NRL holds high hopes for broadcast rights

Billion-plus deal out of league

Neil Shoebridge

Media executives have scoffed at the idea of the National Rugby League pocketing up to $1.4 billion for its next six-year television rights deal.

Rugby league chairmen and chief executives attending a meeting with NRL executives on Thursday heard three scenarios in which the rights would sell for $1 billion, $1.2 billion or $1.4 billion.

The 2007-12 TV rights cost $500 million and expire late next year. Nine Entertainment Co and Premier Media Group, the Fox Sports pay-TV channels producer that is jointly owned by Rupert Murdoch's News Ltd and James Packer's Consolidated Media Holdings, own the rights.

"Nine and Fox Sports are getting a bargain now, given the big TV ratings rugby league generates in NSW and Queensland, and the big number of people in those states who have pay TV just to get access to rugby league," said a senior TV executive who did not want to be named.

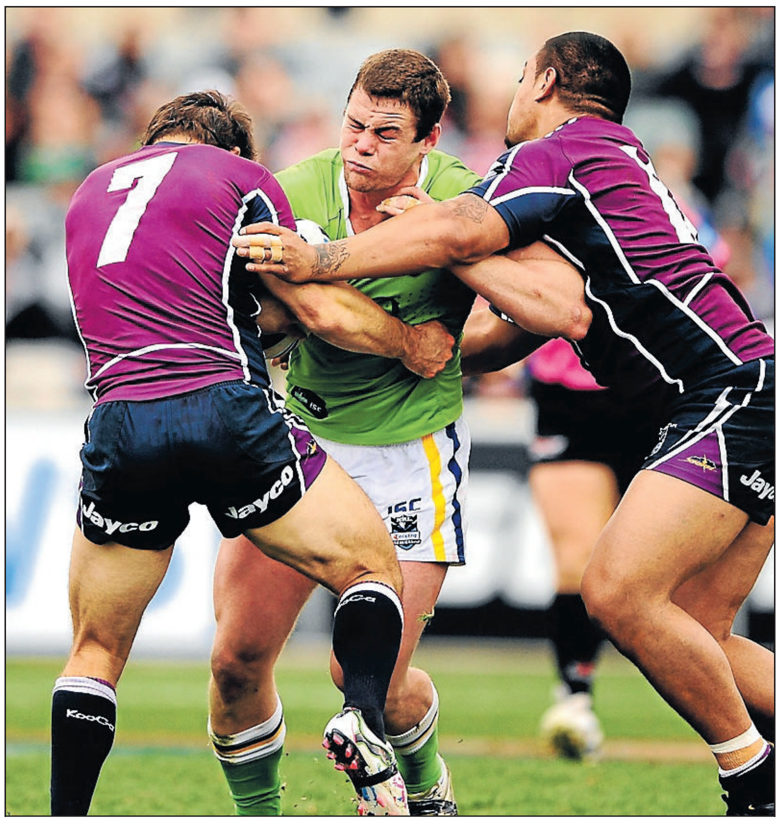
"But there is no way the rights are worth $1.4 billion. If everything goes the NRL's way and the TV networks get into a bidding war, it might get $1 billion, which would be an incredible result."

NRL chief executive David Gallop would not discuss the NRL price target. Nine chief executive David Gyngell, who last week told a rugby league function the NRL could boost its TV rights revenue if it allowed more ads to run during games, also declined to comment.

Media executives said the NRL's price expectations were inflated by the 2012-17 TV and online rights deal the Australian Football League announced in late April.

Seven West Media, Austar United Communications, Foxtel and Telstra agreed to pay the AFL $1.25 billion over five years.

This was a 60 per cent increase on the $780 million it collected for its existing five-year deal.



A bidding war will boost the sum paid for NRL rights. Photo Stuart Walmsley

Key points

- Nine and Fox paid a bargain price for the 2007-12 rights.
- The NRL is unlikely to top $1 billion in its next rights deal.
- Networks are expected to fight hard over the broadcast rights.

"It's going to be difficult for the NRL to top $1 billion,"said Mark Pejic, chief operating officer of media agency MediaCom.

"It would be a massive step up from where they are now."

Barry O'Brien, chief executive of media agency PHD, said the NRL was now under "enormous pressure" to get $1 billion. "Anything less than $1 billion will be seen as a failure," he said.

Rugby league officials are counting on changes to the federal government's sport anti-siphoning rules – which would allow Premier to buy the rights to show all NRL games live (some would be simulcast on a free-to-air network) – and fierce competition among the free-to-air networks to drive up the value of its TV rights.

Seven and Ten Network are expected to bid aggressively for parts of the next contract, particularly the rights to State of Origin games, which are the most watched programs on TV.

A Seven executive said it "looked forward to participating in the negotiations for the television rights for the National Rugby League".

Race burns through $50 million

Mathew Dunckley

The Victorian taxpayer's contribution to staging the Australian Grand Prix in Melbourne topped $50 million for the first time this year, according to documents released by the state government on Friday.

The government also published an analysis of the race's economic benefit that showed it increased Victoria's gross state product by between $32 million and $39.34 million.

But Victorian Tourism Minister Louise Asher said the benefit to the state was even higher when media exposure and positioning Melbourne as a major events location were included. She quoted a 2009 study touting marketing benefits worth $35.6 million.

Ms Asher said that while she supported the event, she was not happy with the level of subsidy given to the race, which she blamed on the contract signed by the previous government.

But she did not criticise formula one owner Bernie Ecclestone for his role in negotiations, saying he was an "astute businessman".

Ms Asher declined to comment on the German bribery scandal engulfing the sport or the possibility that Mr Ecclestone could face charges over the affair.

The contract keeps the race in Melbourne until 2015.

Dealer snares ASIC licence despite reprimand

Matthew Drummond

A used car dealership that a Victorian tribunal reprimanded for pressuring a disabled woman into buying a car for well above its market value has been granted a credit licence by the corporate regulator.

Motor Finance Wizard was among the 6000-odd companies given licences to provide credit this past week by the Australian Securities and Investments Commission. This year, ASIC assumed responsibility for licensing all companies that provide credit, a change partly aimed at cleaning up the fringes of the finance industry.

In receiving a licence, the company was deemed to be "fit and proper" and capable of acting "efficiently, honestly and fairly".

In May the Victorian Civil and Administrative Tribunal found Motor Finance Wizard engaged in unconscionable, misleading and deceptive conduct when it used high-pressure sales tactics to convince Kerryn Walker, who is on Centrelink benefits because of a mental disability, to spend $24,500 on a 13-year-old Mazda that had 189,900 kilometres on the clock. The car was only worth about $6000.

Ms Walker's contract was set aside on grounds it was unjust. The company was reprimanded for engaging in similar behaviour with other customers.

"If the company's universal or broader practice is to follow the same process as it did with Ms Walker, its practice must change urgently," the tribunal ruled.

An ASIC spokesman said the decision to grant a licence to Motor Finance Wizard was given after "very serious consideration". In addition special licence conditions were placed on Wizard, including an obligation for a compliance consultant to report on its actions.

Peter Llewellyn, the executive chairman of PR Finance Group, the company behind Motor Finance Wizard, said he was confident the problems in the Walker case had been rectified.

"We're a progressive business. You don't stand still, you take notice of criticism whether its from the regulator or clients. What we do today in 2011 is a better practice than what we did two years ago, and so it ought to be," he said.

Celia Tikotin of the Consumer Action Law Centre, which mounted Ms Walker's case, said her centre had received more than 100 complaints about Motor Finance Wizard, and the ASIC knew about the complaints.

"Here is company with loads of complaints about them," she said. "Why have they been given a licence?"