Submission to the Joint Standing Committee on Greyhound Racing Transition

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To: The Joint Standing Committee on Greyhound Racing Transition

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1. Introduction

Greyhounds Tasmania welcomes the opportunity to provide this submission to the Joint Standing Committee on Greyhound Racing Transition.

The industry notes with grave concern the ongoing procedural delays surrounding the transition legislation, most notably the recent attempt to refer the Bill back to this Joint Standing Committee—a directive that was ultimately rejected by the Committee itself. These continuous parliamentary manoeuvres are generating profound and unnecessary emotional and financial uncertainty for the Tasmanians involved in the greyhound racing sector. More critically, racing participants are reporting a substantial escalation in anxiety and related mental health challenges as a direct consequence of this prolonged instability.

Recent commentary has suggested that the outcome of the 2025 House of Assembly election constitutes public endorsement of the Government's greyhound racing policy. This interpretation is incorrect. The Government did **not** take a greyhound racing ban to the 2025 election; in fact, it explicitly reaffirmed its support for the continuation of the industry during the campaign period. The subsequent reversal of that position represents a clear policy backflip, not a democratic mandate. The only reason this issue is before the Parliament is because of a post-election political agreement with the Greens to secure Government formation. That agreement does not constitute public endorsement, nor does it override the Government's obligation to act transparently, legislatively, and within the bounds of democratic accountability.

If the Government seeks to pursue non-legislative strategies to remove or disable the industry, this would represent a deeply inappropriate use of executive power. A democratic government cannot legitimately circumvent Parliament to achieve an outcome it cannot secure through legislation.

Given that structural phase-out legislation has not passed the Parliament and its future tabling to the Legislative Council remains highly uncertain, this submission shifts focus away from an unlegislated closure framework. Instead, we address the core mandate of building a modern, financially sustainable Tasmanian racing industry comprising all three traditional codes—Thoroughbred, Greyhound, and Harness—while strategically planning for a decreasing reliance on direct government funding.

As a highly unified sector with deep multi-generational family roots across regional Tasmania, the greyhound racing code represents a vital commercial asset. Parliamentary oversight has previously recognised that the greyhound code stands out as an exceptionally cohesive, cooperative sector that maintains an appropriate level of engagement with administrative bodies. Retaining this structural stability is essential as the industry prepares for the post-2029 expiration of the current Funding Deed framework. This submission outlines how a three-code model, optimised for commercial efficiency, offers the only viable path to reducing the Tasmanian Racing Industry's net fiscal dependency on the Tasmanian taxpayer.

2. Executive Summary

The future financial independence of the Tasmanian racing industry depends entirely on maintaining its tri-code architecture while addressing structural flaws identified since the inception of the current model. The 2012 Parliamentary Inquiry into Tasracing explicitly warned that the decision to amend the funding model to a flat 20-year Deed arrangement was structurally flawed because it failed to tie funding to performance, was completely independent of revenue earned, and shifted the entire operational and capital liability onto the State following the finalised sale of TOTE Tasmania.

To transition away from this structural dependency after 2029, the industry must maximise its self-generated commercial revenue. The empirical data demonstrates that:

- Greyhound racing is the State's most commercially efficient and sustainable racing code;
- The code generates substantial domestic and international Racefield Fee revenues that heavily offset its operational costs;
- Artificially contracting the industry down to two codes fractures the shared track infrastructure and administrative cost-sharing models, driving up the per-code overhead burden; and
- Fracturing this ecosystem would inadvertently worsen the systemic vulnerabilities flagged by Parliament, increasing the remaining codes' permanent reliance on government funding.

The industry remains ready and willing to engage constructively with Government on a suite of initiatives capable of placing the greyhound code into a positive financial position, but such engagement is only possible if the Government participates in good faith and abandons any pursuit of non-legislative closure mechanisms.

Financial sustainability and reduced government reliance can only be achieved by optimising the high-performing revenue engine of the greyhound code within a performance-linked, tri-code framework that actively remedies the historical flaws of the 2009 model.

3. Legislative Stalemate: Indefinite Delays and Systemic Industry Uncertainty

The indefinite delay in presenting the transition legislation to the Legislative Council has introduced profound, compounding uncertainty across all three codes of the Tasmanian racing industry. This legislative stalemate extends far beyond the greyhound code; it paralyses long-term strategic planning, infrastructure allocation, and commercial negotiations for the Thoroughbred and Harness sectors as well.

The industry cannot safely or effectively map its transition toward decreased government reliance while a core component of its shared revenue ecosystem remains under an open-ended cloud of political ambiguity. Specifically, this indefinite delay fractures industry-wide stability in two critical areas:

Deed Renegotiation and Post-2029 Planning: As the 2029 horizon approaches, Tasracing must finalise the successor framework to the current Funding Deed. The indefinite legislative delay makes it impossible to establish an accurate baseline for these negotiations. Participants across all three codes are left entirely in the dark regarding future prize money, track allocations, and structural funding security. . This uncertainty may influence breeding decisions across all three codes, leading to a foreseeable shortage of racing animals as we approach 2029.

Capital Works and Investment Paralysis: The $40 million Crown-guaranteed TASCORP debt facility requires rigorous, Treasury-approved business cases that assume long-term operational continuity. The current legislative limbo creates an unacceptable risk of asset impairment, completely stalling critical infrastructure upgrades at shared, multi-code facilities across the State.

This instability is compounded by the Government's refusal to clarify whether it intends to pursue executive or regulatory workarounds should the Bill fail—an approach that would undermine democratic norms and further erode industry confidence.

Rather than fostering transparency, the indefinite withholding of the Bill from the Legislative Council blocks a definitive parliamentary resolution, locking the entire Tasmanian racing sector into a high-risk policy vacuum that threatens the going-concern status of the principal racing authority itself.

4. The Historical Context of Government Funding and the 2029 Horizon

To design a future model with reduced government reliance, the historical architecture of the current Funding Deed must be understood. The Deed was established by the Tasmanian Government in 2009 specifically to facilitate the privatisation of the Tasmanian Tote in 2012.

As the 2012 Parliamentary Inquiry highlighted, up until 2009, the industry relied heavily on commercial funding streams from Betfair (under the Gaming Control Act 1993) and TOTE Tasmania. The decision to implement the Deed transferred the primary financial burden from the industry directly onto the Government—a move that parliamentary oversight noted stood in direct contradiction to self-sustaining models found in other racing jurisdictions.

Furthermore, because TOTE Tasmania failed to sell during the initial 2009 attempt, the racing industry missed out on an anticipated $40 million capital works grant. Instead, the finalisation of the sale left the industry entirely reliant on a $40 million TASCORP debt facility guaranteed by the Crown, with no alternative industry-driven capital funding stream available.

There is a fundamental distinction between the statutory Funding Deed and Tasracing's internal Code Funding. The Funding Deed is a whole-of-government contractual obligation to Tasracing as a collective entity, not an appropriation split by individual code. Code Funding represents Tasracing's internal budgeting process, where it pools total revenue streams—including Racefield Fees, Point of Consumption (PoC) taxes, and commercial sponsorships—and distributes them across the sectors.

As the current 20-year Funding Deed contract reaches its legal conclusion on 30 June 2029, the industry faces a critical transition window. Moving into a post-2029 environment without a clear, commercial replacement strategy risks creating a high-stakes policy vacuum where the sector becomes entirely dependent on unpredictable, ad-hoc budgetary appropriations. The objective must be to design a successor agreement that links funding directly to commercial performance, thereby capping and systematically reducing Treasury exposure.

5. Post-Bill Scenarios: Contingent Executive Threats and Legal Obligations

We understand that the Government is intimating that, should the transition Bill fail to pass Parliament, it has other mechanisms available to achieve a de facto ban on greyhound racing. While the Government has not provided a clear indication of the specific mechanisms it might pursue, Greyhounds Tasmania understands via the Racing Integrity Commissioner that an option being contemplated is an executive “direction” of some nature to Tasracing whereby it would cease to be the “principal racing authority” for greyhound racing. We strongly urge the Government to clarify its intentions.

It must be emphasised that the Government does not possess a democratic mandate to close the greyhound industry. The policy was not taken to the electorate, and the Government’s pre-election position was one of explicit support for the continuation of the code. Any attempt to impose a de facto ban through administrative direction, regulatory manipulation, or other non-legislative means would represent a profound breach of democratic accountability and a misuse of executive authority.

The existing legislative framework significantly constrains the Government’s ability to achieve a de facto ban by non-legislative means:

Mandatory Statutory Facilitation: The Racing Regulation and Integrity Act 2024 explicitly defines “racing” to include greyhound racing and requires its ongoing facilitation.

Promotional and Operational Duties: Under section 59, Tasracing must promote Tasmanian racing—including greyhound racing—locally, nationally, and internationally.

Mandatory Rules of Racing: Under section 62, Tasracing must make and enforce Rules of Racing for all codes, including greyhounds.

Limits of Direction Powers: Section 12A of the Racing (Tasracing Pty Ltd) Act 2009 prohibits directions that contradict the Act or the Racing Regulation and Integrity Act 2024. A direction to cease acting as the principal racing authority would be unlawful.

Ultra Vires Regulations: Regulations cannot be made for purposes contrary to the Act, including banning a code of racing.

6. Financial Interdependency: Why Three Codes Are Vital for Decreasing Reliance

The operational logic of Tasracing relies heavily on a three-code ecosystem characterised by shared track infrastructure, joint broadcast arrangements, pooled media rights, and centralised administrative overheads.

Attempting to operate a downsized, two-code industry destroys the economic scale required to move toward financial self-sufficiency. Tasracing has historically struggled to meet its statutory objective to operate as a successful business in accordance with sound commercial practice. Its ability to prepare financial statements as a going concern relies entirely on State underwriting. If government support were altered or withdrawn without a commercial replacement, Tasracing's assets would immediately face severe impairment testing.

Greyhound racing acts as the critical financial anchor to prevent this impairment due to its unmatched commercial efficiency:

- **Domestic Racefield Fees:** $8.1m
- **International wagering fees:** $0.3m
- **Sponsorship:** $0.5m
- **PoC Tax contribution:** $1.1m

Total commercial revenue contribution: $**10.1m**

Against direct code funding **expense**, labour, and shared allocations totalling **$11.6m** , the true net operating position is a minor deficit of **$1.6m** —an exceptionally strong result for a racing code of this scale.

If greyhound racing is removed or structurally weakened, the $8.4 million in direct racefield fees (domestic and international) disappears instantly, while fixed overheads remain. This would permanently increase the subsidy required by the remaining codes.

The industry reiterates that it has identified a range of commercially viable initiatives capable of strengthening the greyhound code's financial position even further, but these opportunities can only be realised through genuine partnership with Government rather than unilateral political disruption.

7. Macroeconomic Stability and Regional Autonomy

A self-sustaining racing industry must deliver verifiable net benefits to the State economy. Independent macroeconomic modelling confirms that the greyhound industry alone delivers a total economic footprint of $59.7 million in Tasmania, comprising $34.2 million in direct value-added contributions and $25.5 million in regional flow-on impacts.

The greyhound industry supports a vast network of local businesses, including specialised veterinary care, agricultural feed suppliers, trainers, breeders, and track maintenance staff. The cessation of greyhound racing would decimate these small businesses and eliminate jobs in regional hubs where alternative employment options are scarce.

The industry also generates a net positive tax contribution of $10.4 million annually across local, state, and federal budgets. This tax generation comfortably outstrips the government funding allocated to the code.

Maintaining the three-code model protects regional small businesses from collapse and ensures that the broader racing sector retains the commercial liquidity necessary to fund its own capital infrastructure upgrades, protecting the Crown from absorbing stranded asset liabilities or servicing unbacked debt facilities.

8. Animal Welfare Impacts

Greyhounds Tasmania rejects the premise that a phase-out is necessary to secure animal welfare. The modern greyhound racing sector operates under a comprehensive, welfare-first framework where sustained improvements are continuously codified, monitored, and enforced.

Sustained Welfare Improvements: The Tasmanian greyhound industry has undergone a decade of structured reform, transitioning into one of the most heavily regulated animal-sport sectors in Australia. Mandatory whole-of-life tracking, strengthened integrity systems, compulsory veterinary oversight, and industry-funded rehoming programs ensure that every stage of a greyhound's lifecycle is governed by strict welfare standards. Zero-tolerance policies for integrity breaches and enhanced compliance auditing further reinforce this framework.

Welfare Risks of a Phase-Out: A rapid or forced phase-out poses significant and foreseeable welfare risks. Abruptly dismantling the industry would overwhelm existing rehoming networks, strain the capacity of canine adoption organisations, and jeopardise the welfare of hundreds of greyhounds requiring structured transition pathways. The current industry framework ensures that greyhounds are actively cared for, conditioned, and rehomed through coordinated, well-resourced, and professionally managed programs. Removing this framework without a viable, fully funded alternative would create avoidable welfare harm.

9. Framework for a Sustainable, Performance-Linked Post-2029 Deed

The 2012 Parliamentary Inquiry explicitly recommended that if the Government is to continue with a Funding Deed model, it must be thoroughly reviewed, linked directly to performance, and allocated based on return on investment. To achieve the objective of a self-determined industry with a decreasing reliance on public funds, Greyhounds Tasmania proposes that the post-2029 Racing Deed abandon the flat-guarantee model in favour of a commercial, performance-linked structure. This future model should be built upon five core pillars:

1. **Retaining the Three-Code Revenue Base:** Maintain all three codes to preserve maximum racefield fee volume.
2. **Performance-Linked Benchmarking and ROI:** Structure future code distributions based on verified commercial returns and performance metrics.
3. **Optimising Shared Infrastructure:** Streamline multi-code track usage and joint administrative services to systematically lower fixed operational costs.
4. **Codified Welfare and Integrity Co-Funding:** Maintain and expand strict, industry-funded animal welfare and compliance tracking models.
5. **Commercial Capital Allocation:** Ensure all capital expenditure proposals meet rigorous commercial return criteria.

10. Recommendations

1. Maintain the complete tri-code architecture of the Tasmanian racing industry as the only mathematically viable baseline capable of generating the market revenues needed to reduce long-term public funding reliance.
2. Bring an immediate end to the indefinite legislative delay by either presenting the Bill to the Legislative Council for a transparent vote or withdrawing it entirely.
3. Commission a forward-looking, independent economic assessment focused on financial modelling for a post-2029 performance-linked Deed.
4. Reject any structural contraction or code phase-out proposals.
5. Initiate an immediate whole-of-industry consultation process to draft a modernised, commercially driven successor agreement ahead of the 2029 horizon.
6. Enforce rigorous commercial standards on capital expenditure.
7. Respect the integrity of the Parliamentary process by abandoning any consideration of non-legislative or executive “back-door” mechanisms to achieve a de facto ban, acknowledging that the Government does not hold a democratic mandate for industry closure and must not attempt to circumvent Parliament.

11. Conclusion

The future of a financially sustainable Tasmanian racing industry lies in commercial modernisation, not contraction. The empirical revenue data and historical parliamentary inquiries confirm that the three-legged stool of Tasmanian racing depends heavily on the economic performance of the greyhound code to remain a going concern. Artificially dismantling or reducing this sector would represent a severe fiscal own-goal, destroying over $8.4 million in direct racefield fee revenue and locking in a permanent, expanded cost burden for the State's taxpayers.

Furthermore, the legal architecture enacted under the Racing Regulation and Integrity Act 2024 makes it abundantly clear that executive decrees or modified regulations cannot lawfully be weaponised to bypass the Parliament and force an industry closure. The indefinite postponement of the legislative process does not serve the public or the sector; it simply leaves Thoroughbred, Greyhound, and Harness participants facing unworkable commercial instability regarding post-2029 Deed funding. The 2024 integrity reform agenda should be allowed to run its course, backed fully by a cooperative industry and a supportive Government.

The industry stands ready to engage constructively with Government on a modernised, commercially driven future for the code, but this requires a clear commitment to democratic process, legislative transparency, and genuine collaboration.

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