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Minister for Racing

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18 DEC 2020

Hon Tania Rattray MLC
Chair, Government Business Scrutiny Committee 'B'
natasha.exel@parliament.tas.gov.au

Dear Tania

Thank you for your letter dated 15 December 2020 seeking answers to questions on notice taken at the GBE Estimates hearing for Tasracing. Answers to those questions are contained below.

1- A breakdown of the areas in which Tasracing achieved cost savings during 2020.

The following savings were made against budget during the April to June period in FY20. The closure occurred after the Summer Racing Carnival (which is when significant amounts of promotional and operational activity occurs).

Cost Savings Apr-Jun 2020	Saving	Includes
Employee Benefits Expense	\$93,697	Unfilled vacancies
Other Expenses	\$182,014	Travel, project costs, digital and training
Sales and Marketing	\$84,130	Promotional advertising
Raceday and Racing Expenses	\$829,454	Raceday costs, broadcasting, venue maintenance
Total	<u>\$1,189,295</u>	

2- The Number of current Tasracing FTEs compared with 2014.

Tasracing FTEs (excluding casuals and Board members) have increased from 60.53 in FY14 to 65.75 in FY20. Increases have come for two important new areas, Animal Welfare (7.39) and Legal (1.9) while Digital production support for a \$6.57m increase in Racing Revenues has increased FTEs by 4. Partially offsetting these increases has been a reduction in Assets and Facilities staffing of 7.54 FTEs.

Departments	FTEs	
	2014	2020
Executive Office	2	2
Administration	2	2
Racing	7.5	6.66
Animal Welfare	0	7.39
Assets and Facilities (includes Tracks)	38.23	30.69

Sales, Marketing and Digital	4	8
Finance	6.1	6.41
Legal	0	1.9
People and Culture	0.7	0.7
Total	60.53	65.75

3- Whether any bonuses were paid to Tasracing staff in the last five years and, if so, the criteria for awarding them.

There have been no bonuses paid to staff in the past five years. No performance incentives exist for any current staff.

4- A breakdown of the market value of the Greyhound Adoption Program Mangalore Facility by land and building value and business enterprise value at the time it was purchased by Tasracing.

Tasracing sought a valuation by Saunders and Pitt for the Mangalore site. They valued the freehold property at \$700,900 including \$240,000 for land and \$460,900 for buildings and other improvements.

The Tasracing purchase price of \$1,300,000 implies a goodwill of \$599,100.

Land at Valuation	240,000
Buildings etc at Valuation	460,900
SubTotal	700,900
Implied Goodwill	599,100
Total purchase price	1,300,000

The Mangalore site was the only suitable site presented after a Statewide EOI process.

Lower offers were rejected by the vendors who were prepared to continue trading if their price expectations were not met.

Importantly, the \$1.3m price represented an estimated saving of \$1m to \$1.5m on the alternative greenfield build option along with a 12-18 month delay. It also provided the additional benefit of being a saleable asset should future needs change.

5 – Terms of Reference for the Treasury Review of Tasracing

In light of the financial impact of COVID-19 and the addition of the new POCT revenue stream for Tasracing, the Treasurer has asked Treasury to undertake a review of the costs and functions of Tasracing with a focus on benchmarking corporate overheads (including administrative, legal, marketing and asset management costs). Where possible, Treasury will benchmark key indicators against other comparable jurisdictions

The review is expected to be completed this year and provided to Tasracing's shareholder Ministers (the Minister for Racing and the Treasurer). Consideration will be given to the public release of the report after it has been completed and received by the shareholder Ministers.

6- A Breakdown of Tasracing's Sales and Marketing expenditure during 2018-19 and 2019-20

Tasracing's sales and marketing expenditure is detailed in the table below. This expenditure serves three main purposes:

- 1) To drive Race Field Fee revenue growth from the national market
- 2) To drive racing club gate taking and membership revenue
- 3) To retain social licence for racing.

	FY19	FY20	
Advertising	\$ 434,342.16	\$ 294,675.82	Includes production and media including TV, radio, press, billboards. Includes year-round advertising for clubs, GAP Tasmania, Off the Track and PR activities (such as the It's Why We Race public awareness campaign).
Advertising Facebook and Instagram	\$ 6,267.25	\$ 16,313.58	Spend on social media advertising has increased as part of focus on achieving overall advertising cost-efficiencies. (Social media advertising is trackable and easier to measure ROI)
Contribution towards club events and marketing	\$ 145,024.52	\$ 188,050.41	Examples of contributions include to live entertainment costs on major race days, club's promotion of their events, club event operation costs.
Industry events	\$ 50,365.29	\$ 50,448.41	Includes annual Thoroughbred Awards Dinner and annual Harness Awards Dinner.
Owner and trainer hospitality on major race days	\$ 7,474.71	\$ 15,819.54	Tasracing increased spend on providing food and drink for winning owners across all codes, as part of a plan to assist clubs attract and retain owners.
Expert tipsters and form analysts	\$ 20,245.06	\$ 41,052.91	Aimed at servicing wagering customers nationally. Spend increased due to planned increase in quantity and frequency of pre-race tips and staking strategies across all codes.
Signage production and installation	\$ 7,772.08	\$ 17,750.66	The introduction of new sponsors resulted in new signage production and install costs in FY20
Production, printing and distribution of tri-code racing calendars	\$ 25,370.65	\$ 21,554.49	Hard copy printed calendars for industry participants
Production, printing and distribution of Annual Report	\$ 12,070.00	\$ 12,303.05	
Thoroughbred Double Cup Bonus Trainers Payment Insurance	\$ 15,000.00	\$ 22,500.00	This is an insurance cost allowing Tasracing to offer the \$100k Double Cup Bonus to thoroughbred trainers/owners.
Thoroughbred Summer Racing Carnival	\$ 209,554.58	\$ 128,597.74	Advertising including media space, advertising production, visiting racing journalists, launch events etc.
Young Racing Tasmania marquees at three thoroughbred cup days.	\$ 169,966.56	\$ 150,206.00	Young Racing Tasmania marquees are designed to attract and retain new young customers, club members and owners.
Club Marketing Conference		\$ 7,458.48	This conference is central to Tasracing's strategy of assisting clubs to improve their event and marketing capabilities
Travel costs	\$ 33,946.45	\$ 7,341.69	Includes travel costs for Sky Racing journalists to attend key race meetings, and intrastate travel and accommodation costs for Tasracing journalists and marketing staff
TOTAL COSTS	\$ 1,137,399.31	\$ 974,072.78	
TOTAL REVENUE	\$ 465,000.00	1,072,303.00	Comprises major sponsor income (Ladbrokes and CUB) plus ticket sales revenue for YRT marquees.

There were two significant decreases in expenditure in FY20, those being Advertising and the Thoroughbred Summer Racing Carnival. These decreases were achievable due to increased value obtained from advertising partners, combined with growth in demand for attendance at major race days.

7- The total cost of Overseas trips taken by Tasracing staff in 2019

Tasracing funded one international trip in 2018/19 which included the Racing Operations Manager and Southern Racecourse Manager attending the Australian Racecourse Managers Association Conference held in Hong Kong. The trip was an educational trip and cost \$8,332 for the two employees.

Thank you again to you and your Committee in taking a strong interest in Tasmania's racing industry and its many hard working participants.

Yours sincerely



Jane Howlett MP
Minister for Racing