

Mr Richard Chadwick
General Manager
Adjudication Branch
Australian Competition & Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

Attention: Susan Hogan
By email: susan.hogan@accc.gov.au

29 November 2010

Dear Mr Chadwick

**Australian Hotels Association Divisions (AHA) application for authorisation –
AUSTAR Entertainment Pty Ltd (Your Ref: 43860)**

AUSTAR Entertainment Pty Ltd (**AUSTAR**) welcomes the opportunity to make a submission in relation to the AHA's application for revocation and substitution of a new collective bargaining authorisation.

AUSTAR is one of Australia's leading subscription television providers, with more than 740,000 residential subscribers and almost 7,500 commercial subscribers, including more than 1,700 licensed venues. AUSTAR supplies its services to customers in regional and rural areas of NSW, Victoria, Queensland, and South Australia and to all areas of the Northern Territory and Tasmania. Approximately 60% of our licensed venue customers, nationally, are AHA members.

AUSTAR currently supplies an 'AUSTAR for Licensed Venue' subscription television product (**Product**) to venues across all states except Western Australia. This Product has been created to suit licensed venues of different sizes and meet the various entertainment needs of these venues. In providing this Product, AUSTAR will install and manage a minimum of 3 set top units within each venue, which deliver aggregated subscription TV content, including as a minimum the following channels – Fox Sports 1, 2 and 3, Fox Sport News, ESPN, Fuel TV, Eurosports and Eurosports News, Al Jazeera, SBS ONE and Main Event.

AUSTAR will enter an agreement with each licensed venue for a 12 to 18 month term, based on a standard agreement template. The use of a standard agreement template is important as it lowers transaction costs for both AUSTAR and its customers.

In developing the terms (including price) of our standard agreement template, AUSTAR has always consulted with the AHA and its members (and other non-AHA licensed venues) about licensed venues' needs, and will continue to do so in the



future. It is through this process of consultation that we ensure that our Product remains of maximum value to our Licensed Venue customers.

Accordingly, AUSTAR is of the view that the claimed benefits that the AHA submits will be brought about by authorising collective negotiations are illusory and can be achieved without the authorisation. AHA has failed to demonstrate in any detail and without any evidence that the claimed benefits will apply in relation to the provision of subscription television services. Rather, the submission appears to focus largely on grocery and liquor suppliers.

AUSTAR believes that competition between AHA members, at least with respect to subscription television, creates a more efficient industry that ultimately drives down the prices licensed venues charge their patrons for entertainment, food and beverages. In our view, collective bargaining by the AHA on behalf of its members would reduce competition between licensed venues and would result, over time, in net detriments to consumers.

As a result, AUSTAR submits that the ACCC should reject the application on the basis that there is no legitimate public benefit to be achieved by approving the AHA's application.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Deanne Weir", is positioned below the text "Yours sincerely".

Deanne Weir
Group Director, Corporate Development
AUSTAR Entertainment Pty Ltd