10 June 2008

EVENTS NEW SOUTH WALES

Ms Anne Lenagan
Chairman
Golf Australia Limited
Level 3
95 Coventry Street
SOUTH MELBOURNE VIC 3205

Dear Anne,

RE: AUSTRALIAN OPEN GOLF – LETTER OF INTENT

As discussed recently, we understand that Golf Australia Limited ("GA") wishes to work with Events New South Wales ("ENSW") to extend the period in which Sydney hosts the men's Australian Open Golf Championship ("the Open").

The base agreement is that Sydney will be the host of the Open in 2008, 2009, 2010 and 2012, with ENSW being granted an option which can be exercised to continue the agreement through to 2015.

ENSW is eager to work with GA in this relationship and we look forward to working with you to achieve our mutual objectives around this event.

Please note however, that our agreement to provide financial funding and related support as a Hallmark Event to GA for the Open is conditional upon:

1. GA agreeing to the terms set out in this letter, and
2. GA achieving the annual KPIs agreed for the events as outlined in the Schedule attached to this letter

We understand that GA's ability to deliver the long term vision for the Open is dependent on securing the right level of corporate funding from a naming rights sponsor and/or associated corporate partners. ENSW is committed to working with GA to provide support for GA's attempts to secure corporate funding but this support does not include payment of any further funds from ENSW. We also acknowledge that GA's commitment on financial investment in the event is dependent upon securing the minimum levels of corporate support referred to in the Schedule.

For this reason, ENSW will require the right to terminate its support following the 2010 Open if such financial support is not found and/or KPI's not achieved.

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ABN 59 127 089 089

Please note that this is a binding letter of agreement and each signatory confirms that they are properly authorised to enter into this binding commitment. This letter comes into effect when signed and returned to ENSW. The contents of this letter are also private and confidential to the parties.

So that we can move forward, and as time is of the essence given Geoff Parmenter's impending visit to the US Open, I would be grateful if an authorised signatory of GA could please sign a copy of this letter and return it to me by no later than midday on 11 June, 2008, to confirm that GA agrees to the terms set out in this letter. As you are aware, we will then begin negotiations with other parties based on this binding commitment from GA. We will then work with you to complete a formal long-form agreement to be prepared by ENSW and to be entirely to ENSW's satisfaction, subject to the matters covered by this letter.

We are disappointed to hear that Tony Hallam has resigned his position at GA. From our point of view this potentially adds considerable risk to our significant investment with GA given his understanding of ENSW's objectives and his experience in implementing the strategy for the Australian Open. In particular, we are concerned that this could potentially impact on the finalisation of the formal agreement between us, on the arrangements with Tiger Woods, the planning for the 2008 and 2009 Opens and the smooth transition to greater involvement by ENSW. Accordingly, we would like to work with you to find a solution that will alleviate these potential concerns.

Yours sincerely,

Sally Edwards
Acting Chief Executive Officer

cc: Tony Hallam

Agreed to by an authorised representative of Golf Australia Limited.

By: _____

Name: ANNE LENAGHAN

Position CHAIRMAN

Date: 11 June 2008

Witness: _____

Name: TONY HALLAM - CEO

See attachments:

1. Specific Terms (three pages following)
2. Attached Schedule (thirteen pages)

Specific Terms

Circumstances in which flexibility will be applied in respect of failure to meet KPI

ENSW and GA agree that each party will afford some flexibility in respect of failure to achieve the KPIs outlined in the attached Schedule, where this arises in the circumstances as set out below in 1.

1. The flexibility referred to above, will apply in the event of failure to achieve any KPI where, in good faith, ENSW agrees that:

(i) The failure to achieve any such KPI occurs in circumstances that are wholly beyond GA's control; and/or

(ii) The failure to achieve any such KPI viewed individually and together with any other KPIs that have not been achieved (and assessed in any one year and/or across more than one year of the term of the Agreement) does not substantially detract from ENSW's overall objectives as recorded in the Schedule, PROVIDED THAT such failure is not caused in whole or in part by failure by GA to;

(a) Ensure the necessary planning, management or priority to achieving any such KPI, and/or;
(b) Ensure the necessary energy, resources or risk management is applied to achieving any such KPI.

ENSW agrees to act reasonably and in good faith in assessing the reasons for any such KPI failure. However, for the avoidance of doubt, GA is required to apply the necessary effort and resources to achieve the agreed KPIs in the Schedule.

ENSW will each year of this Agreement retain up to 15% plus GST of the annual funding (excluding the funding of $3.5m for the appearance of Tiger Woods in 2009) for that year with such amount only to be released to GA where the KPIs have been achieved or where flexibility applies by satisfaction of 1 above. For the absence of doubt, the final amount paid to GA following the post event review each year may be nil, some portion of the 15% retained, or the amount in full.

Consequences of KPI material failure and/or non-compliance by GA

In order to ensure that there is sufficient protection for the significant portion of up-front investment by ENSW in the Open during 2008, 2009 and 2010 (which both parties have agreed will provide significant additional revenue generation opportunities to GA particularly in the event of an appearance by Tiger Woods), ENSW will be granted the ability to claw back part of our investment (the quantum of which will be established as set out below) in the event that there is:

- material unsatisfactory performance by GA in 2008, 2009 and/or 2010, or
- where there is a material KPI failure, where the circumstances in which flexibility will be afforded in number 1 above do not apply.

For these purposes, the results of the 2007 and 2008 Opens will serve as a benchmark for the KPI's where annual targets are required and being established.

Hence ENSW and GA agree as follows in 2 below:

2. In the event that GA has materially failed to achieve any KPI and the circumstances in which flexibility will be afforded in number 1 are not satisfied and ENSW determines that:

(i) the KPI is of material significance to ENSW's overall objectives as recorded in the Schedule and the failure is a material failure (i.e. not where a KPI is almost achieved), and/or;

(ii) the cumulative detrimental effect on ENSW's overall objectives of failure to achieve more than one KPI is substantial and/or such failures have arisen mainly because of unsatisfactory performance by GA, for example, failure by GA to ensure sufficiency of any of those areas referred to in points numbered 1(ii) (a) and (b) above;

then GA must repay by 31 March2011 to ENSW an amount that will be agreed between the parties during the signing of the formal contract. However for the absence of doubt, the amount payable by 31 March2011 will be:

a) a minimum of $500,000 plus GST from the financial support provided by ENSW if Tiger Woods does not play in 2009, or
b) if Tiger Woods does play in 2009 being the higher of:

    - $1.5 million plus GST, or
    - 75% of the incremental commercial benefits delivered to GA from the appearance as measured against the commercial results (includes but is not limited to ticketing, merchandise sales, sponsorship, hospitality and broadcast rights fees) of the 2006 Australian Open.

In addition ENSW will have the right to withdraw its financial support after 2010 and withdraw commitments for Sydney to be the host city beyond this date.

The payments under 2 are additional to the 15% plus GST at risk component under 1 above which applies to every year of the Agreement.

The 15% plus GST at risk component rights, the rights to clawback and to withdraw after 2010 are additional to the usual rights of termination for breach of contract which will be included in the formal contract.

SCHEDULE
FOR LETTER OF INTENT BETWEEN EVENTS NEW SOUTH WALES AND GOLF AUSTRALIA LIMITED

Event	Australian Open Golf Championship	Received - NA
Date of Event	2008-2010 and 2012 and option for ENSW to continue for 2013-2015 inclusive at the levels recorded.	
Location	Sydney	
Funding Summary	Extension of existing contract with Golf Australia to support the Men's Australian Open Golf Championships (the Open) over 2008-2010 and 2012 and with option for 2013-2015 inclusive.	
Event Background	• Sydney is synonymous with the Australian Open, hosting the inaugural championships in 1904 and the Centenary Open in 2004. To date, Sydney has hosted the Open on 32 occasions and continuously since 2006. • The Open is a known brand in Australian sport combining tradition, heritage and history and an honour roll featuring some of golf's greatest players. All Australia's leading golfers regard winning the Stonehaven Cup as a career highlight. • Australia is the second best golfing nation in the world behind the USA with 12 players in the top 100 in the official world golf rankings, six in the top 50 and two in the top 10 • Golf is experiencing rapid commercial and participation growth in Asia. The anticipated creation of the OneAsia Tour or an equivalent elite Asia Pacific series from 2009 or 2010 potentially opens up tourism, business, branding and destination promotion opportunities. • There is speculation a 'fifth major' outside the USA will be nominated within the next 20 years. The Australian Open needs to be positioned as the undisputed choice as the 'fifth major' if and when the time arises. • The former NSW Major Events Board (MEB) identified golf and football as two high-profile commercial sports whose major events could be locked into Sydney for a number of years, developed to achieve economic, tourism and business benefits for the state and play an important role in an Asian engagement strategy for Sydney.Following negotiations with Golf Australia (GA), the MEB provided $350,000 funding for the 2006 Open and subsequently negotiated a three–year NSW Government/GA contract to stage the Open in Sydney over 2007-2009. • Tourism NSW also began development of a 'golf tourism strategy' to support the Government's contract • Due to GA contractual commitments, the Open will be held at Moonah Links on the Mornington Peninsula in 2011 (the year Royal Melbourne hosts the Presidents Cup) and twice more until 2021 on dates of GA's choosing • DSRD estimated the cumulative net economic impact on the NSW economy from hosting the Open over 2006-2009 at $20 million. • The current GA contract combines base funding of $1.1 million per annum plus incentive payments should GA achieve key performance targets. If targets are achieved, GA would receive $3.75 million over three years. All Government funding under the existing contract goes to prizemoney and player recruitment.	

<table>
<tr><td>Event Background (continued)</td><td colspan="2">

GA's goal is to grow the Open into a significant international event and make it the 'flagship' tournament of the Asia Pacific and the OneAsia Tour over 2008-2015.
GA and Events NSW have been discussing if and how this aspiration could be jointly achieved underpinned by approaches to entice the world's best player (Tiger Woods) and/or other marquee international players to Sydney for the 2009 Open to dramatically kick-start a 'Vision 2015' project.
GA is currently negotiating with two high-profile corporations to replace MFS as the Open's naming rights sponsor. Strong long-term corporate partnerships and investment will be essential to delivering 'Vision 2015' aspirations.
Adding to the mix, Events NSW has formally and informally received a number of other golf funding proposals which - if overarched with long-term investment in the Open - could enable development of a golf strategy embracing Sydney and regional NSW with fully-leveraged tourism, business and brand positioning outcomes
These other golf opportunities include the PGA Championships, the Women's Australian Open, the NSW Men's Open, the NSW Women's Open, the Jack Newton Celebrity Classic, the Lexus Cup

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<tr><td>Benefits & Opportunities And Issues & Risks</td><td>
Benefits & Opportunities

Develop the Open as the leading Australian event and the overall pre-eminent event on the OneAsia Tour or equivalent elite Asia Pacific series
Brand the Open as 'The Asia Pacific Open' (similar to the Australian Open Tennis being branded as the 'Grand Slam of the Asia Pacific')
Secures our national golf championship for Sydney until 2015 (with 2011 excluded)
Lock the Open into set November/December dates each year which provides a window in the international golf calendar for participation by Australian and marquee international players such as Tiger Woods
'Vision 2015' is primarily a strategic/brand marketing vehicle for Sydney/NSW and not driven by net economic impact. However, there exists an opportunity to develop associated business and golf-specific extension events to drive additional visitors each year to strengthen net economic impact

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Issues & Risks

Despite best endeavours by all parties to date, by many measures the Open remains a relatively minor tournament on the international golfing schedule
The Open may not achieve the aspirational outcomes and assumptions underpinning the 'Vision 2015' project
There are a number of critical dependencies within the strategy, failure to deliver each of which will fundamentally compromise the achievement of the long term objective.
In those circumstances, the assumed economic, strategic/brand and community benefits are not delivered for the state
The OneAsia Tour or an equivalent elite Asia Pacific series does not eventuate
The OneAsia Tour or an equivalent elite Asia Pacific series is established but the Open is not part of it

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Benefits & Opportunities And Issues & Risks (continued)	• Opportunity to work with SCVB, NSW Government and Austrade offices in key Asian markets to capture incentive business tied to the Open. The Open is seen as a valuable asset in attracting incentive events to Sydney. • The Open would become a Sydney anchor event if 'Vision 2015' aspirations are achieved • Opportunity to develop a golf strategy for Sydney and regional NSW embracing fully-leveraged tourism, business and brand positioning outcomes and highlighting the state as a golf tourism destination • Sydney/NSW becomes Australia's 'home of golf' as well as Australia's 'home of football' • Provides a very clear opportunity to deliver the Premier's requirement for Events NSW to regain a stronger foothold in Asia (Premier's media release 8 November 2007) • GA wants the Open as part of the OneAsia Tour which is proposed to combine the Australasian, Japan, China and Korea Tours with ongoing negotiations to include the existing Asian Tour as a partner • This means Asia's leading golfers would play in the Open providing an Asian broadcast focus on Sydney through a clear television broadcast window in the allocated week for OneAsia tournaments • Opportunity for Asia-specific Sydney brand messaging to be included in Open television broadcast in Asian and international markets • Help deliver State Plan priority P1 (increase business investment in NSW and increase tourism by 10 million visitor nights by 2015) • If golf events in regional NSW are funded, help deliver State Plan priority P6 (increase business investment in regional NSW)	

BENEFIT (ENSW Strategic Outcome @ 2015)	Indicative Score (Max.10)	Driver	KPI's and Contractual Protection A. Core Clauses[1] B. Non-Core Clauses[2]
Economic Impact	**7**	**1. Visitor Numbers** • Minimum numbers of interstate and overseas visitors to the Open each year through to 2015 • Business extension events that will drive significant export dollars for NSW • Business extension events that will increase length of stay and therefore strengthen the economic impact of the Open	• **A.** The Open must act as a key driver of business and golf-specific extension events to attract additional international and/or interstate visitors • **A.** With assistance (but not further funding) from ENSW, GA will implement strategies (such as travel, accommodation and ticket packages plus cooperative marketing campaigns) to grow interstate and international visitors with a focus on business travellers and golfers who travel to play golf • **A.** As part of the Open business extension events, GA must look to facilitate business events that showcase unique NSW skills and expertise that can be exported outside the state (e.g. elite golf coaching or world's best practice water conservation, turf and/or golf course management) which will drive minimum cumulative exports of $2m by 2010 and $3m in exports annually by 2012 and $5m in exports annually by 2015 • **A.** GA will provide rights (e.g. tickets, hospitality and access to pro-am events), and facilitate other opportunities (e.g. access to play competition courses) in support of defined incentive conference opportunities being pursued by ENSW/SCVB. This will include a minimum of 80 (i.e. 20 groups of 4) "super Monday" slots each year • **A.** In order to deliver increased economic impact around

[1] Core Clauses – means that in the eventuality that the clause cannot be satisfactorily negotiated, the investment proposal as it stands could not be executed

[2] Non-Core Clauses – Indicates flexibility around negotiation of the clause

			the Open, GA working with ENSW will look to drive the following minimum levels of interstate and overseas visitors attending the Open including the number that need to be driven by business extension events (which means these visitors will be in NSW for a minimum of 5-7 nights). For these purposes, and unless otherwise agreed to in good faith by ENSW, the minimum visitor targets GA need to generate each year (combining tournament visitors and extension event attendees) are as follows: ➢ 2009 - 3,500 (2,500 interstate and 1,000 international) ➢ 2010 – 4,500 (3,000/1,500 including 2,000 event extension visitors) ➢ 2012 – 5,500 (3,500/2,000 including 2,500 event extension visitors) ➢ 2013 – 6,500 (4,500/2,000 including 2,500 event extension visitors) ➢ 2014 – 7,500 (5,000/2,500 including 3,000 event extension visitors) ➢ 2015 – 8,500 (5,500/3,000 including 3,500 event extension visitors)
		2. Attendances • Minimum attendance levels each year	• **A.** Minimum 45,000 cumulative attendance each year (or such higher number agreed with GA and the host club based on safe venue capacity and spectator amenity) unless otherwise agreed to in good faith by ENSW.
		3. OneAsia Participation • Guaranteed participation by 2012	• **A.** The Open will be sanctioned as an event on the proposed OneAsia Tour (or equivalent elite Asia Pacific series) ideally by 2010, but by 2012 at the very latest unless otherwise agreed to in good faith by ENSW.
		4. Prizemoney and Player Appearance Fees • GA set aspirational targets	• **A.** GA has outlined an aspirational target of $6m in prizemoney and $3m in player appearance fees by 2015 • **A.** Unless otherwise agreed to in good faith by ENSW, ENSW funding is to be directed by GA to prizemoney and player procurement to directly drive event

		• Minimum guaranteed levels to ensure scale and viability of ENSW's investment	attendance, television ratings, tournament revenue and perception of the event's standing with the local community. Alternative spending of the funding such as promotions/advertising/media/international TV exposure must be agreed with ENSW. • **A.** Subject to GA securing corporate or other funding of at least $1.5m each year and unless otherwise agreed by ENSW, in order to ensure the status of the Open moving forward and the viability of ENSW's up-front focused investment, GA agrees to guarantee the following minimum levels of combined prizemoney and player appearance fees below: ➢ 2008 - **$2.75 million** ➢ 2009 - **$6 million** – If Tiger Woods plays in 2009 ➢ 2009 - **$2.75 million** – if Tiger Woods does not play ➢ 2010 - **$4 milllon** ➢ 2011 Open at Moonah Links ➢ 2012 - **$4.15 million** ➢ 2013 - **$4.6 million** ➢ 2014 - **$5.25 million** ➢ 2015 - **$6.3 million**
		5. Permanent Dates	• **A.** Unless otherwise agreed to in good faith by ENSW, the Open will be committed to a regular November or early December date on the domestic and international golf schedule to enable participation by marquee Australian and international players.
		6. Player Participation	• **A.** Unless otherwise agreed to in good faith by ENSW, GA will secure participation by all Australian players in the top 100 in the official world golf rankings (barring injury, personal or other valid reason). • **A.** Unless otherwise agreed to in good faith by ENSW, GA will secure by 2012 participation by eight to ten of the top 20 players in the official world golf rankings and/or major championship winners and/or key geographically focussed golfers (barring injury, personal or other valid reason).

			• **A.** ENSW funded participation by Tiger Woods in the 2009 Open or (as a fallback position) participation by two or three marquee international players in the 2009, 2010 and 2012 Opens (player choices to be agreed between GA and ENSW) however ENSW can only commit additional minimum funding of $800,000 in 2009 should Tiger Woods not play in 2009 and ENSW can give no commitment for any additional funding in 2010 and 2012.
		7. Corporate Sponsorship • Minimum levels of corporate support required	• **A.** The Open will only be able to meet its aspirational targets by 2015 if there is substantial corporate support to supplement ENSW's investment. GA has outlined aspirational but realistic targets for the continued growth in corporate sponsorship and support for the Open. In order to ensure the status of the Open moving forward and the viability of ENSW's up-front focused investment, unless otherwise agreed to in good faith by ENSW, GA will secure the following minimum levels of major corporate partner/s revenue moving forward: ➢ 2008 - **$2m** 2009 - **$3.5m** ➢ 2010 - $3.5m ➢ 2011 Open at **Moonah** Links ➢ 2012 - **$4m** 2013 - **$4.25m** ➢ 2014 - **$4.75m** ➢ 2015 - **$5m**
Strategic / Marketing Impact	**10**	**8. Domestic Television**	• **A.** Unless otherwise agreed to by ENSW, GA will secure a minimum of a four-day national broadcast on mainstream free-to-air commercial television with a minimum of five hours' daily with GA acknowledging that ENSW's key objective is to maximise the number of people that can view the broadcast. • **A.** GA acknowledge that growth in national television event audience based on the yearly average all-people audience measured across five major metro capitals and regional NSW is a key objective of ENSW. The parties agree a 5% increase is expected each year, however, in good faith, the parties will agree an annual target taking into account factors such as dates, competing

			broadcasts, the impact of Tiger Woods and player fields.
		9. International Television	• **A.** GA agree to secure a minimum of three hours daily live or near-live broadcast coverage in NSW's established and/or emerging tourism markets or other countries of export/business interest to the state (i.e. Korea, Japan, USA, China, UK, New Zealand, the Gulf States, India, Singapore, Malaysia, Hong Kong and Germany or as agreed between the parties). GA acknowledges that ENSW's objective is to maximise the number of people in these markets that will view the broadcast and as such free-to-air television is a priority. As such, these broadcasts need to deliver a minimum 7.5 million cumulative average all-people audience across all markets. This level will be reviewed and agreed in good faith between the parties following further research into the 2006 and 2007 results.
		10. Full City Engagement	• **A.** Unless it is beyond ENSW's control, ENSW will ensure that all NSW Governmental agencies will agree to provide their full support as the Open will be classified as a Tier 1 hallmark event with Tourism NSW marketing support, DSRD in relation to business events and incentives, City of Sydney with street banners and OPSE with user charges exemptions of approximately $350,000 over the term of the agreement.
		11. Tournament Status	• **A.** The Open may over time become known as 'The Open of the Asia Pacific ' in the same way the Australian Open Tennis is branded and recognised as 'The Grand Slam of the Asia Pacific ' • **A.** For this purpose, there would need to be an increase in the number of official world golf ranking points available for the Open champion (up from the current 32 points) equivalent to that of a USA PGA Tour event in 2008 of between 40 and 50 points to the winner. • **A.** The Open would be recognised by the players and officials as providing the highest quality services and facilities on the OneAsia Tour.

		12. Location	• **A.** The Open must be played at one of Sydney's four championship courses (Royal Sydney, The Australian, NSW Golf Club and The Lakes) with potentially more focus placed on the NSW Golf Club as it is NSW's highest ranked course in world rankings.
		13. Branding Benefits	• **A.** The Open sponsorship benefits provided to ENSW must be commensurate with ENSW investment. Therefore, there must be a significant increase on the benefits provided under the current NSW Government/GA agreement. • **A.** Specific sponsorship benefits will need to include such things as: moveable signage in the TV arc on each green, two exclusively branded high-profile holes (one on each nine), logo on 50% of tee headers on each hole, logo on interview and media conference backdrops, main scoreboard, presentation stage, temporary venue signage, printed collateral, event website, minimum of two tourism 10-15 second postcards per hour embedded in both the domestic (only post 2008) and international TV coverage, integrated event logos, hospitality and ticketing package, pro-am and 'Super Monday' places, etc.
Community Impact	**7**	**14. Access to Tickets**	• **A.** Focuses on ability of NSW residents to attend the Open
		15. Domestic Television	• **A.** (As per Driver 8). Focuses on ability of NSW residents to view broadcast coverage of the Open.
Miscellaneous		**16. Financial and**	• **A.** Commitment by GA to complete event financial transparency to provide ENSW with capacity to review

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		Operational Transparency	and (if necessary) audit GA's event accounts at ENSW's cost. This will not only ensure the agreed funds have been allocated for their intended use but also any funds generated by ENSW (e.g. securing Tiger Woods in 2009) are allocated towards growing the Open and not simply used to fund GA's wider operations. In order to facilitate this further an Open Operating Committee would be established to govern the implementation of the agreement and to ensure financial, operational and strategic transparency between GA and ENSW. This committee would consist of 2 executive members from ENSW and 2 from GA.
		17. Exit Strategy	• **A.** Whilst ENSW base funding would be committed by ENSW (subject to exercise of its option and the terms of the Agreement) to 2015, ENSW can (in addition to its sole decision with or without reason as to whether or not it exercises its option to continue for 2013-2015) exit the Agreement: **(1)** after the 2010 Open (however this could only be invoked at this point due to GA's failure to meet KPIs (as set out in specific term 2 of the attached letter); and **(2)** if the option is exercised by ENSW to continue for 2013 to 2015, then yearly after the 2013 and 2014 Opens where ENSW annually reviews GA's ability to deliver (and performance on delivery) on these KPIs and if there is material breach by GA then ENSW would have the ability to exit.
		18. Research	• **A.** A commitment by GA and ENSW to spend a minimum of$80,000 annually (contributed equally) to conduct a mutually beneficial economic and media impact research program that will be managed by ENSW. This research will also form the basis of measurement around whether GA has achieved its KPI's. Other key measures will focus on the following:

			• Quantified brand recognition that the Open reflects Sydney's status as a major western gateway to Asia and a leading Asia Pacific financial centre • Quantified awareness and positive attitude amongst the Sydney community concerning long-term hosting of the Open
ENSW Funding & Term	• GA has requested ENSW funding of $21 million over 2008-2015 but ENSW analysis suggests funding of $16.3 million is more appropriate • This comprises $12.35 million in rights fees over 7 Opens and $100,000 on essential works for the 2009 Open concerning threatened species at the NSW Golf Club (ENSW base funding), up to $3.5 million to secure Tiger Woods in 2009 or secure other marquee players in 2009, 2010 and 2012 (supplementary funding of minimum of $800,000 for 2009 but with no commitment of any further funding for this purpose for 2010 and 2012) and $350,000 as the estimated value of police, RTA and ambulance user charges • A restructured deal with Golf Australia on the Open would mean significant ENSW funding is injected upfront to kick start the 'Vision 2015' project, particularly if Tiger Woods is secured in 2009 or (as a fallback position) other marquee international players are secured for the 2009, 2010 and 2012 Opens • A restructured deal will also need to clearly recognise ENSW's funding as effectively providing additional incremental revenue to GA (estimated between $1 million - $2.5 million if Tiger Woods is secured for 2009) which GA must use to 'underwrite' the quality and stature of future ENSW supported Opens • Contract negotiations with GA will be for an initial four years (i.e. 2008-2010 and 2012) with ENSW having an option to be exercised in its sole discretion by 30 June 2012 for the three year period 2013 to 2015. • ENSW funding would be higher over 2008-2010 tapering off over 2012-2015, indicatively as follows - ➢ 2008 - $1.75 million ➢ 2009 - $1.2 million (which includes $100,000 for environment offset liability estimated by DECC as $100,000 over 10 years which, where possible, ENSW will assist GA in minimising the end cost of, plus $3.5m for Tiger Woods' appearance or if not available other marquee golfers) ➢ 2009 – $2m if Tiger Woods does not play (including the minimum of $800,000 of funding due to the loss of $3.5m for Tiger Woods non-participation) ➢ 2010 - $2.25 million ➢ 2012 - $2 million ➢ 2013 - $1.75 million ➢ 2014 - $1.75 million ➢ 2015 - $1.75 million	
ENSW Management Comment	• Events NSW has fundamental decisions to make concerning continued investment in major golf tournaments beyond 2009	

	• One option is to withdraw from all major golf funding at the conclusion of the current GA contract in 2009 • The other option is to engage with GA on the 'Vision 2015' project and engage with GA/other stakeholders to potentially develop a golf strategy for the state • Supporting the latter option, the Premier has set a number of mandates for Events NSW, one of which is to regain a stronger foothold in Asia • Like football, golf has extensive international television distribution and a strong Asian focus so strategic engagement with golf presents a clear opportunity to deliver the Premier's Asian engagement policy • Confidential feedback by a prominent figure in Australian golf (a former Australian Open champion) were supportive and positive about the overall thrust of 'Vision 2015' objectives. However, for these objectives to be fully realised, it was fundamental that the Open had to become a pre-eminent Asian tournament by 2015 • Mark Steinberg (IMG's Global Head of Golf and Tiger Woods' manager) confidentially advised the 'Vision 2015' objectives were ambitious but that they could be achieved provided the right commercial partner was secured and the Open became a prominent event on the new OneAsia Tour (or whatever elite Asia Pacific golf series is finally put in place). • Discussions are continuing between Asian golf stakeholders on the OneAsia Tour with the next key meeting understood to be in July 2008 to follow up a recent meeting in Beijing • Given the potential opportunity to deliver the Premier's Asian engagement policy, it is considered Events NSW should partner with GA on the 'Vision 2015' project and engage with GA/other key stakeholders to potentially develop a golf strategy for the state • However, the overriding factor for ENSW funding of 'Vision 2015' must be that the Australian Open becomes *the* pre-eminent Australian tournament on the OneAsia Tour (or equivalent elite Asia Pacific series) from 2010 (or whatever year the proposed tour is fully operational) and the pre-eminent event on the entire OneAsia Tour by 2015. • Successful achievement of Golf's Vision 2015 offers substantial and relevant benefits to Sydney and NSW. However, there are a number of critical dependencies within the strategy, failure to deliver each of which will fundamentally compromise the achievement of the long term objective. ENSW needs, therefore to create the opportunity for the vision to be realised, while insuring itself through its contract with GA, against the risk of any of the critical dependencies not eventuating. It is on this basis that the recommendation below is advanced.
Recommendation	It is **recommended** that Events NSW – (i) Partner with GA on the 'Vision 2015' project for the Australian Open and commit up to $12.45 million base funding over 2008-2015 for this purpose (ii) Seek supplementary funding of $3.5 million to attract Tiger Woods for the 2009 Open or (as a fallback position) to attract marquee international players for the 2009, 2010 and 2012 Opens (to a minimum level of $800,000 in 2009 but with no commitment of any further funding for such

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		purpose in 2010 and 2012)
	(iii)	Implement a new contract with GA to replace the existing Government/GA contract that includes the KPI's set out earlier, ENSW exit points if KPI's are not being delivered, and revised benefits commensurate with a total Government investment of $16.3 million (i.e. the combined value of ENSW base funding, supplementary funding and foregone user charges)
	(iv)	Consider development of a golf strategy for the state which could be driven through the new

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SCHEDULE
FOR LETTER OF INTENT BETWEEN EVENTS NEW SOUTH WALES AND GOLF AUSTRALIA LIMITED

Event	Australian Open Golf Championship	Received - NA
Date of Event	2008-2010 and 2012 and option for ENSW to continue for 2013-2015 inclusive at the levels recorded.	
Location	Sydney	
Funding Summary	Extension of existing contract with Golf Australia to support the Men's Australian Open Golf Championships (the Open) over 2008-2010 and 2012 and with option for 2013-2015 inclusive.	
Event Background	• Sydney is synonymous with the Australian Open, hosting the inaugural championships in 1904 and the Centenary Open in 2004. To date, Sydney has hosted the Open on 32 occasions and continuously since 2006. • The Open is a known brand in Australian sport combining tradition, heritage and history and an honour roll featuring some of golf's greatest players. All Australia's leading golfers regard winning the Stonehaven Cup as a career highlight. • Australia is the second best golfing nation in the world behind the USA with 12 players in the top 100 in the official world golf rankings, six in the top 50 and two in the top 10 • Golf is experiencing rapid commercial and participation growth in Asia. The anticipated creation of the OneAsia Tour or an equivalent elite Asia Pacific series from 2009 or 2010 potentially opens up tourism, business, branding and destination promotion opportunities. • There is speculation a 'fifth major' outside the USA will be nominated within the next 20 years. The Australian Open needs to be positioned as the undisputed choice as the 'fifth major' if and when the time arises. • The former NSW Major Events Board (MEB) identified golf and football as two high-profile commercial sports whose major events could be locked into Sydney for a number of years, developed to achieve economic, tourism and business benefits for the state and play an important role in an Asian engagement strategy for Sydney. Following negotiations with Golf Australia (GA), the MEB provided $350,000 funding for the 2006 Open and subsequently negotiated a three–year NSW Government/GA contract to stage the Open in Sydney over 2007-2009. • Tourism NSW also began development of a 'golf tourism strategy' to support the Government's contract • Due to GA contractual commitments, the Open will be held at Moonah Links on the Mornington Peninsula in 2011 (the year Royal Melbourne hosts the Presidents Cup) and twice more until 2021 on dates of GA's choosing • DSRD estimated the cumulative net economic impact on the NSW economy from hosting the Open over 2006-2009 at $20 million. • The current GA contract combines base funding of $1.1 million per annum plus incentive payments should GA achieve key performance targets. If targets are achieved, GA would receive $3.75 million over three years. All Government funding under the existing contract goes to prizemoney and player recruitment.	

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