

Wednesday 7 December 2016 - Legislative Council - Government Businesses Scrutiny Committee B - Tasracing Pty Ltd

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B

Wednesday 7 December 2016

MEMBERS

Mrs Armitage
Mr Dean
Mr Finch
Ms Rattray (Chair)
Mr Valentine (Deputy Chair)
Mr Willie

IN ATTENDANCE

Hon. Jeremy Rockliff MP, Minister for Racing

Ministerial Office

Mr Ashley Bastock, A/Deputy Chief of Staff
Ms Megan O'Brien, Assistant Adviser

Tasracing Pty Ltd

Mr Dean Cooper, Chairman
Mr Mark Tarring, Chief Financial Officer

The committee resumed at 3.30 p.m.

CHAIR (Ms Rattray) - Welcome, minister. Would you like to make a brief overview?

Mr ROCKLIFF - July 2015 was a significant milestone for the Tasmanian racing industry. It was in that month I announced details around the crucially important industry funding that placed Tasracing on a sustainable financial footing for the first time. As the 2015-16 annual report notes, Tasracing recorded its first profit during that reporting period since its inception in 2009, turning a \$1.2 million loss last year into a \$0.2 million profit this year. The turnaround is encouraging and demonstrates the difficult decisions we had to make in 2015 to introduce sustainability measures, including a reset of prize money and industry funding, is starting to work.

I note the chair, Dean Cooper, writes in his annual report message the profit is modest. It should be regarded as a significant achievement. It signals the start of what the Government expects will be a period of investment and growth in this important industry.

Following the stakes reset, the challenge was to maintain confidence in the industry. Industry consultation overwhelmingly identified that infrastructure and stakes were critically important to industry participants. Tasracing plans, subject to its business reforms, to introduce a 4 per cent stakes increase per year until 2020. This equates to as much as \$112 million for participants over the next five years. Tasracing can now turn its attention to urgent infrastructure maintenance, as well as new strategic infrastructure projects following an extended period of limited investment.

The company's corporate plan details plans to spend up to \$43 million over the next five years on assets and infrastructure, providing necessary upgrades to racing and training venues, and addressing safety courses in all parts of the state. Initial major projects identified included a dedicated facility for the greyhound adoption program and redevelopment of the turf tracks at Elwick.

Tasracing has advised me that it has commenced a project to investigate the redevelopment of the tracks involving the formation of a working group that will include representatives from Tasracing, the Tasmanian Racing Club, and the Thoroughbred Advisory Network. The first objective of the group will be to explore redevelopment options available and to understand the associated costs, time lines and effect on racing activities. As you would expect, communication with industry stakeholders will be our priority to ensure they are kept up to date on progress. A number of other projects have been identified and are listed in Tasracing's infrastructure plan.

Former Tasracing chair, Brian Speers, who I am sure will be known to all in this room, passed away in August 2015. I acknowledge his 40-year involvement with the Tasmanian racing industry and for his tireless work overseeing the development of the changes that ensure the sustainability of the industry.

The Tasmanian Government is a strong supporter of the racing industry in Tasmania as it supports jobs. I take this opportunity also to inform you that following the release of the report by the Joint Select Committee on Greyhound Racing in Tasmania, the Tasmanian Government is taking steps to provide the greyhound racing industry with the opportunity to make reforms. Recently we announced the creation of two new oversight roles to help support the greyhound industry with \$230 000 to be provided out of existing industry funding for the appointment of a regulatory vet and a stipendiary steward. Further action is underway and includes the allocation of funding for training, technology and occupational work health and safety. This included both on the job and formal training including the upskilling and

cross skilling of casual stewards, workplace health and safety measures including facility upgrades of some race day control rooms and the job specific training for full time stewards. It will also cover technology and racing software, improvements such as smart phones and laptops for field staff to improve efficiencies and communication, and national racing software changes to reflect animal welfare requirements.

While these measures address 10 of the joint select committee's recommendations, the Tasmanian Government is also supporting other recommendations and is already progressing a number of them. A table outlining all the recommendations with the Government's intended actions will be placed on the Office of Racing Integrity's website.

Finally, Chair, I congratulate the Tasracing board and all at TasRacing for their extremely hard work and commitment and look forward to continuing to work in partnership with TasRacing and the racing industry towards a sustainable future.

CHAIR - Thank you, minister, and I am going to take the opportunity to ask the first question.

The stakes reset, you have touched on that, and then the small profit that TasRacing made, around \$600 000, is that correct?

Mr ROCKLIFF - \$180 000.

Mr TARRING - \$180 000 after a final adjustment. That is \$640 000 before tax.

CHAIR - The reduced code funding. Can you point me to that number? What was the actual reduced code funding?

Mr ROCKLIFF - Per code.

CHAIR - Per code and then the quantum. I have got down \$2.6 million.

Mr TARRING - This financial year as \$2.6 million but the annual cost was \$3 million. The timing of it, when it came into effect, meant there was only nine months impact in this financial year and then a further three months in the following.

CHAIR - Can we have that split by codes?

Mr ROCKLIFF - Chair, the Chairman of Tasracing, if the committee would like, has some words to say from a general perspective from Tasracing, if you would like to hear that at some stage throughout this.

CHAIR - That is fine. We might get these numbers first. While you are finding that, Mark, and we will come back to that, we will invite Mr Cooper to make a few comments.

Mr COOPER - Resolving the issue of business sustainability was a key outcome for TasRacing and for the Tasmanian Government in the financial year ended June 2016. Delivering the company's first ever profit followed a solid revenue growth, and disciplined financial management was also a significant achievement for the reporting period. Revenue growth was driven by a 30 per cent increase to domestic race field fees and

a 44 per cent increase in international fees. International market opportunities are exciting, particularly off the back of strong growth in 2015-16 from Singapore, New Zealand, United Kingdom and France. Total turnover for all three codes remained in line with previous years is \$472 million in 2015-16. That is despite the reduction in the number of races.

CHAIR - And that was a reduction of 98 races?

Mr COOPER - Off the top of my head I cannot tell you that but I am sure that Mark can confirm that. There was a reduction across the board in all three codes. Despite that reduction turnover remained at the same level.

The balance sheet tells a good story with our cash position improving from \$8.6 million last financial year to \$12.3 million in the year just gone. From a racing perspective there are a number of performances worthy of note. Tasmanian thoroughbred breeding produced two Group 1 winners, Mongolian Khan, which won the Caulfield Cup, and Palentino which won the Australian Guineas. Locally, Up Cups, trained by David Brunton, won the \$100 000 UBET's Cups Double bonus for winning the Hobart and the Launceston Cups in the same year.

Harness racing - Cygnet based trainer, Ben Currie, became the first trainer in 20 years to train 100 winners in a single season. Bow-tied again featured prominently interstate winning the Coca-Cola sprint title at Menangle and another Tasmanian, Devendra, won two heats of the Interdominion in Perth last year.

Greyhound code achievements for the reporting period were mostly welfare-related. GAP Tasmania adoptions set a new high in 2015-16 and funding for the program was doubled to more than \$200 000. Importantly, strong national rules of breaches of live baiting rules were introduced and strict controls around breeding were put in place.

The year saw new sponsorship arrangements being struck. Tasracing announced a new three-year naming right partnership with Tabcorp, the market-leading wagering operator in Australia, under its Luxbet brand for Elwick, Mowbray and the Spreyton thoroughbred racing tracks. Luxbet will also have naming rights for the Thoroughbred Tasmanian Summer Racing Carnival as well as the Hobart and Launceston cups.

Significantly, Tasracing and Sky Racing negotiated a new, exclusive 10-year media rights deal that secures national and international broadcasts for Tasmanian racing. The new arrangements provide Tasracing with the rights to stream all Tasmanian racing live on the Tasracing website. Tasmania was the first state to be able to deliver that to its constituent stakeholders.

Tasracing's digital marketing strategy continues to deliver results for the business and the industry. Paychip [TBC] views for tasracing.com.au increased by 33 per cent to 1.8 million.

Tasracing also developed a new digital and marketing strategy for Tasmanian racing clubs, called Go Racing Tasmania. This was released in August 2016 and provides all major Tasmanian racing clubs with a digital presence.

Tasracing continued to meet with industry representatives throughout the year on a quarterly basis.

Tasracing CEO Dr Eliot Forbes tendered his resignation during the financial year to take up the position of CEO with Racing Queensland. Tasracing has appointed the former general manager of operations from Harness Racing Victoria, Vaughn Lynch, as our new CEO. I thank interim CEO Mark Tarring, who occupied the position of CEO and CFO since Dr Forbes departed in August.

Now that the company is on a sustainable footing, our focus will turn to essential capital works and increasing industry funding. The plans are in place and I am looking forward to working with Vaughn Lynch, all at Tasracing and the broader industry on the implementation of those plans.

Madam CHAIR - Thank you very much, Mr Cooper. Those figures, Mark?

Mr TARRING - The thoroughbred code was reduced by \$1.6 million in the financial year to \$10.9 million; \$791 000 for harness racing to \$5.26 million; and \$564 000 for greyhounds to \$3.76 million.

CHAIR - Minister, with the reduction in funds to the code and significant reduction in number of races, how are you going to be able to generate the revenue that is going to be needed to cover those significant capital works that are being talked about and keep people interested in their codes and in racing in Tasmania? That is the overarching question here.

Mr ROCKLIFF - It is and confidence in the industry is important, for obvious reasons. We also want people to invest in the industry and horses and dogs, and be part of what is a vibrant industry that supports rural and regional Tasmanians and the jobs it generates.

We look at confidence, notwithstanding the challenging decisions of the stakes reset in 2015. The thoroughbred yearling sales in February this year were good, strong sales - the Magic Millions sales were strong. That indicates confidence in the Tasmanian industry. Even though the races were reduced, turnover did increase, so that is good. When it comes to income-generating capacity we have the race fields fees income.

CHAIR - Is there the capacity to grow that more, though?

Mr ROCKLIFF - There is, yes.

CHAIR - That is one of the big questions.

Mr ROCKLIFF - That is right and is absolutely on Tasracing's agenda. We did introduce legislation towards the end of 2014 to address the issue of allowing Tasracing the flexibility to go with the national market when it comes to where they set their race field fees. As a result of we have had increased income, which we hope will continue. Because Tasracing can set that fee to the market it gives more opportunity to earn more revenue.

CHAIR - We have had the 30 per cent increase, but is there any more left in growth capacity?

Mr ROCKLIFF - That is a good question. That is why some of the statistics the Chair read out show our marketing and engagement in our Tasmanian racing industry is very important. Integrity is important here. There has been a lot of discussion around integrity nationally. People have to have confidence when they bet on Tasmanian races that it is a fair bet. The work we do in animal welfare is important to the confidence. The greyhound racing industry nationally has had a very challenging two years.

It appears the growth in international markets, the increase in turnover and the opportunity in racefield fee flexibility increased percentage augurs well for more investment in Tasmanian racing and Tasracing to be sustainable. Do Mark or Dean want to add any further value to that?

Mr COOPER - If I could add this, minister. One of the advantages Tasmania has, it is a discrete racing population. It is a little like Hong Kong, although on a much larger basis here. We are not subject to the crossing borders, for example, Queensland-New South Wales, New South Wales-Victoria. Outside of the major racing carnivals, the horse population is the same horses that go around. That gives wagering customers or punters an advantage in they understand and know the form. Whether you are a local punter or whether you are a punter in Paris or Asia you know the horses you are dealing with are those you are going to see consistently throughout the year without there being interruptions, apart from summer carnival time. What that allows us to do, when combined with the digital access to our fields and our races, is to encourage persons overseas and nationally to wager on our product. That is an advantage this state has over every other state. This is a real factor in the significant increase in racefield fees revenue. My firm view is that will continue.

CHAIR - What level is it estimated it will get to then? If there has been a 30 per cent increase in the 2015-2016 year, what are we anticipating is going to be the increase for 2016-17?

Mr ROCKLIFF - I will get Mark to answer that.

CHAIR - I know you do not have a crystal ball, so I think somebody has done some figures.

Mr ROCKLIFF - Another point to be made is whether stakes reset now, the industry has a way forward where they know, up until at least 2020, subject to the financial performance of Tasracing, there will be a 4 per cent increase in stakes across the board. That gives the industry some certainty stakes are going to continue above CPI, which is a good thing. Then they can adjust their levels of investment. As the economy improves, people have more discretionary income and they have syndicates and they invest in horses. When an economy is in a downturn people tend to offload items normally -

CHAIR - Minister, we heard yesterday there was a syndicate opportunity for a thoroughbred - it must have had reasonably good breeding - but could not get any takers in Tasmania. The usual syndicate members were not interested. We are not hearing that as a committee. Are you hearing any of that information?

Mr ROCKLIFF - Not that information, no. I look at yearling sales. As I mentioned back in February 2016, I understand there have been challenges within the racing industry over quite a period. I also believe the way forward is positive and does provide certainty. A

strong indication of that is Tasracing's first ever profit. The industry knows full well this is now a sustainable business, one that can continue to invest in infrastructure improvements, as outlined by the infrastructure plan, and invest in stakes, which is very important, as we all know. In terms of turnover -

CHAIR - Any best guesses?

Mr TARRING - We have assumed a 4 per cent base case every year in terms of turnover increases. However, in our 2020 corporate plan we challenged ourselves to continue the level of growth you have seen, which is a big challenge. We currently have a market share of 2.5 per cent. We are very small in the scheme of things. However, if we can achieve a 3.5 per cent market share that will deliver up to around \$4 million a year in extra revenue. It is a big ask. We debated it heavily at the board, but we are happy to commit to that because we can then plough that back into stakes. To do that, our digital strategy needs to deliver.

Mr FINCH - Thoroughbred and harness foals are in decline, as reported to us. Only 224 live thoroughbred foals in 2014. In 2009 it was 342. In harness, numbers are down again. Is that of concern? Does this concern the industry that foals are not being developed to provide the crop for future operations in Tassie? I am worried about numbers in races. You have to have about eight or 10 horses in a race. If you do not have the numbers to give the full race fields, you are going to see interest from the punters wane - no third dividend, that sort of thing.

Mr ROCKLIFF - If you look at the harness racing industry, for example, particularly in two-year-old and three-year-old horses, we would like to see more of those coming through, for the reasons you have outlined. Of course Tasracing has the legislative responsibility to support and develop thoroughbred breeding in Tasmania. Tasracing maintains the 'black type' status of Tasmanian feature races through prize money allocations of \$1.725 million in the financial year 2016, and continues working to attract quality fields to maintain the Australian Pattern Committee ratings of the feature races. Black type races are internationally recognised. The quality mark of Tasmanian races significantly assists in promotion of the Tasmanian breeding industry. In addition to feature-race funding, Tasracing contributes over \$400 000 annually to the breeding industry in Tasmania, with significant funds apportioned to the Magic Millions Tasmanian yearling sale and breeding incentive schemes.

For the harness racing industry, in 2015-16 Tasracing provided funding of \$624 000 for the following harness breeding incentives - the Tas Bred Bonus, \$182 000; Tas Bred Races, \$276 000; and Tas Breeders Coupons, \$66 000. Tas Bred two-year-olds, three-year-olds and four-year-olds are eligible for credits towards their Tas Bred Breeders Coupon. Subject to certain conditions, the credits are an additional 10 per cent of stake money earned and the credits can only be used for harness breeding or purchases from the Harness Yearling website page. There is Tas Bred Owners Breeding Incentive, \$63 000; Foal Notification Rebate, \$23 000 and the Yearling Sale Win Bonuses, \$14 000.

Breeding in numbers in Tasmania has followed the national trend with 123 foals born in 2014-15 down from 137 in 2013-14. Over the last five years foal numbers have reduced by 46 per cent in Tasmania. There is a trend down but Tasracing is mindful of the importance of investing in breeding programs.

When it comes to thoroughbred starters that come with these races you talk of, the average starter is for thoroughbred - this is talking about those smaller race fields no third dividend, which would be a concern to punters - the average thoroughbred starters are up 9.5 to 10.3 horses per race. That is an average because you can't have 0.5 of a horse.

Harness starters are up, 8.3 to 8.9 horses per race. In terms of the number of horses in a race, that trend is going up. We need to continually maintain confidence in the industry, which is what I believe we have done and are addressing in infrastructure and stake investments. The Tas Bred Bonuses are important part of encouraging people to breed horses in Tasmania.

Mr FINCH - Are you confident, minister, that is going to give the support and impetus to the breeding industry to correct that decline in numbers being bred in Tasmania?

Mr ROCKLIFF - The numbers have declined nationally as well. For harness, for example, the national figures are on a downward trend. Tasmania is on a downward trend. I am confident the Tas Bred Bonus schemes are important. Given that Tasracing has legislative responsibility, as I have outlined, to support breeding in Tasmania, it is important they engage with the industry to see what further incentives could be offered. They could be restructured to support breeding in Tasmania. Dean may want to comment on that.

Mr FINCH - Before you start, Mr Cooper, I would like to question you and see if you can give me some positivity in respect of the way people who do the breeding are responding to these initiatives. Do they feel they can get on board and respond to the incentives?

Mr COOPER - Tasracing has a regular consultative process with representatives of the breeding industry. Over and above that, personally, I have been meeting with some significant investors in the breeding industry in recent months. They have expressed their concerns and put forward proposals they see as a potential answer to the decline in breeding, and as a method of motivating people to invest more in horses.

CHAIR - Let's not forget about the dogs.

Mr COOPER - No, I am talking about the thoroughbreds at the moment. The discussions I had with the representatives of these groups have been then further discussed with the Tasracing board and with Tasracing management. I can confidently say those industry representatives are comfortable with what we are doing.

Yes, they would like more money - I think the world would like more money for lots of things - but at the moment I am confident in saying they are comfortable we understand the situation and are working with them to do something about it. The fields as a whole, we have enough product. Whether it is greyhound, harness or thoroughbreds, we have sufficient product. The minister has accurately mentioned two-year-old harness racing and that is an issue here in Tasmania and on the mainland as well. We are trying to work with the breeders to overcome that. Overwhelmingly, we have sufficient product across the three codes.

Mr FINCH - In reference to those numbers you mentioned with the starters in the races, if your races are reduced by 98 the people in the industry are going to take up those more

limited opportunities to race their horses. There is probably going to be that increase because of the reduced number of races available.

Mr ROCKLIFF - I concur with that. Those within races with larger fields - and Tasracing likes larger fields - if it is a consequence of fewer races, fields can be proportionally a little higher.

You mentioned greyhounds, Chair, and since the *Four Corners* program in February 2015 there has been a large reduction nationally in the breeding activity. The trend was going up in Tasmania from 517 pups whelped in 2012, in 2013 it was 596, and in 2014 it was 609. My expectation is that 2015-16 numbers would be -

CHAIR - My information is already telling me breeders are not breeding in the greyhound arena.

Mr ROCKLIFF - They are certainly not breeding as much.

CHAIR - Obviously they are not allowed to.

Mr ROCKLIFF - Correct.

Mr TARRING - Following *Four Corners* we removed breeding bonuses from greyhounds. Year to date nationally, breeding is down 41 per cent and Tasmania is down 46 per cent.

Mr WILLIE - Minister, it has been a busy year for you in your other portfolio areas. Have you had adequate time to dedicate to this portfolio? How do you think people within the industry view your engagement?

Mr ROCKLIFF - It has been a busy year. From February this year to towards the end of June, I wasn't the Minister for Racing.

Mr WILLIE - You would have been reluctant to take it back after the stakes debacle?

Mr ROCKLIFF - I was kind of pleased to take it back. I know the stakes cut was difficult and not something I wanted to do but in announcing the first profit for Tasracing ever, that consistent increase over the next five years in stakes and the infrastructure investment which could only have happened as a result of the stakes reset, I was pleased to be minister and announce that. I like racing. Harness racing in particular is in my blood with my family connections on both sides. I bet every week on thoroughbreds and I love racing. I would like a little more time to get to the track but I have to balance other ministerial responsibilities and my children. On Sunday nights I could be at the Launceston Harness Racing Club, which mostly race on Sunday nights - and occasionally I get there - but I am mainly home with my family. I have a good engagement with those in the racing industry. I don't believe some of them feel as though I am the number one pin-up boy for what we had to do with that difficult decision with the stakes reset. I hope they appreciate, particularly when I met with all three codes in Campbell Town back in July or August 2015, that I bore the brunt of their criticism and hope they see there is no limited talk now of TasRacing being a sustainable entity in terms of its profit making sense.

It is not just the profit, which was modest as the Chair outlined in his annual report, but also what was concerning in terms of sustainability was Tasracing were not able to reinvest in infrastructure. Infrastructure was in a sense of depreciation getting worse. We would not have been able to fund major infrastructure upgrades and have consistency to maintain assets and to be safe in terms of occupational health and safety for Tasracing staff, participants and spectators. I hope some in the racing industry recognise I did make the difficult decision for the long term benefit of the industry.

Mr COOPER - Can I add, Madam Chair, to indicate from Tasracing's and the board's perspective, notwithstanding the minister's diverse portfolios, access to the minister, particularly at critical times has never been an issue. He has made the time.

Mr WILLIE - You would have been actively monitoring the Tabcorp's merger and are you aware there is \$50 million proposed to be reinvested across the country. What are you doing to actively make sure Tasmania gets its fair share and how are you communicating that to the industry?

Mr ROCKLIFF - To the industry itself?

Mr WILLIE - Yes, how are you communicating your actions?

Mr ROCKLIFF - I am happy in conjunction with TasRacing and myself keen to communicate our advocacy,

Mr WILLIE - What have you done to make sure we get a fair slice of the pie?

Mr ROCKLIFF - In what sense?

Mr WILLIE - Of that \$50 million proposed to be reinvested.

Mr ROCKLIFF - Whenever there is funding to be accessed if that is at all possible and I am not sure -

Mr WILLIE - At least \$50 million per annum.

Mr ROCKLIFF - Nationwide?

Mr WILLIE - Yes, nationwide. You have an opportunity here to get some money to make up for the stakes cut. What are you doing about it?

Mr ROCKLIFF - There may well be an opportunity and I am more than happy to take up the mantra for Tasmanian racing and advocate on the racing industry's behalf. The CFO might want to comment on those matters.

Mr TARRING - It is very early days on the Tabcorp's merger. It has got to go through the ACCC process. We have had a brief presentation by Tabcorp in terms of their thoughts but they are thoughts at this stage. We have not got into any of the specifics and indeed they are very keen to bring the industry with them on the journey. To the extent we will be holding a presentation with the industry and Tabcorp on 14 December where I guess more

information will come to light. At this stage, it is far too early to talk about who and what and how.

Mr WILLIE - I am sure the minister would be having conversations. Have you actively pursued that, minister?

Mr ROCKLIFF - As Mark has said it is early days, but when the day has arrived when we have some certainty around the merger and what is possible, if there is funding to attract for Tasmania we will do our utmost to attract it.

Mr WILLIE - Have you had some introductory conversations?

Mr ROCKLIFF - No.

Mr WILLIE - You would also be aware of an appeal upheld at the appeal board. Has there has been discussion at the Racing Integrity Office about that appeal. It was upheld and also what does that mean for the rules?

Mr ROCKLIFF - I cannot comment on that, Mr Willie. It is a matter for the Office of Racing Integrity, not Tasracing, nor indeed me as minister. When it comes to appeals and the integrity side of the industry I am most certainly at arms length from that process.

Mr WILLIE - You are aware of that appeal.

Mr ROCKLIFF - There are a lot of appeals, as I understand it, in racing and it comes to integrity matters. We can talk, if you like, about exactly which appeal you are referring to.

Mr WILLIE - Appeal 22.

Mr ROCKLIFF - I do not have appeal 22 in front of me. That is for Tasracing estimates and this might be an opportunity to take it up directly next year in budget Estimates with the new director of the Office of Racing Integrity at the time, when that position is appointed. I cannot provide any information on appeal 22 at this stage.

Mr VALENTINE - Getting back to the Tabcorp attempt to take over Tatts. Is Tasracing putting in a submission to the ACCC to encourage the ACCC to make sure there is equity in competition across the states?

Mr ROCKLIFF - Good question.

Mr COOPER - We have had a briefing from Tabcorp and during the course of that discussion we built on it, to say we understand what you are trying to do, we are supportive of what you are trying to do, we need you to have the industry come along with us. There will be a briefing with the industry next week. From our perspective, we see it as a positive for racing as a whole, not just Tasmania but nationally, and our view is that we will support the attempt to merge the two entities.

At this stage, in talking dollars and cents, it is speculative, it is too far in the distance. When we discussed that with the Tabcorp representative he was quick to say, 'We

cannot tell you x and y at this stage'. What we are trying to do is find out whether Tasracing will support what Tabcorp and Tatts are trying to do, and we will.

Mr VALENTINE - If you do not get some level of equity, the racing industry is going to go down the tube, isn't it? If you look at the stakes money of \$14 000 here on average, maybe, compared to \$25 000 in Bendigo.

Mr ROCKLIFF - Thoroughbreds.

Mr VALENTINE - Yes, I am talking about thoroughbreds. A 4 per cent increase, as you are pointing out and you have to take CPI into account and at the moment the CPI on recreational is minus 0.7. They are going to get a 4.7 per cent increase in effect. If CPI runs at 2 per cent or 1.5 per cent, they are only getting a smidgen on top of that. Let us say it is 4 per cent at this stage because Hobart's is zero, that means you have \$14 000 plus 4 per cent still going to come nowhere near the \$25 000 that is being offered in places like Bendigo, if you are going to lift the stakes money. It is sustainable for Tasracing but how can it be sustainable for the industry?

Mr ROCKLIFF - It would be good to be competitive with other states and it all depends on which races across the country. We might be a little ahead in harness with some of the stakes for harness compared to South Australia, which I understand we are. We are mindful of that. We want to attract people to our industry and people to come to Tasmania and invest and start their own training facility, if that is possible. I am acutely aware of the importance of being competitive in the stakes area and that largely depends on Tasracing's ability to sustain that increase.

Mr VALENTINE - A question on the Magic Millions. Do we know how many interstate buyers there were for that? We look at the Magic Millions and we say, it is healthy, everything is going ahead fine, they are getting good prices. How many of those purchasers are actually interstate buyers capitalising on good breeding in Tasmania, and it is not actually an indication of the strength of the industry in Tasmania as far as thoroughbreds are concerned?

Mr ROCKLIFF - Except people are breeding in Tasmania and the horses are good quality.

Mr VALENTINE - That brings a return to the state in a sense, but it is not an indicator of how vibrant the industry is in Tasmania.

Mr ROCKLIFF - I'm not sure if we have a breakdown of where they came from.

Mr VALENTINE - Can we get that? Is that a possibility?

Mr ROCKLIFF - We can try.

Mr VALENTINE - I'm happy to put it on notice.

Mr ROCKLIFF - In 2014 we had 96 lots; 2015, 121 - this is Magic Millions - and 126 in 2016, so an increase there. The average price for horses sold was \$23 250 in 2016; \$17 337 in 2015, and \$13 158 in 2014. The median price was \$8500 in 2014, \$10 000 in

2015, and \$15 000 in 2016. In terms of the clearance, which is a key figure, in 2015 there was 82 per cent. That increased to 83 per cent in 2016.

Mr VALENTINE - Is that clearance?

Mr ROCKLIFF - The number of lots sold - clearance through the auction. In 2013, for example, it was 74 per cent. There was a large increase in clearance in 2014 to 87.4 per cent. It dipped slightly to 82 per cent and back up again at 83 per cent in 2016. The sales are a success by that trend.

Mr VALENTINE - If we could find out where those sales are going and whether the horses are actually moving out of the state, that would be interesting. Look at the stakes being offered elsewhere. The percentage increase of 4 per cent is reasonable, but in no way points to a sustainable industry as opposed to Tasracing being sustainable. I understand there is an imperative that something happens for Tasracing to survive, I appreciate that, but it does not necessarily point to a healthy industry.

Mr TARRING - What does point to a healthy industry, and this is the beginning, is gross sale values, increasing from a total of \$1 million in 2014 to \$2.4 million in 2016. The average price and the revenue going back to -

Mr VALENTINE - That is if they are going to Tassie buyers.

Mr TARRING - We were very surprised at the number of Tassie buyers there were. Indeed, the most expensive horse, which went for \$115 000, was sold to a Tasmanian trainer.

Mr DEAN - You have talked about it being successful and with a very small profit, but really that profit has come at the expense of the industry. With the decreases across the industry in a number of areas, that is where that small profit comes from. That is the real issue and concern for those involved in the industry. I want to be fairly brutal in some of the comment I make. Some of the information we were given was as follows - as I recorded at the time:

68 to 64 meetings, cut stakes. Yes, they have made a little profit but at the expense of industry opportunities.

Looks good, but look at how they have cut the industry. It is not good at all.

We have major concerns in the direction taken by Tasracing. Yes, Tasracing may be sustainable, but the industry won't be sustainable. It is withering. It is dying.

These are comments made to us in talking to people. We were given information about harness racing where there was a close of nominations in October this year for a particular meeting.

CHAIR - That was the two-year-olds.

Mr DEAN - Two-year-olds meeting. Last year, there were something like 80 nominations for that. This year there were 20 nominations.

CHAIR - With an extension.

Mr DEAN - With an extension offered only.

Mrs ARMITAGE - Four or five years ago there were a couple of hundred nominations; last year, 82; this year, as of today, 20.

Mr DEAN - Yes. You have referred to some of these figures, minister. If we look at some of the thoroughbred statistics and the year and the figures, if we look at meetings for instance, there were 73. Back in the very early times, in 2012-13 there were 78 meetings. Then in 2014-15, 77 meetings; 2015-16, 73 meetings. When you calculate that to the number of horses that are racing, somebody said about 500 horses are missing out on racing in the thoroughbred area. Then you can go to all of the other statistics, too. There were 626 races in 2011-12, 78 in 2012-13, but only 73 in 2015-16. That is across the board - with the horses, the starters, the average field stakes. The position given to us was not good, minister. In fact it didn't change significantly from the position we had, I think, two years ago, when we were looking at this GBE.

Is Tasracing not talking to all of those people who are involved in this industry - the ones breeding the horses, the ones racing the horses, the trainers in the thoroughbreds and harness racing? Greyhounds are reasonable but there are some issues there as well. That is not surprising after the *Four Corners* program. There are lots of issues there. Is Tasracing turning a blind eye to this or what is wrong? Or are these people making all of this up?

Mr ROCKLIFF - I am not saying people make anything up. For harness racing I have already mentioned in regard to two-year-olds and three-year-olds. Racing industry participants are not backward in coming forward when it comes to their opinion. It doesn't matter whether it is on the phone or in an email or when they are about to put a bet on at the Burnie trots, they will tell you what they think and the state of the industry - good or bad.

Mr Dean, you mentioned a modest profit and it has come at an expense. It would be far more devastating for the industry to have a \$3 million loss. These figures would have looked like a \$2.8 million loss had we not had the stakes reset. It is just unsustainable. I think we had a \$10.6 million loss around 2010-11. It just had to change. I don't criticise the racing industry for providing you those figures and being concerned for the future of their industry but it was looking a lot more concerning two or three years ago when we had challenges in issues of breeding and the trends, as we have talked about and no profit for Tasracing. It looked like it was clearly going to be unsustainable if these losses continued. The stakes reset. Some would argue in the industry that it did come at a cost and that was an initial loss of confidence. But there are participants in the industry who also like people within the industry to talk it up as well, and the importance of talking up the industry to generate some enthusiasm.

I am confident, as Minister for Racing, to go to the next part of your question. First, now that we have had the stakes reset, yes it is difficult. But second, we have made a modest profit, the first profit ever. Third, we can increase our stakes from here and continue to maintain and invest in infrastructure. I stand to be corrected by the gentlemen either side of

me, but Tasracing has quarterly meetings. Each director on the Tasracing board is allocated a code, so people in the industry feel while the director sits on that board, and the board is highly skills-based, they have a natural affiliation with one of the three codes. People feel as though they can approach that person with their particular code issue or concern. Tasracing does not turn a blind eye to concerns and feedback in the community. They have to turn up and cop those concerns on the chin once a quarter.

Mr DEAN - Minister, I think we would all like to see the industry do well. There are a lot of people engaged in the industry in Tasmania. These people have a passion for it to be sustainable. That is their real concern when they talk to us about the number of people dropping out of the industry. They are sick and tired of it because they cannot see any significant changes to improve their lot. That is upsetting to us, and a real concern. I think it's been said before some of the people have a real bitch about things, but that is not the way I see it with a number of different people. It's not only one person or two or three people, it is a number of people. That needs to be understood.

Mr ROCKLIFF - There are challenges in the racing industry right across the country. The larger states, less so - New South Wales and Victoria. The minister for racing in Queensland probably has a lot more headaches than I ever had. What we have done as a state - and probably one of the first states to do so - was to make some fairly tough calls in the interests of sustainability for the industry. We could have plugged a hole of that \$3 million gap with additional funding but that does not provide certainty as that funding can be taken away. The previous government plugged that hole to the tune of around \$700 000 for a couple of years - and I stand to be corrected on those figures. That is unsustainable. My concern going back to the original sale of TOTE, for example -

Mr DEAN - I didn't realise it was sold.

CHAIR - Most people think it was given away.

Mr ROCKLIFF - We fought against the sale in opposition. The concern I had about the sale regarded funding for the industry, that people will make clear judgments about where government resources should be applied. Should it go into propping up racing or should it go into health and education or students with disability, for example? Most people want the racing industry to be sustainable so they are not propping up the racing industry with Tasmanian taxpayers' money at the expense of other services that could benefit from additional expenditure or funding.

Mrs ARMITAGE - We have been told in our stakeholder briefings that the value chain for the racing industry begins at one end with breeding and ends with people wagering on the races. In the middle you have people presenting the races. The feeling is the people presenting the races are not finding any benefit in breeding or wagering. Have you noticed or found any real significance with people, apart from the horses and breeding, but also the offshoot businesses that provide feed. Have you heard from any of those businesses there have been cut back with the fewer races and horses? There have to be other industries significantly affected from the lack of horse or dog breeding, because we have heard so many cuts have happened. Was it 98 fewer races?

CHAIR - That is what we have on our list.

Mrs ARMITAGE - Which is certainly a lot less horses. Have you had any concerns raised with you from associated industries or businesses that deal with racing, trainers or breeders?

Mr ROCKLIFF - I will make a comment and the Chair also wants to talk.

I certainly understand the flow-on effects of racing.

Mrs ARMITAGE - It is almost like taking a business out.

Mr ROCKLIFF - The flow-on effects of racing was demonstrated. There was a December 2007 report which highlighted the economic return to racing then of around \$100 million. There was a December 2013 report of which the economic value of racing was again demonstrated. The figure was around 104 in terms of the wealth generated. There are 3000 to 4000 jobs directly and indirectly. Farmers do benefit from sales of hay and feed and chaff and all those types of things. I understand and why we wanted to put the racing industry on a sustainable footing from where it can grow. My objective as minister and I know Tasracing's objective, because it is their business, wants the industry to grow. When it grows, its economic contribution also grows, as the inputs into that industry make it sustainable also increase.

Yes, I have heard feedback particularly around the time of the stakes reset, Mrs Armitage, about the flow on affects and people point out that farmers and all those types of things that will sell less hay. Why I am supportive of the racing industry is it does provide jobs in rural and regional areas for people who have, for whatever reason a low skill base and are able to participate in an industry in this regional area as stable hands and the like, racing plays a very important social part.

Mrs ARMITAGE - We were told around 500 jobs have gone out of the Tasmanian industry. I assume that would not be FTEs.

Mr ROCKLIFF - I have not been informed of that. Those figures have not come to me directly unless I have missed an email.

CHAIR - I reckon they will be raised at the next meeting when you talk to your stakeholders.

Mr DEAN - TasRacing would want to look at that figure wouldn't they? TasRacing would want to know how many are in it and how many have dropped out and what has happened.

Mr ROCKLIFF - I am sure TasRacing have received feedback in terms of jobs and inputs into industry and those types of things. That is what the quarterly code allocated meetings are for.

Mr COOPER - In response through you, Madam Chair, to the issue raised. I keep a very close watch on what is happening around TasRacing and I am very much against the 'us and them', the ivory tower and people out there. The board is definitely of the same view. In my previous role as Deputy Chair and in my current role I have not had one person ever come

to me (and they have access to my number) and say I am getting out of the industry or I am getting out of an allied industry because of the reduction in stakes.

Mrs ARMITAGE - They have been suffering because of that.

Mr COOPER - No, not one person. Let us take harness racing for example. The code manager, Kevin Neilson, is an excellent manager and has been involved in harness racing for a significant portion of his life in various aspects. He has never come to me, or never prepared a paper, never had any communication with me or the board to say well Bill Bobs has dropped out of it, this person has dropped out of it or this person is thinking of getting out of it, or whatever. I am not sitting here saying that hasn't happened but I would be very surprised if there is any significant number. The mention of the 500 people takes me by real surprise.

Mrs ARMITAGE - Have you heard of many race-goers, training and breeders relocating to Victoria to buy their horses, breed them and train them over there because we were also told that many aren't doing it in Tasmania now, that they are not taking their horses from here and going to Victoria but buying them in Victoria, staying there and racing them in Victoria as opposed to Tasmania?

CHAIR - Becoming members of syndicates on the mainland.

Mr COOPER - Do you mean trainers moving, for example?

Mrs ARMITAGE - It seems to be a bit of both. I am not sure of trainers moving but people, instead of having a horse here and taking it to Victoria, they are buying a horse in Victoria.

As Madam Chair said, perhaps being part of a syndicate in Victoria and having a Victorian horse as opposed to being involved in racing in Tasmania. Have you heard of many, whether it being trainers, but I believe it is more breeders and purchasers of horses or part-syndicates going over there.

Mr COOPER - I am aware that there are persons who are members of syndicates on the mainland who race horses on the mainland but I am also aware that many of those persons in syndicates who race horses on the mainland also race them here.

Mrs ARMITAGE - You are not feeling that we have had a cohort that is lost to Tasmania? You haven't heard that?

Mr COOPER - No, and I would be surprised. I am aware of trainers who have said, 'Right, there is no future here, I am going to Melbourne and I am going to make a go of it over there'. I am also aware of those trainers who have come back because they haven't been successful over there.

Mrs ARMITAGE - Another question I ask is with regard to Mr Willie mentioning UBET and Tabcorp, do you believe that with the merger of those two it will have an effect of less people going to the races and more electronic betting? Is Tasracing going to suffer with less people attending the races?

Mr ROCKLIFF - The course participation has dropped off dramatically over the last decade or so. Before TOTE arrived, people used bookies and they added colour to the racetrack and we had more people involved. This is a national trend. The Chair has identified hers are all by phone and people can put all their bets in the comfort of their own lounge room.

Mrs ARMITAGE - By UBET.

Mr ROCKLIFF - Any bet.

Mrs ARMITAGE - Any bet but UBET is quite a useful tool.

Mr ROCKLIFF - UBET, SuperTab, Sportsbet, Bet365 - I don't have accounts with all those companies, by the way, but it is easy. People can watch the telly. There is a free-to-air channel now with the thoroughbreds, racing.com, and this is the challenge that the clubs have in terms of course participation.

The Launceston Cup is largely successful, as I understand it. The Hobart Cup, unfortunately, had an issue in the previous year with the wind and weather was rained out. Devonport Cup is successful when talking thoroughbreds and the Harness Cups are well attended. The Scottsdale Cup, which I saw you at in January, Madam Chair -

CHAIR - St Mary's - the best day on the east coast on New Year's Day.

Mr ROCKLIFF - St Mary's is a great day, Longford Cup or whatever it might be - people like racing and they like to go there. But people are time poor now as you would appreciate.

Mrs ARMITAGE - There seemed to be a real dearth. The member for Windermere and I were at the races last week and there were very few people on the course. Yes, in the function room there were quite few but when you walked out into the course you could shoot a cannon, you could say.

Mr ROCKLIFF - That is right but if you go to the Burnie trots, for example, and they have about five meetings a year held, say, on Friday nights. There is a club that is really innovative. Looking back, they would have been one of the first clubs around Tasmania to invest in their own satellite for Sky2 access to improve their turnover and people love going to the Burnie trots.

Scottsdale is the same. St Mary's on New Year's Day is full of atmosphere. I am also aware that the bookies add to that atmosphere and I like seeing bookies at tracks because it provides a bit of colour.

Mrs ARMITAGE - Better odds?

Mr ROCKLIFF - Possibly. Legislation recently went through parliament, with your support, trying to give some life to declining numbers of bookies in Tasmania over the last decade or so. I would love to see people at the track. The clubs do, in conjunction with Tasracing's marketing crew, and have the opportunity to and probably need to see what innovative product they can have at the track to attract people, not just to see the race or have

a bet but also to enjoy the atmosphere, the races, the picnic cups and the New Year's day cups - thoroughbred or harness.

Mrs ARMITAGE - With the new racing club of Tasmania group, has Tasracing had any discussion with that group which is now representative of several clubs?

Mr ROCKLIFF - I have had discussion with them directly. I see members of that group, though I am not sure which group you are referring to. I know a group was set up - it might be another group now - re-formed and is now an incorporated body.

Mr DEAN - Racing Clubs Tasmania Inc.

Mr ROCKLIFF - Mr Scanlon is involved with that and I will see him on 5 February 2017 at the Hobart Cup.

Mr COOPER - We have received correspondence from that organisation now known as an incorporated association.

Mrs ARMITAGE - Good to see the three codes all working together.

Mr COOPER - That group of persons, although it contains representatives from the three codes, is not in any way, shape or form representative of the three codes of racing in this state.

Mrs ARMITAGE - Why would you say that?

Mr COOPER - That group banded together earlier in the year in an informal manner. That group sought input membership from other clubs and entities around the state but did not receive any positive response. That group then decided that, by formalising their incorporation, it may assist them in accessing those other clubs and entities. It does not and it will not.

Mrs ARMITAGE - You do not believe they had the support of their individual memberships?

Mr COOPER - They do not.

Mrs ARMITAGE - You have had that advice from some of those members?

Mr COOPER - Absolutely.

Mrs ARMITAGE - You have mentioned that the greater focus for Tasracing in terms of revenue is getting people to come along to the races or the international market. What are you focusing most on in terms of KPIs for your sustainable business model?

Mr COOPER - We are not focusing on getting people to the races; we are focusing on our customer base of persons who wager on races. Outside of the funding deed and associated sponsorship, the only significant revenue stream for Tasracing is race field fees revenue - that is, wagering operators around the globe who wager on our industry. For example, there is a meeting at Luxbet Racing Centre tonight. That meeting will be broadcast

to international countries, including France. That is the only way we can increase our revenue.

Mrs ARMITAGE - Have you seen any benefit from the trip to Mumbai?

Mr COOPER - That was in late January to February this year. There is a definite benefit because a decision was made, not then but as a follow-up to that from persons in discussions we had, by France Galop, which is the organisation in charge of thoroughbreds in France. Almost certainly it happens in January next year - to take on board Hong Kong. Hong Kong indicated they wanted to be part of the wagering landscape in France. When Hong Kong asks, Hong Kong gets, because it is the biggest. At that time there were three wagering products taken - France, South Africa and Tasmania. Hong Kong says they want to be a part of it. They can only take three, so Hong Kong will almost certainly move in January, leaving France and either South Africa or Tasmania. South Africa will almost certainly be shunted and Tasmania will keep its role.

Mrs ARMITAGE - It is good to see the benefits of the trips.

CHAIR - Minister, my understanding is there are negotiations in play around the code and their allocated percentage of funding; is that correct?

Mr ROCKLIFF - That is correct and is my understanding. The final decision - this is for the -

CHAIR - The allocation. The poor old greyhound industry does not get much and they do the heavy lifting.

Mr ROCKLIFF - Their turnover is very good.

CHAIR - They hold up their end well.

Mr ROCKLIFF - They do very well and punch above their weight. Aside from the challenges they are going through now.

CHAIR - Considering those challenges, because there is a significant amount of funding that needs to go into animal welfare through compliance requirements. Will there be consideration for that code this time around? My understanding is that about 7 per cent of their funding will need to be put into animal welfare, particularly the Greyhound Adoption Programs. I am interested in where the GAP is at the moment. I know you gave us some nice figures, but have we bought a property, are we organised, and is there going to be consideration for that code when they have these requirements?

Mr ROCKLIFF - Sure. First, the greyhound issue is a challenge for all states. My understanding is -

CHAIR - Tasmania, they're not doing anything wrong. We are caught up in this as a state and as a code.

Mr ROCKLIFF - They are not doing anything wrong, as I understand it. There has been no evidence of live baiting. The last issue we had in Tasmania was around 2008 when a

dead wallaby carcass was used as bait. It is also illegal to use a dead carcass. The negotiations will happen between Tasracing - and Mark will speak in a moment about code allocation and funding.

These issues will be put on the table and the industry participants themselves, as I say, will not be backward in coming forward in highlighting the challenges to their industry and where they see investments should lie. We have boosted racing integrity in the new vet and the stipendiary steward we have employed, and animal welfare is an important part of that. The Office of Racing Integrity has been boosted. In terms of the code allocation, Mark might want to say a few things.

Mr TARRING - I've recently, Thursday and Friday last week, chaired our quarterly industry forums, as referenced, for harness and the greyhound code. There was an agenda item, which is the code allocation model. It is a three-year model and it expires this year. Consultation with those groups has commenced, as to the review process.

Tasracing has a responsibility to drive commercial returns, the greyhounds clearly sit in that camp, and to drive economic benefit to the state. That is a balancing act between the codes. The two extremes would be greyhound and harness in terms of commercial wagering revenue for harness being lower than the greyhounds, but the employment in rural areas for harness.

Every three years we have a challenge to go through in balancing a finite pool of funds. However, there is an important principle the board agreed and I have tabled with both forums, and we will be doing in turn the thoroughbred code in a couple of weeks. That principle is that no code goes backwards. Do you agree with that, yes or no? I think it is fair to say the harness guys agreed. They didn't want to go backwards, throw it all up in the air and start again. The greyhound people were probably of a different view. We are going through that process now.

CHAIR - Somebody is going to have to backwards to be able to give a particular code more percentage when they have obligations under the -

Mr TARRING - Correct. However, if all the codes agree that they don't want to go backwards, then all you are talking about is the 4 per cent every year and how you allocate that. So we are at very early stages of consultation with the industry, as recently as last Friday, working that through for a new model to be implemented from July next year.

CHAIR - Back to my question, it is my understanding that 7 per cent of their allocation will be used for welfare obligations. Is that a fair call?

Mr TARRING - It is a fair call. Thoroughbreds also have a welfare budget, and so does harness. It is not as high currently as for the greyhounds, but will be increasing over time.

CHAIR - So somebody is going to have to give - it is as simple as that. If you only have so much pie and a particular code needs more of that pie to meet their obligations, and they are pulling their weight, there is going to have to be a negotiation.

Mr ROCKLIFF - There is going to be a negotiation - that is what Mr Tarring is talking about, the 7 per cent. The greyhound industry nearly died nationally overnight when it came

to the February 2015 *Four Corners* program. There have to be massive changes nationally in the animal welfare and integrity side of things to ensure that the community has confidence in the integrity of the industry, particularly from the animal welfare perspective. If there is a percentage allocation, I am not sure if it is exactly 7 per cent -

Mr TARRING - That's right.

Mr ROCKLIFF - then I see that as an investment in the sustainability of their industry. You have to invest.

CHAIR - But they won't have an industry, minister, with all due respect. If they only get about 18.9 per cent now of the cut and you take out 7 per cent, that means that they are not viable anyway. They are doing a fantastic job in pulling their weight. I mean no disrespect to the harness racing or the thoroughbreds, I am well connected to the harness 'family', but something has to give. I am interested in how we are going. If everyone is staying the same, you will have one code that effectively will fall over because they can't manage on what they are getting when they are doing a great job. There will have to be negotiations with the other two codes.

Mr ROCKLIFF - As a Government we have supported the greyhound racing industry. Another state banned it, for some time.

CHAIR - No, they just got ahead of themselves. They didn't understand what they were doing.

Mr ROCKLIFF - We didn't do that. We believe that the greyhound racing industry, particularly as there was no evidence of live baiting in Tasmania, had the right to improve in integrity and animal welfare matters, and so we have supported the industry. Tasracing's job is to negotiate with the industry, and I am talking about the three codes, between now and I am assuming before 1 July.

CHAIR - But they need some direction, minister. The other two codes obviously need some direction that to be able to have a sustainable industry there has to be some giving. This particular code is not going to be able to meet its obligations and stay viable if it is pulling 7 per cent out for welfare.

Mr ROCKLIFF - The welfare investment is, in my view, an investment in its viability.

CHAIR - But they can't do both. That is what I am hearing: they can't do both.

Mr ROCKLIFF - With these matters we are at the very early start of negotiations. Of course these matters will be well canvassed, I am sure.

CHAIR - Okay, so have we found a property for the GAP program?

Mr ROCKLIFF - Currently we are looking at a property. There has been quite a bit of searching going on.

CHAIR - Give us a scoop, Mark. Yes, we have found one, and yes, we have purchased.

Mr TARRING - No, there has been no purchase at this stage but we are close, we think. There is no purchase of a property.

CHAIR - But we are close?

Mr TARRING - We are close.

Mr ROCKLIFF - We are close, but there is no purchase of a property. The Greyhound Adoption Program is a very important part as we talk about animal welfare issues.

CHAIR - We will need a very big property if we do not have a viable code. I understand the other codes as well, but there has to be some give.

Mr VALENTINE - With regard to the third party providers such as Brightside. They have facilities, are they are being considered to partner with the industry?

Mr ROCKLIFF - The Greyhound Adoption Program is a nationally accredited program and is the way we are going.

Mr WILLIE - I would like to go back to that appeal and put some more context around it - and I can accept you cannot talk about the specifics. It relates to the greyhound trainer, Mr Brendan Browning. That appeal was upheld. Can you confirm that led to talks between Tasracing and the Office of Integrity?

Mr ROCKLIFF - I cannot confirm that.

Mr COOPER - Through you, minister - there were discussions involving the greyhound industry, the Office of Racing Integrity and Tasracing in relation to that appeal.

Mr WILLIE - I refer to the *Mercury* of 10 September in relation to Betfair moving on to the Northern Territory and the potential job losses in my own electorate. Has the Government been in contact with Betfair? It was to take effect from 20 September. Has there been any shedding of jobs at Technopark?

Mr ROCKLIFF - I cannot provide you with exact information. That is the responsibility of the Treasurer, but I am happy to take it on notice and provide some information.

Mr WILLIE - So has there been communication with Betfair and have there been any job losses?

Mr ROCKLIFF - I will have to seek some information from the Treasurer.

Mr DEAN - You might also be able to cover the agreement with Betfair when we accepted their position. There was a set agreement for jobs and positions in this state for a period of time.

CHAIR - They promised a lot, so an update on the promise and the delivery would be very useful. Whether they have met their obligations under that arrangement supported by this parliament, under quite some duress at the time.

Mr DEAN - How important is King Island racing to Tasracing? Where does it fit in? Is there a cost to Tasracing or does it come out even?

Mr ROCKLIFF - I am not sure exactly of the importance of turnover for the King Island races, but they are absolutely important culturally to King Island. They would have probably seven meets a year and are very popular. I met with a number of stakeholders such as members of race clubs when Cabinet was on the island in April this year. They are passionate believers in the value of the King Island races and it is a tourism attraction, but I cannot confirm that in numbers. They are very popular events the King Island community really enjoy and love. As a local member, I will do all I can to support that club.

Mr DEAN - I am led to believe it is well supported in Victoria. Victoria like the venue and the races because their young jockeys come across there and use it as an experience.

Mr ROCKLIFF - It is important in that context, occupational health and safety is very important and paramount. Country tracks are important cultural institutions, but we also have responsibilities to jockeys and racing participants to make sure just because it is a country track, does not mean it cannot be dangerous.

CHAIR - Thank you. We have one last question.

Mr VALENTINE - Redevelopment of Spreyton was funded with funds drawn down from the Tascorp debt facility. I think it is a facility of \$40 million. How much for Spreyton?

Mr ROCKLIFF - \$9 million.

Mr VALENTINE - I am led to believe during the inquiry into the performance of TasRacing in 2012 Treasury advised this proposal could not generate a commercial return. I am interested in finding out more about the Spreyton experience. Has it been commercially positive?

Mr ROCKLIFF - The participants, would they value it. There is a good time slot with the Spreyton races because it is an all weather track, and is a winter race carnival over a number of weeks. There have been some instances, particularly last year, when it was very wet. Hobart meets have been cancelled and moved to Spreyton, which has given the participants that opportunity to race. Without the Spreyton facility no-one would be betting on any Tasmanian races on that day. This affects our turnover, race field fees and the income coming back to TasRacing.

In terms of investment, capital investment, its value to turnover and value to participants, they would argue it was a good investment for them. In terms of our reset of stakes and sustainability measures, unless I am corrected by the two gentlemen either side of me, there will be no further drawing down on that debt facility.

CHAIR - How then, if there is no further drawing down, how are the capital works - estimated at \$41 million - going to be funded?

Mr TARRING - Through operational cash flow.

CHAIR - And you made \$600 000 last year.

Mr TARRING - \$180 000.

Mr ROCKLIFF - I think there is about \$12.3 million or \$12.5 million in cash reserves. Is that right?

Mr VALENTINE - You have a declining trackside population.

Mr COOPER - That does not impact on our profit and loss account.

Mr VALENTINE - You are seeing it through Sky and all of that? What about internet streaming? Is that causing a problem for you in terms -

Mr TARRING - Live streaming through the website is going really well and it has proved really positive through social media and feedback from industry. We are the only principal racing authority in Australia that streams all of these codes.

Mr VALENTINE - The remaining question is about animal welfare. The greyhound industry has been through the mill at this time and we know that there are certain things in train. What about the gallops, for the thoroughbreds and use of whips and so on? What is happening in that regard? I know that is more about integrity.

Mr ROCKLIFF - In terms of both thoroughbred and harness, there has been significant reform over a number of years in terms of the use of whips. Thoroughbred, I do not see any major move to address the whips issue. I know there have been consistent discussions in the harness code nationally since about 2010 and significant reform in use of the whip. When I say reform, less use of the whip to this point in time.

Mr VALENTINE - What is the current rule, do you know?

CHAIR - There is a number of times?

Mr COOPER - Not insofar as harness is concerned. The restriction in relation to harness is the manner in which the whip is being used.

CHAIR - Now you can only flick.

Mr COOPER - Now you can only flick. That is all you can do.

Mr ROCKLIFF - I think you can hold onto the rein as well.

Mr COOPER - And you have to have the rein in each hand. In gallops there are a limited number of times you can strike a horse before the 100 metre mark, which I think is five. After the 100-metre mark there isn't a limit per se, but it depends on how the horse is travelling.

Mr VALENTINE - Is it glancing blows, direct blows and that sort of thing?

Mr COOPER - The nature of the impact and how the horse is travelling. If the horse is obviously out on its feet at the 100-metre mark and the jockey then gets stuck into it in the last 100 metres he will be pinged.

Mrs ARMITAGE - I notice on page 4 of the chairman's report that the board committed, subject to performance, to a 4 per cent increase to code allocations per year until 2020. When it is subject to performance, does that mean if there is a loss it will not be getting the 4 per cent? What exactly is meant by 'subject to performance'? When won't they be getting their 4 per cent increase?

Mr COOPER - It's subject to our being able to continue to increase the revenue we generate through putting on a show.

Mrs ARMITAGE - You need to make a profit?

Mr COOPER - We need to continue generating racefield fees and increasing them. That will assist us in meeting that 4 per cent target.

Mrs ARMITAGE - There was concern with some stakeholders we met that this wouldn't happen. They wouldn't be getting even 2 per cent.

Mr COOPER - I don't understand the basis upon which, with all respect to them, they would put that to you, because we have already demonstrated this year our firm intention to do it.

CHAIR - If there is a decision between capital works and the 4 per cent, who gets the nod?

Mr TARRING - OH&S has to take priority. The challenge we have as the management team and board is to get that balance right between increasing stakes and continuing to invest in infrastructure.

CHAIR - One thing we did hear that was very positive was the work done by the gentlemen who is looking after the Elwick track. His name escapes me, but please pass on the complimentary remarks made to the committee about the work undertaken by that gentleman.

Mr TARRING - That's Ken Elliott.

CHAIR - Thank you very much. People were very complimentary of improvement in the track since Mr Elliott has been doing that job. We didn't hear all negative things; we heard some positive and it is important we relay that as well. I'm sure if Mark sees him tomorrow or whenever he would pass on the committee's congratulations, because it is really important.

Mr ROCKLIFF - Thank you for the feedback.

CHAIR - Minister, thank you very much for your time today. It is a really significant area. Mark, we congratulate you on the work you have done as the acting CEO. All the best, and we hope we meet the new CEO sometime.

Mr ROCKLIFF - I thank Eliot Forbes for the work he has done. He was a very popular and well-respected CEO of Tasracing and has left a very positive legacy in Tasmania. Judging by the text I received from him at 7.30 this morning he knows GBE Estimates were on.

CHAIR - We also acknowledge the work Dr Forbes contributed to the process. We look forward to continuing to work in a positive manner in the interests of the racing industry and the Tasmanian community.

The committee adjourned at 5.09 p.m.