

Inquiry into Tasracing Performance

1. The financial performance of Tasracing taking into account their half yearly financial position.

The Racing industry has been under funded from the start, it was stated that 36 million dollars was required to fund the industry and yet the deed was signed for 27 million dollars. The Product fees were factored into Tasracing's budget even though we all knew that it would not be available in the short term as the legislation had not been passed and there were still legal challenges before the courts. This saw Tasracing needing a grant from Tote to fill the gap.

Tasracing seems to be putting a great deal of emphasis on selling Tasmanian product overseas as their main avenue of increasing revenue. To date there has been no significant move other than a few overseas trips by the CEO and Chairman of the Board. The other area that Tasracing could generate extra revenue is through sponsorship but to date there has been no communication with Tasracing that there has been any movement in this area.

Tasracing has spent and will continue to spend millions of dollars on up-grading and installing lights at thoroughbred tracks as they believe that that is the only code they are capable of selling overseas. The Mowbray venue had millions of dollars spent on it without a business plan to support a return on the outlay.

Tasracing is still pouring funds into this venue with the payment of Jockeys, outside broadcasts, and the extra costs of lighting the facility and there has been no extra return, the National turnover has not increased from a normal day meeting. One would hope that a business case for the Elwick track will be in place before Millions of dollars are spent on lighting. There is no argument against upgrading race tracks, all codes should have confidence that they have good safe tracks to use but it's the extra, expensive, lighting that is not showing any return and the extra funds that Tasracing puts into to this without generating any returns that is the problem.

The issues here are-

- What expertise are Tasracing relying on to get Tasmanian racing product into overseas venues?
- What is Tasracing doing to generate extra sponsorship for the Industry?
- What is Tasracing doing to promote the industry, locally, nationally and internationally?
- What timeframe has been set to achieve the above?
- Is there a business case/plan for the proposed upgrades and lighting for Tattersall's Park that can justify the expenditure?

2. Update of matters noted by the Auditor-General

3. Factors impacting on the ongoing profitability and sustainability of Tasracing

These two areas will be dealt with together.

It is of great concern to our Industry that the Auditor-General has noted that unless Tasracing can achieve what they have set out in their Corporate Plan that they will not be viable. **“..without all of these strategies coming to fruition, there is doubt that Tasracing will be able to continue as a going concern unless it is able to generate income from other sources.”**

With this in mind Tasracing also has the ability to borrow 40 million dollars under the deed of variation signed 21st April 2011, and has indeed started to spend this money as Spreyton upgrades started earlier this year, without the ability to repay this borrowing.

Given the Government's current financial position it would seem extraordinary that the Government would service this debt and there is real concern that the Industry will be left at some point to take over payment of the debt and this usually means a cut to stakes for the Industry as a whole.

It is also worrying to the industry that Tasracing anticipates a net loss over the next 5 years

The issues are:-

- What will happen to the racing Industry should Tasracing not be able to show that they are a successful and ongoing business?
- Will the racing Industry be required to service the 40 million debt if Tasracing is able to achieve its plans of generating extra income through international product fees and extra sponsorship?
- How long can Tasracing operate in a cash neutral position?
- Who does Tasracing report to regarding their advances in securing International interest regarding Tasmanian racing product?
- There has been Million of dollars spent at Mowbray (no business case), now at Spreyton (14 race meetings per year) and soon at Tattersall's Park predominantly on thoroughbreds, how is Tasracing justifying this when their own feasibility study (Wise Lord & Ferguson) states that any money spent will not generate any additional return (Spreyton).

4. Review of the respective roles of the Department of Infrastructure, Energy and Resources (DIER) and Tasracing in relation to the administration of the Tasmanian racing industry.

The Racing Industry was assured by the Minister for Racing, Tote and Racing Services at Industry seminars that the separation of racing from probity would guarantee greater

confidence in the Tasmanian betting product and make the racing industry more transparent.

The racing industry has seen all promises made by Racing Services on their vision and plan implemented in a short period of time. The Director of Racing has always made himself available to the greyhound industry and conducts his business in a transparent and timely manner which instils confidence in the industry.

On the other hand the Industry has always complained that there is not proper consultation between Tasracing, the Clubs and the Participants this is an area that Tasracing has had a great deal of difficulty understanding. Tasracing seems to be heading their business in a particular direction and is not taking the racing industry with them; it has become apparent through their Corporate Plan that they do not consider the racing industry as a major stakeholder.

- The HGRC would not support any merger of the two bodies, for the racing industry to be confident that probity decisions are not made for commercial reasons they need to remain separate.

The Hobart Greyhound Racing Club would like to thank you for the opportunity to voice their views at this inquiry.

Yours Sincerely

Denise Fysh
Chairman
HGRC

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