



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESS SCRUTINY COMMITTEE B

Tasracing Pty Ltd

Tuesday 15 December 2020

MEMBERS

Hon Rosemary Armitage MLC
Hon Ivan Dean MLC
Hon Jo Palmer MLC
Hon Tania Rattray MLC (Chair)
Hon Jo Siejka MLC
Hon Josh Willie MLC

WITNESSES IN ATTENDANCE

Hon. Jane Howlett MP, Minister for Sport and Recreation, Minister for Racing

Mr Gene Phair, Chair, Tasracing Pty Ltd

Mr Paul Eriksson, Chief Executive Officer, Tasracing Pty Ltd

Mr Daron Heald, Chief Financial Officer, Tasracing Pty Ltd

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The committee met at 9 a.m.

CHAIR (Ms Rattray) - I declare the hearing open and welcome you, minister, to the table. You will have an opportunity to introduce your team at the table, but I will introduce the members of the committee: Jo Palmer, Rosemary Armitage, Tania Rattray, Ivan Dean, Jo Siejka and Josh Willie. We have the secretariat support of Natasha Exel and we also have Deb from Hansard. Thank you very much for being part of our GBE scrutiny process for 2020, a little bit later than normal but an opportunity for you, minister, to talk about Tasracing and for the committee to have questions. I believe you have an opening statement. Once you have introduced your team at the table, please share your opening statement with us. Thank you.

Ms HOWLETT - Thank you, Chair. To my right I have Tasracing CEO Paul Eriksson; next to him, I have Tasracing CFO Daron Heald; and to my left, I have Chair of Tasracing, Gene Phair.

The Tasmanian racing industry is a critical part of our state's economic and social fabric. Across all three codes - greyhound, harness and thoroughbreds - the industry injects more than \$103 million a year into the Tasmanian economy. More than 5500 Tasmanians are directly involved in the industry.

Like all sectors, the racing industry was presented with an enormous challenge with the impact of COVID-19. While the COVID-enforced shutdown of our racing industry for 10 weeks caused great concern, I am very confident that the sector can now look forward to a period of growth. While I am talking about this challenging period, I want to take the time to thank the trainers, jockeys, strappers, vets, farriers, club officials and the many more industry participants for their understanding during this very difficult time.

I particularly thank them for the way that they returned their horses and greyhounds ready for racing when racing resumed on 14 June. This work by the participants was vital because it meant field sizes and quality were strong upon the return to racing, which means wagering bounced back very strongly. I sincerely thank Tasracing and its staff right across the state for their work in assisting participants and making sure our racetracks and training facilities were kept up to scratch and ready for the resumption of racing. With the cooperation of participants, Tasracing staff also ensured racing was conducted under COVIDSafe protocols.

Despite the challenges of COVID, there were many achievements in our racing industry during 2019-20, including the \$12.5 million Elwick thoroughbred track redevelopment, which was completed on time and on budget; acquisition and opening of Tasmania's first-ever dedicated greyhound adoption program facility, based at Mangalore; the appointment of a new Tasracing animal welfare manager, who manages the current record levels of investment in horse and greyhound welfare initiatives; and the successful completion of the harness industry review and delivery of a new harness breeding bonus scheme.

I cannot fail to mention two deeds of our participant dogs and horses over the past year. There have been some tremendous performances, including that of the Tasmanian-bred greyhound Handsome Prince winning Sydney's Million Dollar Chase, the world's richest greyhound race; Tasmanian-bred thoroughbreds such as Mystic Journey, Kamikaze, The Inevitable and Bold Star winning feature races on the mainland; and Ricky Duggan became the first-ever driver to win 1700 races in Tasmania's harness racing.

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Since the end of the financial year, we have announced a 6 per cent stakes increase for Tasmanian racing. This amounts to a 12.2 per cent increase in stakes since 2018 when we made the commitment of a 16 per cent stake increase over four years. We are well on track to deliver and perhaps even exceed that important election commitment.

I thank Tasracing Chair, Mr Phair, and his board, CEO Paul Eriksson and his team for their hard work over the past year, and I look forward to a very positive time ahead for the Tasmanian racing industry.

CHAIR - Thank you very much, minister. Are there any questions on the overview?

Mr DEAN - Minister, where does trotting fit in?

Ms HOWLETT - Tasracing reintroduced trotting in Tasmania on 1 July 2018 on a 12-month trial. In May 2019, the Tasracing Board agreed to extend the trial period until 31 December 2019, whilst a harness development plan was undertaken.

In November 2019, as part of the introduction of the maximum starts policy, the Tasracing Board approved the continuation of trotting under the following basis -

- Two trotting races per month run at a stakes level of \$5500 and \$8100. The races will be conducted under the same nomination rules, currently being finalised for pacing, thus a minimum field size for trotting will be raised from four to six.
- Races with nominations of three or more are extended and anything less than six acceptors will see the race deleted.
- Scratchings that occur will be reviewed.
- Only trotters based in Tasmania will be eligible to participate in Tasmanian trotting races, the intention being to promote and support local trainers. Performance will be reviewed regularly and the position updated, based on participation.

Tasracing has determined that trotting will continue as a means of providing additional content to assist in maintaining current race levels. The total amount of prize money distributed to trotting in the financial year 2019 was \$248 258. This represents close to 4.6 per cent of the harness prize money allocation.

In financial year 2020, the total amount of prize money distributed to trotting was \$159 160, and this represents approximately 3.6 per cent of prize money distributed in the financial year 2020. Any unallocated prize money, as per the trotting prize money grid, was returned to the harness stakes pool. Tasracing continues to monitor trotting races in Tasmania with regard to field sizes and population.

Mr ERIKSSON - Trotting is an area which is supported by some in the industry and not others. It is really in the hands of those who wish to see it succeed. Tasracing is happy to support trotting; however, if the industry itself is not going to support it with horses, we will not be able to run the races and therefore it will not get that support.

There is an opportunity, and unfortunately it is the chicken and the egg. The opportunity is there, but if it is not taken up, the funds go back into the pacers. If they take it up, the races are run and if the races are well supported, there is a potential to grow trotting but if there's no trotting population, there is a question as to why we would invest in it when it is predominantly a pacing industry in Tasmania.

Mr DEAN - You mentioned, minister, that you are looking forward to growth in Tasracing in the industry and so on so - where is the growth going to occur? What are we going to see? What's going to happen? We've seen losses in Tasracing now for a number of years so where's the growth going to be? What is it going to do to the current position Tasracing finds itself in?

Ms HOWLETT - Thank you for your question. As far as growth and promoting growth within the industry, that basically comes down to confidence with the industry. As I stated before, so far we have had a 6 per cent stakes increase. Early next year we plan to announce another stakes increase, which will certainly create more confidence in the industry. We have our TASBRED bonus scheme, which also encourages and incentivises people to purchase Tasmanian-bred horses. We have our Magic Million sales coming as well. We have mainland investors who will continue to support the Tasmanian racing industry. It is also about encouraging young people to get involved with the industry across all three codes. That is my aim for 2021.

Mr ERIKSSON - Mr Dean, you mentioned the losses.

Mr DEAN - We are talking about growth; we are not talking about simply expanding in some areas we are already working on. We are talking about growth that is going to see a turnaround for Tasracing and racing in Tasmania.

Mr ERIKSSON - First let me address one part of the question, which was your comment regarding seeing the financial losses. They are predominantly book losses - the last two years. Prior to that there was a surplus.

In 2019 those losses were headlined by the write-off of assets regarding the Elwick Track reconstruction and a significant workers compensation claim in relation to the jockeys, which we are always subject to.

There was a 10-week shutdown in 2020. Race field fees were \$4 million below our budgeted number. Workers compensation was \$380 000 above our budgeted number. We picked up \$400 000-worth of annual leave for casuals following the legislation that required the provision of leave for casuals. That might change in the future, but was another \$400 000.

The majority of those casuals are Greyhound Racing Club casuals we took over. There was an increase in the defined benefit fund of \$135 000 and we picked up \$140 000-worth of wages for casuals for the greyhound clubs. In terms of that in both the 2019 year and the 2020 year, Tasracing was cashflow positive so they were predominantly book losses. There is no financial issue per se.

With the growth you are looking at, we see that race field fees and a point of consumption tax will deliver will deliver some increased revenue. We are riding a very strong wave at the moment coming out of COVID-19. During COVID-19 racing was about the only thing you

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could punt on. There were no poker machines, no Keno; retail TAB was down; sport was restricted, and we believe we will see a permanent increase. We believe there will be a bit of coming back but there will be a permanent increase because people who -

Mr DEAN - Coming back in gambling are you talking about - punting?

Mr ERIKSSON - As sport and the clubs open up, as people come out of lockdown and are more able to move around and go on holidays, we will see the significant increases we have enjoyed in race field fees coming back down. We have increases in race field fees of 44, 56, 77 per cent across the three codes. They have been enormous increases compared to last year. We will see them come back down and we believe we will probably have around a 10 per cent flat increase once things settle, which is better than we would normally have in race field fees where we have been getting growths of around 6, 7 and 8 per cent.

CHAIR - If the codes are generating that much more, why wouldn't their stake increases be more than just the 2 per cent that is handed out from time to time?

Ms HOWLETT - Any increase has to be sustainable as well.

CHAIR - It will grow the whole racing industry if you have high stakes.

Ms HOWLETT - Correct. Higher stakes do certainly filter down throughout the whole industry across all three codes and those people indirectly employed in the industry. It is important that any stake increase is sustainable. We can't have significant stake increases and then race field fees not perform correctly, and our wagering has a downturn. I don't think the industry would like us to decrease stakes as well. We need stake increase that are sustainable into the future.

Mr ERIKSSON - That is exactly right.

Ms SIEJKA - Just a few questions about COVID-19 and the impact of COVID-19 on the industry. I am wondering whether Tasracing agreed with the shutdown? I know the industry had a few concerns, and what you thought as an organisation and your conversations with the minister about that.

Ms HOWLETT - I think your question is directed to Mr Eriksson.

Mr ERIKSSON - The decision was the decision, as far as Tasracing is concerned. It was a decision taken by the Government on health advice. I will be honest - we were disappointed, but we understood the reasons for it. Leading up to that decision, Tasracing had put in place a number of restrictions, protocols and safeguards, and we thought we were in reasonably good shape. The industry was conforming exceptionally well to those restrictions but health advice is health advice and we are very comfortable that the shutdown was for the right reasons, the safeguarding of the Tasmanian population and community. That's the only comment I have.

Ms SIEJKA - Has the financial impact of COVID-19 been quantified on the industry? Have you been able to work out exactly what the financial impact has been across the codes?

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Mr ERIKSSON - We've not been able to quantify the potential lost opportunity in race field fees because that is an unknown. It is crystal-ball gazing. We are \$4 million down in budget on that, but we had a strong balance sheet that was able to fund what was needed over that period.

In relation to what the codes lost or suffered, the amount of prize money that would have been paid out in that period was effectively paid out in support payments. I think you will find there are some individuals who benefited and some who did not because the better horses that might have won races or the better dogs that might have run races, didn't. Everyone was brought down but it was an even-handed and well-structured response to the animals' welfare needs by keeping them in work so that they were fit and healthy.

Ms SIEJKA - On the support package, I understand there was about \$4 million. Can you tell me how that was spent and who benefited from it? You have touched on it a little bit there, but is there a breakdown of where that money went and what it achieved?

Ms HOWLETT - I will talk quickly on that before I pass to Paul. Thank you for that question. It is an important one. In April we announced the support package for the racing industry. That was more than \$4 million, as a result of the shutdown of racing. The support package was designed to allow trainers to maintain the welfare of their horses and greyhounds, while also continuing to employ staff.

Funding for the support package was made available to Tasracing through a loan from the Government. Due to its strong balance sheet, Tasracing only needed to drawdown \$2 million of the loan. The \$4 million provided to the industry participants was broadly equivalent to the continuation of the full value of stake money and other code funding that would have normally been distributed through that period.

The support package worked incredibly well and is why, when we returned to racing on 14 June, we had animals ready to return to race and our fields were incredibly good on the return to racing.

CHAIR - Can we have a breakdown?

Mr ERIKSSON - Where the funding went: thoroughbred received just over \$2 million, across 76 trainers and 898 horses; standardbred or harness horses received \$1.466 million across 753 horses and 111 trainers; greyhounds received \$505 000 across just on 1200 greyhounds and 127 trainers; and the clerks of the course received \$14 700 across the two months and across the seven clerks.

The package was \$4.021 million. It was initially set up at \$38 a day for thoroughbreds, \$35 a day for standardbreds, and \$50 a week for greyhounds. Those were the numbers originally agreed with the industry - the three effective code groups.

Once we had certainty of the thoroughbred horse numbers, because there was some question around that, we were able to update the rate to \$45 a day for thoroughbreds, which we backdated to the start, which was the beginning of April. We also then included expanded two licenced persons in greyhounds. That is the effective breakdown.

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There are about 22 000 separate transactions processed. This system was set up within two weeks, across the Easter break where we drove our people to work across that break, so we could deliver a support package for the industry.

It involves our digital staff, our racing office staff, our finance staff. It involved Office of Racing Integrity - ORI - which was out checking the horses were in work, that the thoroughbreds were there, the standardbreds were in work, and checking the dogs were there.

ORI was probably busier than it had ever been doing kennel and stable inspections. The individuals who would normally have been doing promotion of racing or programming of racing were used in processing these 22 000 transactions.

There was a significant amount of work. In many respects, it mirrored what happened with equine influenza in New South Wales and my experience there.

Ms HOWLETT - That support package was so important to the industry because it enabled those animals to return to racing.

Mr WILLIE - Minister, the support package wasn't really a government-funded support package. It was the industry's own money, wasn't it? Because you just talked about a loan to Tasracing, and Tasracing had to fund the support package within its existing budget. So, it is really the industry's own money.

Ms HOWLETT - It was the money out of Tasracing which the Government provided to Tasracing.

Mr WILLIE - You provided a loan which Tasracing will have to pay back.

Ms HOWLETT - I have stated that, yes.

Mr WILLIE - It is really the industry's own money funding that support package, not the Government.

Ms HOWLETT - I've stated that and outlined that question. Yes.

Mr WILLIE - You can understand the frustration of the industry when Tasmania was the only state to shut down during COVID-19; the member for Pembroke has discussed that briefly. Other states continued to host races and there was a significant lost opportunity, which was evident on the mainland when their industries had an uplift in race field fees and a whole range of other things. Can you maybe expand upon that point? The industry is very frustrated that we were shut down, the only state to do so, and there was a significant opportunity lost that has not been quantified. You can understand that frustration, can't you?

Ms HOWLETT - I can certainly understand the frustration of the industry, and I thank you for your question.

It was an extremely frustrating time for the industry. We had to act on Public Health advice, and the health and safety of all Tasmanians was the Government's priority at that time. It was certainly tough for the industry. There is no doubt about that. It was incredibly tough but the industry has incredibly resilient people and we have gotten through that.

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As for Tasmania being the only state to shut down racing, I am pleased to say that South Australia acted on public health advice as well. It did not close down for the same lengthy period, but when there were possible potential outbreaks they acted on public health advice.

Mr WILLIE - What sort of representations were you making to Public Health through that time when industries continued to operate on the mainland, you personally as minister?

Ms HOWLETT - We had regular meetings with Public Health and regular meetings with all three codes every Friday.

Mr WILLIE - You were physically meeting with Public Health officials?

Ms HOWLETT - We had meetings. My office and I had meetings, and also through the Premier's office with Public Health.

Mr WILLIE - The industry was impacted through that time. What did Tasracing do to reduce its costs?

Ms HOWLETT - During the time of the shutdown of racing, as Paul and I believe the Office of Racing Integrity stated in its hearings as well, it was an incredibly busy time. The Office of Racing Integrity was out inspecting properties and kennels to make sure that horses and dogs were in work. Tasracing staff were preparing for the return to racing and putting that support package in place. Maintenance on the grounds still needed to occur.

I think that period of shutdown was busier than normal, Mr Willie. The staff were incredible to get that support package rolled out. They were there for the industry. The number of calls we were all getting - everyone worked extremely effectively and efficiently and that shows in the confidence of how we returned on 15 June with those field numbers at a really good number.

Mr WILLIE - What you are saying, minister, is there was no capacity to reduce costs through that time for the organisation, given that the organisation has reported a loss for this financial year?

Mr ERIKSSON - Mr Willie, the organisation reported a loss which was driven by the race field fees, as we have already stated.

Mr WILLIE - My question though is around that time whether the organisation looked at reducing costs knowing that race field fees had been severely impacted?

Mr ERIKSSON - The desire was to get the package out to the industry. If we were able to reduce costs, we did so. There was reduction in spend in certain areas; and we cut costs as much as possible in vacancies, which I suspect we will be running shortly, and a number of roles were placed on hold and we did not backfill a number of positions. If we are talking about that, 14 per cent of staff positions not backfilled, or were put in place or reduced in that time. Were there reductions in cost? Yes. We did not do the marketing; we did not have the digital spend.

What we did was to move all Tasracing staff out of the office and delivered the support package because that is what was important to the industry. We had a balance sheet that could

afford to support that for the good of the industry. It was critical. You cannot put 1500-odd horses out to agistment in Tasmania; there are not the agistment properties to do that. We had to keep the horses in work, in training, and keep them in a relatively strong position. When we did come back - and we did not know when we were going to come back - all we knew was that we matched what we would be paying out in stakes, we matched up to effectively what we were paying out in the support package to the industry.

With regard to the number of people we needed and how to reduce costs, there was very little difference between what we would need for normal operations and what we would need to effectively administer the support package, which the auditors were quite happy with.

Ms HOWLETT - It is important to remember as well, Tasracing employees are public servants and the Premier made it very clear that there would be no pay cuts or wage freeze for Tasmanian public servants.

Mr WILLIE - The CEO said that 14 per cent of vacancies were not backfilled and there were savings on marketing and things - are you able to quantify that? I am happy for you take the question on notice if you can provide those cost savings through that time.

Mr ERIKSSON - I would need to get those details. We are quite happy to take that on notice. May I clarify, in regard to the staff, what specifically are you looking for?

Mr WILLIE - You outlined all the cost savings you went through at that stage. I am interested in quantifying that: staff vacancies, marketing and the other measures you said.

Mr ERIKSSON - Quite happy to do that for you, Mr Willie, thank you.

Ms ARMITAGE - I have had some advice from many industry participants, as we do, that they feel that Tasracing fails to effectively engage with the industry. They have mentioned our report back in 2012 for a start, and it was probably way before your time, but one of the questions I was asked was with regard to full-time employees. They were feeling that the situation has worsened, particularly with regard to the growth and costs of Tasracing, not including the paid full-time staff that they had in the past, barrier attendants, gate staff, security personnel.

Are you able to give me a figure of a comparison of full-time staff now as compared, for example, to 2014? It is a fair while ago, but it is a question I have been asked.

Ms HOWLETT - I will find that information for you.

Ms ARMITAGE - They are really concerned that a lot of the recommendations of the report in 2012 and whether that had actually been acted upon, but it might be a bit hard for you now so I can put those questions on the notice paper for next year.

Ms HOWLETT - Thank you.

Mr ERIKSSON - That is our current staff; I do not have a comparison.

Ms ARMITAGE - When would you have a comparison of the years? You must have a comparison of even the last few years, of the full-time staff.

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CHAIR - We are happy to take the staffing numbers.

Mr ERIKSSON - The current staff numbers -

Ms ARMITAGE - The FTEs?

Mr ERIKSSON - The current FTEs have seen minimal change over the last few years. There has been change in the structural areas, but overall you will find that the FTEs over the last few years have not changed at all.

Ms ARMITAGE - If I could get the figure, it would be good from 2014 to now, to confirm there has been minimal change.

Mr ERIKSSON - I do not have a figure, but I am happy to take that on notice.

Ms ARMITAGE - No, I am saying on notice is fine.

I have been asked another question regarding the Tasracing Board having the approval to pay performance-based bonuses to their CEO. In the last five years, have any such bonuses been paid and, if so, what criteria were used to evaluate those bonuses?

Mr PHAIR - No bonuses have been paid to the CEO.

Ms ARMITAGE - In the last five years?

Mr PHAIR - I can only speak for the last two years since I have been chair of the board and no bonuses have been paid.

Ms ARMITAGE - Maybe we could take on notice the question? So, none in the last five years?

Mr PHAIR - No.

Ms ARMITAGE - Thank you.

Ms PALMER - Local racing clubs are very important to regional communities. Could you speak to us about how the Government is supporting local race clubs to improve racecourse infrastructure?

Ms HOWLETT - The Tasmanian Government and Tasracing developed a capital grants program to assist local racing clubs across the state to fund infrastructure that falls outside Tasracing's existing infrastructure plan.

The \$250 000 funding per annum over four years has been committed by the Government through Tasracing. The grants are intended to support the sustainability and safety of the Tasmanian racing industry through improved racing infrastructure. The primary focus of the program is to support improved safety at racing venues while the secondary focus is venue enhancement for the benefit of patrons.

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The first round of grants saw \$167 458 distributed to clubs statewide earlier this year. Today I can announce a total of seven grants totalling \$329 096 have been approved in the second round. These are: the Burnie Harness Racing Club, to replace or refurbish two stewards' observation towers at a cost of \$35 200; Carrick Park Pacing Club, for the demolition of existing judges' box and erection of a new box, and removal of overhead wiring and placing underground, \$144 160; Devonport Racing Club, to supply and install new stormwater pipes and manholes at \$77 825; North East Pacing Club, construction of a new tower for stewards, vision and broadcast staff, extension of fencing within the back straight, and that is \$30 293; Tasmanian Turf Club, improve the appearance and make safe the owners' and trainers' viewing area adjacent to the mounting yard and refurbish both male and female jockey rooms, and that is \$41 618.

CHAIR - Minister, in the information provided to the committee yesterday we were provided with some figures around the fact that in 2010-11, the revenue for Tasracing was \$33.9 million and the codes received \$22.3 million, so the cost to Tasracing was \$11.6 million to run the organisation. In 2018-19 the revenue was \$49.3 million; the codes received \$26.8 million so the cost of running Tasracing is \$22.5 million. When I went to school, that's about double, so that's about an \$11 million increase to run Tasracing since 2010.

At that rate do you see that there is going to be opportunity for growth within the codes, given that the stakes will only be increasing by such a small margin - and you've talked about why that is - that you can't give them a higher level of stake increase because that might give them a false sense of confidence or something around that fact?

Can you give me some explanation around why it cost double in 2018-19 than it did in 2010-11 for the running of Tasracing?

Mr ERIKSSON - The interesting numbers there have no regard to the changes in legislation and governance required to run an organisation. If I could just provide a bridge and explain the \$11 million. There is \$7.33 million in costs in just running the industry alone. Let's just talk about the \$11 million. Of that, workers compensation for jockeys - which was not paid in 2011 - is \$1.7 million. Depreciation on assets - which we only took up at that time - is a \$2.54 million increase. Race day costs, the net is \$730 000. The Spreyton finance costs -we borrowed instead of getting the \$40 million in capital with the sale of the TOTE.

CHAIR - Does the Government still pay the interest on that? Is that correct?

Mr ERIKSSON - No, it doesn't. That finished in 2019.

Mr DEAN - Tasracing now pays the interest?

Mr ERIKSSON - Yes, we do, and it is \$530 000. The breeders' bonus, which wasn't in place at that time, was \$440 000. We have \$620 000 in animal welfare costs, which weren't paid at that time. Rent and associated property costs, another \$430 000. Facility maintenance for the facilities that we took up around that time, another \$300 000, and \$180 000-worth of insurances. That equates to about \$7.33 million alone.

On top of that, we have costs relating to digital IT and marketing, which were \$1.46 million. Of that, \$770 000 supports the growth in race field fees and we need to understand that race field fees have grown substantially and continue to expand. IT costs for

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the business of \$330 000 - that includes Formplus, Stridemaster, Tasracing, TV, the livestream production, the tipping, Young Racing Tasmania, clubs' events, awards dinners and ad creations that are all undertaken by Tasracing, and that is another \$350 000.

Then there is another \$2 million in other costs. Of that, RBF took up \$620 000 of that and the rest is CPI of 13.9 per cent across our normal costs. If you apply that factor, I haven't got the number, but it is a 13.9 per cent CPI, the wages CPI is 21.8 per cent. That explains \$11 million.

CHAIR - That is good information. Isn't it a shame, minister, that this information isn't provided to the codes and they feel that they need to come to a committee hearing and ask us to ask the questions? Again, it is about communication with the codes which are the industry, because without the codes, there is no Tasracing. Do you have concerns about that?

Ms HOWLETT - Communication is vital.

Mr DEAN - Communication was raised with us previously when we talked to Tasracing. It was raised previous to that. Ever since I have been in this parliament, communications issues have been raised with the codes, lack of it.

Ms HOWLETT - Communication is vitally important to me as a minister, and I have been in contact regularly with all three codes as I know Tasracing is communicating with them on a regular basis.

CHAIR - It is very useful when we receive that sort of advice and information as a committee, so why aren't the codes made aware of all that information, which is so important, and given some explanation to where the money goes? That is what I don't understand.

Mr ERIKSSON - Madam Chair, if I may respond to that. The information I have just read to you was provided in our response to the Clarke report, which is the basis of the information you have in front of you; it was provided to the industry and is publicly available. It is on our website and it was handed to the three reference groups, to the clubs, and to the Owners and Trainers Association. I must say they have been provided this information and these explanations as to how the funds are expended. In terms of communication, that Tasracing meets with the three codes every quarter. We have additional meetings, I also attend the Jockeys Association meetings, the Trainers Association meetings as they are held and they are held on a regular basis, it does vary.

In addition to that we undertook the harness code review last year, which was a significant engagement with the harness industry. We do have plans to do the same for greyhounds and thoroughbreds; however, COVID-19 intervened and we will be taking that on in the new year.

CHAIR - Explain to me why COVID-19 stopped engagement with the codes. You do not need to physically meet with people to engage. Give me some understanding of why those things did not progress along, albeit that it might not have been at the same pace.

Ms HOWLETT - Thank you, Chair. That is really important. Communications certainly did not stop during COVID-19 and the racing shutdown. In fact, we communicated on a far more regular basis during the shutdown of racing.

Certainly conversations were different. It was all about the animal welfare package, when we could return to racing, how things would look when we returned and what protocols Tasracing was putting in place. There was regular communication. We were certainly meeting every Friday - Gene, myself and Paul, with all three codes in my office. Communication certainly was not an issue, but it was all about COVID-19 during that shutdown period.

Mr ERIKSSON - That is correct. It was fairly all-consuming. The need for an explanation and the need to deal with questions and queries from the industry was important. COVID-19 was pretty much all-consuming for the industry at that time. The challenges we faced in returning to racing, so when we started developing return to racing plans they started development in April, shortly after the shutdown and we started looking at that. There was significant discussion on how we would make those plans work with regionalisation, with restrictions and what the requirements were for health to get their approval.

That was not done in isolation. That was done in consultation and discussion with the codes. At that time through till 14 June, and even to the end of June, the focus of both Tasracing and the industry was entirely on COVID-19. There were no other questions. When we returned to racing on 14 June, the focus was on how we were to manage the significant number of animals available to race because we had been successful in keeping the animals in the state and in work.

I suppose the answer to the question is yes, you are right, COVID-19 did not stop communication, but it changed the focus of what we were dealing with. We were dealing with a pandemic and the outcomes of that on the industry to mitigate that. Now that we have come out of that and we have stabilised - we have our stakes increase and we have worked our way through what we have needed to in the normal course of events. Then the new year is where we will be in a position to have a proper engagement with either greyhounds or thoroughbreds. We have not decided which one we will start first. We have continued to communicate with the codes through the reference groups.

MS SIEJKA - Chair, it sounds like what your question is around transparency more so than just communication. Would that be right? If some of the information is not shared -

CHAIR - Communication usually delivers transparency.

Ms SIEJKA - It does, yes, in wanting that particularly detailed breakdown.

Ms HOWLETT - As Paul said, that information has been available on the website.

Mr ERIKSSON - We have provided this information to the industry and they have had this level of information. We published this at the end of June. I would need to check to get the exact date.

CHAIR - If your focus was on COVID-19 and how the industry was going to come back, perhaps their focus was there also, but I will not speak for them.

Ms HOWLETT - I think it certainly was, Chair.

Mr DEAN - On this very point, I can remember going into this in detail in almost every other time in GBEs with Tasracing. You are talking here with people who are hard workers in

the industry, across all three codes. They do not have time to go into annual reports and in actual fact, there are only a few government people and a few politicians and the Auditor-General who bother to read the annual report.

It is all very well to say that it is on the website. Not all these people go to the websites and online and so on and get this detail. Does Tasracing provide circulars, news sheets - say, a monthly news sheet - to these three codes so it gets to the people working at the coalface, a warts-and-all thing, identifying exactly what is happening in the industry, changes that are occurring and making it clear, open and transparent? Does that happen, or could it happen if it is not happening?

Ms HOWLETT - We have various forms of communication. There are ways we communicate information to participants, trainers and jockeys.

Mr DEAN - Are you providing a circular on a monthly basis?

Mr ERIKSSON - To some of the codes, yes - greyhounds. The primary means of communication is either through our industry releases, which are done through SMS or the website, and through the industry groups. The reason for that is the industries come along and the whole industries are represented at each of these industry groups - that is, the clubs, the owners and trainers, jockeys and the drivers, depending on which code we are talking about. They take that information back.

We publish summaries of those meetings online and have them available. We also put notices in our quarterly form guides and information booklets. If there is anything specific, we provide that information to the clubs and the clubs put it out in their programs. The greyhounds put it out in their code booklet, which they publish on a regular basis across the three clubs.

Do we have a specific hard newsletter that we send out, mail out on a regular basis? The answer is no. I would resist doing that only on a cost basis.

Mr DEAN - A good example of this thing is the Brighton Council, which sends out a newspaper on a monthly basis, which informs all their people, their ratepayers, exactly what is happening within the council.

Ms SIEJKA - Email newsletters and things cost very little.

Mr DEAN - That is right, so when we talk about cost, the cost can be reduced significantly, you are right, by using technology as well. I urge Tasracing to consider something like that because it might well change the communication breakdown that the industry sees that it has with Tasracing.

CHAIR - Perceived or real.

Mr DEAN - It is perceived, you are right, but perception to those who perceive it is reality.

Ms HOWLETT - Thank you, Mr Dean. We will certainly take that on board, and Ms Siejka's comments as far as emails - some people prefer to have communication that way; some people prefer it via a text message. We have various ages within the industry and, as Mr Dean

rightly said before, these people are up at 4 a.m. working until 7.30 at night. They are the hardest working people I have known

Mr DEAN - Genuine, honest people.

Ms HOWLETT - Absolutely. However, we can get that communication more effectively to them, I am more than happy to do so and I am sure Tasracing is as well.

CHAIR - We are going to have to speed up the questions and answers because otherwise our time will run out.

Ms SIEJKA - My question is about animal welfare. I notice some new rules were introduced this past year to do with greyhounds and euthanasia. What have the results been? Have the numbers increased or decreased? I am looking at the table and it says they have decreased but yesterday the Auditor-General said they had increased, so I am bit confused. Also, did COVID-19 impact requests for euthanasia of the greyhounds?

Ms HOWLETT - No, I don't believe COVID-19 had any impact on euthanasia rates in greyhounds. As you are well aware, and I've said this many times in both Houses, animal welfare is a priority for this Government across all three codes. As we stated before, we have opened a new greyhound adoption program - GAP - facility at Mangalore. We have desexing requirements now. All greyhounds are to be desexed before they are rehomed and Tasracing is now paying for that desexing.

As far as euthanasia rates, the information that I have here is that they've been steadily decreasing over recent years. In 2015-16, 678 greyhounds were euthanised but with measures put in place by the industry, this had decreased to 90 in 2019-20. Changes to recruitment rules were also put in place in March and along with increased rehoming, this will further reduce the rates of euthanised dogs.

CHAIR - Can we have the capacity of the Mangalore facility?

Ms SIEJKA - Is it keeping up with demand because I understand there is a bit of wait to get dogs from there?

Ms HOWLETT - The facility has 27 permanent greyhound kennels and an additional five overflow kennels which house the program's socialisation and assessment dogs. There is also the ability to provide short-term emergency accommodation for greyhounds. It was initially reported that the facility had the capacity for 54 greyhounds - that is two per kennel. However, Tasracing elects to house the greyhounds individually for health and safety reasons and the acquisition of the new facility allows the public to have direct access to greyhounds. Previously adoptions were facilitated through meet and greet days at various locations throughout the state.

There is an enhanced ability to prepare the greyhound for pet life. A loungeroom has been established for the greyhounds to spend time in and there is also a station wagon on site and greyhounds jump in and out and they can be trained to enter and exit the vehicle, which they love doing.

CHAIR - Cost of the facility, minister?

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Ms HOWLETT - It enabled GAP to welcome community groups as well to the facility. The facility is staffed seven days per week as part of the negotiation process.

The cost of the facility per annum -

Ms SIEJKA - And if it's meeting demand.

Ms HOWLETT - That's a good point and that's why Tasracing actually purchased the facility so we can expand in future on the number of kennels.

CHAIR - We spent three years trying to find a site so we needed to do something.

Mr ERIKSSON - I don't disagree with that statement, Chair. It had taken a significant amount of time - 18 to 20 months, as I understand it - to change the zoning and planning for that land, which was partly why we decided that the best option would be to source a kennel facility. If we were to construct a facility, it would have cost double that amount.

CHAIR - The cost was?

Mr DEAN - I think it was \$927 140.

CHAIR - Is that correct?

Mr ERIKSSON - Around there, after the write-back for the business because we purchased it as a business; it was a kennel business at that time.

CHAIR - And the waitlist?

Ms HOWLETT - It varies from day to day, doesn't it?

Mr ERIKSSON - It does and in many respects it can be misrepresented. The rules that were changed also revolve around transparency and clarity on entry into GAP and the waitlist. There is a 28-day wind-down period and vaccination so you need to complete both to be eligible to get into GAP.

Greyhounds go onto the waitlist when their wind-down form is lodged with the Office of Racing Integrity.

Ms SIEJKA - How many are on the waitlist and how long are they likely to be on that waitlist?

Ms HOWLETT - That changes on a daily basis.

Ms SIEJKA - On average. Even a day would be interesting.

Mr ERIKSSON - I do not know if I could accurately give you an average.

Ms HOWLETT - Some dogs actually take longer.

Ms SIEJKA - If you want, I can take it on notice. I am just curious about how it operates.

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Ms ERIKSSON - We have around 60 dogs on the overall list at present. They are at varying stages of that. That does vary. It does depend on throughput. There are couple of things I would like to make note of.

First, the Greyhound Adoption Program matches the dog up with the person. Someone will come out and they will be looking for a greyhound. We ask them questions. We ask them about their lifestyle, how they work, how long the dog will be alone, and what the yard is like. There is a whole range of questions to fit the dog to the person. We want to avoid returns.

Second, we do not preclude any dog from GAP - GAP will take any greyhound. There is no preassessment.

Ms SIEJKA - That fits the eligibility?

Ms ERIKSSON - That fits eligibility. There is no preassessment where we go, as you will have in some of the mainland states, where they say, 'No, we won't take that dog; you have to go and work with it more.'

Once it has done the 28-day wind-down and it has its vaccinations, it is eligible to enter GAP.

Second, it depends on the throughput - how many dogs come in, how many dogs go out. We have had some dogs in there for four and five months. The reason for that is they either have a higher prey drive or prior to entry to GAP, the owner-trainer did not do sufficient socialisation work with the animal. That is very important.

They are the key ones. The last one I would like to say is we will accept any GAP dog back. Even if a dog has been out in society for two, three, four or five years, if circumstances change, GAP will accept the dog back.

CHAIR - Any plans to extend the facility then, given they can only really house 33?

Ms HOWLETT - Absolutely, it is certainly on the agenda to expand the facility. To your earlier question, in 2019-20, GAP rehomed 138 greyhounds; that was up from 89 on the previous year.

Mr ERIKSSON - To add two points on that if I may. GAP rehomed 138 - there were 233 rehomed across all agencies, including rehoming by the trainers themselves.

In terms of the expansion process for GAP. The site we purchased is only just under half-utilised. There is significant expansion room there. It was one of the attractions of the site.

We are currently looking at expansion and are in the process of putting a DA together to cover not only the addition of kennels, but also additional works regarding cleaning up the office, putting in a structured car park as opposed to the poor gravel and dirt one we currently have, and some other beautification and facilities we think will be appropriate there.

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Mr DEAN - It has been suggested that Tasracing paid well and truly over market value for the centre of Mangalore. Was it purchased at market price? Was there an evaluation completed of that site at the time of purchase by Tasracing?

Mr HEALD - Certainly, with the purchase we were really looking at the alternative costs for us. As we have already said, the alternative for us looked like about double the price we were prepared to pay for the Mangalore facility.

Mr ERIKSSON - We did look at -

Mr DEAN - Can I ask what was the market value of that facility at the time of purchase by Tasracing?

Mr ERIKSSON - If we include the business as well, it was not far different from what we paid for it. The supposition is that we overpaid on the value of the land and the buildings. We didn't purchase just the land and the buildings. We purchased a business. It was a going concern and that is where the confusion lies, Mr Dean.

Mr DEAN - Is there a breakdown available of the cost of the land and buildings, and then the cost of goodwill?

CHAIR - We can take that on notice.

Ms HOWLETT - Do you mind if we take that on notice?

Mr ERIKSSON - I don't have that with me but we did do numbers around that.

Mr DEAN - Thank you for that. It has been raised.

Ms HOWLETT - We will provide that information to you.

Mr WILLIE - I want to go back to that information provided by the industry yesterday, and there is an important context to that, around the transparency to the code fund allocation and the \$11 million. The frustration there is around the lack of transparency around that policy. It is for a number of things, including stakes, so I am wondering if you can provide information to the committee on how the code allocation funds are calculated, and if you can possibly provide a breakdown of how that money is expended, that would be useful too.

Ms HOWLETT - Before you speak to that, Paul, I will add a few things if you don't mind. Tasracing allocates total funding to the three codes in accordance with a code allocation model. This arrangement was initially put in place in the financial year 2012. The current allocation model was introduced in the financial year 2018 to the financial year 2020 following a consultation period in the financial year 2017 with industry participants.

While previous models have had a range of performance-related components, the current model was introduced with a goal of returning all three codes back to the pre-funding reset levels as soon as possible. As a result, each code receives the same percentage increase for the financial year 2018 to 2020. The current model code funding allocation is on the following proportions: thoroughbred, 54.7 per cent; harness, 26.2 per cent; and greyhound, 19.1 per cent. The current percentage share represents a sum of an historical increase in funding over the

years and they reflect the current volume of racing and reasonable stake levels for the volume in each code.

For any code to get a significant share increase would result in at least one other code having a significant decrease in funding which would result in reduced races, economic activity, revenue contribution and may impact on that code's ongoing viability. The current percentage share reasonably accurately reflects the contribution of each code to the combined economic activity and revenue generation based on Tasracing's mix of commercial and government funding source.

Mr WILLIE - I think you've missed my question there, minister. It is not around a percentage share for each code, it is stakes and how that code fund allocation is expended in other areas.

Mr ERIKSSON - May I address that question, Mr Willie? I believe there are two parts. The first is the transparency and the communication of what makes up code allocation, as opposed to stakes on its own. That information is provided to the three code meetings - TAN, HIF and GOG - so thoroughbreds, harness and greyhounds, every year. They get to provide feedback and commentary on that. There are no secrets to that. We provide that in our summary notes to the industry when we provide that out to the industry. The clubs, the owners and/or trainers are all aware. They get a full paper - generally, it is about a six- or seven-page paper, with scenarios on how they want to allocate any increase to funding.

We have had this stated to us a number of times and the response is always the same. It is in the code meetings. We make no secret of it. We provide the information to the industry. If the individuals do not read that paper, I cannot help that.

Mr WILLIE - To clarify, the codes get a specific breakdown of their allocation in terms of stakes and where the rest of the funding is going?

Mr ERIKSSON - They do. Each code gets that. It happens around generally August/September, that quarterly meeting with the three code groups. Coming out of the financial year, finalising what the increase will be plus what, if any, carry forward there is from the prior financial year delivers a number that can then be allocated, and that is done in consultation with the three code groups for each code.

In relation to your other question, the code funding, with the thoroughbred code funding - and we can provide this information to you - stakes are \$12.65 million; riding fees are \$1.093 million; superannuation for jockeys is \$100 000; code bonuses of \$450 000 - yes, we pay over that but it is funded out of Tasracing not the code; jockey travel subsidies, \$20 000; the National Jockeys Trust, \$118 000; the contribution to the jockeys workers compensation, which the code makes, - \$250 000, Tasracing picks up the other \$1-whatever million, anything up to just over \$2 million; and equine health is \$118 000, which is 1 per cent of prize money.

Harness stakes are \$6.133 million; superannuation is \$35 000; code bonuses, \$360 000, the other \$280 000-odd I think is paid out of Tasracing's costs; drivers' fees, \$400 000; and equine health, \$58 000.

Greyhounds' GAP funding is \$117 000; the injury rebate scheme, which we increased this year from \$15 000 to \$60 000, is \$60 000; the insurance component for the catchers and

handlers, who are covered for compensation, is \$4000; the juvenile bonus is \$7500; vaccination assistance is \$50 000; code bonuses are \$157 000, which is effectively starters' bonuses; stakes money is \$4.95 million; and DNA costing, where we fund DNA costs, of \$5500.

That information which I just read out is provided in that format, plus scenario planning; that is, if they chose more races or if they chose to increase the amount for each race or if they increase meetings, a number of scenarios are mapped out. That information is provided to the industry at these quarterly code meetings around the September quarter.

Ms HOWLETT - To add to the member's earlier question, as we said, we announced 6 per cent, which is a significant increase, this year. When we announce a stake increase, that is then discussed with each of the three codes also as to how they want to best utilise that stake increase.

Mr WILLIE - I am raising questions on behalf of the industry that has given us this information.

Ms HOWLETT - I wanted to add transparency of communication, so you know.

Mr WILLIE - The other issue in this context is the point of consumption tax, which the Government originally said no to, then it decided late in 2019 to adopt that position.

In your press release with the Premier in February this year, you said the point of consumption tax would bring increased investment into the industry. Industry understood this would be in stakes. It has become apparent that point of consumption tax is funding an election commitment, which was a 4 per cent increase each year.

Can you understand the industry's frustration? They thought they were going to get the 4 per cent increase each year plus the point of consumption tax share negotiated with the Government. Why are you using that tax to fund an election commitment?

Ms HOWLETT - All states have now implemented a form of point of consumption tax. Most states, including Tasmania, have implemented a 15 per cent tax on revenue, with New South Wales implementing 10 per cent and Victoria, 8 per cent.

As the point of consumption tax is based on the residence of the customer and not the source of racing, once the tax was implemented in the other states and prior to the introduction into Tasmania, 90 to 95 per cent of all wagering on Tasmanian racing was already subjected to a point of consumption tax, despite having no tax on Tasmanian customers.

The Tasmanian Government introduced a point of consumption tax in Tasmania, as you correctly stated, in January 2020, at a rate of 15 per cent. The Government has committed to sharing 80 per cent of the net additional revenue generated by the point of consumption tax with the Tasmanian racing industry. The point of consumption tax provided industry funding of \$2.54 million for the first six months of operation. This increase in funding allowed a 6 per cent stakes increase in financial year 2020-21, despite the COVID-19 uncertainties. Many industry participants thought we would have a stake decrease.

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Of the \$2.54 million, \$1.32 million has been allocated to stakes; \$1 million has been allocated to backfill race filled and product fees; \$136 000 has been allocated to animal welfare; and \$81 000 has been allocated to infrastructure and other items.

Tasracing and Government will work together to review allocations of the additional funds. All discussions will be based on affordability and sustainability. The Government has indicated the point of consumption tax will continue to be allocated, as the Premier and I stated in January, to stakes infrastructure and animal welfare initiatives.

Mr WILLIE - Minister, you can understand the industry's position. They accepted the point of consumption tax with the understanding they would get an increase on top of the election commitment from your Government. They accepted that new tax and now it has become apparent you are using that tax to fund the election commitment.

Ms HOWLETT - As I stated quite a few times during today's discussions, it is really important any stake increase is sustainable for the industry. We cannot make a massive substantial stake increase and then find out the point of consumption tax is not performing in a year or two's time and then have to remove a significant percentage from stakes money.

Mr WILLIE - Minister, the Government made the commitment to a 4 per cent increase prior to implementing the tax. The industry thought the point of consumption tax would be on top of that commitment.

Ms HOWLETT - Right now we are sitting at a 12.2 per cent stake increase. We are right on target to make our election commitment. I will be announcing a further stake increase next year. We are right on target to make our election commitment of a 16 per cent increase in stakes.

Mr WILLIE - You can understand the industry's frustration when they accepted a new tax on the industry that they thought would be over and above the election commitment. That was the understanding at the time. It has now become apparent that tax will fund your election commitment.

Ms HOWLETT - If that would have been on top, that would have been -

Mr ERIKSSON - A 34 per cent increase.

Ms HOWLETT - A 34 per cent stake increase.

Mr WILLIE - No, a share of the tax. I am not saying the whole tax. It was a negotiated share.

Mr ERIKSSON - Mr Willie, even a share of the tax would have delivered a 34 per cent increase.

I might just comment on a couple of those things, if I may? First, it's not a tax on the industry.

Mr WILLIE - It's a tax on revenue and the people who are punting on the industry.

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Mr ERIKSSON - No, it's a tax on the wagering providers. The wagering providers will choose whether they pass that tax on to the punters; yes, they will.

Mr WILLIE - They will.

Ms HOWLETT - Yes.

Mr ERIKSSON - What that means though, is that race field fee growth - which is where stakes' increases are driven from - are now capped.

Over the last three price increases, we have seen race field fees grow 36 per cent, 31 per cent and 25 per cent, and that has delivered increases in stakes and funding for the industry: to increase our tracks; to deliver \$12.5 million to redo Elwick. That's where the funds have come from.

Point of consumption tax - 95 odd per cent, around there, of our race field fee revenue is generated off the mainland, which is being taxed by those states - it's a state tax; it's not a wagering race field fee tax. They're very different things. It's a tax on the provider. It taxes the margin that the provider has, and you can't tax the same dollar twice, so our ability to grow race field fees in terms of a price change to generate revenue, has now been effectively capped by the states on the mainland which have taxed the margin.

CHAIR - Thank you, we have to move on. We don't need an economics lesson today with regard to this.

I have one question before we leave this area. Minister, the point of consumption tax is only paid once a year. Why isn't it paid more regularly? Is that Treasury or is it you, as the minister, deciding that it's only paid once? The industry would like it paid more regularly.

Ms HOWLETT - That's Treasury.

CHAIR - Since when does Treasury run your portfolio?

Ms HOWLETT - We're happy for Treasury to collect that tax.

CHAIR - And only pay it once a year?

Ms HOWLETT - Correct. We're quite satisfied with that.

CHAIR - Wouldn't it be better for the industry if it paid more regularly?

Ms HOWLETT - I don't think it really makes any difference to the industry because having seen how the tax performs over the specific period of time, that enables us to put our infrastructure plans in place for upgrades, invest in our animal welfare over various areas whether it be desexing, GAP or off-the-track racehorses, and also stakes increases, so it really doesn't matter whether it's twice a year or once year - we're planning well ahead of that.

CHAIR - Thank you. You might then share at the next meeting with the codes why it's not a problem.

Ms HOWLETT - I don't believe it is.

Mr ERIKSSON - We have shared that. We generate around the \$4 million to \$5 million of free cash each year in normal operations. Last year was challenging, absolutely, and we were proactive in mitigating risk by borrowing \$2 million at the end of that year to ensure there were no issues, but it was a risk mitigation proactive measure. However, the amount of point of consumption tax that we're getting is around - assuming the numbers stack up - four-and-bit million mark, which means we are quite capable of cash-flowing that over the period.

Ms ARMITAGE - My question is with regard to the Elwick track. With more than \$12 million spent on the upgrade, I am advised that in the height of the spring season the recent meeting scheduled for Elwick had to be transferred to Mowbray due to damage of the racing surface.

Was that the result of premature usage or over-usage of the track and, whichever, why did it happen? Why was it allowed to happen?

Mr DEAN - Mowbray is a better racing track.

Ms ARMITAGE - My question, Mr Dean, was not about which track was better, but why was the other one damaged or over-used or prematurely used?

CHAIR - As brief an answer as you possible can, minister.

Ms HOWLETT - I am sure that being from Launceston, you prefer Mowbray.

Ms ARMITAGE - I certainly do, but I am concerned if we spent \$12 million and then the track is damaged.

Ms HOWLETT - I am just pleased to say that the \$12.5 million redevelopment of the new track was completed on time and within budget. The track redevelopment was critical, with new works improving horse and jockey welfare, a fairer track that helps to increase wagering, as well as incidental infrastructure improvements aimed at increasing amenities for patrons as well.

Ms ARMITAGE - With respect, minister, as we are short on time, that wasn't my question. I understand all that. My question purely is with regard to the damage to the track and the fact that at least one race meeting had to be moved to Mowbray. Was the track over-used, was it prematurely used and why did that happen and who was responsible?

Ms HOWLETT - Being a new track, it is fair to say the track needed to have time to consolidate as well. We did have quite a few trials on the track and quite a heavy spring/summer carnival as well prior to the shutdown of racing.

Ms ARMITAGE - Was it premature usage, over-usage, and how was that allowed to happen with such a lot of money spent on that track?

Mr ERIKSSON - First, let's talk about the track very briefly. A grass track built on sand takes anywhere between two to three years to mature and cope with significant wear. The track performed exceptionally well up to the shutdown. The track was not shut down for 10 weeks.

We came back trialling, galloping, jump outs on that track around 18 and 19 May. We had 252 horses either trial, gallop or jump out on that track between 18 and 19 May and when we returned to racing on 14 June.

Was there significant wear - not damage - wear? Absolutely. The actual structure of the track suffered no damage. Was there wear on the grass surface? Absolutely. The issue that we had is that the track is immature, will be immature for a number of years as the root system develops, so yes, we did push the track quite hard but I would say that the track has recovered exceptionally well. The root systems are developing to expectations. The grass cover is 100 per cent.

The first two meetings we had in October, we had an inch of rain before one meeting and it rained during that meeting. If we were running on the old track, we wouldn't have run at all. We wouldn't have been able to. In relation to the meeting that was moved, we have been proactive in managing the track. We have a series of rail movements planned. We want the track to perform at its best over the summer carnival period and we perceived and took the decision that it was better to harshly renovate the track now and give it a month's grace, exactly as we do for Mowbray. Mowbray gets a month off before the summer carnival and we have taken exactly the same line with Elwick. We set the program well in advance of looking at the track conditions and the track conditions are also impacted significantly by the weather.

Our challenge with Elwick is root growth. We have two types of grass there, bluegrass and rye. Bluegrass gives us the lateral strength; rye gives us the length. The bluegrass only grows to a short height and doesn't develop the root system we need, but it is important in the early days. The rye gives us the root system and the length, but it takes longer to mature. As with Mowbray, the rye will eventually take over and, Mr Dean, you are right - Mowbray has raced exceptionally well. It is in very good condition at the moment. However, both tracks have what is called a thatch layer.

Mr DEAN - It is a great track when it is not potholed.

Ms ARMITAGE - They just have to remember to fill the holes.

Mr ERIKSSON - Thank you for that. We have dealt with that issue.

Ms ARMITAGE - I have decided not to go there for that one.

Mr ERIKSSON - I appreciate that.

Ms HOWLETT - Paul, we had over 252 horses over the track in that duration.

Mr ERIKSSON - Then we started racing. We did have an obligation to provide that for the trainers who had kept the horses in work. You cannot get a horse the last 10 to 15 per cent doing the slow work. You need to start to condition them to race level.

Ms ARMITAGE - It was also the condition of the track, really.

Mr ERIKSSON - We knew we were going to be pushing the track very hard. The track was never unsafe. The track structure itself was never damaged. You are only talking about

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the grass cover and the root system development, which would always be a problem, especially in the middle of winter.

Ms PALMER - Minister, there was recently a change in directors of the Tasracing Board. Are you able to provide us with some details around that?

Ms HOWLETT - The composition of the Tasracing Board is set out in the Tasracing Pty Ltd Act 2009.

The board includes a chairman, three non-executive directors who have the skills and experience to enable the board to achieve strategic objectives and one non-executive director from each of the three codes - thoroughbred, harness and greyhound. The code directors currently are Robyn Whishaw, Michael Gordon and Joel Wallace. They have specific responsibilities - representing Tasmanian interests interstate, including holding board positions on national code boards; providing the board with expert code relevant advice; providing an interface between industry and the board; and attending quarterly code industry consultation meetings.

Mr Martin Wallace has just replaced retiring director Danny McCarthy who provided a great service to the board and the racing industry. I publicly thank Mr McCarthy for his service. I am sure most of you in this room would know Martin Wallace. He brings more than 30 years experience in public administration, business and financial management and has extensive regulatory policy experience. He is a former secretary of the Department of Treasury and Finance in Tasmania, and he has also been a long-term participant in the racing industry in Tasmania, both as an owner of horses and as a hobby breeder. I am sure Mr Wallace will make a very positive contribution to the Tasracing Board and I will pass on to the chair to say a few more words about the appointment.

Mr PHAIR - We were very pleased to get someone of Mr Wallace's calibre and skills on to our board. We went through a very comprehensive director selection advisory panel process that is mandated to us and came up with quite a few people who we did not even interview who would have been very good on our board. We ended up interviewing four and Mr Wallace was the successful applicant as appointed by Cabinet. We are very much looking forward to his contribution to the board. He has been appointed and his first board meeting is on Thursday.

Ms ARMITAGE - As the minister knows, boards are always something I have a huge interest in, and where people are situated. I notice there are four in the south, two in the north, none in the north-west and one from interstate.

Being an organisation which has operations across the entire state, would you agree that perhaps it might be prudent to include regional representation on the board with the stipulation that maybe at least one board member would be from each region - north, north-west and south?

Ms HOWLETT - Chair, would you like to comment on that further? Robyn is certainly from a regional area, but geographically perhaps not.

Ms ARMITAGE - I see we have two from the north, none from the north-west. It is just that this board is not as bad as some. Many boards are very heavily southern-based with more interstate. I am simply asking with regard to this. Would you consider it?

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Mr PHAIR - I am very comfortable with the make-up of the board, where people live, who they represent and things like that, at the moment. There is nothing in the act that says they must be from certain -

Ms ARMITAGE - I appreciate it is not in the act.

Mr PHAIR - I suppose it is also is determined by who applies to go onto the board as well. We can encourage people to apply but ultimately you have to decide between people who apply for the roles when they become available.

Ms ARMITAGE - Where are the meetings held?

Mr PHAIR - The meetings are held in Hobart.

Ms ARMITAGE - I have been told for many from the north and north-west that it is often difficult to make the meetings. They are held at time of - ?

Mr PHAIR - They are held monthly. All of the members from the north attend all the meetings. There are none they do not attend. We try to combine them with events. For example, our board meeting is this Thursday to coincide with the Hobart Thousand meeting, which is a greyhound meeting on Thursday night, their major one for the year. We have the board meeting in the afternoon which allows those board members to attend the races that night.

Ms ARMITAGE - So in the afternoons? The board meetings are normally at 2 or 3 o'clock?

Mr PHAIR - No, they are normally in the morning, but this one is in the afternoon to allow the board members to stay on after the meeting to attend the race meeting that is on after the meeting.

Ms ARMITAGE - You do not consider moving or at least moving around the state to have some meetings in Launceston?

Mr PHAIR - We could do.

Ms ARMITAGE - As many other organisations do.

Mr PHAIR - Yes, we could do. There have not been any requests from those northern members to come to Launceston or to the north-west to hold the meetings.

Ms ARMITAGE - You do not have any north-west representation at the moment.

Mr PHAIR - The majority of the members are from the south.

Ms HOWLETT - I don't believe we have had anyone apply from the north-west.

Ms ARMITAGE - Perhaps it is because it is difficult making meetings in the south.

Ms HOWLETT - You have changed your structure and you are allowing people to go in online as well through Zoom or whatever platform you are using.

Mr Dean - They are paying. They would not go on the board if they could not get there.

Mr PHAIR - From a cost point of view, there are more people from the south so travel costs and things like that going to the north, is more.

Ms ARMITAGE - As you say, they could do it by Webex.

Mr PHAIR - We can absolutely, and we did so during the COVID-19 period.

Mr DEAN - I want to go to Devonport Showground, Spreyton, and really work out what is going on here. A lot of issues have been raised with us - this committee - in relation to the position. It is said that Spreyton will be ready to go with harness and the greyhounds in 2022, is it March 2022?

Ms HOWLETT - No, that is not quite right.

Mr DEAN - Okay, you will obviously right the ship and tell us what is right. That is the information I had - that Devonport will close as at March 2022, but obviously I have that wrong.

What is happening in this area? Where is it all going to? What are the programs? What are the time frames and can Spreyton, in actual fact, fit these other tracks into it or where are they going and what is happening?

Ms HOWLETT - Thank you. Can Spreyton have all three codes on the same facility, venue? Preliminary engineering reports show, yes, that can be done, but it is up to the industry. It is up to the industry, up to the harness code and the greyhound code as to where they would like their new facility to be on the north-west coast. We have -

Mr DEAN - Have they been talked to about this? Have you had meetings with them? What is their position at this stage?

Ms HOWLETT - Absolutely, yes. We started our consultation a week ago.

Mr ERIKSSON - We started our consultation with a meeting held at Spreyton between the three codes on 4 December. That was a two-and-half, three-hour meeting.

Ms HOWLETT - More than 50 participants were there.

Mr ERIKSSON - That is right, minister. It was the first of many. I chaired that meeting and we discussed a range of topics, not only about the physical placement of the tracks. There was some concern as to whether it would or would not fit, but also the challenge around the operational logistics of the site. Spreyton is a training facility and if it were purely racing as it is at Mowbray and at Elwick, there are different considerations.

We are looking at more than just Spreyton, there is a site in Latrobe. Again, we have had surveyors out at both Spreyton and the Latrobe site. The 1000 metre harness track - which is pretty much the standard harness track - we will fit at both sites. We have used Professor Eager, a recognised expert in the design of greyhound tracks. He is recognised by both the animal welfare individuals regarding the ergonomic design of the track and by the greyhound racing people, and he has been used at Murray Bridge, Traralgon and a number of other track designs

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in Victoria and in New South Wales. We have him on call to provide the design, and he has overlaid an appropriate greyhound track.

We have two potential sites. There is no decision and we are still discussing with industry. We have a significant amount of feedback we have taken away and will look at. We will provide feedback to the industry, which we have not done yet, but we will be doing this week when we have finished our summarisation of that meeting.

We have started discussing with industry. We have held our first meeting. That was pushed very hard because we wanted to have Professor Eager on tap at the meeting to answer any concerns the industry would have. The greyhound industry had significant concerns about the pressure which may have been brought to bear to build only a straight track. Professor Eager was able to allay those concerns in that we can build a what's called a single-turn track or a J-turn track as they're building at Traralgon and will be up in June next year. The information we have is the single turn track is as safe as a straight track.

Ms HOWLETT - It is important to note no decision has been made on the final location. We will be looking at various sites.

Mr DEAN - When do you intend or want to make that final determination and can give a time frame because I am told the showground site has a close date, albeit Tasracing, as I understand it -

CHAIR - Had a rock-solid lease.

Mr DEAN - had a rock-solid lease on those premises and that is what the industry was originally told but found out that the rock-solid contract was in fact a 'jelly' contract.

Ms HOWLETT - Thank you, member, we need to consult with all three codes before any decision is made. We have started that period of consultation and a lot more meetings will have to occur before any decision is made.

CHAIR - What is happening with Devonport?

Ms HOWLETT - If the construction of the new facility - wherever that new facility may end up being - is not actually completed on the time we move, we may have to reschedule a few races to Launceston or to Hobart.

CHAIR - What happens to the greyhounds?

Mr DEAN - What is the time frame?

Ms HOWLETT - As you would be aware, we need to actually have engineering reports done and come to an agreement on a final site; there is a lot of work to be done.

Mr DEAN - What time and date does the contract at the Devonport Showgrounds conclude?

Mr ERIKSSON - Thank you, Mr Dean, if I may respond to your questions.

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CHAIR - They are for the minister.

Mr DEAN - The minister is not going to tell me so maybe you will.

Mr ERIKSSON - No, I am sure the minister is quite happy to tell you. I do not think that is a fair remark.

Mr DEAN - I have asked the question five times.

Mr ERIKSSON - We cannot talk through the details of the agreement we have struck. What I can say is we have an end date at the showgrounds of March 2022.

Mr DEAN - That is what I said, and I was told it was not right.

Mr ERIKSSON - No, I do not think the minister said that at all.

Ms HOWLETT - No, it was about having another venue.

CHAIR - That is a very large fine when that happens.

Mr ERIKSSON - The challenge we have is it is a tight timetable. We make no bones about that.

CHAIR - So you never had a rock-solid lease?

Mr ERIKSSON - No, that is totally incorrect. We had a rock-solid lease. We are quite happy to pursue that. What needs to be understood is that if we had pursued that to its end, Tasracing would be spending significant funds, in the millions of dollars, to remedy and deal with that site. I suggest - and I am only hypothesising here - that if we pursued the rock-solid lease, and I am very comfortable with it, as were our lawyers, effectively that would have halted the ability to develop the showground. This would have meant we would have had either one of two things: either we would have had to deal with a recalcitrant landlord, or we would have had to buy the landlord out, which would have cost about \$3 million. I understand that is what the developer has paid for the site. Then we would have had to have spent another \$2 million or \$3 million in remedying defects in that site.

Tasracing would need to have made a significant investment to deal with the showground site. The opportunity presented by the offer made by the developer and the Government in the \$8 million, which is very welcome, was an offer that was too good to turn away from. We are still protected by our lease at that site if, for whatever reason, things don't work out as planned. However, I would far rather take the money provided by the Government of \$8 million -

Mr DEAN - What do you mean by 'protected' by the lease?

Mr ERIKSSON - The lease is still on foot. We haven't signed away that lease. That lease remains until March 2022. We are still under the lease.

I would far rather we invest in the great opportunity of providing high-class or good quality facilities for greyhound and harness at another site where we are not constantly battling around the community.

CHAIR - The microphone.

Mr ERIKSSON - My apologies, Chair. This outcome delivers positive benefits on two fronts: it delivers two construction projects in the north-west and it delivers high-quality animal welfare-focused facilities for harness and greyhound. I only see this as a positive outcome.

Ms HOWLETT - And confidence in both codes.

CHAIR - I don't think there is anyone in the industry who is not saying that this might well be a very good initiative. It is the time frame. It is the 16 months to deliver. Tell me what happens to the greyhounds because there is no track for them to train on in the north-west? What happens if it is not 16 months and we still don't have a greyhound and a harness track? What happens then for the greyhound industry?

Ms HOWLETT - Hopefully that won't be the case and I know that Tasracing, once we have found a suitable location that is agreed to by all three codes, will be doing its utmost to make sure that this track is delivered on time. That will be our number one focus, to deliver this project on time.

CHAIR - Does the greyhound track take priority then because they don't have an alternative?

Mr ERIKSSON - I think they do. They have an alternative, which is 60 minutes to the east.

CHAIR - An alternative for training?

Mr ERIKSSON - Absolutely. I am not sure I understand why Launceston would not be seen as an alternative for training.

CHAIR - You are saying that everybody who trains greyhounds lives around Devonport?

Mr ERIKSSON - No.

CHAIR - Who else is an hour from Launceston?

Ms HOWLETT - I appreciate your comments, Chair, but the north-west coast is going to get a brand-new facility for greyhounds and harness.

CHAIR - No argument there, minister. It is the time frame.

Ms HOWLETT - I understand that and this is showing that we have confidence in the two codes on the north-west coast to provide them with a brand new facility. The facilities they currently have were extremely run down that. As I have said to you, the number one focus for Tasracing will be to deliver this project on time. I don't want to speculate on what may occur if the project is not delivered on time. It will be our number one priority to deliver it on time.

I was at the Derwent Entertainment Centre yesterday and the LK Group has delivered stage 1 a week early. It can be done. We will do our utmost to deliver this project on time.

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Mr ERIKSSON - I would just like to add, if I may, minister, that Elwick was closed for 10 or 11 months. Everybody in the south, all thoroughbred trainers in the south, had to go north. There was no option for them.

As we did with Elwick, we will address it the same way in Devonport. Subsidies were paid. There was compensation and we kept them informed and up-to-date with progress and what was happening.

Mr DEAN - That was my question. Would subsidies be paid? Would some financial support be given to these people to move to another facility?

Ms HOWLETT - If we're in that situation, that is something. Yes.

Mr WILLIE - I think the lack of confidence for this being delivered in that time frame comes from the conflicting messaging coming out of government.

I will just read to you what the Premier said, only a couple of weeks ago in his Budget Speech, which was:

The Government will work with the Devonport City Council to develop tri-code facilities at the existing Devonport thoroughbred racecourse. This would result in tri-code facilities in each of the three regions.

Now we are hearing that there are other sites being considered. There is probably some conflicting messages coming out of government which doesn't give people a great lot of confidence. Also, the costing too, we talked a little bit about the Elwick racetrack but that cost \$12 million to upgrade.

Where is the \$8 million figure come from if you haven't decided where the site is? How have you costed that?

Ms HOWLETT - The \$8 million is the Government's contribution. That is not saying that is the budget for the new tracks.

Mr WILLIE - The industry may have to contribute on top of that?

Ms HOWLETT - That is the Government's contribution towards the new facility.

Mr WILLIE - Just on that, minister, so the industry may have to contribute on top of the Government's contribution through Tasracing?

Ms HOWLETT - Through Tasracing.

Mr WILLIE - And that's your expectation, minister?

Mr ERIKSSON - As I said a few minutes ago, if we proceeded to the logical conclusion of the lease being upheld and the developer not being able to develop, Tasracing was already looking at spending \$4 million to \$5 million on that site in terms of purchase, and then upgrade.

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The cost of a new site could be anywhere in the \$10 million to \$15 million range. We have a contribution from the developer. We have a contribution from government of \$8 million, and we will have a contribution from Tasracing.

Mr WILLIE - What is the budgeted amount from Tasracing?

Ms ERIKSSON - I think I've answered that. We were expecting that we would spend anywhere in the realms of \$4 million to 5 million.

Mr WILLIE - Okay. So, in terms of the conflicting messaging, the Premier is talking about Devonport thoroughbred facility and you are saying other facilities are being considered.

Ms HOWLETT - Ideally, Spreyton would be the perfect venue to have a tri-code facility.

Mr DEAN - Bringing all three together is the way to do it. Launceston has worked well.

Ms HOWLETT - I agree with you, but, unfortunately, from our first meeting with the two codes and the industry participants, they don't want to have Spreyton as a tri-code facility. So, we have to respect what the industry participants want.

I am not going to go and invest in Spreyton in a tri-code track when the industry don't want it there. Ideally, of course, that is where we would like it, so it was like Elwick, but that is up to the participants.

Mr WILLIE - It's back to drawing board essentially with the tight time frame. You are trying to figure out which facility and how to get this off the ground within that short time frame.

Mr ERIKSSON - I think that's a tad harsh, Mr Willie. The site at Latrobe will fit what we need. We have identified that site and we have surveyed it, and we have overlaid facility sizing there of a 1000-metre track for greyhounds.

The challenge with Spreyton, unlike Mowbray and Elwick, is that Spreyton is also a training facility.

In the south, we have Elwick, which is racing, and we have Brighton, which is our training facility. At Mowbray, we have a pure racing facility. Carrick is harness training and Longford is thoroughbred training.

Spreyton is our thoroughbred training centre in the north-west and that complicates its operation. It would be logical and physically feasible to locate the three codes there, but we need to be cognisant of the operational logistics where thoroughbreds are training six days a week every morning up to 11 a.m., then you have to look at how the harness and how the greyhounds fit into that. It is not a no to Spreyton but it is also not a yes. We need to work with industry and go through their concerns. They did raise these concerns and issues at the meeting on 4 December. It is a process of going through that and going back to them.

Mr WILLIE - Minister, when do you hope to finalise this discussion with industry and stakeholders and decide on a facility?

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Ms HOWLETT - We have had our first meeting. We have our next meeting at the beginning of January.

Mr ERIKSSON - The next meeting will be mid-January. Professor Eager will be back and available to attend after 11 January. The harness design engineers will not be available until mid-January either. We want to have both.

CHAIR - We will be down to 14 months.

Mr WILLIE - Minister, you must have an expectation yourself as minister when this will be finalised so you can start to construct the new facility.

Ms HOWLETT - I am looking forward to it being finalised so we can start the construction. At the moment we are also still looking at other sites.

CHAIR - Other sites. Is that plural? Other than Latrobe?

Ms HOWLETT - Correct.

Mr WILLIE - What is your expectation for that to be finalised, minister. When would you like to have made the decision on the facility?

Ms HOWLETT - It will come down to the three codes in the industry and having their consent and making sure everyone is happy.

Mr DEAN - Because March 2022 is the period at this stage. Whether or not you contest it is another issue. Surely you must have a time in mind you would like to be able to say, 'Yes, by mid-2021, for instance, is a time frame we would be aiming for'.

Mr ERIKSSON - In very high level terms and it is because we need to look at potential rezoning of sites and all the time those take.

CHAIR - We know Mangalore took 18 months to two years for rezoning and never happened.

Mr DEAN - We know what talking to councils is like and understand that.

Mr ERIKSSON - We are already talking to councils and to the engineers. There is a number of parallel streams progressing already. In terms of when we would like to put a spade in the ground so to speak, it would be by the middle of next year. Will that make it very tight? Absolutely, and we would certainly be targeting March, but if there is a gap as I have said we will keep the industry fully informed. We will look at how we manage that and make it as short as possible. We understand the issue this is for the industry, but this is a significant opportunity.

Ms ARMITAGE - I have a different subject for you, minister. I want to get off the last one. Magic Millions: 2021 will see the relocation of the annual Tasmanian thoroughbred yearling sales transferred from Inveresk Showgrounds to the Agfest site at Carrick. Has Tasracing made, or is likely to make, any financial contribution to the move?

Ms HOWLETT - The Tasmanian Magic Millions yearling sales is critical to the success of the Tasmanian thoroughbred racing industry. Up to 150 yearlings are sold through the Magic Millions event each year grossing more than \$3.3 million for Tasmanian breeders. Since the introduction of the Tasmanian Government support for the breeding sector, sale growth has increased by 37 per cent. It is amazing. As you said, the Inveresk Showground, which has been used for almost two decades for this important yearling sale, is now unavailable following the Royal National Agricultural Pastoral Society surrendering its lease to UTAS to allow the construction of a car park to serve a relocated university campus.

The Government and Tasracing have been working with Tas Breeders and Magic Millions to find a venue for future sales. As you have said, discussions have been finalised and the sales will be held at Quercus Park at Carrick, the home of Agfest. This venue is in the heart of Tasmania's thoroughbred breeding industry and now that everything is confirmed I look forward to being able to attend there. As far as the financial -

Ms ARMITAGE - How much money is Tasracing giving? How much is Tas Breeders giving and how much is Magic Millions giving?

Mr ERIKSSON - Tasracing is providing \$150 000, like we do every year. There are some capital works that will be contributed on by Magic Millions and the discussion as to whether that is remitted by Rural Youth will depend on whether the Magic Millions sale continues to be at Quercus Park in the future. There are discussions being held with Meander Valley Council, Northern Midlands Council and a few other parties, with Tas Breeders and Tasracing, as to where we go in 2022, or if we go anywhere in 2022.

Ms ARMITAGE - Do we know the cost of moving to Agfest for even that year in that interim? You are obviously giving \$150 000 but I am assuming the cost of moving will be more than that?

Ms HOWLETT - I could take that on notice.

Mr ERIKSSON - The cost is not a great deal more than that. I think it is another \$150 000 on top of that which effectively covered.

Ms ARMITAGE - That would be covered by Tas Breeders and Magic Millions?

Mr ERIKSSON - I think you will find that is covered by Magic Millions but I would like to check that number, if I may. I think that number is slightly higher. I have a recollection that the total cost is that. I think it is more than the \$50 000, not the \$150 000. My apologies.

Ms ARMITAGE - So you give \$50 000?

Mr ERIKSSON - No, we give \$150 000.

Ms ARMITAGE - Have you always given \$150 000?

Mr ERIKSSON - Yes, we have.

Ms HOWLETT - Tas Breeders haven't asked for any additional funding.

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Ms ARMITAGE - No, I was asking whether they were putting money in, not asking for funding.

Mr ERIKSSON - They are providing the normal amount of funds. There are some funds being provided by Magic Millions. It is predominantly around loading ramps that are required there. Yes, it will depend on whether Magic Millions and Tas Breeders gets that refunded to them as to whether Quercus Park is used going forward. I can't speak to that at this point.

Ms SIEJKA - Minister, the industry has united to call for an independent review of racing in Tasmania. It is unusual for the three codes to join together in such a way, so it must be indicative of something. Will you commit to an independent review?

Mr DEAN - I asked this question during the year when you made a statement that you would wait until the annual report was released in relation to this.

Ms HOWLETT - We have had discussions about this. In light of the financial impact of COVID-19 and the addition of the new point of consumption revenue stream for Tasracing, the Treasurer has asked Treasury to undertake a review of the costs and functions of Tasracing. This review will have a focus on benchmarking corporate overheads, including administrative, legal, marketing and asset management costs. The review is expected to be completed this year and provided to Tasracing shareholder ministers - me and the Treasurer - before the end of the year. I look forward to receiving the review and considering its contents.

Ms SIEJKA - There were questions raised yesterday about the level of independence that a review conducted by Treasury would provide. There have been some arguments put forward they would prefer -

Ms SIEJKA - (cont)...review conducted by Treasury would provide. Some arguments have been put forward preferring it to be external to government and independent in that manner. Do you have an opinion on that? Also, are there terms of reference for the Treasury review at this stage and will the review be made public?

Ms HOWLETT - As far as it being made public, that is something I will have to discuss with my shareholder minister, the Treasurer. As I stated, we will have that information before the end of the calendar year, and the Treasurer and I will discuss as to whether it is made public or not.

Ms SIEJKA - What about the terms of reference? Are they likely to be made public or are they established at this point?

Ms HOWLETT - The review is being finalised as we speak.

Ms SIEJKA - Is that something we might be able to get when those terms of reference are established?

Mr WILLIE - They are established; can you provide them to the committee?

Ms HOWLETT - They are established. I will have to discuss that with my shareholder minister to get authority.

PUBLIC

Mr WILLIE - Will you take that notice?

Ms HOWLETT - I can take that on notice and I will have discussions with him on that.

Ms SIEJKA - With regard to the independent, we did have that raised by a number of stakeholders.

Ms HOWLETT - As far as having an independent review of any GBE or, SOC there are significant costs to that. Usually around \$80 000 to 90 000 for a review. We were certainly in unprecedented times during COVID-19, and the Premier and I made the decision to have Treasury do a review.

Ms SIEJKA - Do you have confidence the industry will be accepting or feel like they have been genuinely involved, given the review will be done by Treasury and not independent?

Ms HOWLETT - As I stated, there is a difference as far the cost in having an independent review as opposed to a Treasury review.

Ms SIEJKA - Quality is important though, too. Cost is one thing - and I do understand that, particularly with COVID-19 and other challenges.

Ms HOWLETT - As you are aware, we are in unprecedented times and I look forward to gaining the paper from Treasury.

Ms SIEJKA - Do you think it will still meet all those needs and the concerns of industry?

Ms HOWLETT - I am not sure what the review will contain. I will have that review in the coming weeks and the Treasurer and I will go through that and make some decisions and will certainly consider what Treasury have advised.

Mr DEAN - Without the industry, you do not have Tasracing, so therefore it is vital the industry be satisfied with the way the review is going to be taken. I suggest very strongly you contact them, because there has been a request of the industry for us to undertake an inquiry into it.

Ms SIEJKA - There are concerns about the transparency.

Mr DEAN - Absolutely. Rather than that, and we would consider that, we would prefer there be some independence or that the industry is happy with the way this review will be undertaken.

CHAIR - Or at least have some confidence in the terms of reference.

Ms PALMER - Minister, the issue of post-race lives for ex-racehorses is certainly very important. How is Tasracing assisting people with retraining these horses for other equestrian pursuits?

Ms HOWLETT - Very good question, and something I have had a fair bit to do with over the years. Tasracing is pleased to announce we have launched a new initiative to provide support to retired racehorses as they transition from the racing industry into the community.

The subsidised lessons program will replace the Tasracing hosted Off The Track Clinics with the program having started in November. New owners of recently retired standardbreds and thoroughbreds, regardless of whether they make to the racetrack or not, can apply to Tasracing for vouchers up to 10 individual lessons with a Tasracing-approved coach.

Lessons may incorporate instruction and supported in groundwork, written components, horse care, husbandry, nutrition and behaviour. The program operates through a voucher system as follows. The new owner of the horse applies to Tasracing for support. If the eligibility criteria are met, vouchers are then issued. The new owner then arranges the lessons directly with the coach and the coach then invoices Tasracing.

The OTT subsidised lessons program will operate as a pilot program in the first instance and will be reviewed in six months with the intent of scaling up the program. In the first few weeks of the program we've already had more than -

Mr ERIKSSON - Two hundred and ten vouchers handed out, so 21 participants.

Ms HOWLETT - That's really good news. A lot of these horses actually go to pony club and they start showing et cetera and endurance riding too.

CHAIR - Minister, in the past when we've had Tasracing before us, there have been some concerns about the number of jockeys available to ride horses. We understand there's a very good apprenticeship training program in place at this time but it's been suggested that 25 hours a week isn't delivering the best outcome for those apprentices.

Do you have a view about the possibility of supporting the extension of that 25-hour position?

Mr DEAN - Stephen Maskiell -

CHAIR - Yes. We've got some really good feedback about the apprenticeship training.

Ms HOWLETT - That's good.

CHAIR - I know we'll have the supplementary from the member for Pembroke about numbers, but I'm just asking that general question, minister, so that the apprentice trainer, Mr Maskiell, can attend all race meetings.

Ms HOWLETT - There are 13 apprentice jockeys in Tasmania and all jockeys are Tasmanian residents, according to the licencing statistics. Tasracing currently has six apprentices race-riding.

Mr ERIKSSON - As at 30 June there were eight apprentices, six were race-riding, the other two were not qualified for race-riding at that stage.

CHAIR - Do they just do track work?

Mr ERIKSSON - They do track work, jump outs, trials, not racing.

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Since then we've picked up another five so we're now at 13 apprentices. It's the most apprentices we've had for quite some time. In fact, we need to go back to 2015-16 where we get even close to having 13 apprentices. It's very strong. We have good relationships with the Hong Kong Jockey Club and the Singapore Jockey Club, from where we have a couple of apprentices.

In terms of the question that you raise - 25 hours a week- that varies during the year. It is 25 hours normally, during the summer carnival as racing intensifies and with the number of jockeys we currently have, that number of hours has already been increased.

Mr DEAN - To what?

Mr ERIKSSON - I'm sorry, I don't have that number but it is a higher number.

CHAIR - Daron does? No, he doesn't.

Mr ERIKSSON - I'll be honest and say it's up around the 30.

Mr DEAN - I'm not holding you to it.

Mr ERIKSSON - When I say it's increased, it hasn't increased by a single hour, it has increased by a reasonable number, which is more appropriate -

Ms HOWLETT - Craig Newitt was the leading jockey for the 2019-20 season, with 64 winners, and our leading apprentice jockey for 2019-20 was Scarlett So and she had 20 winners.

CHAIR - With regard to being able to attend all race meetings, does the apprentice master - I think that's the terminology that's used -

Ms HOWLETT - Yes, that's right.

CHAIR - Does the role include being able to attend all race meetings?

Mr ERIKSSON - Stephen Maskiell is not the apprentice's master, the trainer is. The apprentice agreement is a three-way agreement between Tasracing, the apprentice's master who is the trainer, and the apprentice themselves. The employment arrangement is between the master and the apprentice. Stephen Maskiell is there to monitor that arrangement to make sure things are going well and also to work with the apprentices' education. Stephen does go to a lot of meetings. He also gets footage from a lot of meetings that he does not get to, and is able to review the footage on screen.

CHAIR - Would it be preferable he was provided with a vehicle to attend all those meetings?

Mr ERIKSSON - He has access to a vehicle.

CHAIR - He has access to a vehicle. Somebody needs to update their information if they are going to come next year.

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Ms SIEJKA - On the number of apprenticeships that are offered, how is that number established? Some issues were also raised by stakeholders regarding opportunities for those who do complete the apprenticeship in Tasmania. What are your expectations for how many people will have opportunities in the state?

Ms HOWLETT - We did certainly have an issue with apprentice jockeys going back, particularly in 2017-18.

CHAIR - Hence our ongoing interest.

Ms HOWLETT - Yes. In 2015-16, we had 15; in 2016-17, we went down to 11; in 2017-18, we went down to 4; in 2018-19, we increased to 8; and in 2019-20, we have also increased to 8. So, Paul, as far as the future of these jockeys racing -

Ms SIEJKA - Obviously it is the balance in terms of the sustainability and growth of the industry to get that number right and for them to have opportunities.

CHAIR - Given that there are only 64 race meetings -

Ms SIEJKA - And the earnings are not great.

Mr ERIKSSON - It is a very challenging balancing act. We are doing work with the industry at the moment. There was a paper taken to the Thoroughbred Advisory Network meeting held a week ago regarding jockey numbers, and there was discussion around what was the appropriate number. At the moment we have 13. The suggestion was that the appropriate number of jockeys for Tasmania should be 10, and there was some discussion about that.

Ms SIEJKA - An expectation of the opportunities once they have completed that apprenticeship is the other thing, because it sounds like there are not enough races to sustain them all year. The earnings are not great. I understand it is a balancing act, but is the expectation that they will all be able to find opportunities in Tasmania or are you expecting leakage to other states?

Mr ERIKSSON - We will be expecting leakage to other states, which is why it is important to get the right number of apprentices. What is very pleasing is the number of local apprentices we have this year and that speaks to the strength and the view that there are opportunities in the industry. We have had a number of riders successfully race on the mainland, and that is where they are able to earn significant prizemoney.

Ms SIEJKA - How many are local at the moment? How many of those apprenticeships have come locally? They are obviously here.

Mr ERIKSSON - I think you will find that of the 13 apprentices we currently have, nine or 10 are local people and the rest are internationals.

Ms ARMITAGE - My question relates to sales and marketing. In 2018, I had noticed that the 2017 budget was \$560 000, which went up to \$1.335 million, and I asked several questions at that time that I do not really think were satisfactorily answered. I am not going to continue on that one.

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In 2019. I noticed it was still \$951 668 and in 2020 - obviously the COVID-19 year - \$775 000. I was advised that the \$1.3 million was to try to bring numbers up to the cups. Obviously, that extra \$775 000 I don't believe it was seen and that was admitted in previous GBEs. But \$775 000 this year and the \$951 000 last year, can you advise me what that money is spent on? What benefit did we see from it? This year, with COVID-19, do we have a reasonable amount of that \$775 000 still remaining? The cups and many races haven't continued.

Ms HOWLETT - Tasracing's financial year 2020 sales and marketing spend was \$974 072. It was down 25 per cent from \$1.3 million in financial year 2019.

Ms ARMITAGE - Bearing in mind that was up \$775 000 from the previous year, which normally was \$560 000, so to say it was down isn't any great benefit because it was up almost \$1 million previously.

Ms HOWLETT - The financial year 2020 was in line with two of Tasracing's key strategies; one, to continue to target national wagering customers with market-leading digital products; and two, to maintain marketing support to clubs. This expenditure contributed to a number of positive outcomes. We had growth in our digital audience, including Tasracing.com.au, users were up 15.71 per cent to \$141 631, despite the loss of racing product during the COVID-19 closure. The number of customers viewing Tasracing TV live and on demand was maintained, despite an approximate 25 per cent reduction in air time due to COVID-19 closure, a 9.5 per cent growth in use of form guides on Tasracing.com.au across all three codes, and goracingtasmania.com.au users were up 19.46 per cent, so they were up \$55 520.

The *That is Why We Race* campaign contributed to social licence during COVID-19. The Young Race Tasmanian marquee at the three thoroughbred cup days sold out for the third year running. The YRT marquee capacity was an increase from 140 to 240. YRT marquee revenue grew almost 6 per cent to \$90 000 and Tasracing hosted the annual Australian Thoroughbred Race Horse of the Year Awards in Hobart in October 2019. The event received a high net promoter score of 68 per cent. Tasracing doesn't normally allocate individual line items by code but has nominally allocated tri-code items, for analytical purposes, and this reveals that spend was directed on a code basis as follows: thoroughbred \$424 690; harness \$324 690 and greyhounds \$324 690. Paul, have you anything to add to that?

CHAIR - Thank you, Paul, but that will do.

Ms ARMITAGE - Chair, I would like a breakdown of where it was actually spent. I understand you have given me some maximum amounts that go to over the \$974 000 but it would be good to get a breakdown to see where that money is spent. Previously, I was advised it was spent on social media and different areas, and we know that social media is not an expensive way to spend money. The money that is going in, the punters out there and the industry, would like to know that money is being spent and money is coming back for almost \$1 million, considering it increased \$775 000 between 2017 and 2018. I accept it has gone down, but not that much. I am happy to take it on notice.

Mr ERIKSSON - The 2017-18 and 2018-19, which is the one you are asking about, I don't have that detail with me. However -

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Ms ARMITAGE - You mean the \$1.3 million? I am not asking about that one; I have asked about that in the past. The \$951 000 or the \$775 000, both of those, if I could have a breakdown of where the money is spent? Is it spent on social media? It is sales and marketing. There has to be a breakdown of where the money has gone. Has it gone into consultants?

Mr ERIKSSON - No, it hasn't.

Ms ARMITAGE - So, no money for consultants?

Mr ERIKSSON - No. The numbers you are specifically referring to there, the \$951 000 and \$775 000, are purely a marketing spend that we use in the promotion of racing, both online and physically on the back of buses and -

Ms ARMITAGE - It would be nice to see a breakdown of what went where, if I could. I am happy to take it on notice.

One last question, with regard to the statement of income. The other expenses, I notice \$2.594 [?] for 2020. In 2019, and I am sure in 2020 no-one has been overseas, a question we generally ask, the cost of overseas trips, not this year, but the previous year, for a comparison.

CHAIR - Prior to COVID-19 and we are happy to take that one on notice as well.

Mr ERIKSSON - From memory, because I was only here for a very short time in the 2018-19 year, only three months, there was only one overseas trip which was to the racecourse manager's conference which was held overseas. We see that as critical in providing experience and knowledge for the racecourse manager.

Ms ARMITAGE - Do you have a cost of that?

Mr ERIKSSON - I have a recollection that the cost for two individuals was less than \$10 000.

Ms ARMITAGE - Okay, thank you. That is fine. It is something we ask each time to get a comparison.

Mr ERIKSSON - A pleasure to provide that, again I will double-check but my recollection is that it is around the \$10 000 mark.

CHAIR - Minister, I know we talked about the co-distribution and the fact that it has not been settled yet. Can I have a time frame for when that is expected to be settled; the new arrangement for the co-distribution? The greyhounds get 13 per cent and the thoroughbreds get the big lot, and the harness get a bit in the middle. I am happy to take that on notice.

Mr ERIKSSON - I can provide you some information on that, Chair. The code funding model, the dissection between the three codes, we commenced work on that prior to the COVID-19 interrupt.

CHAIR - Yes, we talked about that and we talked about the break and everything.

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Mr ERIKSSON - We have provided a paper on that to the board and the board has requested some additional work on that, which we are currently doing. Once we have completed that, we will talk back to the board and then provide it to industry.

CHAIR - A bit of a time frame? Two months?

Mr ERIKSSON - We have committed to do that in the next few months.

Mr WILLIE - I was going to ask questions on the corporate plan, if that is all right.

CHAIR - We have three minutes and we have a big announcement as well.

Mr WILLIE - Minister, the Racing Act 2009 says the corporate plan under section 13:

The Board must prepare a corporate plan each financial year and submit it to the members of the company.

The Board must consult with each racing club and racing industry association in respect of the Board's corporate plan.

The corporate plan is to be prepared in the context of the shareholder's Statements of Expectations.

The current corporate plan was published in 2017. Why hasn't this been updated annually as required by the act?

Ms HOWLETT - As a result of COVID-19, an amended plan was developed in August, which, while maintaining the primary strategy of the original, did not present a more conservative view on revenue and as a consequence, industry funding and infrastructure investment.

Tasracing statement of corporate intent has been approved by the shareholder ministers - me and the Treasurer - and has been published. It is available on the Tasracing website.

It is not normal for GBEs and SOC's to publish their corporate plans, rather the high-level information from these plans is contained within the publicised statement of corporate intent. In 2016, the Tasracing corporate plan was published. I understand this was an unusual circumstance due to the sustainability review and stakes reset.

Key highlights of the 2020 plan include: point of consumption funding assumed \$4.1 million per annum; co-funding growth strategy providing up to 4 per cent per year, plus point of consumption tax; allocations subject to business performance delivering up to \$145 million to participants over five years; investment of up to \$22.2 million in infrastructure upgrades, new facilities, and projects, also, a focus on animal welfare.

Participation initiatives, monitor and support the thoroughbred and harness breeders' scheme. Enhance owners' experience through facilities, marketing, communication or club sponsored, on course customer service enhancements. Support and enable enhanced capabilities in marketing, events, governance and operations. Growing Young Racing Tasmanian initiative. Develop information educational packages covering industry career

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pathways. And the infrastructure initiatives were to develop the next Tasracing infrastructure plan with industry consultation. Invest in training facility upgrades, and continue to seek efficiencies. Commercial development initiatives will leverage the growing value of digital assets to increase content production. Invest in more promotional partnerships with wagering operators to reach the mass wagering market.

CHAIR - Excuse me, minister. Have you got another couple of pages there, by the look of it?

Ms HOWLETT - I have, would you like me to table them.

CHAIR - We are already over time. We do need a cup of tea. Also, we do not want to miss out on the big announcement.

Ms HOWLETT - As I said there is no big announcement, Chair.

Mr WILLIE - Whose decision was it not to publish the corporate plan, because obviously it was okay in 2017. You indicated yourself that was because there are a number of changes. Why not publish it now as a matter of transparency? Whose decision was that, yours or the board?

Mr ERIKSSON - There is no requirement for us to publish our corporate plan in either the Treasurer's instructions, the guidelines, nor the Racing Act. There is no decision that was or was not made to publish or not publish the corporate plan. This is a question that was raised at the Tasmanian Trotting Club's Annual General Meeting and I believe from reading *Hansard* previously it is a misquote of my response to that.

Mr WILLIE - I am not sure what you are referring to. I am asking the minister whether she made a decision not to publish the corporate plan. That is my question.

CHAIR - A yes or no.

Ms HOWLETT - I believe I have answered your question. We do not have any obligation to publish the corporate plan.

CHAIR - With our great disappointment because we were told yesterday there would be a big announcement -

Ms HOWLETT - Who told you that yesterday?

CHAIR - We find sources. Some of them are not always 100 percent accurate and this one was not.

Ms HOWLETT - I think they are creating one of their own.

CHAIR - On the strength of that, on behalf of the committee, I thank everybody for their attendance today, and particularly, you, minister in your role as the head of Tasracing, if you like. It is a really important organisation. We wish you all a safe and happy Christmas and a much more settled 2021. Thank you.

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Ms HOWLETT - Chair, I take this opportunity to thank all members for their interest in the Tasmanian Racing Industry and wish you all a very wonderful and Merry Christmas. Thank you, Deb, from Hansard. Thank you to Tasracing, to Darren, Paul, and Gene here. A very big thank you to my principle adviser, Patrick, and to Richard. Thank you very much.

The Committee suspended at 11.34 a.m.