

# MEDIA RELEASE



9 March 2017

## ACCC RELEASES STATEMENT OF ISSUES ON PROPOSED MERGER OF TABCORP AND TATTS

The Australian Competition and Consumer Commission has issued a Statement of Issues examining the effect of the proposed merger of Tabcorp Holdings (Tabcorp ASX:TAH) and Tatts Group (Tatts ASX:TTS) on competition within the wagering, racing media, and gaming industries.

“The ACCC has consulted extensively with industry participants within the racing, wagering, and gaming industries. The matter raises complex competition issues in a range of different areas, and industry participants have provided many differing views, all of which we will need to examine in greater detail,” ACCC Chairman Rod Sims said.

“The ACCC’s preliminary view is that the proposed merger is likely to substantially lessen competition in the supply of monitoring and other services to pokies venues in Queensland.”

The ACCC says, given these concerns, Tabcorp has recently provided the ACCC with a divestment proposal to sell its Queensland electronic gaming machine monitoring business, Odyssey. The ACCC is seeking comment on this divestment proposal.

“Another consideration is whether the combination of Sky Racing and Tatts is likely to materially increase the market power currently held by Tabcorp in its dealings with licensed venues and racing media rights holders,” Mr Sims said.

Tabcorp is the current owner of Sky Racing, the dominant broadcaster of racing media content. The proposed merger will result in the combination of Sky Racing and Tatts’ retail wagering operations in Queensland, South Australia, Tasmania, and the Northern Territory.

The ACCC notes there is limited competitive overlap between the retail (i.e. bricks and mortar) wagering operations of the merger parties which are exclusively held in separate states and territories. The ACCC considers Tabcorp and Tatts primarily compete for online and telephone customers.

“It is our view that strong competition between online corporate bookmakers will mean recreational customers will continue to have choice about where to place their bets,” Mr Sims said.

A further focus of the ACCC’s investigation is whether the proposed merger will affect the ability of competing wagering providers to obtain key inputs including pooling arrangements and access to racing vision, and whether or not they will be in a position to competitively bid for wagering licenses in the future.

There are other issues in relation to gaming services provided to pokies venues under consideration, including the competitive effect of the merged Tabcorp-Tatts potentially accessing commercially sensitive data of pokies venues as a monitoring provider and the overlap in the supply of repair and maintenance for pokies machines in Victoria.

The ACCC invites further submissions from interested parties in response to the Statement of Issues by 24 March 2017. The ACCC's final decision will be announced on 4 May 2017.

The Statement of Issues is available on the public register.

## **Background**

Tabcorp is a gambling entertainment company listed on the Australian Stock Exchange. Tabcorp encompasses three business divisions: Wagering and Media, Gaming Services and Keno.

Tatts is a provider of lotteries, wagering and gaming products and services and is listed on the Australian Stock Exchange. Tatts comprises three business divisions: Lotteries, Wagering and Gaming.

Tabcorp and Tatts have reached an agreement to combine the two companies via a Tatts Scheme of Arrangement. The scheme is conditional on competition approval, whether ACCC approval, Tribunal authorisation or declaration by the Federal Court.

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