

Mr PHILIP GEOFFREY SWINTON WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Hall) - I invite you to give some evidence or make an opening statement and then let the committee ask you some questions.

Mr SWINTON - First, my position is Secretary of the Devonport Racing Club and also President of Thoroughbred Breeders Tasmania. In those two capacities I have a strong interest in the sale of TOTE Tasmania.

CHAIR - You are a mixed grill.

Mr SWINTON - I suppose so. Both organisations are looking for a good future for thoroughbred racing in the State. I will make a statement from each of those entities. First, the Devonport Racing Club has enjoyed a very good association with TOTE Tasmania and has handed over staffing responsibilities and so forth to them over the last three or four years. We have seen a lot improvements to the track and, having seen Launceston come on line, we are looking for more improvements for that racecourse moving into the future and for racing on the north-west coast.

As far as thorough bred breeders are concerned, once again we have enjoyed a very good relationship with TOTE Tasmania. TOTE is a wonderful supporter of the thoroughbred yearling sales, which have gone from strength to strength over the last few years with the advent of Magic Millions coming on board. We owe a lot to TOTE for high average prices for a lot of breeding studs. Robyn spoke to you earlier, she runs one of the largest studs in the State, along with Graeme McCulloch, ourselves and Bowthorpe. We have all seen a lot of improvement in the breeding side of things and we are all investing quite heavily in the industry. Obviously when the sale of TOTE Tasmania was first mooted in early January, we were all seeking some long-term surety as to the future in which we were going. Both organisations, the Devonport Racing Club and Thoroughbred Breeders Tasmania were, I suppose, taking a position of opposition to the sale of TOTE simply because we did not have information as to a long-term funding model.

We are not saying it is necessarily a bad thing, but until we are given that sort of information it is difficult for us to make a positive comment towards it. The sale of TOTE to private hands could be a great thing for the racing industry in Tasmania. As we all know a private operator tends to run that type of business more efficiently. However, we would need to see a long-term funding model before we could support it.

Mr BOOTH - Philip, you mentioned that it could deliver potentially better outcomes if it was run by private enterprise, but are some of those efficiencies and things that the industry would then lose as a result of it no longer being a government business intangible? After all, a government business is seen to be a public facility which does, by its very nature, have to deliver certain other benefits that are non commercial directly.

Mr SWINTON - Yes, that is very true, Kim. I suppose one of the things with TOTE at the moment being a government business is that it is quite easy for us to justify the fact that TOTE is putting in \$27 million or whatever it is to racing because you can say that has been generated by TOTE Tasmania.

Having spoken to the Treasurer who said, eventually the money is coming out of one big pool anyway, it does not matter which organisation is generating that money. But obviously it is a far easier model for everybody to relate to if they know that is where it is coming from, it is funding racing. We have had some great increases in stakes and so forth in the past. If that is no longer there we will be competing with every other entity in the State money out of the consolidated revenue. It is going to be far more difficult to justify, I would have thought, than the model we have at the moment. But, once again, if it is run very efficiently and generates more turnover then it could be a positive in the industry if there is a funding model in place that the industry benefits from.

Mr BOOTH - Where do you see those efficiency gains occurring? That is where I was saying in terms of the intangibles that are provided.

Mr SWINTON - TOTE Tasmania is probably entering a difficult phase at the moment where they have lots of legislation issues with other States that they need to deal with. I know that they have been very proactive overseas and that is a big growth area. Depending on who was to buy the business they would need to find some niche markets, but that is not my area of expertise.

Mr BEST - Thank you very much for your contribution today. We heard earlier from representative jockeys of their view about quality being important but also quantity. I am just interested in your view. Could that be solved with more funding so that there could be more events? Maybe I could simplify the question by simply asking what would be the key features that you would be looking for in a funding-model agreement?

TOTE Tasmania and Magic Millions going forward with a very successful sale has brought a lot of new people into the industry, which in turn has helped the local economy. It has brought a larger pool of horses coming through. From a thoroughbred perspective, there have been insufficient races for those horses to compete in. I know that there is a view in some quarters that we need to get quality instead of quantity and there are various ways to do that. We are doing some work at the moment on some modelling for that. Going from approximately 68 to 78 race meetings per year would probably satisfy the demand and supply issues we have at the moment. Whilst that would require some extra funding, we believe that there are other areas that we could get funding from - some of the larger races and so forth. No matter which funding model we look at, we have to constantly be increasing our stakes pool because, whilst I heard Mr Neilson say earlier we have done very well in comparison with Victoria and New South Wales in their country racing, we have to keep growing because otherwise we will stagnate and fall behind. The industry is very vibrant at the moment and we need to continue that.

Mr BEST - Is there a set percentage? Is it CPI? How do you work out how the increments need to keep adjusting?

Mr SWINTON - The benchmark that we have been working on is Country Racing Victoria. We were about 85 per cent of their stakes money and I believe that we are about 100 per cent of it at the moment. We are getting interest now from Victoria with people bringing horses over here or trainers relocating from Victoria, and that is all a good thing for our industry. We need that positive vibe to continue. An issue that we have had just recently is that unfortunately our sales this year were 41 per cent down in late February, just before the Launceston Cup. Obviously the economic climate has contributed to that but also I think the uncertainty in the local industry with the announcement of the sale of TOTE without any model as to where we are moving in the future has probably caused some of our local buyers and trainers to be a little apprehensive this year and to stand back to see where the industry is going.

Mr BEST - When you said 'pool of horses coming through' you were talking Tasmanian, is that right?

Mr SWINTON - Yes.

Mr BEST - When we are talking about the funding model, what are you proposing there? Are you suggesting that the funding model needs to be worked out and decided upon well in advance of any proposed sale of TOTE?

Mr SWINTON - It would certainly be very difficult to go backwards from what we have at the moment. Once again, as I said, if it goes into private hands it becomes more profitable. It could be a huge winner for the State, it really could, as long as we have some surety from the industry that some of that money will be going back into the industry to benefit in the long term.

CHAIR - Philip, you talked about, and I think we may have had some prior evidence that there need to be more race meetings in the State. There was always a bit of a contrary view that we have a very small pool of jockeys here and that some horses have gone to the knackery in the last few months. I think you were painting a bit more of a positive picture, saying that there are trainers coming in and wanting to train horses here.

Mr SWINTON - That is right, yes.

CHAIR - In a general overview of the racing industry, are more race meetings required within the State at this stage? Is that something that you would support?

Mr SWINTON - Yes, they are. I have spoken to Don Abell in regard to this. Whilst he did not know which way it would be he said to come forward with the proof. We are actually working on some modelling at the moment that shows that that is in fact the case.

CHAIR - The other thing you talked about was the performance of TOTE and how they had performed quite well in the last few years. Given the very competitive commercial environment that they operate in and there may be external forces which may impact in the future upon their viability and therefore that would deliver less return to the Tasmanian people and obviously to the racing industry, is that a concern, you being within the industry? I know that's a bit of a hypothetical. Is that something you would be concerned about, you would prefer to have a guaranteed funding model from consolidated revenue rather than from TOTE itself?

Mr SWINTON - It is a hypothetical question, but I suppose you can only go back on their performance over the last few years, which has been very strong. You would hope that in any competitive environment, which hasn't no doubt been the case over the last few years, they have performed very well. So as an industry, we would hope that would continue to happen.

CHAIR - So you are not aware of any things that might be looming on the horizon in terms of pressures that may diminish their performance?

Mr SWINTON - Certainly race fields legislation, which you are probably well aware of, which means we need to buy our product and sell our product well. I believe they have done very well, especially with their Internet side of the business with looking at opportunities outside of Australia, and so forth, so the industry I think would be very positive in all their aspects in respect to TOTE Tasmania.

Mrs RATTRAY-WAGNER - Just following on from the Chair's line of questioning, there obviously was evidence earlier today from a person saying that too few get too much, and the stakes are not evenly spread. Obviously the Hobart and Launceston cups are examples of that, and then there's not enough for the smaller race meetings. Do you support that theory?

Mr SWINTON - It's an interesting idea. Certainly leading up to the thoroughbred sales this year, first, second and third in the majority of our larger races all went out of the State, so that was a negative for the State. However, if we have a horse good enough, we will take it to the mainland and try to win their prize money, don't worry about that. It's quite difficult for us to limit the opportunities of mainland competitors to come over here. It's a good thing when they come over here because hopefully it raises standards that we need to have in Tasmania, but I think there's probably a balance.

I think at the moment maybe we do have some of our races a little too high, and some of that money could be directed to minor races. I don't think it would make a lot of difference if we were to take a percentage off most of those larger races; it wouldn't affect the horses who came over, it wouldn't affect our fields, but it certainly would help the local industry here 52 weeks a year.

Mrs RATTRAY-WAGNER - That was the message that I was getting out in the public as well. You said your particular organisation is working with the minister to look at a funding

model. Has that happened only since the announcement's been made for the proposal to sell TOTE?

Mr SWINTON - No, it was Mr Neilson who said that; we haven't been working with the minister on that at the moment. We've had meetings as a group with Don Abell, and we are developing a plan at the moment to send to the racing board that will show that the facts and figures as to why we need more race meetings.

Mrs RATTRAY-WAGNER - You haven't had any direct conversations or meetings with the minister in regard to -

Mr SWINTON - Not formally, no.

Mrs RATTRAY-WAGNER - What about informally?

Mr SWINTON - Yes, I have spoken to him informally about it.

Mr BOOTH - I am intrigued just in regard to your comments that if TOTE was sold into private enterprise then it would do a lot better, there is more potential. Given that it is a government business enterprise supposed to work on a corporate model, implicit in that, then, is that TOTE isn't performing to capacity or there's some undetermined or undisclosed capacity that they should be going into. What are those areas, or is that just a generalisation?

Mr SWINTON - It is only a generalisation, I think that probably comes just from dealing with businesspeople in general. I suppose if you're out there in the private sector then you could probably run a little bit leaner and meaner. As far as the industry is concerned, I suppose we are very pleased with the way that TOTE has performed, but for it to go to private enterprise then there may be other opportunities that come with that.

Mr BOOTH - Correct me if I'm wrong, but I'm assuming that would mean that if it went better, the Government would have to have some sort of taxation model in place to take some of the funding back out of that increased pool or better performance, that business, that would somehow then be redistributed back to the industry.

Mr SWINTON - Certainly it's difficult for us to comment on it at the moment because we haven't seen any funding model at all.

Mr BOOTH - So at this point of time, where you are sitting, is it a fair assumption that the decision to sell TOTE is in fact a Treasury-driven imperative as a grab for cash rather than for the good of the industry? Or do you think it is taken for the good of the industry?

Mr SWINTON - I thought the timing of it was interesting in that on 11 November there was an announcement that there was a new era in racing and the board was selected and announced on 28 December and then the sale was announced on 8 January. That seemed probably to a lot of people that it was something that had been considered beforehand. I suppose it is hard

to know. I mean, we have not been told the reasons for TOTE's sale, so any answer to that would only be a guess.

We have spoken a lot about ongoing funding with stakes, but another really important issue to look at is infrastructure. Whilst Launceston has just had a major track upgrade and it is an unfortunate situation that we have Launceston, Devonport, Brighton and Hobart all probably needing new tracks all at the one time, another very important thing to look at as we move forward is where that infrastructure money is going to come from.

Mr BOOTH - Just one question in regard to the funding model in the future which you are looking at if the TOTE was sold. Doesn't it concern you that you would be queuing up for money, even if it was a long-term commitment? I mean, there is no such long-term commitment with football, for example, or pogo-stick riding or any other activity that occurs. Doesn't that then put the industry at risk of the whims of politics each budgetary session, and it becomes an election issue?

Mr SWINTON - It certainly does.

Mr BOOTH - I have been very critical of the Government in the past in terms of their prioritisation of funding streams to the racing industry when you have issues with health and education and road infrastructure, all sorts of things, and that is an argument that has been perennial, it keeps coming up, whereas at the moment with the TOTE funding the industry directly you do not have that white noise coming across each budget. Nobody looks at it and says racing is getting all this money because it is actually seen to be a self-generating thing which to me, from the industry perspective, is much more desirable. Is that a fair comment?

Mr SWINTON - It is a fair comment, yes. From my dealings with people in other States, I sit on the board of Thoroughbred Breeders Australia and there are a number of studs that have been looking at opportunities in Tasmania and I think they are probably sitting back now and waiting to see what happens before making any commitment, but certainly the industry is seen as being very vibrant down here at the moment and I would hate to see that go backwards.

CHAIR - Thank you very much, Philip, for your presentation. We will no doubt talk again.

Mr SWINTON - We will, thank you.

THE WITNESS WITHDREW.