of wagering revenue growth for the greyhound racing industry for many years.

NSW GBOTA is concerned about the unintended consequences that will flow from the higher costs associated with the PoCT. These are likely to include the willingness of corporate bookmakers to sponsor and invest in NSW greyhound racing and it may influence the marketing priorities given to NSW greyhound racing and/or the wagering products, given margins will be affected. Currently, corporate bookmakers have $1.4m sponsorship arrangement with NSW greyhound racing clubs.

In order to minimise these potential consequences, we strongly recommend the tax rate be set at 8% rather than 10%.

NSW GBOTA strongly **recommends** a change to the arrangements for distributing net NSW wagering revenue back to the three racing codes. The specified formula is based on the 1998 Racing Inter-Code Deed. This agreement is now 19 years old and was signed before the emergence of corporate bookmakers.

Applying the distribution methodology set out in the Draft Bill, greyhound racing will receive $5.2m (13 per cent). If the greyhound racing market share of revenue (at least 22%) was applied, the greyhound share would be $8.8m, an additional $3.6m in recurrent funding.

Given that corporate bookmakers constitute the sole source of additional wagering revenue under the PoCT for the NSW Government, the distribution formula should be related to the trading dynamics of the racing industry. NSW GBOTA recommends that distributions are made in proportion to revenue market share.

NSW greyhound racing current revenue market share is at least 22% and it therefore generates 22% of the POCT revenue that will be generated by the NSW Government. It is logical and fair that the distribution back to the NSW greyhound industry reflect market performance and therefore a return of at least 22% would apply. An alternative model would be a distribution based on the market share of 'total turnover'. Either way, the share of revenue would increase for greyhounds and, by linking it to a rigorous and objective measure of activity, the distribution arrangement would be put on a sounder policy basis.

Linking distributions to revenue or turnover market share has the following advantages:

a. It eliminates a cross subsidy. Given greyhound racing is responsible for at least 22% of revenue, a distribution back less than 22% means greyhound racing is subsidising other racing codes.

b. Cross subsidies inherently distort resource allocation. Instead of directing valuable society resources to the most efficient operators, cross subsidies typically direct resources to inefficient and overly costly producers.

c. Ensuring there is a rational and objective basis to revenue distribution provides predictability and certainty. It would allow the greyhound industry to better plan for its future.

d. Eliminating the cross subsidy will, on current numbers, result in the greyhound industry receiving fairer funding and, therefore, more resources to assist the industry in meeting community expectations, higher regulatory and animal welfare costs, and continuing its economic contribution to regional NSW. Our industry is determined to meet community standards regarding animal welfare, including breeding, training and rehoming programs. There are large costs involved and it is critical for the public interest that the industry is put on a sustainable funding path.

e. Eliminating the cross subsidy will, on current numbers, also result in improving the NSW greyhound industry's capacity to improve prizemoney returns. Each racing code should be able to reflect its market performance in the returns it provides to industry participants.

f. The cross subsidy inherent in the PoCT distribution formulas proposed in the Draft Bill are particularly damaging because the greyhound industry is being doubly disadvantaged. The PoCT's revenue base (corporate bookmakers) constitutes a relatively more important strategic commercial partnership for greyhounds than it does the other codes. By taxing it, greyhounds lose in a relative sense. Compounding this by a non-market share distribution basis represents a double blow.

g. The distribution mechanism applied by the NSW Government to the racing industry distribution as a result of PoCT is a discretionary choice. It has a responsibility to treat the codes fairly and to underwrite funding principles that reward performance and uphold fairness.

3. Current funding landscape

When the PoCT is introduced and operational, the NSW greyhound industry will be primarily funded through four sources of wagering related income. These are:

a. The Racing Distribution Agreement (RDA) with Tabcorp and the Inter-Code Agreement (ICA);

b. Race Field Information Use Fees (RFIUF);

c. Revenues from tax harmonisation;

d. PoCT distributions.

In each one of the revenue sources, except for RFIUF, including the proposals under PoCT, the greyhound racing industry is not getting a share of revenue based on any recognition of market performance (revenue or turnover) and is, therefore, being disadvantaged. This is simply unreasonable, given the codes deep-seated commitment to meeting community standards, world leading regulatory and animal welfare standards and continuing the economic contribution it makes to regional NSW.

A fairer funding model starts with the NSW Government addressing fairness in the industry distribution arrangements that apply to PoCT.

The impact of the RDA/ICA and Tax Harmonisation are explored below.

The Racing Distribution and Inter-Code Agreements

Currently, racing codes receive funding from the RDA and ICA. This revenue source is equivalent to around 54% of the total wagering revenue of the NSW greyhound industry and has declined markedly since 2010/11 when it accounted for 83% of the greyhound industry's revenue.

In 1997, the NSW TAB was privatised and, as part of that process, Tabcorp Limited entered into the 99-year RDA with the three controlling authorities of the racing industry to provide continued funding to the industry after privatisation.

The RDA sets out the payments that Tabcorp Limited is required to pay the racing industry. The distribution from the RDA is then divided up among the three racing codes in NSW according to formulas set out in the 1998 ICA. As with the RDA, the ICA runs for a period of 99 years.

Under the ICA, distributions are made according to the following fixed percentages:

- Thoroughbred racing receiving 70%;
- Harness racing 17%; and
- Greyhound racing industry only 13%.

Given greyhound currently accounts for at least 22% of wagering activity, this agreement has discriminated and hindered the progress of the greyhound industry, diminishing its capacity to meet the commercial and regulatory needs of the industry, which includes investing in improved integrity and animal welfare initiatives.

The greyhound industry has forgone more than $226 million since the inception of the RDA in 1998 and is currently subsidising the thoroughbred and harness codes up to $18 million a year.

In reaction, the NSW greyhound industry has prioritised its ability to grow RFIU fee revenue and commercial relationships with corporate wagering operators. Given corporate bookmakers are providing the revenue base for the PoCT, it is critical that the RDA and ICA are not used as a template for PoCT distributions. It is essential that PoCT distributions are based on market performance.

Tax harmonisation

Tax harmonisation revenue is received by the NSW racing industry as a result of the NSW Government's initiative to reduce the tax on the racing industry in 2015. This decision was made in order to make the tax level more competitive with Victoria, eventually reaching parity.

The 2014 Legislative Council Select Committee report found that the NSW Government's share of revenue received from wagering taxes was greater than any other Australian state. For each $100 racing wagered through the NSW TAB, the NSW Government received $3.22 where as for each $100 wagering through the Victorian TAB, the Victorian Government received $1.28.

In June 2015, the Government announced that tax rates on racing in NSW would be brought in line with Victoria's to boost the NSW racing industry's competiveness and to provide sustainability for each of the three racing codes.

As a result, the Government introduced the Betting Tax Legislation Amendment Act 2015 which gradually reduces the tax rates applicable to totalisator licensees. It requires Tabcorp Limited to pay an amount equal to the tax reduction to Racing NSW, Harness Racing NSW and GRNSW in the following proportions:

- Racing New South Wales – 77.3%,
- Harness Racing New South Wales – 12.7%,
- Greyhound Racing New South Wales – 10%.

This distribution of tax harmonisation revenues between the three racing codes is based on a supposed past estimate of the economic contribution of each code. This contribution was estimated in a report undertaken by IER Pty Ltd in 2014[2].

NSW GBOTA and the wider greyhound racing industry were dismayed at the decision by Government to give greyhound racing just 10% of revenues from tax harmonisation, when the industry accounts for a much higher proportion of wagering activity and revenue.

[2] See https://www.industry.nsw.gov.au/__data/assets/pdf_file/0004/119254/Size-and-scope-of-the-NSW-racing-industry.pdf

The IER report uses a concept of 'value added' to estimate that the greyhound industry accounts for 10% of total value added of the three racing codes.

NSW GBOTA notes that the estimate is not an official estimate of the Australian Bureau of Statistics (ABS) – the organisation that produces the raw data needed to estimate industry value added estimates. It is also believed the estimates in the report were not audited by NSW Government bureaucrats.

However, our main concern relates to the rationale for using the value-added estimate as the basis for distributing revenue generated by wagering activity and revenue. Value added is estimated by adding up the salaries, profits and taxes paid within an industry.

The problem with using value added as distribution for gambling revenue is that it does not adequately reflect wagering activity or wagering net revenue. It is based on the amounts of money paid to staff and the owners of capital.

Why this is important is that value added under-estimates the value of efficient industries. For example, an efficient industry may need less resources to produce its product and, therefore, frees up resources to be used in other productive processes.

The industry in Australia that records the highest value added is that of banking and financial services. However, this industry is characterised by high executive salaries, excessive profitability, and consumer gouging. While the value added estimate is large, the industry is too big and starves other industries of valuable resources.

In NSW GBOTA's view, it does not provide a proper basis for wagering income distribution. It will bias towards inefficient, bloated industries.

The Tax Harmonisation distribution to the NSW racing industry is expected to be in excess of $90m when parity with Victoria is achieved in 2020. The NSW greyhound industry will be receiving $9m a year at that point. This amount, however, would be in excess of $20m if current market share arrangements applied.

With a cross code subsidisation of $11m applying by 2020, it is impossible to conclude that the Government's sustainability objective has been achieved with Tax harmonisation, particularly when view through the NSW greyhound racing lens.

4. Wagering trends[3]

Wagering on NSW greyhound racing continued to rise in 2017/18, with total turnover increasing +13.5% to reach $1.491 billion for the period while revenue grew +13.8% to $214.5 million.

Corporate bookmakers continued to drive the positive wagering performance of NSW greyhound racing by generating turnover of $739.5 million for the year, a stellar rise of +30.3% compared to 2016/17. The previous year also realised strong growth of over 13%.

Corporate bookmakers translated this turnover growth into healthy revenue growth of +35%, to reach a yearly total of $89.1m in 2017/18.

The trend away from traditional totalisator betting operators continued in 2017/18 with NSW greyhound turnover in this sector increasing at a relatively low rate of just 0.7%. This followed an actual decline of -4.2% in the previous year. In terms of revenue, totalisator revenues rose at a marginal rate of +2.4% to total $125.4m.

The relative shift towards corporate bookmakers, highlights the shift away from the higher yielding parimutuel product to fixed odds betting.

These results led to the market share of turnover on NSW greyhound racing continuing to grow further towards the corporate bookmaker sector.

Totalisator operators now make up just 50.4% of turnover on NSW greyhound industry racing for the 2017/18 period, down from 62.0% in 2015/16 and 67.6% in 2014/15. Next year it is likely that the corporate bookmaker sector will secure a majority market share of turnover on NSW greyhound racing.

The wagering revenue trends are important inputs into designing the PoCT arrangements. They reflect, in part, the commercial strategy of the NSW greyhound industry to work with corporate bookmakers (as well as the traditional totalisator operators) to create a compelling racing product for consumers and sufficient revenue to invest in best practice regulation and animal welfare and improve industry participation returns.

[3] These figures are taken from statistics provided by GRNSW. An excerpt from the statistical source is provided in Attachment A.

5. Preferred PoCT rate

The Draft Bill provides for a PoCT rate set at 10% of net wagering revenue. NSW GBOTA believes this level is too high and recommends the proposed PoCT be reduced from 10% to that of 8%.

Corporate bookmaking has been the key driver of wagering revenue growth for the greyhound racing industry for many years.

NSW GBOTA is concerned about the unintended consequences that will flow from the higher costs associated with the PoCT. These are likely to include the willingness of corporate bookmakers to sponsor and invest in NSW greyhound racing and it may influence the marketing priorities given to NSW greyhound racing and/or the wagering products, given margins will be affected. Currently, corporate bookmakers are understood to have sponsorship arrangements in place with NSW greyhound racing clubs and stakeholders worth $1.4m.

NSW GBOTA understands there has been direct consultation with corporate bookmakers regarding the introduction of PoCT. The following concerns have been raised about the impact of the new tax:

- A PoCT introduced in NSW may reduce turnover for NSW greyhounds and therefore a reduction in RFIU fee revenue and other income for the industry. Bookmakers are likely to reduce spending on discretionary items such as promotions (It is noted that when South Australia introduced a PoCT, one large corporate bookmaker stopped a range of promotions, including the cancellation of a sponsorship of a major racetrack.)

- Adversely affect consumers and increase, at the margin, a drift of wagering towards offshore illegal operators. Offshore operators do not offer the same consumer protections.

- Consumer impacts may also arise if corporate bookmakers may increase pricing which adversely impacts net returns for consumers.

In order to hedge against these outcomes, NSW GBOTA strongly recommends a PoCT as low as possible, with no higher than 8%.

6. Racing Industry Distribution

NSW greyhound racing current revenue market share is at least 22% and it therefore generates 22% of the POCT revenue that will be generated by the NSW Government. It is logical and that the distribution back to the NSW greyhound industry reflect market performance and therefore a return of at least 22% would apply. An alternative model would be a distribution based on the market share of 'total turnover'. Either way, the share of revenue would increase for greyhounds and, by linking it to a rigorous and objective measure of activity, the distribution arrangement would be put on a sounder policy basis.

Linking distributions to revenue or turnover market share has the following advantages:

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b. Cross subsidies inherently distort resource allocation. Instead of directing valuable society resources to the most efficient operators, cross subsidies typically direct resources to inefficient and overly costly producers.

c. Ensuring there is a rational and objective basis to revenue distribution provides predictability and certainty. It would allow the greyhound industry to better plan for its future.

d. Eliminating the cross subsidy will, on current numbers, result in the greyhound industry receiving fairer funding and, therefore, more resources to assist the industry in meeting community expectations, higher regulatory and animal welfare costs, and continuing its economic contribution to regional NSW. Our industry is determined to meet community standards regarding animal welfare, including breeding, training and rehoming programs. There are large costs involved and it is critical for the public interest that the industry is put on a sustainable funding path.

e. Eliminating the cross subsidy will, on current numbers, also result in improving the NSW greyhound industry's capacity to improve prizemoney returns. Each racing code should be able to reflect its market performance in the returns it provides to industry participants.

f. The cross subsidy inherent in the PoCT distribution formulas proposed in the Draft Bill are particularly damaging because the greyhound industry is being doubly disadvantaged. The PoCT's revenue base (corporate bookmakers) constitutes a relatively more important strategic commercial partnership for greyhounds than it does the other codes. By taxing it, greyhounds lose in a relative sense. Compounding this by a non-market share distribution basis represents a double blow.

g. The distribution mechanism applied by the NSW Government to the racing industry distribution as a result of PoCT is a discretionary choice. It has a responsibility to treat the codes fairly and to underwrite funding principles that reward performance and uphold fairness.

NSW GBOTA strongly recommends that the Racing Industry Distribution Agreement (RDA) and the associated Inter-Code Agreement (ICA), no longer serve as the basis of any revenue sharing arrangement and certainly not new revenue sharing arrangements such as the PoCT. There are serious flaws in the use of these distribution instruments.

Some are outlined here in point form:

1. The agreements are now 19 years old. When they were first agreed, as part of the privatisation of TAB, the industry was quite different. For example, corporate bookmakers did not exist.

2. As they are so dated, key elements of the agreements no longer represent true information. For example, the ICA holds that greyhound racing receives 13% of the revenue distribution, when the greyhound industry accounts for at least 22% of wagering revenue.

3. The agreements are very long-dated (99-year agreements) and while there is provision for a 15-year review, NSW GBOTA notes that there has been no change facilitated as a result of that review date or process. Indeed, changing percentage distributions is a zero-sum game and, as such, there is no incentive for subsidised thoroughbred and harness codes to facilitate a change.

4. While notionally ‘commercial’ agreements, they essentially deal in public revenues – given the nature of TAB’s monopoly licence agreement and the origin of the agreements as part of TAB privatisation. It is in essence taxpayer money that is being distributed, so the arrangements should, as all instruments that distribute public revenue, have legislative backing or a sound methodology determining that usage.

5. Given the agreements are 19 years old, it can be only by coincidence that they are resulting in efficient and sound distributions of public revenues. In reality, they are creating cross subsidies and associated distortions.

6. The agreements are also undermining efficient resource usage, by penalising the most efficient racing code. In economic terms, the NSW economy would benefit from a higher proportion of wagering being conducted through greyhound racing, not a lower proportion. Efficient industries free up resources for other sectors to utilise, particularly in times of strong employment growth as we are now witnessing in NSW.

Ensuring there is a rational and objective basis to revenue distribution provides predictability and certainty. It would allow the NSW greyhound industry to more effectively meet its expectations in the public interest and ensure closer alignment between market performance and industry participation returns.

7. Independent assessments of NSW greyhound racing funding

The NSW greyhound racing industry has been subjected to four independent reviews in the past decade. On each occasion, the funding arrangements that apply to the NSW greyhound industry were determined as being unfair and hindering the greyhound racing industry's sustainability.

The most recent review was undertaken in 2017 by the Greyhound Racing Industry Reform Panel which provided recommendations to Government upon which it could base a decision to repeal the *Greyhound Prohibition Act 2016.* Recommendation 118 was as follows:

> *"Government should consider intervening to increase revenue to support the greyhound industry meet the additional welfare, integrity costs and operational costs of the integrity commission and the industry by;*
>
> (a) *Legislating to amend the Intercode Deed so distributions better reflect contributions to TAB turnover (should the industry be unable to agree on a revised arrangement) or*
>
> (b) *Revisiting the distribution of tax harmonisation revenues."*

In 2016, the Special Commission of Inquiry also recognised the need for funding reform. Recommendation 64 was as follows:

> *"If the racing codes cannot agree on a more equitable distribution of TAB revenue, the parliament of New South Wales should legislate to amend the current arrangements by providing for a distribution that reflects each code's contribution to TAB revenue."*

In 2014, the Legislative Council Select Committee on Greyhound Racing in NSW concluded that the industry's sustainability was at risk based on current funding. An extract is as follows:

> *"The Committee finds that with its current structure and sources of revenue, the greyhound industry in NSW may be unsustainable. Returns to trainers and owners do not cover costs, which leads to the loss of quality dogs to Victoria and elsewhere, a reduced number of industry participants and contributes to making existing clubs and tracks unviable."*

And in 2008, Alan Cameron prepared a report for the Government - *Correct Weight? A review of wagering and the future sustainability of the NSW racing industry* – and highlighted the need for industry earnings to be aligned with market performance. Recommendation 21 of the Cameron report is as follows:

> *"The three racing codes should agree to amend the Intercode Agreement to provide that returns to each code from TAB distributions are in proportion to the percentage of wagering generated by each code: in the absence of such an agreement, the Government should over-ride the Intercode Agreement and the RDA such that the distributions from the TAB are made directly to each code and in proportion to the percentage of wagering generated by each code."*

Each of the reviews/reports outlined above emphasise the connection between fair funding and industry sustainability. Each was critical of the Inter-code Agreement (ICA) where there is no connection between market performance and the wagering returns made to each of the NSW racing codes.

The Draft Bill, in proposing that ICA percentages apply to the industry distribution of PoCT revenue, is again failing to uphold fair trading dynamics. It reinforces the illogical and unfair cross subsidisation between codes and again discriminates against the NSW greyhound industry.

The opportunity before Government is to reset industry thinking, to apply a market share formula to at least PoCT industry distribution, thus creating the competitive tension and performance incentive lacking in the fixed percentage cross subsidisation approach.

8. Recommendations

NSW GBOTA recommends:

a. The proposed PoCT be reduced from 10% to that of 8%.

b. The distribution of PoCT revenue be based on market share of revenue. This implies a revenue share not less than 22%.

Putting the revenue distribution on a sound policy footing and will serve to remove the need for arbitrary judgements in policy decisions in the future and help build a positive and sustainable future for the greyhound racing industry in NSW.

As stated in the introduction, NSW GBOTA and its membership have a keen interest in the introduction of a PoCT in NSW and its impact on the progression and viability of NSW greyhound racing. Our industry is determined to meet community standards regarding animal welfare, including breeding, training and rehoming programs. There are large costs involved and it is critical for the public interest that the industry is put on a sustainable funding path. And for participants of NSW greyhound racing, a funding model that more effectively aligns industry prizemoney distribution with market performance is again essential for long term sustainability. Adopting our recommendations will greatly assist in these endeavours.

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ATTACHMENT A: STATISTICS FROM GRNSW

Wagering Summary for GBOTA submission on the NSW POCT

September 2018

Strictly Confidential

This presentation and its contents are strictly confidential

Executive Summary

FINANCIAL YEAR 2017-18 SNAPSHOT (vs FY 2016-17)

Total Turnover:

- All WSP's (Totes, Corporates, Betting Exchange) turnover rose $177.1m (+13.5%) to $1.491m
- Corporate (incl. Betting Exchange) turnover rose $171.8m (+30.3%) to $739.5m
- All Totalisator turnover rose $5.3m (+0.7%) to $751.8m

Revenues:

- All WSP's revenues rose $26.1m (+13.8%) to $214.5m
- Corporate revenues jumped $23.1m (+35%) to $89.1m
- Totalisator revenues rose $2.9m (+2.4%) to $125.4m

NSW TAB Wagering revenue and RFIU Fees:

- NSW TAB Income rose slightly to $35.5m
- RFIU fees from corporates rose 17.25% to $24.5m
- Total Wagering income rose 5.19% to $59.2m

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