

**Mr KEVIN NEILSON** WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** (Mr Hall) - Kevin, are you au fait with parliamentary privilege and all that sort of thing?

**Mr NEILSON** - I have read the documents. I think I am fairly familiar with it.

**CHAIR** - Okay, I will not go through it again.

Kevin, thank you very much for appearing. You are the manager of the Tasmanian Racing Board - or TRB - therefore I will invite you to make a statement if you would like and then open up the proceedings for members to ask some questions. Thank you.

**Mr NEILSON** - I need to clarify my position. I am not the manager of the Tasmanian Racing Board.

**CHAIR** - Aren't you? That is what is said on the running sheet.

**Mr NEILSON** - No, I am the Manager of Harness with the Tasmanian Racing Board.

**CHAIR** - Okay, thank you.

**Mr NEILSON** - The original request for me to appear before this committee was in my capacity as CEO of Harness Racing Tasmania. As a result of the legislative change Harness Racing Tasmania ceased to exist from 1 January 2009 and the roles and responsibilities simply were taken over by the Tasmania Racing Board. My current position, as I said, is Manager of Harness with the TRB. When I was asked to appear before the committee I reviewed the minutes of Harness Racing Tasmania board meetings for any indication of the position of HRT concerning the possible sale of TOTE Tasmania.

As the racing restructure consultation leading to the abolition of the co-councils and the formation of TRB was announced in August 2008, I checked the minutes from then to 1 January 2009, and there was no reference to any HRT position on the sale of TOTE Tasmania. That is not a surprise because the sale was announced on 9 January, after Harness Racing Tasmania ceased to exist. During the racing restructure consultation I do recall some individuals making aside comments such as, 'This looks as if it may be set up for sale', but those comments were sort of there one moment and gone the next. At least one HRT council member made a similar comment and said it was just a one-liner. So I suppose, in conclusion, HRT has never had a position on the sale of TOTE Tasmania as the notification of that sale was made after the entity ceased to exist.

**CHAIR** - Thanks, Kevin. Questions from the committee to Kevin?

**Mr GUTWEIN** - Do you have a position on the sale of TOTE Tasmania?

**Mr NEILSON** - Do I personally, Peter?

**Mr GUTWEIN** - Yes.

**Mr NEILSON** - No, I do not. The reason for that is that in my current role as Manager of Harness I am concerned about the day-to-day running of harness racing in the Tasmanian racing industry. I know that the Tasmanian Racing Board is working with the minister at the moment to put in place a funding model for the future. I am leaving the Tasmanian Racing Board to do their job while I go ahead with my job, so I do not have a personal position on the sale of TOTE Tasmania. I do not understand the reasons it is being put up for sale. I have not researched them. I genuinely do not have a position on it.

**Mrs RATTRAY-WAGNER** - What about your industry, though? Do you think there is any position generally from people you know and speak with, other than the people who have said, 'This could well be a set-up for a sale' prior to the restructure?

**Mr NEILSON** - There is a two-part answer to that. I am aware that there is an entity that has got together and canvassed clubs and put a petition forward objecting to the sale of TOTE Tasmania. I have not seen that bit of paper. I do not know what the wording is.

The second part of that answer is that I am sure that what the industry wants is security of funding. The minister has given an undertaking that he would look at a 20-year plan in regard to the funding of the racing industry. The racing industry has had secure funding in the past. If you go back to about 2000 when TOTE Tasmania came in and the legislation required that  $x$  number of units were paid back to the racing industry to sustain that industry.

In fact, TOTE exceeded that by a long way in the subsequent years from 2000 to 2008. They initially were sole provider of funding for racing. As we went through the early 2000s, entities such as AAMI, Wrest Point Casino and other sponsors came on board and provided a minimal amount of funding for racing - a very important amount but minimal. Then, of course, with 2006 the licensing of Betfair came in and, as such, funding flowed to the racing industry from Betfair. That is about 25-28 per cent of our funding. So the climate is changing in regard to where funding for racing comes from but TOTE still provides an enormous amount of funding. Into the future, I think the industry just wants surety as to the funding into the future and I do not think they care where it comes from, as long as it is secure.

**Mr GUTWEIN** - Kevin, whilst you might not have a personal opinion about the sale of TOTE, obviously the outcome of the sale is very important for harness racing. If the outcome was not as good as it currently is, would the sale of TOTE be a good thing?

**Mr NEILSON** - It is a hypothetical question.

**Mr GUTWEIN** - I can understand your reasons for not wanting to have a personal position in this room, but in the position that you hold, obviously the outcome of any sale is going to have a direct and material impact on harness racing in Tasmania in some way. Either it is

going to be better for the industry, it is going to be the same or it might be worse. From what you understand of what is going forward, is the sale going to be better or worse for the industry, and if it were to be worse but perhaps better for the other codes, would you be supporting it?

**Mr NEILSON** - First of all, I have confidence in the Government in regard to how they have handled racing in the last eight to 10 years. They have put us on a very high pedestal, comparatively speaking, as far as stake money is concerned, and especially the support that they have given harness breeding through their funding and also through TOTE Tasmania has been sensational. I obviously would not condone anything which reduced the funding to racing into the future. It is a hypothetical question, but if TOTE was sold and the funding went down, in hindsight, obviously I would not support it.

**Mr GUTWEIN** - Fair enough.

**Mr NEILSON** - But there is a lot of hypothetical in that.

**Mr BOOTH** - Just following on from Peter's question, are you concerned then that the funding at the moment effectively is being taken out of the political domain to a fair degree, because TOTE exists as a racing entity that funds its stakes and so forth, whereas if it was transferred back directly from consolidated revenue to support the stakes that a strong political argument would occur each Budget as to what the public would see as the public purse paying for the racing industry, and therefore be subject to the whims of whatever was in - the political pressure?

**Mr NEILSON** - I think no matter whether it is health, education or racing, it is always at the whim of the Government at the time in regard to the support for it.

**Mr BOOTH** - Yes, but that is the point I am making at the moment. If you are queuing up for a hospital bed, you are not necessarily going to look at what money TOTE puts back to support stakes, whereas if it is a direct Treasury contribution from consolidated revenue, budgetary and portionary, that goes to support that industry, then you are competing, aren't you, more directly? That is the point I am making.

**Mr NEILSON** - Yes, let us get this clear. The current funding is through until the end of this financial year. With the restructure, the funding that the code councils have has been transferred across to the Tasmanian Racing Board and the funding is secure until 30 June. As I mentioned before, I know at the moment that the TAB's main priority in the past two month has been to work with the minister to get a funding model up and going, and I believe that process is almost complete now. Again, I refer to the statement that Mr Aird made to this committee at the first sitting when he said he was looking for long-term surety, and I had noticed the figure of 20 years was mentioned. Does that answer the question?

**Mr BOOTH** - Well, you have answered it how you want to. The question I was really concerned about was whether, in fact, from an industry point of view you would have more security if you funded through the yield from the racing industry itself, which is effectively

and directly hypothecated, if you like, back into the industry rather than Treasury having to grab for cash, selling off the TOTE and putting that into consolidated revenue, and then hooking up a deal that gives you 20 years of certainty in the sense that it becomes a political issue if you get funding. That is the point that I am making.

**Mr NEILSON** - In regard to the funding from TOTE Tasmania, or an entity like TOTE Tasmania, their performance has been outstanding in the last couple of years. We all know the figures, so I will not go through those again. Who knows what will happen with regard to the racing industry in Tasmania, or worldwide what will happen with betting and so on? It is really a hypothetical, again. As I said, I want a funding model that is guaranteed, whether from the racing industry itself or from consolidated revenue through the government budget each year. To me it does not particularly matter and I do not know which one is better at the moment but I have a lot of faith in what the Government has done in the last eight to 10 years.

**Mr BOOTH** - Do you think the industry should have a plebiscite with all three codes to decide whether TOTE should be sold?

**Mr NEILSON** - My answer to that would be, provided all the information is given to them about why the sale of TOTE is proceeding, yes. But I do not think a plebiscite is much good unless people have all the information in regard to why the sale has been put up and so on.

**Mr BOOTH** - Do you know why it is being sold?

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

**Mr BOOTH** - The Government should be transparent about why it wants to sell it?

**Mr NEILSON** - I do not know what the processes have been with other entities that have been sold, like the Hydro and so on. I do not know what the process is in regard to how much information is given out.

**Mr GUTWEIN** - We tried with the Hydro. I think Tony Rundle would be appalled.

**Mr NEILSON** - Sorry, had the wrong one there.

**Mr GUTWEIN** - How are your members reacting at the moment? One of the concerns that I am hearing from the industry more broadly than we have heard to date and Robyn Wishaw, concerns the lack of consultations concerning them. Do you believe that former members of Harness Racing Tasmania, as they exist now, are concerned about the sale? If so, what could be done?

**Mr NEILSON** - I understand that you are interviewing one of those former members this afternoon, Tony Jeffries. Tony would be able to give you a straight-from-the-horse's-mouth answer to that, I would suggest. The industry wants security of funding into the future. That is my summary of what the industry thinks about it.

**Mr BOOTH** - In regard to that, when the pokie licence was given out and a lot of betting money went into pokies there was a lot of concern at the time that that money should have been hypothecated straight back into the industry. It did not happen to the detriment of the industry. I did not support that contention myself. Do we not have a similar situation where the business that supports the industry at the moment by being set up over the years partially through government support but effectively through industry self-generation is now to be plundered by the Treasury, but unless there is absolute guarantee, there is 100 per cent hypothecation, then you might end up in the same situation as when the pokies were set up which stripped away a lot of the gambling money?

**Mr NEILSON** - When the pokies were set up there was a concern in regard to the lack of funding coming back to racing, but time has shown that the Betfair model and also the performance of TOTE Tasmania, I believe, well and truly made up for any perceived shortfall.

**Mr BOOTH** - There was \$200-odd million lost on pokies. There are a couple of hundred million coming out of the gambling pools for poker machines. It is a fair bit when you consider the \$23 million that goes back to TOTE from the State.

**Mr NEILSON** - I answer that question on the basis of the stake money available to participants in Tasmania. While we would all like it to be higher, it stacks up very well compared with other States in Australia and that is the base on which I say it has turned out pretty well.

**CHAIR** - Kevin, thank you very much for your time.

**THE WITNESS WITHDREW.**