

**THE JOINT STANDING COMMITTEE ON ENVIRONMENT, RESOURCES AND DEVELOPMENT MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART, ON FRIDAY 6 MARCH 2009.**

---

**Mr ANTHONY MURRAY**, GENERAL MANAGER, RACING SERVICES, DEPARTMENT OF INFRASTRUCTURE, ENERGY AND RESOURCES, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** (Mr Hall) - Tony , I think that you have given evidence to parliamentary committees before so you are aware of privilege so I do not need to go through that. Thank you very much for appearing today. You have our terms of reference which is to inquire into the proposed sale of TOTE Tasmania by the Government of Tasmania and the old catchall of any other matters incidental thereto. I would like to invite you to make a presentation to the committee and then I would ask committee members to ask any questions they feel relevant.

**Mr MURRAY** - Mr Chairman, I have very little to say in my opening other than to clarify my role. I am the General Manager of Racing Services Tasmania. I am also appointed to the statutory role of Director of Racing under the Racing Regulation Act. My primary role is that I am in charge of, responsible for, the integrity of racing in Tasmania.

**CHAIR** - That is all you would like to say at this stage?

**Mr MURRAY** - Yes.

**CHAIR** - Are there questions from members of the committee to Mr Murray?

**Mr HARRISS** - In those roles which we understand you hold, Tony, in terms of integrity, probity and the like, can you describe to the committee what your beliefs are as to the sale of TOTE versus retaining TOTE in public ownership and the impacts that might have from your perspective one way or the other?

**Mr MURRAY** - From my role under the act, that is the integrity of the racing industry, I have no direct jurisdiction over the operations of a wagering operator such as TOTE. So I have no real opinion in terms of the integrity in terms of the sale because it does not currently come under my jurisdiction. Regardless of if there is a sale or not it still would not come under my jurisdiction so it will not affect the manner in which I do my business or my area of responsibility.

**Mr HARRISS** - So what cross-pollination, if any, then between your roles, your organisation, as to probity/integrity do you have with TOTE particularly given that wagering is one of the areas within any racing industry, no matter what code, that can be compromised?

**Mr MURRAY** - Under the act I have no responsibility or jurisdiction under TOTE. The only way there would be some cross-pollination is, for example, stewards from time to time may

seek some information from a wagering operator in relation to activities on a particular race. If the question is the cross-pollination between my role as director of racing and the governance of TOTE, there is no cross-pollination

**Mr GUTWEIN** - Just to clarify that, in regard to matters of integrity with TOTE as it currently stands, you have no role or responsibility whatsoever?

**Mr MURRAY** - No, I do not.

**Mr GUTWEIN** - Who does?

**Mr MURRAY** - At this stage I think it is better asked of Mr Coleman. My understanding is that it falls within the realm of a cross between self-regulation and some form of relationship with Treasury, although I think the minister has indicated that TOTE may well come under the Gaming Control Act - I think he is looking at that into the future. That is more appropriately a matter for the minister.

**Mr BOOTH** - Have you had discussions with the minister, the Treasurer or anyone in government regarding the proposed sale?

**Mr MURRAY** - In relation to the proposed sale, no.

**Mr BOOTH** - So no-one has talked to you about it at all?

**Mr MURRAY** - No, the only discussion I had was when the minister called me aside at the Devonport Cup this year - which, from memory, was 7 January - and advised me that the next day he was going to announce the sale of TOTE. That is the first and only conversation he has had with me in relation to the sale of TOTE.

**Mr WILKINSON** - How long have you been involved with TOTE, Tony, in your current position?

**Mr MURRAY** - I was appointed in August 2003, so five-and-a-half years.

**Mr WILKINSON** - How long have you been involved in the racing industry?

**Mr MURRAY** - I have been involved in the racing industry for 23 years. Up until now it has been a regulatory role in New South Wales across the Department of Gaming and Racing. I was a TAB agent for a little while and I worked in Harness Racing New South Wales as racing manager and deputy CEO. I have worked generally in racing regulation for a period of approximately 23 years.

**Mr WILKINSON** - So it would be fair to say that you have a good understanding of the racing industry?

**Mr MURRAY** - I would hope so.

**Mr WILKINSON** - Was that understanding of the racing industry at all tapped into by the Government in order to ask whether they should or shouldn't sell TOTE?

**Mr MURRAY** - No.

**Mr WILKINSON** - Not at all?

**Mr MURRAY** - No.

**Mr WILKINSON** - Were you aware of any conversations prior to, say, 4 December in relation to selling the TOTE?

**Mr MURRAY** - We went through a restructure process last year, from August through to November or December. During that restructure process the matter of the sale of TOTE was raised at the forums we conducted.

**Mr WILKINSON** - When were the forums?

**Mr MURRAY** - There were two main workshops: one was at Bellerive on 26 September and one was at Launceston on 1 October at the racetrack, so we had two workshops for the whole of the industry.

**Mr WILKINSON** - And part of the workshop time was spent on whether TOTE should or shouldn't be sold?

**Mr MURRAY** - No, the workshop was involving the restructure of the industry. There was a presentation by myself on integrity matters, a presentation by Mr Coleman on commercial matters. It was facilitated by Global Value Management and they had various sessions within the workshops. One of them was about the issues confronting the industry at the moment and some persons at each workshop raised the possible sale of TOTE.

**Mr WILKINSON** - Was the Treasurer there?

**Mr MURRAY** - No, he was not.

**Mr WILKINSON** - When whoever it was raised the possible sale of TOTE obviously that was spoken about, whether it should or shouldn't be sold.

**Mr MURRAY** - There was some general discussion. Mr Coleman was looking after the integrity matters and in his response - and again I am only going from memory - he said something along the lines of 'TOTE is not currently for sale'.

**Mr WILKINSON** - Are you aware of any business case that has been prepared in relation to the sale of TOTE?

**Mr MURRAY** - No.

**Mr WILKINSON** - Have you seen any business case?

**Mr MURRAY** - No, I have not.

If I may, Mr Chairman, I didn't finish Mr Booth's question. He asked me had I had any conversations and I was discussing those workshops. During those workshops and during the consultation the issue of TOTE being sold was raised and was also raised in the media. At that time I had a private conversation with Mr Coleman and asked him, 'What is going on here?' and he said words to the effect, 'It has always been my belief since taking over the role that TOTE would be better in private hands'. He also made a comment to the effect, 'TOTE could be sold regardless of this restructure'. Then we followed up from there and basically said this restructure is not about the sale of TOTE. I asked him that question privately and he said no, the restructure is about a whole range of other issues and challenges facing the industry. We returned to the focus of progressing with the consultation for the restructuring ultimately to make a recommendation to the minister. That is the only conversation I had in terms of the sale of TOTE.

**Mr WILKINSON** - Does the restructuring make it easier to sell TOTE?

**Mr MURRAY** - Mr Coleman's advice to me was no.

**Mr BOOTH** - Did you get the impression that Mr Coleman's view was that it would be sold regardless?

**Mr MURRAY** - No, from my recollection I cannot recall him saying that, no.

**Mr BOOTH** - When the Treasurer told you on 7 January that it was to be sold, can you detail that conversation?

**Mr MURRAY** - He just called me aside and said, 'Just to let you know I am going to announce tomorrow the intention to sell TOTE'.

**Mr BOOTH** - What was your reaction to that?

**Mr MURRAY** - I said to him words to the effect, 'The perception of the industry will be the restructure was about the sale of TOTE'. He responded to me with words to the effect, 'Well, it wasn't, Tony, it was to do with all these other issues we had to deal with'. I said to him, words to the effect, 'That is my understanding and I approached the restructure along the lines it was needed for the racing industry and had nothing to do with the sale of TOTE'.

**Mr BOOTH** - Did you ask him what day he woke up in the morning and decided to sell TOTE, like what that process was?

**Mr MURRAY** - No, I did not, it was a very brief conversation.

**Mr BOOTH** - You must have been somewhat shocked, without putting words in your mouth.

**Mr MURRAY** - I do not think that shocked is the word. I have worked for government for the last 23 years and governments of the day of whatever political persuasion are entitled to make policy decisions. I have seen governments of all persuasions make all sorts of decisions, so I really have no reaction to it other than to appreciate the fact that he had told me before it was publicly announced.

**Mr BOOTH** - Given the undertakings that they had made during the consultation in Hobart and Launceston, it is completely opposed to what people were advised at those meetings. Is that correct?

**Mr MURRAY** - At those meetings, as I said, Mr Coleman, answered the questions along the lines TOTE was not for sale. My understanding is that at that time it was not for sale. Again, it is probably a question to ask Mr Coleman.

**Mr BOOTH** - Yes, I am just trying to see if there was any other indication of how long they had been intending or what the process was, whether there was some other consultation.

**Mr MURRAY** - Not with myself and not to my knowledge.

**Mr GUTWEIN** - Mr Murray, with regard to the conversation, you indicated that you had a private conversation with Mr Coleman during the process that was occurring last year. Was either on either of those dates, the 26 February the forum in Hobart or the October one in Launceston?

**Mr MURRAY** - It was separate to those two. It was when the matter became quite relevant within the media.

**Mr GUTWEIN** - Can you think roughly when that was?

**Mr MURRAY** - Some time between those two dates. I cannot put dates on it but there was some front page back page news/allegations about it and it was at that stage that we had a private conversation.

**Mr BOOTH** - You saw those reports so did you phone him?

**Mr MURRAY** - I did not specifically make an appointment to see him it was just at the time were we preparing for the next presentation or meeting I raised it with him. My concern was it was taking the focus off what we were trying to do. This restructure was really important for the future of the Tasmanian industry. My concern was that the media attention on TOTE and the focus on TOTE were taking away from the real purpose of the restructure.

**Mr GUTWEIN** - Whether you are prepared to answer this or not, you said, I think, that you have around 23 years' experience in the racing industry?

**Mr MURRAY** - That is correct.

**Mr GUTWEIN** - Do you have an opinion as to whether or not the sale of TOTE, taking it away from government ownership and placing it in private hands, would be a good thing or a bad thing for the industry?

**Mr MURRAY** - From a professional viewpoint my role is that of integrity, regulation. I do not have the full facts or the full knowledge of what it would possibly bring to the industry. From a professional viewpoint, I do not think that I have enough information to make an informed comment. From a personal viewpoint, I will make two comments. As I said earlier, I believe the Government of the day is entitled to make decisions in relation to assets, but I also think the racing industry of the day, under these circumstances, is entitled to seek some guarantees from government in terms of future funding.

**Mr BOOTH** - What about from a probity point of view? You mentioned that you do not have and role in probity arrangements within TOTE and its currently government enterprise. From that point of view, I guess the implication is that you are satisfied or you do not, in fact, have to look. Do you see that there is a threat in the future, or even currently, in terms of the potential for race rigging or other probity issues, particularly if it fell into private hands, that an owner could get inside information about the size of the pools or other information that would not be generally available or to manipulate races by the commissions and so forth?

**Mr MURRAY** - Race rigging in itself would not fall under the domain of TOTE. A wagering operator's pools, for example, are public knowledge. Anyone can go into the Internet at any stage. If we are rigging, stewards are in charge of race meeting. That is my area of expertise. We look after the integrity of racing, and whether TOTE be in private or public hands would not impact on the way that we ensure that racing is conducted with the highest level of integrity.

**Mr BOOTH** - Would you not see that integrity or probity issues would be any different whether it was in private hands or in the current arrangements?

**Mr MURRAY** - Not for the conduct of racing, no.

**Mr GUTWEIN** - I am wondering, Mr Murray, if you have a view on the type or length of guarantee that might be required under a sale. Obviously the industry benefits to the tune of tens of millions of dollars. In fact, I think the chairman's report indicated \$23 million to \$25 million in the last year alone. If a sale were to proceed, those guarantees, what time frame would you think was reasonable?

**Mr MURRAY** - I think that is a matter properly for the racing industry itself. I would not offer a view. One could argue a whole variety of time periods, but it is not a matter for which I have the current knowledge or expertise to offer a fully informed opinion.

**Mr WILKINSON** - You did mention your personal view was that if it was to be sold there should be some guarantees. What guarantees should be given?

**Mr MURRAY** - I said my personal view, just for clarity, was that the racing industry should be able to negotiate some form of guarantee in terms of future funding levels. I would assume the racing industry needs some guarantees for surety into the future. Then I suppose you come back to the current situation. They already have some guarantees through the legislation of what TOTE has to pay the industry and so it comes down to what guarantees they would have under a sale as opposed to without a sale.

**Mr WILKINSON** - Are you throwing the ball by saying that there should be guarantees? I am trying to find out what guarantees. I know you are probably in a difficult position.

**Mr MURRAY** - It is not my area of responsibility or expertise. Things we are talking about are stake money, breeding schemes and programming race dates. None of that is under my current area of jurisdiction or responsibility. I do not think it is appropriate that I make a comment because I do not have all the information and I am not fully informed.

**Mr WILKINSON** - Who do we ask?

**Mr MURRAY** - I would suggest that Mr Coleman or the racing industry itself obviously is appearing before the committee, so I am sure they will have some ideas to provide the committee.

**Mr BOOTH** - Given your experience in the industry outside of the probity arrangements, your history in the industry and as a personal comment, not in your role as director, what would you say could be the consequences on the industry if there were not those guarantees, hypothecated, if you like, or part of the legislation in terms of sale inquiry requiring some prescribed levels of support? For example, if an owner decided to simply not provide any support, what would the consequences be in your view?

**Mr MURRAY** - Obviously the racing industry depends on funding but we need to understand that the change in the landscape of wagering throughout Australia and internationally means that racing has to become more self-sufficient. We need to be exploring other market to sell our products - for example, Asian markets. The racing industry traditionally has relied upon guarantees, upon handouts through TABs and arrangements through governments more so than ever before. The racing industry must learn to fend for itself and seek other sources of revenue. That is one part of the revenue and the guarantee but they also need to go out and source other areas of revenue. That is what this restructure was all about and that is why I think it is really important to go through the reason for the restructure. The racing industry has never faced so many challenges. We look at corporate bookmakers, betting exchanges, race fields legislation, the breakdown of the gentleman's agreement - traditional sources of revenue are being usurped by new sources of revenue through race fields legislation, selling your product overseas, trying to gain sponsorship and so on. There is a whole range of things facing the racing industry. The guarantee through a TAB or government is but one area. The racing industry must learn to be more self-sufficient. This restructure about

taking away from the three code councils and putting into one professional Tasmanian racing board was about meeting the challenges facing the industry and being able to promote and maximise the revenue back to the industry, which wasn't possible under the old structure.

**Mr WILKINSON** - The restructure was done with consultation with all the bodies in the industry, wasn't it?

**Mr MURRAY** - Yes. As I said, Mr Coleman and I held two workshops, one in the north and one in the south. We met with the three code councils, we held individual meetings with clubs and associations as required, so there was an extensive consultation before we went through.

**Mr WILKINSON** - So there was extensive consultation with the industry itself before it went through?

**Mr MURRAY** - Yes, there was.

**Mr WILKINSON** - And you believe that that was important?

**Mr MURRAY** - Yes, it was essential.

**Mr WILKINSON** - Why do you believe it was important?

**Mr MURRAY** - I think in any sphere of endeavour, whether it be government or private, you need to take the views of your stakeholders into account before you make any significant changes to a structure.

**Mr WILKINSON** - Would you suggest that there is a significant change in that now TOTE, if it is to be sold, is going out of the hands of government into the private sphere?

**Mr MURRAY** - No, I don't think it makes any difference. My concern with the talk about the TOTE sale during the restructure was that it was going to take the industry's eye off the real issues. The restructure, certainly from my viewpoint, had absolutely nothing to do with the sale of TOTE.

**Mr WILKINSON** - I hear what you're saying. You may have misunderstood the question. I accept what you are saying, that there was extensive consultation had with the industry prior to the restructure. Let's give it a tick. The reason for that is because it was necessary to keep the stakeholders informed as to what was taking place. In relation to the proposed sale of TOTE, would you accept that the stakeholders weren't spoken to, weren't kept in the loop, as they were kept in the loop with the restructure?

**Mr MURRAY** - They are two separate issues. In terms of the restructure, which was under my joint control, we made sure that there was extensive consultation. I am not aware of any consultation the minister has or has not had. All I am aware of is his announcement of the

proposal to sell TOTE. I am also aware that that is dependent upon being passed by both Houses of Parliament, hence this committee will be given the opportunity to hear the views of industry. I am not aware; I can't sit here and say I am aware of the consultation that has taken place.

**Mr WILKINSON** - But you would be aware whether some consultation had taken place? I have had an extensive involvement in sport in a number of different fields. When I was in one field I was aware of what was taking place in another field just with the general conversation that flows. When I was in charge of Football Tasmania, I was aware of what the players were thinking because of general conversations that take place after a game or in the world of football at the time, likewise cricket or swimming. Are you really saying that you are so insulated in your position that you are not aware whether conversations were taking place with stakeholders in relation to the sale of TOTE or not?

**Mr MURRAY** - I am not aware of any conversations with stakeholders in relation to the sale of TOTE.

**Mr BOOTH** - I am not actually conceding that there was agreement in full knowledge by the industry codes to the racing restructure but setting that aside, is it a fair thing to say that the agreement that you achieved ultimately for a restructure was based on the understanding of all of those participants in the consultation processes that in fact TOTE would not be sold? Had the Treasurer announced they were going to sell TOTE during that consultation, what I am suggesting is that the outcome might have been different in terms of an agreement.

**Mr MURRAY** - That is a hypothetical question, which is difficult to answer. All I can say is that when we went to the workshops there were a number of issues raised and within the report of the workshops the sale of TOTE was but one of a number of issues. I think even in the report it prioritised the issues in terms of the ranking from the opinions of the workshop. Again, from memory, TOTE certainly wasn't high on the list; it wasn't number one, from memory. My point is that there was a whole range of other issues which the industry acknowledged - and I went through them before. Hypothesising, it is difficult to know whether the industry would have been any different. I think what they were seeking at the workshops was some assurance of future funding if TOTE was sold rather than questioning whether TOTE should be sold.

**Mr BOOTH** - Who owned it, basically?

**Mr MURRAY** - The future funding. What they were saying as an issue at the workshops was - and again this is just from memory - not will TOTE be sold or not, but what guarantees will we be provided if TOTE was sold? So to hypothesise and answer on the basis that there are some guarantees for future funding if TOTE was to be sold, I don't think it would have changed the opinion of the industry in supporting the restructure.

**Mr BOOTH** - However, I suppose then a corollary of that is that any sale would need to provide exactly the same levels or greater support into the future indefinitely than they already get through the current arrangements. Submissions that people have put to me are generally

based around the culture of racing being destroyed as a result of changed arrangements. The Asian racing situation, for example, is raising some serious concerns in regard to the culture of racing.

**Mr MURRAY** - In my 23 years in racing the most difficult thing to do in the racing industry is to change culture. The racing industry are the most wonderful people you can ever come across but they're very much traditionalists and racing is very much based on tradition and that is how it should be. It is very hard to change the culture of people. I would think, hypothesising, if TOTE was sold and the guaranteed levels of funding met with the approval of the industry and were at least as good as would have been the case if TOTE were not sold, I think the industry would move on fairly quickly and focus on what the real issues are and that is the challenges facing the industry.

**Mr BOOTH** - So you would see that important, that the funding arrangements be locked into a sale arrangement effectively, some form of support guarantee?

**Mr MURRAY** - I don't know in which form it would come. I think the industry is entitled to some guarantee of future funding.

**Mr BOOTH** - But whether it comes through government or a sale arrangement -

**Mr MURRAY** - I can't really offer an opinion.

**Mrs RATTRAY-WAGNER** - Mr Murray, do you believe that had the Government of the day - and I appreciate you said they have every right to make policy decisions - waited until the new structure of the racing industry was bedded down, so to speak, this would have been a more palatable proposed sale?

**Mr MURRAY** - I will be very selfish and say I would have preferred a greater period of time. The restructure was about putting a structure in place to quickly face the challenges and get resolutions on a number of issues. It is a really important time for racing. This is a very personal and selfish view because I think the restructure was very important in its own right. I repeat: the Government of the day has its right to make an announcement and make a decision on any matter under its area of responsibility, so I am certainly not criticising the timing, I am just stating my personal view.

**Mrs RATTRAY-WAGNER** - Do you believe that the new board format has had time to settle into its new role?

**Mr MURRAY** - They are on a very steep learning curve, there's no doubt about that. They are doing a very good job initially. They are out there consulting with the industry. The chairman of the new board, Don Abell, in my opinion is doing an excellent job. He is engaging the industry, he is understanding the industry. It is early days but I have nothing but optimism for the future of the role of the new board.

**Mrs RATTRAY-WAGNER** - So with that board engaging with the stakeholders and industry players obviously this particular process is taking away from what they might well be concentrating on?

**Mr MURRAY** - I would have thought that they are just moving ahead with the job at hand. That is as they should be. In terms of the transitional arrangements under the restructure, the funding, the budget is as it was previously up until 30 June. No doubt they are developing their strategic plan and their future budgets and all those types of things. My understanding is and my belief would be that it would be business as usual from their viewpoint.

**CHAIR** - Are there any further questions to Mr Murray?

**Mr BEST** - In camera I would like to ask some questions.

**CHAIR** - The committee will now move in camera. I would ask everybody apart from the committee and people involved if they would move to out the back again and we will proceed as soon as that is done.