



AUSTRALIAN INTERNET BOOKMAKERS ASSOCIATION

Locked Bag 5001
Alexandria
NSW 2015

Ph: 0418 718 563

The General Manager
Adjudication Branch
Australian Competition & Consumer Commission
PO Box 1199
DICKSON ACT 2602

By email: adjudication@accc.gov.au

Dear Mr Gregson

Re: Notification No. N93059 Draft Notice in respect of a Notification lodged by Harness Racing Victoria

I refer to your invitation to comment on the draft determination.

This Association supports the conclusion reached by the Commission in its Draft Notice.

By way of a preliminary comment, I would like to correct the implication set out in paragraph 5.26. The paragraph says, "*HRV advised that it nominated the six particular bookmakers as part of the notified conduct because they have sought approval from HRV to publish race fields for Victorian harness racing.*" The implication that there has been no selective focus on the six nominated bookmakers should be put to one side. The applications were made because (as was expected would be required of all non-Victorian wagering providers), HRV *required* them to be made. Instead, it appears that HRV has chosen not to approach other Australian or international bookmakers or betting providers.

While this Association notes and agrees with the observation in the draft Notice that HRV is given a statutory power to determine the terms and conditions and to whom it grants approval, this power has to be exercised according to trade practices and other legal principles. However, it is not necessary to pursue this issue further at this time.

With respect to the queries in paragraph 5.33 and following, it is noted that they focus on the possibility of clubs and betting providers offering competitive rebates. The AIBA suggests that these commercial decisions may well be shaped by the future legislative frameworks under which they are made. Should HRV be permitted to set this precedent, it would be difficult for others to not follow suit in order to retain their local racing funding base.

This focus on the *local* funding base also explains the view by HRV at paragraphs 5.42 and similar, that Victorian bookmakers have operated under broadly similar bet-back arrangements without issue since 2001. This is off point as the *intrastate* arrangements for Victorian bookmaker levies and taxation are entirely a matter for Victoria. It will be appreciated that this arrangement reflects the "old model" of funding described as the Gentlemen's Agreement, whereby *local* racing funding was provided by *locally licensed* betting providers.

The new product fee regime applies to interstate (and international) providers. It is not appropriate to apply this Victorian formula to interstate providers without recognising the State taxes/ industry levies that they already pay.

With respect to the query in paragraph 5.45, and in the light of the observation that the Fee payable may be reduced to zero, the presence and size of the rebate will clearly encourage the placing of bet-backs with the Victorian TAB at the expense of other providers.

The value and size of bet-backs depend upon many factors but may, on occasion, be reasonably significant.

The size of the totalisator pool is a relevant factor. Punters making larger bets are less attracted to smaller tote pools because they offer a poor return. Their large bets dilute the return (the "price") because the bets represent a relatively large proportion of the pool. Coupled with a commission/ deduction rate of 16%, they are in effect "buying their own money back". Bookmakers offering fixed odds provide better value to serious punters. Similar considerations apply to the bet-back options open to bookmakers.

In summary, this Association supports the conclusion reached in the Draft Notice that the notification should be revoked.

Thank you for the opportunity to comment.

Kind regards



Tony Clark
Executive Officer
28 September 2007