



RACING AND WAGERING WESTERN AUSTRALIA

25 September 2007

By email: [adjudication@accc.gov.au](mailto:adjudication@accc.gov.au)

Attention: Ms D Staltari

Mr S Gregson  
General Manager  
Adjudication Branch  
Australian Competition and Consumer Commission  
GPO Box 3131  
CANBERRA ACT 2601

Dear Mr Gregson

**Exclusive dealing notification by Harness Racing Victoria – N93059**

Thank you for your letter of 6 September 2007. Racing and Wagering WA (RWWA) supports the Draft Notice issued by the ACCC under section 93(3A) of the Act in respect of notification N93059.

In response to your request for further submissions RWWA provides the following information:

- *What effect will HRV's proposal to offer a rebate to the nominated bookmakers have on the abilities of other harness racing clubs and wagering service providers' abilities to compete?*

The purpose of race fields legislation as introduced into Victorian and Western Australia and soon to be implemented in New South Wales is to permit the "Principal Racing Authorities" ("PRA") to enter into commercial arrangements with approved Australian licensed wagering service providers ("WSP") for the use of their race fields information. In this context a PRA is the body responsible for licensing and controlling racing activities within a State.

Only the PRA for harness racing in Victoria (that is, HRV) is permitted to impose a fee for use of their race fields and therefore offer a rebate on those fees. Individual harness racing clubs cannot therefore compete under this legislation.

In RWWA's view, HRV are utilising the provisions of the Victorian race fields legislation to not only impose fees for the use of the race fields under their control, as is intended by the legislation, but also to utilise the provisions of the legislation to increase their distribution of revenue from the Victorian totalisator operator (Tabcorp) by offering a rebate of the fee payable for bets placed with the Tabcorp on harness races throughout Australia.

- *Would other harness racing clubs consider offering a discount or rebate to wagering service providers in response to HRV's offer? Why or Why not?*

As stated above, in RWWA's understanding, the purpose of race fields legislation is to enable the PRA that provides the race fields to receive a share of the revenue generated by wagering service providers that use their race fields for their business. On that basis, RWWA submits that any return to a specific PRA should be generated as a result of the use of that PA's race fields and the turnover generated from that use. HRV's proposal would see it benefit from the use of the race fields of all PRA's.

- *Would other wagering service providers consider offering a discount or rebate to encourage the nominated bookmakers to place bet-backs with them? Why or why not?*

RWWA refers to its comments at the second point above. If RWWA were to offer rebates it would do so to recognise existing contributions to the Racing Industry. RWWA would adopt the model used by RVL which is explained below, so that a WSP outside of Western Australia licensed to use WA race fields would receive rebate of, say, 1% of the turnover of that WSP generated by lay offs placed by the WSP on the WA racing industry through a an approved WSP. RWWA believes that this approach will lead to the legislation being used to ensure the industry shares in the revenue generated as a result of the use of its race fields. The rebate will not be offered to induce bookmakers to bet through RWWA or a nominated wagering service provider.

- *Whether the presence and size of the rebate will encourage bookmakers to place bet-backs with Victorian TAB at the expense of shopping around for the best odds to spread their risk?*

RWWA believes that bookmakers operate on minimal margins, i.e. profit on turnover, A 1% rebate on turnover effectively increase a bookmaker overall profitability. RWWA believes that this practice will undoubtedly encourage these bookmakers to bet-back through the Victorian TAB.

- *Whether other wagering service providers offer rebates or discounts (including which wagering service provider and the type of rebate or discount offered) and how the presence of these rebates or discounts may affect bookmaker's decision of where to place a bet-back or layoff?*

Harness Racing Victoria is not a 'Wagering Service Provider' it is the Principal Authority for Harness racing in Victoria.

Racing Victoria Limited (the PRA for Victorian Thoroughbred racing) offers a rebate through the same legislation as HRV. The RVL rebate applies as follows:

Rebate of 1% of turnover generated by layoffs/bet-backs placed by the WSP on Victorian thoroughbred races through any WSP approved by RVL to use their race fields.

- *Whether bookmakers consider the size of the pool in deciding which wagering service provider to place a bet-back with?*

The size of the pools is important when determining where to bet. In the case of a bookmaker that places large bets the larger the pool size the less likely additional bets will influence the dividend.

The Victorian TAB is combined with Western Australia, Tasmania and the ACT, to form STAB. Bets through any of these TAB operators form a single pool, therefore, a bookmaker will not be influenced by the size of the pool from any of these individual operators.

For any further information in relation to this matter please contact Glenn Miller on (08) 9445 5298.



Richard Burt  
CHIEF EXECUTIVE OFFICER