

# THE LEAGUES' CLUBS ASSOCIATION OF NSW LTD

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Mr. Tim Grimwade  
General Manager  
Adjudication Branch  
Australian Competition and Consumer Commission  
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Tuesday 3<sup>rd</sup> September 2002

## CONFIDENTIAL

Dear Mr. Grimwade,

On the 8th August 2002, the ACCC wrote to the General Manager of NSW Leagues Club, advising him of an application from the Australian Hotels Association (NSW) seeking authorisation to, among other initiatives:

**"conduct collective contractual negotiations on behalf of its members with TAB LTD in NSW for Pub TAB wagering services and Sky Channel racing broadcast services", and**

**"seek authorisation of primary boycott activity in the form of a collective decision by member hotels and taverns to withdraw services to TAB LTD. should contractual negotiations break down and not recommence within 7 days"**

The General Manager of NSW Leagues Club, Mr. Chris Bowden, referred your letter to our organisation for comment on behalf of not only his club, but Leagues Clubs throughout NSW.

By way of background information, The Leagues Clubs Association of NSW represents the collective interests of nearly 60 affiliated member clubs across NSW, these clubs in turn providing amenities and facilities for over 780,000 members, plus their extended families and guests.

In addition our member clubs, while numbering less than 4% of the total number of clubs in NSW, generate nearly 30% of all gaming taxes in NSW (over \$140 million) and employ nearly 7000 staff with an annual payroll exceeding \$172 million per annum.

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Many Leagues clubs operate ClubTAB facilities (our records indicate 44 clubs in 2000) who in turn generate substantial wagering turnover (\$62.1 million in year 2000).

In an effort to canvass Leagues clubs opinions on the issue of the AHA action (as identified in your letter), the subject was raised at a meeting with the Chief Executives of 35 member clubs on 15<sup>th</sup> August 2002.

After taking a report on the issue and a subsequent discussion, a unanimous resolution was adopted that instructed The Leagues Clubs Association of NSW, to communicate to the ACCC full support for the authorisation (s) being sought by the AHA (NSW).

Although clubs and hotels operate within the same market place, the commercial focus is very different, with hotels being privately owned businesses and clubs operating for their members, with all profits being retained for the benefits of those members, through improved facilities and amenities.

The application by the AHA (NSW) highlights much of the frustration endured by all NSW clubs for many years and, from time to time, action similar to that proposed by the AHA has been considered by clubs.

In recent years TAB Limited have aggressively reduced the level of agency operated TAB outlets in favour of ClubTAB and PubTAB operations for reasons which would clearly benefit TAB LTD.

It is believed that ClubTAB and PubTAB outlets are paid a lesser rate of commission than agencies, who may also enjoy subsidies from TAB Limited, as well as more than favorable SKY Channel rates.

Current ClubTAB outlets generating more than \$7,500 per week in turnover, receive commission on turnover of 2.075%, however the exact rate for TAB Agencies and other associated benefits are unable to be accurately stated at this stage.

The ClubTAB rate was reduced from 2.125% after Sky Channel announced a reduction in their substantial fees.

Clubs and hotels are clearly at a disadvantage, despite having to allocate "real estate" for the purposes of conducting wagering activities and accommodate significant overhead costs including wages, consumables, cleaning and fit out of premises, including monitors, furniture and shopfitting.

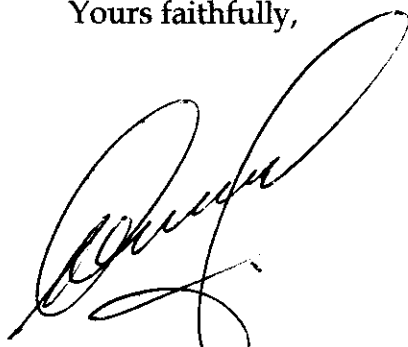
It is fair to say that many, if not all, of the concerns raised by the AHA (NSW) are shared certainly by Leagues clubs and no doubt by most clubs throughout NSW.

As such we support the actions of the AHA (NSW) in seeking ACCC authorisation for the actions proposed.

Furthermore, if granted, we believe that the authorisations sought by the AHA (NSW), would not be to the public detriment and may in fact create an environment, which will benefit the public over time.

In conclusion, may I thank you for the opportunity to provide our comments on behalf of member clubs and ask that this submission be treated as **CONFIDENTIAL** and not placed on the public register or ACCC website.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'David Costello', with a large, sweeping flourish extending upwards and to the right.

David Costello  
Chief Executive