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**Australian
Competition &
Consumer
Commission**

Record of Conversation with the National Rugby League Limited

19 February 2014. 9:30am

Representatives from the National Rugby League Limited (the **NRL**) made the following observations on the notifications.

General Issues and background

1. The NRL is a not-for-profit organisation that conducts rugby league competitions across Australia. NRL leagues and events have around 4 million annual participants and attendees, and account for some of the most highly watched television events of the year (State of Origin, Grand Final).
2. Wagering on sporting events (**sports betting**) has increased rapidly in recent years, with industry turnover now exceeded \$3 billion per annum.
3. The NRL considers that maintaining the integrity of the game is the most important consideration in its interaction with the sports betting industry. Sports betting service providers enter into Product Fee and Integrity Agreements with the NRL that allows the NRL to access betting account information and to control the types of bets available on its events. The Agreements also require sports betting providers to report suspicious betting activity to the NRL. These measures enable the NRL to monitor betting patterns in respect of its matches for the purposes of identifying possible suspicious activity.
4. The NRL submits that "integrity costs" associated with sport have escalated substantially recently, citing the Australian Crime Commission's February 2013 report that found evidence of performance-enhancing drug use, connections to criminal organisations, match fixing and other vulnerabilities associated with wagering in Australia's top sporting leagues, including the National Rugby League.
5. The NRL submits that the 2013 Product Fee and Integrity Agreement expired on 31 December 2013, and that the NRL and the Participants have been negotiating the 2014 agreements in the hope of coming to terms before the 2014 National Rugby League season commences. The NRL has agreed to terms for 2014 with other sports betting providers (not Participants to the notifications) and totalisators.

■ The NRL submits that in individual negotiations with spot betting agencies for the 2014 season it has sought a modest increase in the Product Fee to assist the NRL in covering these increased integrity costs. ■
■

[REDACTED]

The NRL believes that this increase in the Product Fee is the issue over which individual negotiations with each of the sports betting agencies participating in the notifications¹ have stalled.

7. The NRL also submitted that the profitability for the sports betting agencies of betting on NRL matches has increased over recent years as the volume of bets taken by the sports betting agencies on those matches has increased.
8. The NRL explained that Product Fee revenues go to the NRL's consolidated revenues, but submitted that the NRL's investment in maintaining the integrity of the sport is significantly higher than Product Fee revenues. The activities undertaken by the NRL to maintain the integrity of the sport include the monitoring and analysis of betting patterns, as well as player education and welfare programs that focus specifically on integrity issues and risks.
9. The NRL submits that in previous years all negotiations were undertaken individually between the NRL and sports betting agencies, but that the Product Fee and Integrity Agreement are essentially standard forms with little differentiation between the agreements with each sports betting agency.

[REDACTED]

[REDACTED]

11. The NRL noted that in Victoria sports betting agencies are required by legislation to enter into commercial arrangements with the relevant sports controlling body before they can offer wagering on sporting events offered by the sports controlling body in Victoria, or if they cannot reach agreement with the sports controlling body, obtain a determination from the Victorian Commission for Gaming and Liquor regulation to offer wagering on the sports event. However, equivalent legislation is not in place in other states.

¹ Specifically, the sports betting providers seeking to collectively bargain via the Australian Wagering Council: Bet365; Centrebet; Betstar; IASBet.com; Sportingbet; Sportsbet; Tomwaterhouse.com; UNIBet; Betfair; and Ladbrokes

12. The NRL submitted that the relevant market for the purpose of assessing the notifications is broader than submitted by the applicants. The NRL submitted that the relevant market is a national market for wagering on all sports.

Collective Bargaining Notification (CB00284)

13. The NRL submitted that it did not see any public benefits arising from the conduct. The NRL noted that administrative burdens in negotiating agreements were already low and the Product Fee and Integrity Agreement documents were largely standard form contracts that had been agreed to for a number of years. The NRL also submitted that it had undertaken significant negotiations with individual sports betting agencies already, and felt that both sides understood the issues on which disagreement remained.
14. The NRL stated that it believed that there was already (in principle) agreement in relation to most aspects of the Product Fee and Integrity Agreement and that only a couple of elements in relation to the Product Fee agreement remained matters of disagreement.
15. The NRL submitted that there may be substantial public detriment arising from the conduct, noting that Product Fee revenues from sports betting providers contributed to the NRL's ability to finance integrity measures.
16. The NRL considered that the sports betting agencies already have substantial bargaining power (even as individual companies) when negotiating with the NRL due to their expertise in the wagering industry and because in most cases they were able to offer wagering on NRL events even if they did not have an agreement in place with the NRL. The NRL submitted that collective bargaining would further skew bargaining power in favour of the sports betting agencies.

Collective Boycott Notification (CB00285)

18. The NRL was of the view that, should the Participants collective boycott the NRL and not agree to a Product Fee and/or Integrity Agreement, the sports betting agencies would continue to accept bets on NRL events.

20. The NRL submitted that no public benefits would arise from allowing collective boycott conduct.

21. The NRL submitted that substantial public detriments would arise if the Participants were allowed to engage in collective boycott activities. The NRL submitted that its integrity measures would be more difficult to administer if the NRL was not able to access betting information held by the sports betting agencies and exercise control over the types of wagering offered.
22. The NRL also submitted that the conduct would likely result in detriments to the Participants, whose credibility would be damaged by no longer having any official relationship with the NRL, nor contributing to maintaining the integrity of the game.

