



FILE NOTE			
Matter name:	Harness Racing Australia Inc - Collective Bargaining Notifications - CB00206 - CB00207		
ACCC parties	Imogen Hartcher-O'Brien, Jasmine Tan (Adjudication Branch) Lin Johnson (CCEU)		
TRACKIT No	49343	File No.	C2012/678
Other parties	Adam Carter, Acting CEO Racing Queensland	Date / Time:	18 September 2012 11:00am-11:45am
Phone to	<input checked="" type="checkbox"/>	Phone from	<input type="checkbox"/>
		Meeting	<input type="checkbox"/>
		Other	<input type="checkbox"/>

Staff arranged a call with Adam Carter, Acting CEO of Racing Queensland, (AC) to discuss the reasons Racing Queensland chose not to be party to arrangements notified by Harness Racing Australia Inc on behalf of itself and six other harness racing bodies for collective bargaining with Sky Channel Pty Ltd (Sky). Staff also sought AC's views on the notified arrangements and the racing industry more broadly. A summary of AC's submissions is set out below.

Why Racing Queensland is not party to the notifications

- Racing Queensland is a not-for-profit control body established by the Queensland Government to promote the interests of the three racing codes in Queensland (thoroughbred racing, harness racing and greyhound racing). The newly-elected Queensland State Government has made an election promise to divide Racing Queensland into three separate statutory bodies, one for each code. These new statutory bodies are expected to be created by March 2013.
- It has always been Racing Queensland's intention to establish a Queensland or national collective bargaining agreement with Sky for the rights to broadcast harness racing content but, given that the Queensland racing industry is currently undergoing major changes, Queensland's three harness racing clubs considered it would be inappropriate to be party to the notified arrangements.
- When the new Queensland racing bodies are created, the harness racing body (and possibly the greyhound racing body) will seek to collectively bargain with Sky.

Industry background

- Sky has no real competitors for the acquisition of racing content with the exception with ThoroughVision Pty Ltd (TVN) in Thoroughbreds – it is a monopoly acquirer and broadcaster of racing content in Australia.
- The three racing codes compete with one another for timeslots on Sky's two racing channels.
- Thoroughbred racing constitutes 70-80% of wagering turnover. Wagering turnover is maximised when races are broadcast on Sky's more popular racing channel, Sky Channel 1.
- Some Australian harness racing broadcasts are exported. However, few of these come from Queensland. Those that do usually come from the largest of the three Queensland clubs/tracks, Albion Park. (The other Queensland clubs/tracks are Gold Coast and Redcliffe.) Menangle, in NSW, and Gloucester Park, in WA, are also likely to export racing content.
- Across the three codes, on-course wagering represents approximately 10% of wagering revenue and off-course wagering represents around 90% of wagering revenue. On-course betting on interstate races is possible. Wagering on harness racing is national.

Agreements with Sky

- Currently, each of the harness racing clubs has a completely different agreement with Sky. Through collective bargaining, these contracts could be standardised to some extent. For example, the wording at the front of the agreements could be the same and then the terms that followed could differ between clubs.
- Previously, Sky would dictate terms and conditions of contracts to racing clubs. It is now more flexible and happy to work with each of the codes, clubs and States to achieve mutual benefit.
- This change has come about in response to changes in the wagering landscape. Wagerers can now bet on any sport, through numerous agents, including Betfair, Tatts Bet, Sporting Bet, etc. Betting on traditional sports like football is especially popular with younger people and Sky and the harness racing clubs need to work together to protect wagering revenues from harness racing.
- Recently, there have been improvements in wagering revenue from greyhound racing because this sport is easy for punters to bet on.
- In July 2010, Racing Queensland was party to a collective bargaining agreement with Sky, as opposed to ThoroughVisioN Pty Ltd (TVN), for licenses to broadcast thoroughbred racing content. The agreement took a long time to negotiate but ultimately resulted in 10 year contracts that AC advised, provided the thoroughbred racing clubs with significant benefits. The clubs were pleased with the collective negotiations.
- Collective bargaining needs to occur so that the harness racing industry can re-invest in itself and stay afloat. The notified conduct is likely to result in significant public benefits and should be allowed to stand.

New media

- Currently, some harness racing clubs offer “Harness Racing TV”, that is, replays of certain races on YouTube. Sky allows this content to remain on YouTube for a limited period of time. The replays, which include analysis of the races, are intended to promote the sport and provide wagerers with additional information about the sport, the horses, race tracks, etc.
- Harness Racing Australia is also looking at creating other new products, such as harness racing apps for mobile devices and a new, shorter race product called “Hot Shots”. Harness Racing Australia is working closely with Sky to develop these products.

National Scheduling Review

- Racing Queensland attended the National Scheduling Workshop held on Friday 14 September, which was arranged by Sky and attended by representatives from each of the three racing codes.
- Racing Victoria (a thoroughbred racing club) sought to change scheduling between races to get more ‘premium’ races (those from NSW and Victoria) on Sky Channel 1. Harness racing clubs opposed this idea, saying it would result in a downturn in wagering on harness racing events. Sky rejected the proposal. Sky agreed that harness racing and greyhound racing would remain on Sky Channel 1 but noted there is still potential to reduce harness racing content on this channel.

AC noted that Andrew Kelly, CEO of Harness Racing Australia, used to be CEO of Harness Racing Queensland and would also be happy to speak to the ACCC about this matter.

Staff thanked AC for his time and promised to keep Racing Queensland informed of any decision on this matter.

Signature: Jasmine Tan		Date: Time:	02/11/12
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