

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B

Friday 3 December 2010

MEMBERS

Mr Dean
Mr Finch
Mr Gaffney
Ms Rattray (Chair)
Mrs Taylor
Mr Wing

IN ATTENDANCE

Hon. Bryan Green, Minister for Racing

Ministerial Office

Mr Gary Swain, Head of Office
Ms Erin Mahoney, Adviser
Mr Peter Pearce, Adviser

Tasracing Pty Ltd

Mr Brian Spears, Chairman
Mr Gary Lottering, Chief Executive Officer

The committee resumed at 3.30 p.m.

CHAIR (Ms Rattray) - Welcome, Minister Green, to the table. Do you have a brief statement you would like to make?

Mr GREEN - Thank you, Madam Chair. The Government is pleased with the performance of Tasracing during the past 12 months. The last fiscal year demonstrates that the company is well run under the stewardship of the chairman, Mr Brian Spears, and the Tasracing board. I will ask Brian to make some comment about Tasracing's performance, but firstly I would like to make a few remarks about matters of importance to the racing industry.

As you would be aware, from January 2009 the Tasmanian Racing Board assumed the racing administration and governance powers and functions of TOTE Tasmania. The TRB was transitioned to a State-owned company, Tasracing Pty Ltd, on 1 July 2009. This is the first full year of operation for Tasracing. Tasracing's sole focus is on the future development of racing and breeding within the State. It is a well-known fact that the industry both nationally and globally is changing rapidly. The complexity and sophistication of emerging wagering products and the entry of new competitors into the marketplace requires not only greater confidence in the integrity of the Tasmanian racing industry but also the ability to respond to these challenges and opportunities in a manner that secures the Tasmanian racing industry's future financial viability and sustainability. Racing in Tasmania therefore needs to be managed and developed as a business which can offer quality racing products that meet customer demands in a globally-competitive market and, in turn, is capable of providing fair and reasonable returns to all those associated with the industry. It is my belief that the new structure has commenced the process to deliver these objectives.

The Tasmanian Racing Board and the Tasmanian Government signed a 20-year funding deed, providing the industry with \$27 million per annum -

CHAIR - The envy of all States around Australia, I believe.

Mr GREEN - You may well be right there because it is significant. In a contextual way, the amount of money, given the economies of scale in Tasmania, is a significant amount. If you transpose that to the New South Wales racing industry it is a lot of money. It is \$27 million per annum over the life of the deed. Other models in Australia provide assistance but there are no guarantees over such a length of time. The deed remains in force with Tasracing and it was recently revised to include debt support for a \$40 million facility with Tascorp to fund future capital requirements within the Tasmanian racing industry, which will be fundamental in developing local racing product and achieving future revenue goals.

The successful implementation of thoroughbred racing at the TOTE racing centre has been a highlight of 2009-10. Night racing has enormous potential for the industry to generate more revenue from our racing product by attracting more off-track wagering. A feasibility study was undertaken by Wise, Lord and Ferguson regarding the development of racing for all three codes in the north-west region. The study was concluded at the end of the 2009-10 financial year. The three-year racing industry skill plan has been developed in partnership with Skill Tasmania to further develop skills of industry participants.

As you can see, there are many good things happening in racing. The industry is vitally important to the Tasmanian economy, creating directly and indirectly approximately 2 500 full-time equivalent jobs in the State. The Government believes that the industry needs to be sustainable and that the new structural model has begun to deliver a mechanism to achieve this.

Mr Spears is the chair and he might want to make a few comments as well, if I could indulge the committee for a few more minutes.

CHAIR - Let it be short, thank you.

Mr SPEARS - I am pleased to represent Tasracing before this committee and report the performance of the company in the inaugural full year of operations. The board of Tasracing recently signed off on a five-year corporate plan - 2010-15. This is an important document as it provides the organisation and the industry with a detailed plan for the future with particular emphasis on generating new off-track wagering customers' interstate and overseas revenue.

This is vital as the industry's future viability depends on our ability to access this off-track customer base. As noted previously, Tasracing was established by a special act of parliament in November 2008. At the time, the then Minister for Racing, Mr Michael Aird, outlined the need for the industry to change, stating that this was needed to meet the opportunities and the threats from the existing and emerging markets.

The board's brief continues to be to develop a vision and plan to sell Tasmanian racing to new and emerging markets. Since the establishment of Tasracing, competition in the international wagering markets has intensified. Racing jurisdictions like Tasmania must maintain and grow the market share, which is a challenge for much younger people, who are increasingly attracted to many diverse forms of non-racing wagering activities.

Tascorp's corporate plan for the next five years, which has been revised to take into account these and other local, international and global industry developments, sets its framework to develop a globally competitive and sustainable racing industry.

It outlines five key tasks. One, generate additional revenue to the tune of \$5.25 million by 2015. At present, the industry is virtually dependent upon government funding. The industry needs to take urgent steps to generate more revenue from its racing product. The only way to do this is by attracting more off-track wagering customers who will generate additional revenue for the Tasmanian racing product. Two, develop a racing product that is commercially viable, utilising outstanding and cost-effective infrastructure. Given Tasmania's limited population base, the only way to make Tasmania's racing product commercially viable is to attract off-track wagering customers, interstate and overseas, to generate additional revenue.

Tasmania's racing product and its tracks need to be managed to the best customer via transmission data and vision.

CHAIR - Pretty much all of that is in the annual report and, with due respect, we do not have a lot of time and we certainly have a lot of questions.

Mr SPEARS - I am happy with that, Chair.

CHAIR - Thank you for that. I know that members are pretty keen to get started.

Mr GAFFNEY - Thank you, Minister, Brian and Gary. We do appreciate the infancy of the Tasmanian racing industry and so obviously the teething issues. I also commend the amount of work and effort put into the annual reports and the corporate plans. Obviously the relationship between the two plans is important.

We have met a number of stakeholders. This has been one of the ones that we have had a great deal of interest in, as you would probably guess, and I know my honourable colleagues will be asking questions of those.

I am going to just focus on one to start with. There is an additional line item in the 2010 plan - that is, the marketing budget which obviously wasn't there in 2008-09. It is a significant figure of \$783 927 and I couldn't find any detail within the annual report about it. I would like to be provided with an overview of the marketing strategy, and can you provide the committee with a breakdown of the marketing expenses.

More importantly, what methods of evaluation do you have to ascertain whether the marketing strategies you have put in place have been successful? Will they continue or might they need to be changed or tweaked?

Mr GREEN - I can run through the \$718 000 compared to the budget of \$817 000. The majority of the expenditure was allocated to advertising in the form of print, radio and television. This encompassed the organisation and industry as a whole as well as promoting separately the three racing codes. The marketing support is provided to clubs to advertise their major race day promotions, carnival launches, organising awards, dinners and associated services. Tasracing is responsible for the promotion of the Tasmanian Summer Racing Carnival and marketing expenditure includes costs associated with both the Hobart and Launceston cups and each year Tasracing provides financial support for the Magic Millions Yearling Sale for which expenditure was about \$84 000 in 2009-10. Another major undertaking of Tasracing during the year was to highlight issues associated with night racing.

CHAIR - Minister, would you be able to table those figures?

Mr GREEN - I do not have specific figures, only the dollars that I read out with respect to the amounts.

CHAIR - Could the committee be provided with those at a later time?

Mr GREEN - Yes, absolutely.

Mrs TAYLOR - Especially a breakdown of which of the codes got how much, if that is possible.

Mr GREEN - We can provide a breakdown with respect to that and what went to the Magic Millions. In terms of the second part of your question, what sort of returns are we getting for that, obviously the major carnivals are well supported; both Launceston and Hobart cups are well supported. The Magic Millions is important from the point of view of promoting a breeding industry here in Tasmania. If you look at the quality of production that goes into advertising racing in Tasmania I think most people would believe that, from the social aspect, racing is a fantastic pastime. During those times when the cups are promoted wagering increases significantly. But to quantify that from the point of view of wagering and returns to the industry, Gary or Brian, you might want to add something to that.

Mr LOTTERING - The Summer Racing Carnival, the thoroughbred carnival, has been one of the key successes of promotions in the past couple of years. We have taken that on board and basically inherited it from where TOTE had promoted the carnival for a number of years. In

addition to that we have been looking at the Harness Carnival and doing what we can for the greyhounds. I think the minister is right in saying that there is a tremendous amount of economic benefit that comes from the promotions of those carnivals, particularly in the times that they are held.

The other aspect in terms of our spend this year has been around branding of Tasracing so being a new company we have looked to create our brand to try to distance ourselves from the TOTE Tasmania brand. We have tried to create that and get an awareness in the industry that we are a new entity, so we have created a new identity for ourselves.

Mr GAFFNEY - A couple of stakeholders were very surprised that there was so much spent on marketing. I just think that there may need to be some effort by the board to ensure that all the codes understand where that money has gone because they could not see it through the report. They just saw a lump sum marketing expense of \$783 000 and they will all wonder until they can see something in front of them.

Mr GREEN - We will provide you with that breakdown. That is good feedback. They have not run too many election campaigns, that is all I can say. If you see something on TV you know it is costing a lot of money, or radio even.

[3.45 p.m.]

Mr GAFFNEY - I did not say I agreed with it but I just wanted to see it.

Mr WING - Madam Chair, I am sorry to say that in talking with the stakeholders, we found very little information that is praiseworthy of the performance of Tasracing but multiple criticisms. It is a matter of where we start. One of the main criticisms was the small number of races. The number has gone down from in the 90s - I am trying to find the figure - to 68.

CHAIR - It was 99 in 1989.

Mr WING - Yes, and also the level of the stake money. Perhaps we could deal with the number of races first of all. They say that it is not possible to have a viable industry. At the moment, half the horses racing are owned by trainers because it is not a good proposition to be a breeder these days although Tasmania has enormous potential and that is not being realised because there are far too few race meetings.

Mr SPEARS - Mr Wing, I am not sure about the numbers that you were speaking of but let me say that a very good barometer is how many horses we have in yearling sales. That is to say, how many horses we are breeding to put into the marketplace and continuously our numbers in those sales are increasing. I think that is a barometer with regard to the feeling within the breeding industry -

Mr WING - Are they racing here? I thought they were being sold out of Tasmania?

Mr SPEARS - Obviously the breeders would like to sell them to the mainland. That is because they get higher prices for them. We encourage and actively seek trainers and owners to come from the mainland to attend our sales and we have had quite a lot of success in that area. Gary might be able to put his finger on the increase year over year, last year to this year, the increase per lot that was sold with the thoroughbreds. I think that is quite a pleasing figure.

Mr WING - That is good because there seems to be an enormous potential for Tasmania to be a very successful breeding ground of thoroughbreds. But we were dealing with the number of race meetings and the fact that you are getting good prices or the number of yearlings that are being bred does not seem to be altering the number of races - that is the concern of the people, that it has gone down from 94 to 68.

Mr LOTTERING - Mr Wing, I might be able to give you some answers to that. I reckon that for the 94 races in 1989 - and I was not around in 1989 - the stakes money and the prize money that was being paid out at that time compared to what is probably being paid today has taken some giant leaps in the amount of money that is available.

Mr WING - Is it higher stakes money now?

Mr LOTTERING - Higher stakes money now than probably when they were racing back in 1989. Also, a whole range of things have taken place since then: we have had huge increases in jockey fees, obviously training fees and so forth that have been out there in the industry in terms of the number of horses that are available, the number of races that are available and the amount of stakes money that has been available. So the number of race meetings is dependent upon how much money is available for distribution to stakes. But also, to the best of my knowledge, there has never been a real indication given as to what is the optimum number of race meetings that we need to have in Tasmania as opposed to what perhaps the stakeholders make that. The stakeholders tell us every day that there are not enough race meetings. But we are asking, what is the optimum number of race meetings that we need to have to generate the better returns and make it a viable industry? You could have 89 race meetings, you could have 95 race meetings and all you are going to be doing is spreading the money much more widely and to a much bigger pie. What we are trying to say is, if we are looking for sustainability going into the future, we need to find the formula for making sure that we have sufficient owners, trainers and jockeys against the number of race meetings involved to enable them to make a sufficient return for it to be sustainable.

Mr WING - Stake money is one factor but there are so few race meetings that it is not viable for many jockeys to be here, so you are flying in jockeys at considerable expense for the few race meetings that are held and you can't even sustain a livelihood for enough jockeys to be riding the reduced number of race meetings that are held.

Mrs TAYLOR - And the figures we were given were that we are down to 12 local jockeys, whereas it used to be about 30 not so long ago -

CHAIR - Nine.

Mrs TAYLOR - nine, and that the rest are flown in for races and particularly how much more expensive that is for night meetings because you can't even fly them in and out just for the day, so they have to come - and the cost is so much higher than it used to be.

Mr LOTTERING - There are 14 jockeys and three apprentices currently in the State.

Mr WING - But are all 14 riding regularly? There are three who are entitled to but hardly ever ride, we are told. How many of them are active jockeys?

Mr LOTTERING - We fly in between five and eight jockeys from Victoria to supplement the numbers.

Mr WING - But how many are there out of that 14 you mentioned?

Mr LOTTERING - I would say they are all active.

Mr WING - Those 14 are all riding regularly?

Mr LOTTERING - They may not get seven or eight races at each race meeting but they will be riding regularly.

Mr GREEN - Can I also make a point - through you, Madam Chair - we effectively have to cut our cloth and we are looking to make a sustainable industry going forward. I have met with the Jockeys' Association to talk about how we might be able to encourage more jockeys into the system. We recognise that racing these days is national. If you look at Victoria, you will see that jockeys who are riding in the city one day are riding at Sale the next day and various other places all around Victoria and Tasmania. We put on 313 meetings altogether, if you take into consideration the three codes, and we have to cut our cloth to suit. There are 160 meetings proposed for this year so we have a significant amount of activity going on within the industry as a whole. The thoroughbred part of it is important but we have to cut our cloth.

Mr WING - Minister, have you detected dissatisfaction in a widespread way among the industry?

Mr GREEN - I must admit that I am disappointed to hear that the industry has indicated to you that there is nothing positive to say about the industry.

CHAIR - We were, too, Minister.

Mr WING - No, not nothing, but mainly criticism.

Mr GREEN - I guess it is easy to criticise but it is much tougher to manage. I would ask for your indulgence in respect to the length of time that the new structure has been in place. If you reflect on the beginning of the year compared to the end of the year and the feedback that I've had at various race meetings around the State, I think that people believe that we are moving in the right direction. We are in a position to provide a sustainable industry going forward with growth prospects. That is what the corporate plan says and that is what we need to achieve.

Mr FINCH - I imagine, from Mr Lottering's answer before, it is to find the formula. Tasracing has to find the formula that suits the Tasmanian market.

Mr GREEN - You are exactly right. What we have done is consult with the industry about how we allocate the stakes money to various races so as to ensure that we put as much money into the pockets of the local trainers and owners here in the State, and they have been good about that, as has the harness-racing industry. A few years ago you wouldn't have been able to work with them to come up with a system that people deem fair, but this year we have been able to do that and it has been good.

Mr LOTTERING - One of the challenges that we faced in the early stages is that there is very little data available on racing. There was a lot of data around the three codes in terms of the code councils that we inherited beforehand but there was no consolidation of data. That has been one of the major projects we have embarked on in the last 12 months, to look at how we improve that, how we get the data so that we can analyse it to get the trends to look at what the formulas are to try to make that sustainable.

CHAIR - With all due respect, if the industry is falling down around your ears no amount of data is going to help.

Mr GREEN - It is not. I do not accept that for one minute.

CHAIR - Well, it is certainly the information -

Mr GREEN - Let us hear what your questions are, but I do not accept that statement for one moment.

Mr WING - One branch of the industry asked us to ask what is the plan for the future, because last year's agenda was not met and it is the same agenda this year.

Mr GREEN - With respect, what agenda are we talking about specifically?

Mrs TAYLOR - You have a corporate plan but not a business plan, they say. You have a corporate plan that says this is where we want to go in five years but no action plan that says how you are going to do it.

Mr WING - Last year's agenda, nothing happened. It is resubmitted exactly the same this year we were told.

Mr GREEN - We established night racing.

CHAIR - With no market.

Mrs TAYLOR - Losing money.

CHAIR - They say it is losing money, there is no market for it. The lights were turned on and it did not go anywhere. So where was the business plan before that so that it was ready to go?

Mr GREEN - Have you been to a meeting?

CHAIR - No I have not. I am not a racing person. It is not about that.

Mr GREEN - If you go and talk to the Launceston club about how night racing has gone from the point of view of the corporate attendance at those meetings et cetera you will find that it is putting the club on a sustainable basis. We have to make sure that we get the turnover that fits that; the chairman might want to comment on how they plan on working through that process, but I would ask you to bear in mind once again that we have been in existence for 12 months, effectively, and we have made a lot of progress in that time. I believe that. Chairman, you might want to comment about why the industry is not falling down around your ears and whether or not you have a plan.

Mr LOTTERING - Just before that, I will answer the question on the club's information that we have had from night racing. Since the commencement of night racing the information that we have got from the club is that their attendance is up 68 per cent, their gate takings are up 175 per cent, their restaurant bookings are up 209 per cent.

Mr WING - What are the actual -

Mrs TAYLOR - We know that is not where the money comes from.

Mr GREEN - No, this is to put the club, there are two aspects to it.

Mr LOTTERING - In terms of putting the club on a sustainable basis, we are saying -

Mr GREEN - We have got to put the clubs on a sustainable basis and we have got to get the turnover up, we accept that. But part of our logic, and when we get onto Devonport later, is to provide opportunity for the clubs to be on a sustainable footing, so that they do not have to worry about those issues to the extent that they have in the past.

Sometimes there are some tough decisions that have to be made with respect to that. But that is our intention and we will do it. We could have gone on with Sunday racing but we have gone down this path because we can see the trend worldwide is that we have to provide the product when people want it. That is what we have to do.

Mrs TAYLOR - But the comment we had consistently from the stakeholders, and we are not making this up we just had two days of briefings and I knew nothing, I have to say, about the ins and outs of that, apart from my home connection to Elwick, but none of that background. They consistently said that the day that night racing started in Mowbray it had been two years in the doing, the lights and whatever, and on day one there was not one extra dollar to be gained.

CHAIR - Not one cent produced from overseas product in two years.

Mrs TAYLOR - If you had two years to prepare for it you knew -

Mr GREEN - You are talking about overseas product.

Mrs TAYLOR - Yes, but you are too in a sense in saying that the races have to be held when it is possible. They are saying that the overseas -

Mr GREEN - Not one cent?

Mrs TAYLOR - Not one cent of overseas or interstate revenue. And they are saying yes, night racing might not be a bad idea, in fact probably a good idea somewhere to have night racing, but that it would need to be consistent. It is no use having a number of Thursday nights, not even fortnightly apparently, but that it tends to be in blocks some Thursday nights, some not Thursday nights and they are not in Hobart either. If you wanted to sell internationally you would have to have a consistent product.

Mr GREEN - Part of our plan is to upgrade the track at Elwick.

Mr DEAN - Again.

Mr GREEN - No, we will be making it an all-weather track and we will be taking the rail inwards. It will make the track wider so that we can have larger fields. And at the same time we will, as part of the plan, provide lights on into the future. We want to adapt what is required to ensure that we can sell our product. That is exactly what we have to do.

Mrs TAYLOR - But in the meantime you are bleeding, the industry is bleeding.

Mr GREEN - No, we are not.

Mr LOTTERING - I have a problem with that. This is the first time we have had negative feedback from people who have talked to us.

[4.00 p.m.]

CHAIR - Can I take you to the fact that the greyhound people said that they regularly have meetings with Tasracing. Fantastic. But we could not get the same response from the harness, light harness or thoroughbreds. There is an expectation that there is a quarterly meeting but they do not feel that they are of any value whatsoever. Can we have some feedback about that?

Mr LOTTERING - We initiated as part of the legislation that we are supposed to communicate with the industry at least quarterly. Last year we did a series of forums with all three codes and they were just open forums where we got together once a quarter and talk about the issues that they had or what issues we could bring to the table. This year, from collective advice as to how we should structure that, we went into a more formalised structure. In the three codes we established what we called harness reference groups, greyhound reference groups and thoroughbred reference groups.

In June this year we reviewed whether they were producing the results and the outcomes that we were looking to provide. Our view was that they were becoming too closed and they weren't allowing for that open communication that needed to happen between the codes. This is in addition to the numerous meetings we may have with racing clubs and race club committees. In thoroughbreds we meet with the jockeys once a month and with the trainers once a quarter. We have a breeders and owners committee that we meet with. We have since established from those reference groups that we look to provide closer working groups, so smaller working groups that will deal with specific issues. For example, we have a harness programming subcommittee that we formed. We went out and did the work around that in the last couple of weeks and basically all the stakeholders said that they do not need to have a meeting. They said they have what they want and there is no need to have this meeting and let us move on.

Mrs TAYLOR - You have a communication breakdown somewhere then, because we have had jockeys, breeders, trainers across the industry.

Mr LOTTERING - I would say that a vast majority of our time is spent communicating with industry and in the restructure that has been done just recently the vital part of that is communication with industry. On a daily basis you may be talking to them.

Mr WING - Have you detected any dissatisfaction at all of a significant nature?

Mr LOTTERING - I think, Mr Wing, you are never going to get total satisfaction from whatever you do, but I think it is on an ongoing basis that we have conversations or meetings. In actual fact, I have not the information but I can provide it, we have created what we call a 'communications plan' which documents those times that we have actually met with the industry in the last three or four months.

Mr GREEN - We will provide that.

Mr WING - You mentioned the percentage increase of the Launceston night racing, would you give us the numbers? You mentioned percentages but -

Mr LOTTERING - I can ask the club for the numbers. That was the club's information that they provided to us.

Mrs TAYLOR - That is the number of people at the track.

Mr WING - Yes. That is what I would like to know - the number of people.

Mr LOTTERING - That is the percentage increase of what normally would attend on a Sunday -

Mr WING - You have given the percentage increases, but I would be very interested to know how many people there are involved in that? How many were there before that percentage increase?

Mr GREEN - We will do our best to get that.

Mrs TAYLOR - If you go from 10 to 20 it is 100 per cent.

Mr WING - Yes, that is right.

Mr GREEN - It is hard to get people along to the races.

Mrs TAYLOR - Absolutely.

Mr GREEN - General races.

Mr FINCH - I did make a note of the comments that were made: lack of industry consultation supposedly every three months; complained and have not received a reply; get assurances but it happens again and again. That was the feedback that came to us.

Mr GREEN - Okay.

Mr FINCH - There was a subject we passed over before that I want to double back to, if you do not mind, and it is in respect of jockeys. We did hear at one stage that some Asian jockeys had been able to come into Tasmania, but I believe immigration has made it difficult now. I think there was someone from somewhere else overseas as well, from the Middle East. I am just wondering whether that is an answer and whether that could be explored with the immigration department to make it easier for Asian jockeys to come into the country?

Mr SPEARS - Mr Finch, if I could just take you back a step with regard to jockeys. We understand very clearly the shortage of jockeys and not only jockeys but track work riders within our industry, so it filters down. We undertook a comprehensive survey of country New South Wales and country Victoria to look at - and I say it with respect - the second-tier-type jockey that we may be able to attract. We went into looking at schooling costs and other income costs to try to bring those people in and we understand very clearly, as you have indicated to us, the additional cost that we pay to bring our jockeys in on a weekly basis. I had no joy at all in that regard.

Where are we at the moment? I was speaking to a major trainer this week and he believes that he has two jockeys arriving in the next fortnight to three weeks from Turkey. One of them has been working at Lindsay Park in South Australia. He is a very capable person, known to the industry, and I think that will work splendidly. But, in years gone by, the responsibility of jockeys rested with the trainers and the owners. This responsibility has jumped the fence and landed in Tasracing's area, because the trainers have been unable to attract, and hold onto, the right jockeys.

Mrs TAYLOR - They are blaming that on the fact that there are not enough race meetings here, and in the race meetings there are, not enough challenging races. Jockeys, to further their careers, need to go interstate for good rides. They also claim they cannot make a living here. That is what we heard.

Mr WING - Too few race meetings.

Mr SPEARS - It is a catch 22 situation. To get an income stream from the races we provide, we need to have them on Sky. So we have to work with Sky, to get a spot to put our races on.

Mrs TAYLOR - Yes.

Mr SPEARS - So we are obliged, in some way, to lock in the number of races, depending on what we can get on Sky. The other thing about the number of races - if you spread the pie too thinly, the quality of your racing drops away because you are providing races for inferior horses. The standard is lower. If you bring it up -

Mrs TAYLOR - But, as you say, it is a catch 22.

Mr SPEARS - I understand that. The answer is a better product, that we can sell. In the middle of next week we are heading off to France and the UK to speak to those persons about taking our product. They look at the product and they say, yes, we can take that, because it is what we want. In my opinion, the night thoroughbred racing product we produce is second to none in our nation.

Mrs TAYLOR - But not consistent.

Mr SPEARS - It is not consistent because we can only race one week in Launceston and we do not have lights in Hobart yet. We are talking to the club - the TRC - and some people on the TRC, perhaps from the chairman down, are saying they do not want to go to Thursday nights.

Mrs TAYLOR - But money talks.

Mr GREEN - But I say to you, and I learned it from Bill Bonde -

CHAIR - A very astute member.

Mr GREEN - Yes. Tony Rundle gave him the job of racing. He said, 'Just a little something on the side for you to enjoy'. He found that there was a fair bit of politics in racing and there is a fair bit of parochialism in racing and I would agree with that. But we have broken down a lot of those barriers in recent times and I think the industry now is moving to the point where they understand, maturely, that we are all in this together, effectively, and that goes across the three codes. We made a decision recently with respect to Devonport that has been embraced by the industry, so that we can get an all weather track in place, so we do not have to cancel racing, so that we are in a position to fix up Elwick. What are we going to do after that? Move to the next stage. But bringing people with you is not easy because it means change. We have to put the product on when we get the best return for it, and we can get the slots to put it on. So that is what we will do.

Mr WING - Have you had any feedback about Devonport? It is good that you are investing in this way and upgrading tracks. But we encountered quite a lot of criticism of that type of track, because there will be a different surface on the track at Devonport compared to Launceston and Hobart. So you have consistency in racing in many respects, but not in the surface of the tracks, which gives an advantage to horses that train on that track. We heard from trainers outside the Devonport area that they are not likely to compete with their horses at Devonport, because the Devonport horses have the advantage of having trained on that different surface.

Mr GREEN - We went to the Sunshine Coast and Geelong and had look at both tracks. I would encourage the honourable member - through you, Madam Chair - to talk to the people at Geelong and the Sunshine Coast about how they manage their racing. Part of the issue, from the Devonport point of view, is to have the track available to race all weather, so we don't lose any meetings as a result of wet weather. Secondly, it is to provide a venue for training and hopefully over time attract more horses to that venue to be trained. You can train 400 horses a day on a surface like that, without any problem at all. Doing that would put the club on a sustainable footing for the future. That is what we are trying to do. We know, through the research that is being done, that if we provide that track we won't lose any future meetings - we will be able to transfer meetings to that track. The trainers I spoke to around Geelong, and in Victoria through Racing Victoria, gave only positive feedback about those tracks. I am amazed that trainers would be suggesting there is some competitive advantage. It is completely contrary to the information I was given.

Mr GAFFNEY - It is interesting to know about the jockey situation and the acknowledgment that there is not a lot out there. Going through your SWOT analysis, I could not find anything about the potential for building the industry from within through education and career pathways. It was stated to us that about 6 000 people are influenced by racing. It is a very important industry within Tasmania. For an industry with 6 000 people involved, opportunities in education should be recognised. There is nothing in that analysis to indicate we are going to look at linking strappers, jockeys, trainers and breeders in the industry, whether it is through apprenticeships or programs at the Polytechnic or the Skills Institute. Where within the five-year plan has that been addressed?

Mr LOTTERING - One of the major projects within our forward plan is about industry development skills. Tasmania has probably been lagging behind the other States, because in the

past training has been fragmented amongst the different codes. Last year we developed a three-year industry skills development plan in conjunction with Skills Tasmania. We are now in the process of implementing that plan over a three-year period. The program involves a lot of training packages for stakeholders who have not necessarily had a formal training program before. These are national training packages that are available across Australia. They are recognised by every State - they drop down from a licensed jockey to licensed trainer, down to stable hands and farriers. It is a cross-section of all the different portfolios that are available - that is what we are starting to roll out now. We will align our licensing requirements to the program, so that by August 2011 we will expect stakeholders to undertake some kind of training. We are assisting with that by providing funding, through Skills Tasmania, and through AgriFood Skills Australia, a national body that runs training programs. Recently, we have had some success at getting funding from this source, taking some trainers through their paces and accrediting them with an industry-recognised qualification. It is a very important aspect for racing - the process of upskilling the stakeholders, seeing where they can cross over in terms of employment. If you are a jockey or track rider, what else is available for you as a career base? We are also moving towards providing careers in racing that are available to school leavers.

Mrs TAYLOR - Where is it in your corporate plan?

Mr LOTTERING - It is in the corporate plan as a major project.

Mr SPEARS - The participation of the industry in education in recent times has been fantastic. All the areas have been full and we have had to provide other courses for additional people. It is also a good way of promoting OH&S. If you think about barrier attendants, for instance, they have an occupational problem - horses kick, and people are injured. This training facilitates OH&S and assists those people. The smaller trainer isn't able to provide this training, so we are doing it for the industry as a whole.

[4.15 p.m.]

Mr DEAN - I am not quite sure where to start, to be quite frank. I am sorry to echo the comments of other members around the table. I felt bad when I spoke to all these stakeholders and had that feedback. It was fairly ordinary, to be quite honest with you.

Mr GREEN - You are not going to tell us who they are and I do not want to know but are we talking across the codes?

CHAIR - We are talking across the codes.

Mr GREEN - And across the State?

Mr DEAN - Right across the codes and across the State.

Mrs TAYLOR - All classes. We had one day in Launceston and we had one day down here.

Mr DEAN - The north of the State, south of the State and across the top of the State.

Mr FINCH - Across the industry as well.

Mr DEAN - Not just one.

Mrs TAYLOR - Jockeys and trainers and owners and breeders.

Mr SPEARS - And yet you have a look at the Launceston Pacing Club's annual report and they congratulate Tasracing. It's the same with Devonport's annual report.

Mr DEAN - This is coming from people in the business, in the industry.

Mrs TAYLOR - We are just telling you what we heard.

Mr GAFFNEY - For the record, I have to say there were some good comments from two or three of the presenters as well, one in particular who thought it was going in the right direction.

Mr DEAN - Can I just raise a couple of questions. When you look at the five-year plan, what is upsetting is that there is no indication there of a profit at the end of that period of time. It does not even say that you will make a profit. Is there any reason for that? Would you not be looking at making a profit? Would you not be looking in that direction in the five-year plan?

Mr LOTTERING - One of the goals of the corporate plan is to generate \$5 million over five years. Obviously that has to generate back through the industry through increases in stakes money. So generation of revenue would be seen as a part of ongoing development of product. When we say 'making a profit' we are looking at wanting to be able to reinvest whatever money we make back into the industry in terms of industry programs or stakes money or incentives for owners and breeders and so forth. So we may not be looking at making a profit in those five years, what we are looking to do is increasing our revenue and then reinvesting that back into the prize money or into industry development programs.

Mrs TAYLOR - But as a GBE are you not aiming to make a profit?

Mr LOTTERING - We are aiming to break even.

Mrs TAYLOR - But that is probably not what you are charged with, Minister?

Mr GREEN - Well, they have a responsibility to run commercially and provide effectively -

Mrs TAYLOR - And therefore to generate a profit.

Mr GREEN - Having said that, it is a matter of sustaining this industry. If people are advocating that there should be a profit and the return of that should come to government from industry I would be very surprised. I think what people are saying is that they want us to continue to grow this industry in Tasmania, and that is exactly what we are trying to do.

I believe that the board that has been established effectively by local and some interstate expertise is by far the best way to do that because they can have an overarching look at the industry. Of course there are pockets and things happen on a day-to-day basis that individuals might get a little bit upset about. It was not what it was like when my dad used to train and it was not this and it was not that and we used to be able to lead the horse down and do a few things. It has all changed. It is far more sophisticated and I accept in listening to what you have had to say today that we will work with the chairman and the board to ensure that we do listen. In fact, we had talked about a forum early next year, prior to this, where we get the codes together and we sit

down and talk positively about the industry as to how we can continue to take it forward. My view is that the model that has been established is the correct model to take the industry forward.

Mr WING - On the question of the profit, I think that last year \$35 million was spent and there was only \$27 million income. Is that correct? That included the \$5.12 million grant.

CHAIR - A one-off special payment from TOTE.

Mr WING - So a lot of work is to be done there.

CHAIR - Which they tell us they are not going to give to Tasracing next year.

Mr WING - I think that those three figures -

Mr GREEN - What is that?

Mr WING - It is \$27 million income, \$35 million expenditure - that is a big gap.

Mr LOTTERING - It is \$35 million income.

Mr WING - Expenditure at \$27 million?

Mr LOTTERING - It is \$35 791 million, according to the annual reports.

Mr WING - That is including the \$5.1 million one-off grant?

Mr LOTTERING - Yes, but that is the \$5 million grant in terms of race field fees which replace the money we would have accrued from race field fees.

Mr WING - That is right. So would you mind giving those figures again?

Mr LOTTERING - In the annual report, the total revenue is \$35.376 million.

Mrs TAYLOR - What page are you on, Gary?

Mr LOTTERING - Page 25.

Mr WING - It is \$35.376 million.

Mr LOTTERING - The expenses were \$35.791 million.

Mr WING - All right. We were told by some people who gave evidence to us that they considered that racing was at a crossroads and on the verge of being a cottage industry. I am just giving you this because it helps you understand what we have been told.

Mr GREEN - We are striving to ensure that we go beyond that and I think if you have a look at the facilities that have been established in Tasmania and then go elsewhere in the country and have a look at the facilities that they are coping with. You know, a good example is the fact that Victoria racing, effectively, would have collapsed due to that bout of wet weather had it not been for the Geelong track.

We have a fantastic facility in the north, we are building a fantastic facility in the north-west and we will continue to build on the tremendous infrastructure that they have in the south of the State as we continue to modernise that. The facilities will be second to none.

As a result of that, we will be in a position to promote this industry and take it beyond - if we sat on our hands, yes, of course, it would end up as a boutique industry. But we are not, we are being proactive about it. It is to the contrary.

Mr WING - If there were a consistency in the type of surface of the tracks, I think you will find the industry would be very appreciative of that. They are concerned about the lack of consistency.

Mr GREEN - As I said to you - through you, Madam Chair - if you just have a look at what happened in Victoria earlier this year. Had it not been for the Geelong facility, racing in Victoria would have collapsed, would it not?

Mr WING - And that is the same surface as Devonport's, supposedly.

Mr GREEN - Or similar, we haven't made our mind up exactly what surface but, suffice to say, the same. When I spoke to people at Racing Victoria - and we went and spoke with them - I went to the Geelong track and had a look at the wear and tear on it and I was amazed at the number of horses, the number of meetings et cetera that had been conducted there.

That is the way of the future and we have to make sure that we have an absolute all-weather track to facilitate that.

Mr WING - I think we heard some high praise for that type of surface but it was -

Mr GREEN - Because you can run on Strathayr but you will knock it around. We want to make sure that the facilities are good.

Mr WING - I think I am correct in my reflection - other members may correct me - that there was some high praise for that particular surface. The only concern was the lack of consistency.

Mr SPEARS - Mr Wing, that just isn't the case. In Victoria, 26 meetings last winter were transferred to the Geelong all-weather track, which is a cushion track facility.

The Victorians told us very clearly, and the minister was sitting there, that they missed nothing in turnover. So what does that mean? That means that the punting community will invest their funds into that track. So it has been transferred from a grass track to an all-weather track and there has been no loss of revenue, wagering-wise.

All the big trainers go to Geelong and race. The thing about this particular track is that people can ring up at three o'clock the day before and say, 'We'd like to race at Geelong', and the track is available. There is a major differential in the maintenance factor. It is very much a cheaper scenario to run this type of track than it is a grass track so we are conscious of a place where they can go.

Mr GREEN - Can I also make the point that the wealthiest people in the industry - the multinationals involved in the industry - are putting these tracks in their own facilities to train and run their horses on.

Mr WING - I think we would accept that it is a very good surface and that is the way it was put to us - a very good surface. I think we had some statistics about how many races are run or how many horses are trained and they stood up so well. It was just the point of inconsistency that they were making.

Mr LOTTERING - These tracks are run in other centres where they are running turf tracks and synthetic tracks at the same venue. In Canberra they run the turf track with no issues; in Singapore where there is a much bigger racing industry they run the same ratings on both tracks. When we talk about a 'rating', a horse's rating for running on a turf track is exactly the same as it is for running on a synthetic track, so they don't see any difference at all in the consistency of the surface. It is not something new that the trainers haven't been across. They have been training their horses on these kinds of surfaces over a period of time. It is not a new surface.

Mr DEAN - Evidence was given to us that the transferring, say, of an event from Hobart to Devonport is not going to work in this State because of the times of the transfers, if it is a wet track or what-have-you, there were issues there with the horses and trainers and getting them to the track et cetera is not a proposition that they can accept. That is what the southern ones have said. Some have even said they would not race their horses there because of the competitive benefit that the horses that train on that track would have. All this sort of information came out and I don't know whether they are right or wrong.

Mr LOTTERING - We have a system in place where we have four different checks on a racetrack before races. Five days out before the race meeting is due to take place we do a thorough check of the racetrack surface, we check on the rating of the track to determine whether it is a good, dead, heavy or slow track. In the instance where we now have, and will have, the opportunity to transfer a meeting at a much shorter notice period - for example, now in the wintertime we would only have Launceston and Hobart to transfer between. In this instance when we will have Devonport available as well we will be making a decision. If it is looking as though it is going to be doubtful, you can change it on the Friday before the Sunday, you can change it on the Saturday before the Sunday. If it is a Sunday meeting and you said, 'We got to the track on Sunday morning and it's probably not going to be able to stand up to racing', you would invariably look at postponing that because of the problem that you would take on board. As we did last Sunday, we would cancel that meeting as early as six o'clock or seven o'clock in the morning, so we would be making sure that trainers and horses coming from the north and the north-west coast are not put out.

Mr DEAN - The deed was raised with us during our stakeholder meetings, Minister. Has the deed been signed off? What stage is it at? If it has not been signed off, why not? Where are we with the deed?

Mr GREEN - I have signed the deed.

Mrs TAYLOR - Does the deed say that the Government will pay the interest payments on the loans? That was the question that was asked, that the deed is both to make the \$27 million guaranteed funding for 20 years, but also that the loan facility - the \$40 million.

Mr LOTTERING - The deed provides that Tasracing must be able to provide to the shareholders on a yearly basis what is in their corporate plan and what they intend to spend that year and they must be able to illustrate their capacity to pay the debt support.

Mrs TAYLOR - So Tasracing is going to have to pay the debt and the interest.

Mr LOTTERING - We need to be able to illustrate to the shareholders what our position is in terms of our corporate plan and whether we are in a financial position to pay it or whether we seek the minister to -

CHAIR - So at this point in time Tasracing could not take up any of that \$40 million because you are not in a position to pay back the loan? Is that fair to say?

Mrs TAYLOR - And Spreyton is part of that \$40 million, isn't it?

Mr LOTTERING - Yes.

CHAIR - Is that true? You couldn't take up that at the moment, given the figures we have, you couldn't pay back a loan?

Mr LOTTERING - No, we probably couldn't pay the loan.

Mr DEAN - I want to raise an issue to see what there is in it. We were given information of correspondence, for instance - and I have a number of examples - of where a number of groups had written to Tasracing and they say nothing has come back. They have continually followed up issues and tried to get things on the agenda, they do not get on an agenda, if they get on they disappear and nothing happens. What they are really saying is nothing comes back from Tasracing and they are frustrated and they are concerned about it.

[4.30 p.m.]

Mr GREEN - They did not come to me.

Mr DEAN - Minister, I would not think that they would probably think that they would have to come to you and I do not know whether this is right but this is the information I was given. Are their issues being followed up? Are their issues being addressed?

Mr GREEN - I do not think it is right. I know there is some tension in some quarters but I do not think that is right.

Mr DEAN - We have been given examples -

Mr GREEN - Give us an example.

Mr DEAN - I do not want to identify them because it identifies the people and I do not think I should do that.

Mr GREEN - With all due respect - through you, Madam Chair - this is like a kangaroo court. You have had this information but you are not providing us with the actual information. If you have specific complaints, let us know what they are and we will try to fix them.

Mrs TAYLOR - One, for instance then, if I could give an instance, was that trainers were told that prize money would be increased by CPI and that has not been delivered, but that they have been told that the prize money has been 'redefined'.

Mr GREEN - With the agreement of the industry, it has to be allocated across the racing portfolio but the CPI increased overall intact.

Mrs TAYLOR - But not the prize money apparently. It has not gone into prize money, which is what they understood, that the prize money would be increased by CPI and that has not happened.

Mr DEAN - That is clearly identified and articulated.

Mrs TAYLOR - Also that prizes were going to be allocated down to tenth place and that has been reverted to only sixth place.

Mr LOTTERING - We are obliged in terms of the deed to increase stakes every year by CPI and that is what we do every year. The last two years we have increased the allocation to stakes by the CPI amount. What happens to that then, there are a number of costs that come out of the gross stakes that have to be met by the owners and we recalled one earlier when we talked about the jockey fees. The jockey fees are not a Tasracing responsibility as such but if you are putting a jockey and a horse in to race, it is expected that part of that cost is put in for a jockey and horse to race. So we could do one or two things with the number of costs that may be associated with that: we could gross the stakes up and then we charge every individual a fee for racing every time they race or we can net off those costs which are associated with nomination fees, with jockey fees, with insurance costs and then basically that the stakeholders get the net effect of that. At the moment, we are saying there are our two options and the stakeholders are fully aware of what we are doing with the prize money and the allocations to the prize money, that we communicated with each code that is here that we have changed the formula in terms of how we were going to allocate the CPI increase because we needed to align the standards to which code was more deserving than the others as against an historical basis that was heard many years ago. So we communicated to each individual organisation that this is what the increase was going to be and it would be apportioned across those cost centres.

Mrs TAYLOR - So that is the 'redefinition'.

Mr LOTTERING - In addition to that we have taken the stake moneys for the major feature races which was a constant issue with the stakeholders and we said, let us reduce those and bring them down to what we consider nominal values and in turn let us redistribute those stake moneys across the board.

Mrs TAYLOR - Has that happened?

Mr LOTTERING - Yes.

Mr FINCH - We did have some evidence, just to follow on. There are some notes here that I have made and my colleagues might help me with this. Some trainers wanted the prize money to go down to tenth place but then it was only for the first four meetings and they were told that by letter but nobody in the industry recalled the letter arriving - but the letter arrived later.

Mr LOTTERING - Mr Finch, I can tell you that we have written and when this was raised by the Australian Trainers Association there was a letter sent out to every trainer prior to night racing commencing. We attached a copy of the letter that went out to the trainers advising them that for the first three or four meetings there was going to be a reclassification of stakes money and we had made some savings and we would put up the prize money for night racing by \$1 500 each per race as an incentive of getting the night racing off the ground and we said that was a once-off. It would be made up from savings that we would have in the budget for that year and that going forward, what we have done is, we have not put in an extra \$1 500 but we put in an extra \$500 per race and we have increased it to sixth place. But the understanding is very clear that it was always only going to be an incentive for the first three or four meetings. The other aspect of that is that we have a certain number of trainers who will say they want it paid out to tenth place and we have certain other trainers who say leave things as they are because they want to see an increase in the stakes. Where the other money has been allocated is increasing base stakes now from \$10 000 to \$12 000 a race and at least now we see across the board consistency in a \$12 000 minimum stake money for Tasmanian races.

Mr FINCH - One to six is now covered?

Mr LOTTERING - One to six is only covered at night meetings.

Mr DEAN - I go back to the function centre and the agreement that we are told was entered into by the three codes in relation to Tattersalls Park at Elwick. That the funds and money coming in from the functions outside the race meetings would be equally shared between the codes. The three codes are saying that there is a lot of evidence to support that those statements were made and lots of people would make statutory declarations to that effect, but that is not happening. What is happening to the function money?

Mr LOTTERING - As I understand it, when TOTE Tasmania made the transition of the two clubs we are talking about, which is the Tasmanian Pacing Club and the Hobart Greyhound Racing Club from the showgrounds to Tattersalls Park, one of the actual aspects of that was at that time TOTE were considering that they would run the function centre as a TOTE Tasmania entity and that, as I understand it, did not occur. When the actual Tattersalls Park was opened, TOTE did run it for a few months but there was a legal case between the Tasmanian Racing Club and TOTE Tasmania and as part of that settlement TOTE Tasmania entered into an agreement to give exclusive rights to the catering agreement to the TRC.

In addition to that, though, while they retained their exclusive rights of the catering, each code, so each club at the actual venue, is entitled to, I would say, a commission on their food and beverage sales that they have throughout the year.

Mrs TAYLOR - For their own meetings?

Mr LOTTERING - Yes, for their own meetings. They can also take the initiative to say that if we think we can introduce functions, and the TRC may want to cater for us or have that opportunity to look at opportunities there, they may do so and that is their right as well. That is an agreement that we have inherited on the basis of a legal settlement and it does say that the TRC were given back the exclusive rights to catering.

Mr FINCH - This might be a change of subject and it might be a breath of fresh air.

Mr SPEARS - Mr Finch, I know that you have not had much of a go, but if Mr Lottering would just look at when the honourable member spoke about the \$40 million availability and the repayment thereof and how do we facilitate that, the interest and principal.

Mr LOTTERING - If we demonstrate a loss, the Government will pay the principal and interest. That is the understanding of the deed.

Mrs TAYLOR - Is that in the deed?

Mr LOTTERING - It is in the deed.

CHAIR - There is no incentive for you to make any money, the Government will come in.

Mr GREEN - This is around the loan facility. You are on our back about not developing the industry and now you are on our back -

CHAIR - We are challenging you, Minister.

Mr GREEN - And I am up to it.

Mr FINCH - We have heard evidence from different codes in respect of the Magic Millions, Australian Gold and the Ready to Run sales and their good influences in our industry here for breeding, for sales, for attracting people to come to Tasmania and breeders who are interested in the environment in Tasmania. I want to talk about the facility at Inveresk, which was described as third world - no reflection on Tasracing but it was described as third world. Is it on the radar to build a facility that they all might share?

Mr GREEN - The chair of the show society - it was Peter Rae anyway - but he might just be a member of the Launceston show society -

Mr WING - No, he is the chairman, I think.

Mr GREEN - He approached me recently with a view to their overall upgrade of facilities and asked whether Tasracing or I as minister might have an appetite to work with them to ensure that we bring those facilities up to a better standard for not only thoroughbreds but across the board for other functions that might occur.

I have indicated to him that I am more than happy to have a look at the submission if and when provided. We received a copy of the submission but I have not had the opportunity to have a look at it yet. I think that we received it late last week. I will have a look at that and as a result of that I will talk to Tasracing through the chair here.

Suffice to say that we are looking at various opportunities to work with not only the breeding industry but internationally, Hong Kong, maybe China on into the future with respect to possibilities of bringing horses on until they are ready to race in Tasmania. It costs an enormous amount to hold horses and train them and do those sorts of things in a place like Hong Kong. And talking to the chair of the Tasracing Club who has good connections in Hong Kong, he has indicated that he believes that there is a possibility for us to build an industry around agistment and training of young horses here in Tasmania. Of course, we are looking to working with him in

that regard. When it come to facilities for sale that is something that we would need to consider in a context of whether we can see an advantage to racing in Tasmania as a result of that.

Mr WING - A comment I have noted here, a number of people were present when this was made, was that the Brighton track surface and design is a disaster. It is an accident waiting to happen. I would appreciate any comments on that as to the question of safety involved.

Mr SPEARS - First and foremost OH&S is hugely important to us. We are responsible for the wellbeing of people who work on that facility. As late as maybe five days ago I spoke to a leading trainer at that area. There were two tracks and we have merged them into one and I asked how he was feeling about that and he was particularly pleased. He said I am very pleased with the result there. We have a track steward there who supervises training and the horse numbers and the goings and comings that occur on the morning. It could be improved, I accept that, but we have what we have and we have not got unlimited funds. If I could just go back to Mr Finch's comment when he spoke about what we are doing for the sale of horses and the like. Going back not that long ago, the late Mr Josef Chromy spoke about having a facility at his -

Mr WING - He is still alive, it was his wife.

Mr SPEARS - I apologise for that. The point was that we could have a facility at the winery, which would be fantastic. But at the end of the day we have not got the funds to contribute. It would be nice to have as opposed to what we need to have to run our industry.

Mr WING - Could I ask the amount spent on consultants' fees in the last year? One of the criticisms that we received was that so many things were being referred to consultants.

Mr LOTTERING - There was an advance of \$450 000 spent on consultancy for the 2009-10 year.

Mr WING - How many separate?

Mr LOTTERING - That were 14 different consultancies. And may I add that part of that consultancy was around a project that we had identified in the previous corporate plan in terms of having a look at the operations of racing as a whole and seeing where we need to go in the future. We did spend some of that funding with a Sydney-based consulting company to review the entire operations of racing to give us a road map as to where we need to go in the future. A lot of that work that has been done has resulted in what we see to date in the corporate plan that is going forward. In addition to that there were a number of consultancies that we might have applied, given the fact that we were a new company. We were going to transfer from TOTE Tasmania to Tasracing on 1 January and then hopefully we would have five or six months to do that transition. As it turned out, we actually had four or five weeks to do that so there were a number of things that we had to look at it in terms of being able to stand alone in a very short time. That meant instead of being able to bring the resources in full time, we looked to bring in consultancies where we could to facilitate those needs.

Mr WING - How many consultancies were done by the Sydney firm?

Mr LOTTERING - That was one.

Mr WING - Who did the other consultancies?

Mr LOTTERING - There was a variety, Mr Wing. There was RXNF Information. There was a sponsorship audit done. There was consulting on IT requirements for the business and project management assistance.

Mr WING - Who did those?

Mr LOTTERING - There was a variety of people whom we would have employed or looked at through a process of identifying who was the best to provide the service.

Mr GAFFNEY - My question is to do with staffing. Obviously with any organisation there becomes a trust factor with staff being there for a while and there is a recognition that some of them just swapped over when it became Tasracing. The staff turnover was questioned or was brought up as an issue. Over the last 12 to 18 months, what has been the staff turnover within the Tasracing organisation?

Mr LOTTERING - I think the point has been made that when we made the transition from TOTE Tasmania to Tasracing there were a number of employees within TOTE who opted to go across to Tasracing. They were mainly on the racing side and perhaps one or two that came from services related to the industry; the accountant and so forth. Since then I had a chief financial officer who has now gone back to TOTE Tasmania. He decided after a year that perhaps there was a bigger opportunity there and that he wanted to relocate back to TOTE Tasmania. There may have been two or three others where having established a new company we decided they were not fit for purpose in terms of the skills they were bringing to the table and we looked to see whether they wanted to move on from that.

Mr FINCH - We heard that six or seven managers have left.

Mr LOTTERING - I do not think it is as many as that. I have had an operations manager and a chief financial officer. We had a thoroughbred code manager at the time who, before Tasracing came into being, tendered his resignation and we had asked that he hold that over until we were established. He was then based in Melbourne so he decided to leave. I had a major events manager and he had also said to me before Tasracing was established that he thought he might give it go but he thought that his heart was probably back in TOTE Tasmania so he decided to leave in June.

Mr GAFFNEY - How do you get that sort of information into the codes? I know some of it is not to go out there but I think that some of the information that we were given gave a much different picture of the staff turnover at management level.

Mrs TAYLOR - And new positions created for somebody at \$200 000 a year - we do not know whether it is true or not, do we, but we are just telling you what we have been hearing.

Mr GREEN - I am more than happy to table the headcount as it stands.

CHAIR - Thank you, we appreciate that. Are there any other questions, Mr Gaffney, in relation to that line that you were following?

Mr GAFFNEY - No. I suppose it is the perception and reality bit about how to make sure that it is not just -

Mr GREEN - It is a new structure.

CHAIR - We have heard a lot about that today. We have done water and sewerage today.

Mr GREEN - It is new and I accept that people say they are in ivory towers and they are all up there on big money and they are not doing anything.

CHAIR - They are your words, Minister, not ours.

Mr GREEN - No, I did not say you did say that but what I am saying to you is that I have heard that feedback myself but when you really scratch down there is a lot of work to do and it is being done and -

Mrs TAYLOR - So you have heard some criticism then?

Mr GREEN - I have, yes.

Mr DEAN - Another issue that was raised with us and I raise it here, was that France apparently has been indicated as a possible market to try to get racing -

Mr GREEN - The chair just mentioned it a while ago.

Mr DEAN - Yes, I realise that. The information that we have been given through the stakeholder is 'not a chance in hell of getting our racing into France'. They raised a number of issues as to why we could not do that and they see that as a lost cause and that you would be better off going into the Asian side of things and other areas. That is what they have said about the France market. I just raised the issue to see whether or not your view is similar to the people involved in the industry.

Mr SPEARS - Mr Dean, I have absolutely no idea how they would know.

Mr DEAN - They have probably been there, so they would probably know a bit about it, I do not know.

Mr SPEARS - In June we have been to Singapore, we have spoken to the Malaysians, we have spoken to Hong Kong. When you go to these areas to speak to these people, Racing Victoria had three marketing people on the ground attacking these people to try to get their product in front of our product. There are some problems in that area of South-East Asia. Singapore has taken some of our product. Hong Kong has the opportunity of taking product from all over the world and the very best of product, so they are probably not interested in ours and the Malaysians are talking to us.

When we moved to France and the UK, the Thursday night racing period puts it into the clubs and pubs in the UK between 11 and 2.30 in the afternoon. When I spoke to the French over the Melbourne Cup Carnival, they instigated and said they were pleased to have a discussion with us. If you do not ask, you do not find out and when you talk about - and I am sure Mr Gaffney mentioned this - corresponding and speaking and communication to the industry, I would suggest that there is a Tasracing person at every race meeting that occurs in our State. I am at a number of those. Our CEO is at more than I go to, and we are speaking and talking. We do not go and sit on

our tail and just watch the races, we speak to people. On Wednesday of this week I must have spoken to 10 trainers and not one trainer has come with a problem. They spoke about the track. They spoke about those things which they all speak about but it is not a case of 'Here is the problem. What are you doing about it?' I think they understand that we are getting on with the job.

Mr GREEN - I went and launched the \$100 000 race, the Tasmanian Cup.

Mr DEAN - I just seems to me, from what is going on - and other members have made that point too - that there is an absolute breakdown in communications somewhere along the line in feedback and proper advice to these organisations and to the right people. There is something happening somewhere and somebody needs to have a good look at it and to try to get on top of it.

CHAIR - Thank you. We are running very short on time and I am mindful that there are three more questions.

Mr FINCH - On 1 November there will be a levying of race fields, I think amounting to \$5 million. What does that hold for the future of racing in Tassie?

Mr GREEN - This has been one of the big issues that I have had to confront as minister, coming into the job, trying to get to a situation given the legal challenges with respect to race fields particularly in New South Wales, getting to a point where we can provide a regime to collect those race fields in Tasmania. As a result of a meeting with Racing Victoria, I came back with a position and then sought the Solicitor-General's advice with respect to how we might be able to take this matter forward. It was decided that the best way to do that was by correspondence to those people involved in wagering against the product that we produce here in Tasmania to allow them to understand that we would be collecting from that date, up until that legislation is provided. That means that they are effectively on notice and that we are in a position to have that money available to us when required. Of course, New South Wales Supreme Court made a decision in recent times that has slightly impacted on that, although the Solicitor-General's advice once again says that we are basically on track with respect to that matter. That will deliver about \$3.2 million as a result which leaves us, effectively, with a shortfall of \$1.6 million this year. Also, of course, I will have to do my best to ensure that we try to get those funds. I will either be successful or unsuccessful. But, having said that, at least we are in a position now to start collecting those funds, based on sound legal advice.

Mr WING - Reference was made to a person being employed by Tasracing at a cost of about \$200 000. We were told that to generate enough income to pay a cost of \$200 000 would involve an investment of \$15 million. Has anybody been employed at a total cost with expenses of that order in the last 12 months?

Mr LOTTERING - I am happy to provide that to the committee.

Mr WING - Thank you.

CHAIR - We are also seeking the fees for board appointees, if that can be provided at a later date?

Mr GREEN - The CEO has indicated he will provide that information, but I would prefer in the circumstances -

CHAIR - We can take that in committee. It's obviously commercial in confidence.

Mr GREEN - Okay, if you are taking it in committee, that is fine. Other than that, I would rather just use a generic amount for the executive salaries, and then we will work through it. In terms of the board remuneration, we are happy to provide the committee with that information.

Mr WING - I would really like to know if anybody has been appointed at a salary and total cost package in recent times?

Mr SPEARS - The answer very clearly is no.

Mr WING - That is in the last 12 to 18 months?

Mr SPEARS - Twelve months.

Mrs TAYLOR - The feeling I got from the people who were seriously critical was that they were concerned, worried and frightened. They were worried - they weren't just coming out to have a big hit for no reason, they were concerned for the industry.

Mr GREEN - You are right. I will take the responsibility with respect to communication. Obviously we will do our best in making sure that people understand the initiatives. Have a look at Tasmanian racing in context with other States - the size and scale, economies of scale and all those things. If you look at it and take a realistic look at our position, we are in a very good position. Weighed against rural and regional Australia, we are in an excellent position.

CHAIR - Minister, I would like to take the opportunity before we close to place on the public record and acknowledge the contribution to racing by Mr Rod Thirkell-Johnston. I think that is really important. Anyone who gives 50 years of service to the Tasmanian community through any industry needs to be congratulated. His retirement from the board will be a loss of knowledge and it will be missed. We have always appreciated Mr Thirkell-Johnston's passion and commitment to the industry and to this process as well.

In summing up, we acknowledge that Tasracing is very young in its establishment. We are concerned on behalf of the people who took time to present to us but we also know, Minister, that you are well-versed in being able to lead an area, so we look forward to some turnarounds in the communication and those other aspects that the committee as a whole have raised. We look forward to the opportunity when next this committee is provided with that, to have some more input and feedback into Tasracing. We sincerely wish you all the best for the industry, the future and for Christmas and the New Year.

Mr GREEN - Thank you, Madam Chair.

Mr WING - Might I add that I will not be here, I am not coming back next year, but we acknowledge that you have heard the situation and you have not had very much time to do anything about it.

Mr GREEN - From our point of view, it is not about being defensive, it is about being proactive. We are on the front foot, we have a board that is on the front foot. I would like to

thank the chair and the CEO and each and every person who has made a contribution to providing the information that has been at hand today. It is a big job.

CHAIR - Before we leave the table, can we please acknowledge the honourable member for Launceston, Mr Don Wing, who has attended his last committee function in the Tasmanian Parliament.

Mr WING - Of this nature.

CHAIR - In this particular arena.

Minister, thank you, and again we appreciate all the people who have been involved in this process. It is not easy but we are here to do a job and we sincerely thank you.

The committee adjourned at 5.01 p.m.