

Commerce Commission  
PO Box 2351  
Wellington 6140  
New Zealand

28th April 2021

Re: Clubs New Zealand Complaint to the Commerce Commission regarding SKY Television

To whom it may concern

Clubs New Zealand is a member-led association representing more than 300 clubs across New Zealand, including chartered clubs, community clubs, cosmopolitan clubs, workingmen's clubs, sports clubs and returned services associations.

I have been given the mandate by the Clubs New Zealand Board and our members at the recent Clubs New Zealand AGM, to register a complaint with the Commerce Commission in regard to the increasing costs of Sky Television subscriptions for commercial premises. We appreciate that increasing costs in itself is not enough to warrant an investigation by the Commerce Commission, however, we believe that Sky Televisions anti-competitive, monopolistic behavior is.

In Oct 2019 NZ Rugby sold the tv rights to sky for an undisclosed sum (reportedly \$400 million) AND a 5% stake in sky. This raises serious questions around conflicts of interest and potentially compromises in coverage. No one else got a chance to counter the offer. With rugby now owning a 5% stake in sky, how does this affect other companies (such as spark sport) ability to bid on this service in the future? A sports body taking an equity stake in a media partner seems to be a world first. From what we can see this agreement lasts until 2025, at which time other companies (Spark Sport, Amazon, etc) can bid. However, if NZ Rugby opts for another provider, then they stand to lose whatever they might have made from their 5% if it goes to Sky. Surely this must be a conflict of interest.

NZR say 5% is not enough for it be an issue or conflict. Maybe so, but what if NZR obtains more shares from a cash strapped sky in future deals? What is the magic number and where it does become a conflict? Let's not forget that \$400M, if that is indeed the number, is more than Sky is worth in its entirety, according to NZX share value.

These price increases are unsustainable for our clubs and the same will be true for other Hospitality venues. Sky is very reluctant to share how their pricing is calculated, but we do know that for clubs it is a tier structure based on membership size. Below is an example of the increases two of our clubs have received recently.

- The Hornby Club's contract has seen an 81 percent increase over two years from \$1,902.89 per month in December 2019 to \$3,623.00 per month in February 2021.



- The Papanui Club has seen an 83 percent increase over two years from \$2,203.29 per month in October 2019 to \$3,418.98 per month in February 2021.

We understand that further increases are likely to be applied in June, which hardly seem justified after Sky reported a 234 per cent profit jump in February 2021.

Regards



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