

Determination

Application for revocation of A91531 lodged by

Australian Bowling Proprietors Association Limited trading as Independent Bowling Centres Australia

in respect of

arrangements requiring league bowlers to be members of Tenpin Bowling Australia (**TBA**) in order to participate in competitions at bowling centres registered with TBA

Date: 14 December 2022

Commissioners: Keogh

Rickard Brakey

Summary

On 30 September 2022, Australian Bowling Proprietors Association Limited, trading as Independent Bowling Centres Australia (IBCA), requested the ACCC revoke Authorisation A91531. The ACCC has decided not to revoke authorisation A91531.

Authorisation A91531 was granted on 9 June 2016 and remains in effect until 1 July 2026. It enables Tenpin Bowling Australia Pty Ltd (TBA), Australian Bowling Proprietors Australia (ABPA) (now trading as IBCA), Bowling Centres Australia Pty Ltd (previously trading as AMF, now TEEG Australia Pty Ltd) and other bowling centres registered with TBA to require league bowlers to be members of TBA in order to participate in competitions at ABPA, AMF and other bowling centres registered with TBA.

The ACCC received objections to the application for revocation from TBA and TEEG Australia. As a result, the ACCC has considered whether it is satisfied that it would, if the authorisation had not already been granted, be prevented from granting the authorisation – that is whether the likely public benefits do not outweigh the likely public detriments. The ACCC notes that although there have been some changes since the authorisation was previously granted, the scope of the authorised conduct is quite limited, and essentially allows an agreement to require league bowlers to pay TBA for services provided through each of the bowling centres.

The ACCC considers the authorised conduct will create public benefits by facilitating the more efficient collection of fees in circumstances where centres benefit from having TBA provide services to bowlers, and in promoting the sport. The ACCC also considers that there is likely to be limited public detriment resulting from the authorised conduct.

A number of the concerns IBCA has raised are outside the scope of the authorised conduct and are matters to be negotiated between IBCA and TBA.

1. The application for revocation

Authorisation A91531

- 1.1. Businesses that propose to engage in conduct that might breach the competition provisions in Part IV of the Competition and Consumer Act 2010 (the Act) may apply to the Australian Competition and Consumer Commission (the ACCC) for authorisation of such conduct. If granted, authorisation provides those businesses with protection from legal action under specified provisions of Part IV of the Act. For the avoidance of doubt, authorisation does not grant protection from legal action under any other laws.
- 1.2. On 3 March 2016, Tenpin Bowling Australia Ltd (TBA), Bowling Centres Australia Pty Ltd (previously trading as AMF, now called TEEG Australia Pty Ltd), and the Australian Bowling Proprietors Australia (previously referred to as ABPA, now trading as Independent Bowling Centres Australia see further [1.5] below) lodged application for authorisation A91531. The applicants sought authorisation to engage in conduct that might constitute exclusive dealing conduct under section 47 of the Act.¹
- 1.3. On 9 June 2016, the ACCC granted authorisation (**Authorisation A91531**) to TBA, ABPA, AMF and other bowling centres registered with TBA to require league bowlers

See application for authorisation, Form E, signed 3 March 2016 (Authorisation Application).

to be members of TBA in order to participate in competitions at ABPA, AMF and other bowling centres registered with TBA (the **authorised conduct**).²

1.4. The ACCC granted Authorisation A91531 until 1 July 2026.

Application to revoke Authorisation A91531

- 1.5. On 30 September 2022, Australian Bowling Proprietors Association Limited, now trading as Independent Bowling Centres Australia (IBCA), applied to the ACCC to revoke Authorisation A91531.³ IBCA was one of the persons to whom Authorisation A91531 was granted.⁴ IBCA is the peak representative body for approximately 60 independently owned bowling centres. IBCA provides support to these centres, including by acting as 'one voice' in dealing with TBA. IBCA submits that its members represent over 80% of TBA membership.
- 1.6. Section 91B of the Act provides that a person to whom authorisation was granted may apply to the ACCC for the revocation of the authorisation. Once revoked, the businesses no longer have the protection from legal action under the Act to engage in the conduct that was previously authorised.
- 1.7. On receipt of an application for revocation, the ACCC must write to interested parties advising them of the application, its basis and inviting submissions. If an interested party objects to the revocation, the ACCC must not revoke unless it is satisfied that it would, if the authorisation had not already been granted, be prevented from granting authorisation.
- 1.8. IBCA seeks revocation of Authorisation A91531 on the grounds that significant material changes have occurred in the tenpin bowling landscape since the authorisation was granted, such that IBCA no longer supports the authorisation. IBCA submits that the relevant changes are:
 - TBA now operates a bowling centre, Suncity Tenpin. A key factor in IBCA supporting the application at the time of the authorisation was the fact that TBA did not have their own interest in a bowling centre.
 - Membership fees collected now only account for 30% of TBA's annual income, where at the time of applying for the authorisation, they accounted for 70% of TBA's income.
 - Bowling as a sport has developed into two distinct and separate segments: social competitors and sporting league competitors. IBCA submits that social competitors do not need, or wish, to be registered with TBA.
 - The impact of the authorisation has dictated that IBCA members do not get compensated for the time they are required to spend acquiring and registering members. Whilst IBCA recognises this saves TBA the time, effort, and cost of pursuing membership fees, IBCA submits that given these membership fees are no longer the majority of TBA's income, they should not be collected or managed by IBCA members to their financial detriment.

² See determination A91531 dated 9 June 2016 at [34].

³ See application for revocation dated 30 September 2022 (**Revocation Application**).

See Authorisation A91531 at [34]; Revocation Application page 1; and Authorisation Application at [1.(a)].

2. Submissions

- 2.1. On 13 and 14 October 2022, the ACCC wrote to interested parties advising of IBCA's application to revoke authorisation A91531 and inviting submissions in relation to this request. The ACCC requested submissions be lodged by 4 November 2022.
- 2.2. The ACCC received 3 submissions from interested parties in relation to the application.
- 2.3. On 3 November 2022, TBA (one of the other persons to whom Authorisation A91531was granted) provided a submission to the ACCC. TBA is the national governing body for the sport of tenpin bowling in Australia, and it is a not-for-profit company whose purpose is to foster and promote the sport of tenpin bowling in Australia, to represent and promote bowlers and their interests, and to disseminate information to bowlers.
- 2.4. TBA submits that, in practice, since Authorisation A91531 was granted, TBA has required bowling centres that wish to be registered with it to ensure at least 85%⁵ of league bowlers that play at registered bowling centres are registered as a member with TBA, and where relevant, collect membership fees from the league bowlers.⁶
- 2.5. TBA submits that there is no basis for revoking Authorisation A91531, stating that while there may have been some changes in the circumstances, these changes do not alter the need, basis, or justification for authorisation A91531. In response to IBCA's submission outlined at [1.8] above, TBA submits:
 - The Suncity Bowling Centre facility has been established as a home base for the sport of tenpin bowling and to benefit the public. It is the sports' first high-performance centre and will act as a home for national training squad athletes, some of the events for the Tenpin Premier League (Tenpin Bowling Australia's major national annual competition) and other high-performance related activities. It has not been set up as competition to other bowling centres, but rather to grow the sport of tenpin bowling and provide further benefits to members and bowling centres across Australia by promoting the sport. It also allows TBA to test out how the programs and events it delivers actually work in a bowling centre facility, so it can better understand and develop its programs and events to suit the bowling centre owners it represents.
 - TBA does not have a proprietary interest in any further bowling centres and it is
 not currently feasible for it to obtain an interest in additional bowling centres in the
 near future as this would require significant investment beyond what has already
 been invested into Suncity Bowling Centre. The circumstances in which it
 acquired Suncity Bowling Centre were unique and occurred as a result of the
 vendor's interest in benefiting the sport.
 - Notwithstanding the above, TBA recognises that Suncity Bowling Centre is
 intended to provide some revenue to TBA. TBA considers it necessary to
 diversify its income streams particularly given its reporting to the Australian
 Sports Commission (ASC), especially in a context where membership numbers
 are declining, and the majority of its members are ageing.

⁵ This was reduced to 75% post COVID-19; however, it appears that the membership proportion target is now 85%.

See submission by TBA dated 3 November 2020 at [2].

- In regard to the proportion membership fees make up of TBA's revenue, TBA submits that at the time of Authorisation A91531, membership fees accounted for between 39 42% of TBA's income. While membership fees now make up a smaller proportion of TBA's annual income, it still makes up a significant proportion of its income and continues to be vital.⁷
- TBA submits that to the extent "social competitors" refers to individuals playing amongst friends on a casual basis, they will not affect the centre's 85% membership target. However, if "social competitors" are playing in a relevant league then they will be impacted, but if they are doing so, they are likely to benefit from the TBA membership, which is not expensive.
- It is not practical or effective for TBA to collect the membership fees in the individual bowling centres. It is also unclear what financial detriment is incurred by bowling centres from having to collect the membership fees. If the bowling centre was not benefiting (financially or otherwise) from the services that TBA provides, then there would be no reason for the bowling centre to seek registration with TBA. To the extent that bowling centres might experience a financial detriment from having to maintain membership levels above 85%, then this financial detriment is outweighed by the benefits that the bowling centres receive from registration with TBA and the services TBA provides to members and registered bowling centres as a result of the income it receives from memberships.
- 2.6. In relation to the public benefits arising from the authorised conduct, TBA submits:
 - the authorised conduct allows TBA to offer the services that it currently offers to
 its members, registered bowling centres and more broadly to the public, including
 through programs such as school programs and tournaments.
 - the authorised conduct provides a more efficient way of ensuring that the public benefit can continue than any alternative option available to TBA and provides an easier method for the bowlers to pay membership fees.
- 2.7. TBA notes that without the authorised conduct, it would lose significant funding and consequently its membership numbers would fall. TBA submits that they cannot make up for this shortfall with increased funding from other sources in circumstances where a reduction in membership numbers would negatively impact its ability to obtain alternative sources of funding from grants and sponsorship. TBA cannot make up for this shortfall in funding by setting higher game fees at Suncity Bowling Centre, as this would drive away interest and negatively impact the sport of tenpin bowling in Australia.
- 2.8. TBA submits there is limited public detriment to maintaining the authorisation because:
 - the annual fees required to be paid by league bowlers and registered centres are relatively small and not onerous
 - social bowlers are not required to become members, and bowling centres are not required to register with TBA

Paragraph 5 of TBA's submission outlines the proportion membership fees make up of TBA's annual income between 2015 – 2016 and 2018 – 2021. Broadly, TBA submit membership accounted for around 33-35% in each calendar year between 2018 – 2021 and expected to be 30-33% in the current financial year.

⁸ Generally, membership fees are in the range of \$31-\$50 for each individual for the year.

- the authorisation allows TBA to obtain sufficient funding without creating a significant public detriment or lessening of competition and does not involve agreeing or setting game fees or prices.
- 2.9. The ACCC also received submissions from the Australian Sports Commission on 1 November 2022 and from TEEG Australia Pty Ltd (formerly Bowling Centres Australia Pty Ltd, trading as AMF, another party to the authorisation) on 3 November 2022. TEEG Australia Pty Ltd submits that it continues to support Authorisation A91531, noting they were not aware of any material change in circumstances that would warrant revocation of the authorisation. The Australian Sports Commission submits that it continues to recognise TBA as the sole national sporting organisation in relation to the sport of tenpin bowling, and also notes that TBA's recent establishment of a high-performance centre in Queensland does not change this.
- 2.10. The submissions are available on the ACCC's public register.

Requests for further information

- 2.11. On 9 November 2022, the ACCC requested further information from TBA and IBCA, particularly in relation to the contractual mechanisms underlying the authorised conduct, how the parties encourage the sport of tenpin bowling through the authorised conduct, and information about the extent of the Australian Sport Commission's regulatory oversight of TBA.
- 2.12. On 16 November 2022, IBCA provided its response. In relation to the contractual mechanism underlying the authorised conduct, IBCA stated that, to the best of their knowledge, there is no written agreement between TBA and IBCA or any bowling centres.
- 2.13. IBCA submits that the current authorised conduct does not encourage the development of the sport. TBA does not participate in recruiting new tenpin bowlers on a centre level to increase recruitment to the sport, and instead TBA concentrates on the elite level of the sport. IBCA outlined that new bowlers are attracted to the sport through the effort of individual centres' marketing programs,⁹ and that TBA play no role in recruitment or marketing. IBCA submits that centres market at their own cost through their own networks, and TBA do not provide ideas, programs, or advice on recruiting bowlers.
- 2.14. On 18 November 2022, TBA provided its response. In relation to the contractual mechanism underlying the authorised conduct, TBA submits that the arrangement or agreement by which centres collect membership fees is reflected in the Standard Terms of Tenpin Bowling Australia Registered Centre agreements which TBA has in place with registered bowling centres. There are two types of registration options for bowling centres: the traditional sports registration option, or the lane levy sports registration option. Bowling centres are able to elect how they want to pay for registration, and the difference between these two options is that the traditional method is a direct to customer method, which places the onus on the centre to communicate with registered bowlers to ensure they register with and pay fees to TBA, 10 while the lane levy method requires bowling centres to pay fees to TBA and provide contact details for at least 85% of league bowlers at the centre and then

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For example, IBCA submits that a bowler will attend a centre for recreational fun with friends. A staff member will approach the bowler and ask if they are interested in attending a "come and try" session or similar. The hope is that this person will become a league bowler.

¹⁰ TBA submit that this accounts for 90% of registered centres.

- recoup the fees it pays for registration by receiving funds from league bowlers for registration to play at the centre.
- 2.15. TBA submits that a bowling centre can choose not to register with TBA for the year, with no need to pay membership fees or a lane levy. There are no penalties for leaving the arrangement with TBA, other than losing access to the benefits provided by TBA. TBA submits that in practice, it does not generally cancel registration, but may prevent a bowling centre from registering for the following year if it has failed to reach the membership target or paid the appropriate lane levy fee.¹¹
- 2.16. TBA monitors centre performance against its membership targets by way of a competition management program which is provided by Simpler Technology. Simpler Technology extracts data from the scoring systems for leagues. It provides information to TBA that allows it to identify the total number of league bowlers that are playing at the centre, and then TBA is able to cross-check this against how many members there are at that centre.¹² If the cross-check identifies that the centre is not at the 85% target, then TBA contacts the bowling centre, and the centre is able to contact the league bowlers to encourage them to become members.
- 2.17. In terms of funding and regulation, TBA submits that it has a funding agreement with the ASC which covers a combination of elements as the peak body, inclusive of participation, governance, compliance, and performance. TBA and the ASC agree annually on a series of objectives in addition to annual requirements on governance and policy. The ASC provides funding and support, leadership, and places performance requirements on TBA through its funding agreement. TBA notes that, as a company limited by Guarantee, ASIC remain TBA's key regulatory body.
- 2.18. TBA submits that the authorised conduct is very important in allowing TBA to encourage development in the sport of tenpin bowling. It allows TBA to obtain membership funds efficiently and effectively, meaning that TBA is able to acquire sufficient funding to provide real benefits to its members. These benefits include programs that encourage participation in tenpin bowling, such as major competitions, national participation programs built on research supported by the ASC to recruit participants, coaching courses and media-based promotions which are broadcast with a target audience of new fans.
- 2.19. TBA submits that encouraging social competitors or social league bowlers to become competition league bowlers is the role of the bowling centre to support the pathway of participants and retention of participants at their local centre. However, TBA engages in various tactics to support centres in the conversion of social and recreational players to regular participants.
- 2.20. The information responses are available on the ACCC's public register.

3. The test for revoking authorisation

3.1. Under section 91B of the Act, a person to whom an authorisation was granted, or another person on their behalf, may apply to the ACCC for a revocation of the authorisation.

TBA submit that if the bowling centre is not paying for registration by a lane levy, then TBA may request they pay the gap between the actual members and the 85% membership criteria. Over the last 5 years, nine centres have been deregistered as a result of not reaching the 85% membership criteria.

¹² TBA is provided with the name of non-members who are league bowlers and the centre they participate at with, but no further information.

- 3.2. On receipt of such an application, the ACCC must, by notice in writing given to any persons who appear to the ACCC to be interested:
 - indicate that the revocation of the authorisation has been applied for
 - indicate the basis on which the revocation has been applied for, and
 - invite submissions in respect of the revocation within a period specified by the ACCC.
- 3.3. The ACCC may make a determination in writing:
 - · revoking the authorisation, or
 - · deciding not to revoke the authorisation.
- 3.4. Under section 91B(5), if an objection to revoking the authorisation is included in a submission received by the ACCC within a specified period, the ACCC must not revoke the authorisation unless it is satisfied that it would, if the authorisation had not already been granted, be prevented under subsection 90(7) from granting the authorisation.
- 3.5. Section 90(7) of the Act relevantly provides that the ACCC must not make a determination granting authorisation in relation to conduct unless it is satisfied in all the circumstances that:
 - the conduct would not have the likely effect of substantially lessening competition, or
 - the conduct would be likely to result in a benefit to the public, and the benefit would outweigh the detriment to the public that would be likely to result from the conduct.

4. ACCC's assessment

- 4.1. IBCA seeks revocation on the basis that it considers significant material changes have occurred in the tenpin bowling landscape since the authorisation was granted, such that IBCA no longer supports the authorisation. If it is not revoked, Authorisation A91531 will remain in place until 1 July 2026.
- 4.2. After considering the submissions made in response to the application for revocation, the ACCC is satisfied that there are objections to Authorisation A91531 being revoked. Accordingly, the ACCC has assessed whether the authorised conduct would satisfy the statutory test for granting authorisation.
- 4.3. The ACCC assessed likely public benefits and detriments when considering whether to grant Authorisation A91531. At that time the ACCC considered that, in summary, the authorised conduct would result in public benefit by facilitating development of the sport of tenpin bowling in Australia, particularly given the authorised conduct would:
 - provide greater certainty about the proportion of TBA's funding that comes from membership fees¹³

We note that the final determination authorising A91531 states that 70% of TBA's funding comes from membership fees. Having had the benefit of TBA's submission and 2015 and 2016 annual reports, it appears that membership fees made up 42% of TBA's annual income in 2015, and 39% of TBA's annual income in 2016.

- facilitate the more efficient collection of fees from league bowlers as opposed to alternatives such as employing officers to regularly attend each bowling centre covered by the authorised conduct to collect membership fees themselves.
- 4.4. The ACCC also considered that the authorised conduct was likely to result in limited public detriment and was ultimately satisfied that the conduct was likely to result in such a benefit to the public that the proposed conduct should be allowed.¹⁴
- 4.5. To assess IBCA's application for revocation of Authorisation A91531, the ACCC has again considered the likely public benefits and detriments.
- 4.6. The Act does not define what constitutes a public benefit. The ACCC adopts a broad approach. This is consistent with the Australian Competition Tribunal (the **Tribunal**) which has stated that in considering public benefits:
 - ...we would not wish to rule out of consideration any argument coming within the widest possible conception of public benefit. This we see as anything of value to the community generally, any contribution to the aims pursued by society including as one of its principal elements ... the achievement of the economic goals of efficiency and progress.¹⁵
- 4.7. Similarly, the Act does not define what constitutes a public detriment, and the ACCC adopts a broad approach. This is consistent with the Tribunal which has defined it as:
 - ...any impairment to the community generally, any harm or damage to the aims pursued by the society including as one of its principal elements the achievement of the goal of economic efficiency.¹⁶
- 4.8. The ACCC considers that although there have been some changes since the authorisation was granted, overall the conduct is likely to result in a public benefit. The ACCC considers that the authorised conduct will create public benefits by facilitating the more efficient collection of fees in circumstances where centres benefit from having TBA provide services to bowlers, and in promoting the sport. IBCA's submissions accept this, and as such the ACCC considers that having an efficient mechanism for TBA to collect fees from bowlers for the services it provides is a benefit. The ACCC notes that membership fees still constitute a significant proportion of TBA's income. Having had the benefit of reviewing TBA's annual reports, the ACCC accepts TBA's submission that in 2015 and 2016 membership fees made up between 39 42% of TBA's income rather than 70% as was understood when Authorisation A91531 was granted. Further, revenue from Suncity Bowling Centre is unlikely to comprise a substantial proportion of TBA's income.
- 4.9. The ACCC considers that TBA's acquisition of Suncity Bowling Centre represents a change of focus, which may assist in further developing the sport given its focus on high performance athletes. As confirmed by the Australian Sports Commission, TBA remains the sole national sporting organisation for tenpin bowling. The ACCC considers that TBA's focus on high-performance athletes coordinated with the grass roots approach engaged in by bowling centres is likely to facilitate the growth and development of the sport of tenpin bowling in Australia.

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We note s 47 and Part 1 of Division VII of the Act have been amended since Authorisation A91531 was granted. Transitional provisions, including section s 183, have also been inserted into the Act.

¹⁵ Queensland Co-operative Milling Association Ltd (1976) ATPR 40-012 at 17,242; cited with approval in Re 7-Eleven Stores (1994) ATPR 41-357 at 42,677.

¹⁶ Re 7-Eleven Stores (1994) ATPR 41-357 at 42,683.

- 4.10. The ACCC also considers that there is likely to be limited public detriment resulting from the authorised conduct because:
 - the annual fee payable by league bowlers is relatively small
 - non-league bowlers and social bowlers are not required to become TBA members if they wish to bowl socially at bowling centres covered by the authorised conduct
 - social bowlers in some areas may also have the choice of bowling socially at bowling centres which are not registered with TBA
 - recognition by the TBA as a registered bowling centre is not a mandatory requirement for bowling centres to provide tenpin bowling services
 - authorisation was not sought, or granted, to allow bowling centres to agree to set game fees or agree on any prices.
- 4.11. The ACCC notes that the scope of the authorised conduct is quite limited, and the authorisation essentially allows an agreement to require league bowlers to pay TBA for services provided through each of the bowling centres. A number of the concerns IBCA have raised are outside the scope of the authorised conduct and are matters to be negotiated between IBCA and TBA.
- 4.12. The ACCC also notes IBCA's submission that its members have found the authorised conduct more burdensome than at the time the authorisation was granted. There may be more streamlined approaches to support the collection of fees under the authorised conduct that the parties could agree to implement.
- 4.13. Notwithstanding this, for the reasons outlined in this determination, the ACCC is satisfied that the authorised conduct would be likely to result in a benefit to the public, and that the benefit would outweigh the detriment to the public that would be likely to result from the authorised conduct. The ACCC has therefore found it unnecessary to further consider whether it is also satisfied that the authorised conduct would not have the likely effect of substantially lessening competition.

5. Determination

The authorisation and application for revocation

- 5.1. On 30 September 2022, Australian Bowling Proprietors Association Limited, now trading as Independent Bowling Centres Australia (**IBCA**), applied to the ACCC to revoke Authorisation A91531 under subsection 91B(1) of the Act.
- 5.2. IBCA was one of the applicants for Authorisation A91531, along with Tenpin Bowling Australia Ltd (TBA) and Bowling Centres Australia Pty Ltd (now TEEG Australia Pty Ltd) (TEEG). On 9 June 2016, the ACCC granted authorisation to IBCA, TBA, TEEG and other bowling centres registered with TBA, until 1 July 2026, to engage in the conduct described in [1.3] (defined as the authorised conduct).

The objections

5.3. On 13 and 14 October 2022, the ACCC notified interested parties of IBCA's application for revocation and invited submissions in response by 4 November 2022.

5.4. The ACCC considers that objections to the revocation application were relevantly received by the ACCC within that specified period. In particular, the submissions from TBA and TEEG on 3 November 2022 did not support IBCA's application for revocation.

The authorisation test

- 5.5. In these circumstances, under subsection 91B(5) of the Act, the ACCC must not revoke Authorisation A91531 unless it is satisfied that it would, if the authorisation had not already been granted, be prevented under subsection 90(7) from granting the authorisation.
- 5.6. Section 90(7) of the Act relevantly provides that the ACCC must not make a determination granting authorisation in relation to the authorised conduct unless it is satisfied in all the circumstances that:
 - the authorised conduct would not have the likely effect of substantially lessening competition, or
 - the authorised conduct would be likely to result in a benefit to the public, and the benefit would outweigh the detriment to the public that would be likely to result from the authorised conduct.
- 5.7. For the reasons outlined in this determination, the ACCC is satisfied in all the circumstances that the authorised conduct would be likely to result in a benefit to the public, and the benefit would outweigh the detriment to the public that would be likely to result from the conduct.
- 5.8. The ACCC is therefore not satisfied that it would be prevented under subsection 90(7) from granting the authorisation.
- 5.9. Accordingly, the ACCC does not revoke authorisation A91531.
- 5.10. This determination is made on 14 December 2022.