

From: Ray [REDACTED]
Sent: Wednesday, 24 May 2023 4:26 pm
To: Registrar
Subject: TAB Authorisation Variation

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Kia ora,

I am writing to oppose the authorisation of the TAB's new structure under Entain, for the following reasons:

Intention to set up a monopoly

Entain has explicitly stated its desire to have the New Zealand Government geo-block overseas betting sites, so that New Zealand customers can only use the TAB. Entain has offered a further \$100 million payment if the government agrees to do this, and the government has indicated it is highly likely to do so.

If approved, this would create a statutory monopoly and would appear to be contrary to the purposes of the Commerce Act.

Entain's sole purpose for seeking to set up an exclusive monopoly is to maximise profit. Once other competitors are banned from offering competitive odds to New Zealand punters, Entain can take a larger cut or vig from each transaction.

For example, currently Bet365 generally offers odds on 2-way markets of approximately 1.90 each way. The TAB generally offers around 1.85 to 1.87 which is slightly less favourable to the consumer - however, because the TAB is competing with other bookmakers, the TAB cannot offer odds that are too unfavourable or people will stop using the TAB.

Once they have eliminated all competition from the market, Entain will be able to offer substantially less favourable odds to the consumers, allowing them to profit off the monopoly they have created. It would not be surprising to see odds as low as 1.78 each way, essentially doubling the "vig" or average profit for Entain per bet.

Although I understand the geo-blocking will not be implemented until it has gone through Parliament, and is therefore in some respects a separate issue to the Authorisation being considered by the Commission at present, the fact that Entain has explicitly stated its desire to set up a monopoly via geo-blocking indicates they fully intend to reduce competition in the market at the expense of the consumer. The merger therefore goes against the principles of the Commerce Act. It will not merely lessen competition, the intention is to completely eliminate competition.

Limiting of profitable punters

Currently the TAB is known for limiting the stakes of customers who tend to win more than they lose, while allowing those who lose more than they win to continue betting with unrestricted stakes.

Whether this is fair is arguable, however at present customers at least have the option of using overseas companies such as Betfair, which never limit customers' stakes regardless of how much they might win.

If Entain are able to set up a monopoly, the effect of the TAB's practice of limiting the stakes of those who are successful at betting will become more unfair on the consumer.

Benefit to the public

There may well be some benefits to the public if the merger did not involve intended geo-blocking of competitors. However, once the statutory monopoly is created, the net effect for the public will be negative as New Zealand punters will inevitably be given less favourable odds in order to increase the profits of Entain.

Entain is not undertaking this merger out of a sense of charity; it does so in order to maximise profits.

Nga mihi,

Raymond 