

COPY Harness Racing Victoria



19 March 2007

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Mr Scott Gregson  
General Manager  
Adjudication Branch  
Australian Competition and Consumer Commission  
PO Box 1199  
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Dear Mr Gregson,

**Sky Channel Pty Ltd, Tabcorp Holdings Ltd & ThoroughVision Pty Ltd  
Application for authorisation A91031 & A91032 – interested party consultation**

This is in response to your letter dated 20 February 2007 seeking comments in relation to the above application. The comments are made on behalf of the Board of Harness Racing Victoria (HRV) as an interested party.

In answer to the specific questions:

- i) *How the MOU affects the ability of thoroughbred, harness, greyhounds clubs to license their broadcasting rights:*

Specific to harness racing in Victoria, HRV has an exclusive agreement with Sky Channel that it will broadcast harness racing in Victoria on its commercial channel. The agreement specifies a guaranteed level of coverage, however there is only limited assurances in respect of the timeslots provided for the vision of harness racing throughout Australia.

The agreement is for a 5 year period, ending in 2009 with an option for a further 5 years.

It should be noted that HRV has licensed these rights, not any of the Clubs.

- ii) *How the MOU affects the supply of racing broadcasting services to pay TV and free to air TV operators.*

HRV believes that the proposed arrangement between Sky Channel and TVN will mean that the Sky commercial channel will be duplicated as the Pay TV channel. In other words the 'wall to wall' wagering channel will be available on the home Pay TV package.

This is a critical component to HRV's view on the MOU. The exclusive arrangement we have with Sky Channel relates to the commercial channel only.

Should the MOU result in only thoroughbred racing being shown on the Pay TV networks, then this would have a severe financial impact on harness racing in Victoria.

We are assured by Sky Channel this will not be the case, despite having no guarantee of Pay TV coverage in our agreement.

- iii) *How the MOU affects the supply of racing broadcasting services to pubs and clubs.*

It is essential for the survival of harness racing in Victoria that the supply of the Sky Channel broadcasting to pubs and clubs remains. Our concern is that the pricing of the commercial 'wall to wall' wagering channel remains reasonable.

In the event that, as a consequence of the MOU, there is upward pressure on the pricing of the services to pubs and clubs, which in turn forced operator/owners to do away with the service or lead to reduced operating hours for their TAB service, this would clearly be detrimental to harness racing throughout Australia.

- iv) *It would be helpful to obtain your comments on the likely situation if the MOU did not come to effect.*

A probable result of the MOU not being approved is likely to be a return to the 'split vision' between Sky Channel and TVN. As discussed in the Memorandum, HRV would be very concerned based on the results of the split vision in 2005/06. The split vision alternative would again impact on harness racing turnover and negatively affect the revenue streams for harness racing throughout Australia.

Under the previous arrangement (when there was split vision) harness racing recorded negative growth for the first time since the Joint Venture came into force in 1994. We believe it was damaging for the other two codes as well.

It is essential that for the continued growth of harness racing (and racing in general we believe) that the 'wall to wall' wagering channel be retained.

HRV does not have an objection to an independently financed thoroughbred showcase channel, as an addition to the 'wall to wall' commercial wagering channel being distributed to retail outlets, pubs, clubs, internet and homes.

#### **Other Comments**

HRV would not like to see the agreement have a detrimental effect on the existing harness racing television coverage. Reference is made particularly to international racing coverage. Given the existing volume of racing product we would not like to see international product intrude on traditional time slots for local content harness racing (or any code for that matter) and we seek assurances from Tabcorp/Sky Channel that the viewing of domestic racing product is not compromised by the importation of international racing product.

Yours sincerely,



John Anderson  
**Chief Executive**