



TASMANIAN HOSPITALITY ASSOCIATION

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By email

Hon. Justice Middleton
President, Australian Competition Tribunal

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Submission in support of application by Tabcorp Holdings Limited for authorisation of acquisition of Tatts Group Limited.

The Tasmanian Hospitality Association (THA) is appreciative of being afforded the opportunity to provide its views on the merger of Tabcorp/Tatts.

The THA is the peak industry body for all licensed venues in Tasmania, including all hotels/accommodation, restaurants, cafes, pubs and clubs. We are an amalgamation of Tourism Accommodation Australia (TAA), the Australian Hotels Association (AHA), Restaurant, Cafes & Catering Tasmania (RCAT) and Clubs Tasmania. We therefore represent the full gamut of businesses in the hospitality sector. This is our point of difference to industry organisations in other states and territories, which, in most instances represent only a particular type of business in the hospitality sector (for example, clubs or hotels).

We represent more than 420 venues throughout our state and lobby local, state and federal governments on behalf of our members. As the peak body, the Tasmanian government looks to THA to speak for the hospitality industry on important policy issues affecting it and we have a Memorandum of Understanding (MoU) with the state government to reflect that.

Tasmania has a small economy. However, within that economy, the hospitality sector punches well above its weight, contributing approximately \$576 million each year to Tasmania's gross value add. We are therefore a very significant part of the state economy. Not only does the sector provide high quality food and entertainment offerings to Tasmanians, but the sector services over 1.3 million tourists each year. Currently, approximately 20,000 people are employed in the hospitality sector across pubs, clubs, restaurants/cafes and hotels. This equates to approximately 10 per cent of Tasmania's labour force - we are the third largest employing industry in Tasmania.

It follows that the strength of the sector is extremely important to the overall health and prosperity of the Tasmanian economy. It is also critical in ensuring that Tasmanians remain in employment.

Tatts/UBET are currently our state tote operator. We have had a good working relationship with Tatts/UBET in Tasmania in the time that they have been state tote operator and have experienced close personal relationships with Tatts/UBET at a local level.

However, we feel that since Tote Tasmania was sold to Tatts/UBET in 2011, there has been a noticeable loss of focus in Tasmania. There are a number of examples of this, including:

- The Tatts/UBET account (State Manager) is now run out of Brisbane, and is no longer based locally in Tasmania.
- We have not experienced the same levels of investment experienced in other Tatts/UBET states, such as Queensland. For example, Tatts/UBET initiatives such as electronic terminals have either not been rolled out at all in Tasmania or much later than in other Tatts/UBET states.
- Remarkably, Tatts/UBET lost the sponsorship rights to the three major race tracks in Tasmania, all of which to my knowledge are now sponsored by a corporate bookmaker competitor.

Ultimately, we believe that a healthy wagering sector is about **strong partnerships** – including between the tote operator and retail/hotel venues, as well as with the racing industry.

Since the announcement of the Tabcorp/Tatts merger in October 2016, we have had a number of discussions with Tabcorp about the merger, including what it may bring for the hospitality sector in Tasmania. Based on those discussions as well as our close relationship with other state AHA and club bodies, particularly in Victoria and NSW, we believe that Tabcorp has shown a much greater commitment to **genuine partnership** with its venues as well as with peak industry bodies such as the THA.

While Tatts/UBET has entered into some sponsorship arrangements with us, Tatts/UBET do not demonstrate any great interest in driving membership of the THA organisation through an MoU or similar, and indeed, they often appear to develop their state strategies, and roll out initiatives to our members, without liaising closely with us.

By contrast, we understand that Tabcorp has MOUs in place with peak bodies in both Victoria and NSW that provide tangible benefits for hotel and club members. For example, I attended a presentation from Tabcorp on the merger in November 2016. In that briefing, Tabcorp referred to the formal MOUs in place in Victoria and NSW and indicated that they covered issues such as:

- dedicated capital investment (including commitment to self-service terminals, investigating cash redemption terminals and rolling out Trackside);
- venue marketing funds;
- digital commissions – both in-venue and out of venue (for account acquisitions);
- growth incentive payments;
- various rebates and other benefits that help to reduce venue costs.

As well as the tangible benefits, THA understands from our colleagues in other states that they meet regularly with Tabcorp, jointly develop retail initiatives, and maintain a close working relationship. This kind of partnership approach is positive for Tabcorp, directly benefits members and helps to drive membership for the association – which is critical in enabling us to speak for the industry with government on key policy issues. Tabcorp also appear to genuinely desire individual venues, of all kinds and sizes, to succeed.

We believe that this kind of partnership approach is key to the success of our venues, the racing industry and wagering in Tasmania. It is for these reasons that we support the merger.

Overall, our view is that it is only possible to strengthen the hospitality sector if the peak body remains strong. A stronger industry association and stronger venues will see a stronger tote and a stronger racing industry. This will ultimately benefit our patrons and the wider Tasmanian economy.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'S. Old', with a large, sweeping flourish extending to the left.

Steve Old
General Manager