

10<sup>th</sup> April 2017

**By email**

Hon. Justice Middleton  
President, Australian Competition Tribunal

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Dear President,

**Re: Submission in support of Tabcorp/Tatts application for authorisation**

The Australian Leisure and Hospitality Group (ALH Group) welcomes this opportunity to provide a submission to the Australian Competition Tribunal in support of the proposed acquisition of Tatts Group by Tabcorp Group Limited (the Proposed Transaction).

The ALH Group is a diversified hospitality business, which operates over 320 venues across all states and territories (except the ACT)]. ALH is also a leading operator of electronic gaming machines, wagering and sports betting outlets and Keno. The ALH Group employs over 15,000 people, sponsors over 1,000 clubs and invests over \$28m every year on entertainment in our venues (e.g. live music, DJs and other acts).

The ALH Group currently operates:

- 140 Pub TABs with Tabcorp throughout New South Wales and Victoria; and
- 131 pubs with Tatts/UBET licences, the vast majority of which are located in Queensland, with smaller numbers in South Australia, Tasmania and the Northern Territory.

We are therefore the largest single owner and operator of retail wagering venues in Australia – operating in all states and territories. This places us a unique position to comment on the respective retail wagering operations of Tabcorp and Tatts and the associated benefits for our venues and for patrons arising from the Proposed Transaction.

In addition to the pubs and gaming parts of the business, we also operate approximately 500 retail liquor outlets nationally in metropolitan and regional areas across Australia under the BWS and Dan Murphy's brands.

ALH is supportive of the Proposed Transaction.

ALH has enjoyed a long and successful relationship with Tabcorp. Over the course of the relationship, Tabcorp has demonstrated both a preparedness to invest in and help grow our business. We consider it to be a genuine partnership and a positive relationship for us.

By contrast, at times, we have experienced considerable frustration with Tatts/UBET as the retail licensee for our wagering venues in Queensland, South Australian and NT. Our frustration stems from Tatts/UBET's consistently poor product offering, network investment, slow uptake of technology (which is also not as good as Tabcorp, even once deployed)—all of which have resulted in financial performance for our venues in Tatts regions being significantly worse than in Tabcorp states.

Examples of the superior support offered by Tabcorp include:

- (a) *Superior technology*: A critical difference over recent times has been the in-venue technology offered by Tabcorp. Tabcorp was the first to roll out self-service terminals (referred to as 'Easy Bet Terminals' by Tabcorp), which were first introduced in ALH venues in over a decade ago Tatts has only recently started to roll out their own self-service cash terminals. As at the start of April 2017 we only have 2 EBT's that accept cash in QLD. It is plain to us that punters prefer self-service terminals with approximately 70% of bets submitted in our venues in Tabcorp states are made using an EBT.
- (b) *Partnership financial benefits* – Tabcorp provides various practical benefits to the ALH Group, which help us to reduce the costs of providing wagering services, including a range of rebates, rental support, growth incentives, capital assistance and various promotional activities and plans. We have generally found Tabcorp more prepared than Tatts/UBET to provide this kind of investment in support of its retail partners.
- (c) *Stronger and better brand* – The "TAB" brand is a far stronger and nationally recognisable wagering brand than UBET. In our experience, Tabcorp is also prepared to invest more in marketing and promotional activities than Tatts, which further drives increased revenues for our venues.

Given our direct experience of operating venues with both Tabcorp and Tatts, we see Tabcorp as a superior operator and consider that the Proposed Transaction is therefore likely to significantly improve the quality of the wagering product and experience available in those regions where Tatts is currently the retail licensee and tote operator.

The ALH Group also recognises the potential for the Proposed Transaction to improve the quality of the tote and Keno products. The combination of Tatts and Tabcorp increases the likelihood of a pari-mutuel pool and Keno pool, respectively, operating across all of the current Tatts and Tabcorp regions. A larger tote pool also improves payouts, and therefore participation, in smaller or secondary racing events (for example, greyhound and harness racing). Similarly, a larger Keno pool would drive larger prizes and make the game more attractive to our patrons.

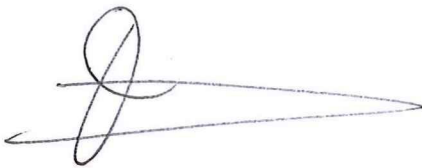
In addition, Tabcorp has demonstrated a willingness to innovate and develop new product offerings to drive customers and venue revenues.

Finally, we understand that some concerns have been raised by parties (notably corporate bookmaker competitors of Tabcorp) about the effect of the Proposed Transaction on competition in various markets. We do not share those concerns. Specifically:

- The wagering market is already highly competitive, with a number of large corporate bookmakers offering products that directly, and very effectively, compete with the tote and with the other fixed odds products offered by Tabcorp and Tatts.
- Tatts does not operate a racing media business and therefore does not compete with Sky Racing.

For all of the above reasons, the ALH Group supports the transaction.

Yours faithfully,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a long, horizontal stroke that tapers to a point on the right.

**David Curry**  
Head of Regulatory and Corporate Affairs  
ALH Group