

**THE LEGISLATIVE COUNCIL COMMITTEE ON GOVERNMENT
ADMINISTRATION 'A' MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE,
HOBART, ON TUESDAY 5 JULY 2011**

TASRACING

Mr DAVID ADAMS, Mr PHILIP SWINTON, , Mr WALTER McSHANE, , Mr KEVIN RING, AND Mr NEIL HERBERT, REPRESENTING THE THOROUGHBRED RACING CODE, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED

CHAIR (Ms Forrest) - Welcome everyone. I assume you received the information about providing evidence to a committee explaining that what is said here is covered by parliamentary privilege, but if you repeat things outside they may not be. Everything that you say is recorded and is available to the public. If there are matters that you feel should be provided in confidence you would need to make a request and the committee would consider that at the time.

We have an hour, maybe a little bit less as we have other witnesses coming, but perhaps you could take just five minutes each to make an overarching statement. I know you represent different sections of the code and we do appreciate your getting yourselves organised. It has been a bit of a challenge for the committee to try to get representative bodies to represent the industry.

Mr HERBERT - The stakeholders here today have asked me to do an introduction. So on behalf of the stakeholders I emphasise that our focus is to work for the advancement of our industry but we have extreme concerns about the ongoing profitability and sustainability of Tasracing. The overriding issue of ongoing annual funding is significantly less than is required for the viability of our industry going forward.

Tasracing under the new legislation now has two streams to increase income, one being product race fields. Our understanding is that even if the budgeted amount is received, this revenue will only equal the amount currently being gifted by TOTE Tasmania and therefore will not add to the bottom line. Their projection is for a maximum amount to be received in 2015, so what happens in the meantime? I am aware that they have already secured a \$1.5 million loan to be repaid over 15 years.

The second stream they have is commissions for overseas sales. Originally the Tasmanian Turf Club understood that opening night racing for lighting of the TOTE Racing Centre was being beamed into several overseas jurisdictions. To date this has not occurred and we have no detail from Tasracing, which has been in existence nearly three years now, of any achievement of our racing going global.

We need commercial decisions with vision, direction and transparency to build a viable industry. To date a corporate plan has been issued, but no business or strategic direction. The industry do not know. Clubs, owners, trainers and breeders have invested millions of dollars and need the industry to thrive. There is lack of support, lack of confidence

and the perception the industry is contracting; we must be united with a professional approach to ensure a long-term future.

Change is often difficult. We need a backbone and no procrastination or parochialism. The industry has two major concerns: firstly the current poor health of the thoroughbred industry; and secondly, the performance of Tasracing to deliver. The racing industry has been at best treading water and is now at the crossroads of becoming a cottage industry. We must seek alternative funding streams with real threats from interstate night racing, other leisure and entertainments.

CHAIR - Do any other members want to make particular comments related to their area of the industry? We know you all come from different parts.

Mr SWINTON - We might just quickly go through it. Philip Swinton is my name and I am here representing TasBreeders. Very much in line with what Neil is saying, the breeding industry is probably a bit of litmus test of how the industry is going. If people are not buying horses it shows a lack of confidence in the industry and that is certainly something that really concerns TasBreeders. Our sales have been going backwards over the last few years and we see that primarily being a lack of confidence in the local industry. Obviously we are also in the same situation that we need some certainty moving forward so that we can get buyers interested in purchasing animals to continue racing.

Certainly we believe the investment in infrastructure is also very important because we need good tracks and so forth to race on, but we need some confidence. We need an industry that is projecting it is growing and not projecting it is contracting, which is what people are thinking at the moment.

CHAIR - Thank you.

Mr ADAMS - David Adams is my name. I'm an owner and a breeder and I am representing the owners. The problem that is facing owners at the present time is the total lack of confidence in the industry. As owners we accept the fact that it is an industry that we love and it is not something we think we can make some money out of, but at the present time we do not see any future at all. There seems to be a lack of confidence in the way Tasracing is handling the industry. As Neil alluded to earlier, there is no transparency, we do not have any consistency in programming and so looking to the future, the way things are at the present time from an owner's perspective, we just do not see any.

Mr RING - I am from the Tasmanian Jockeys' Association, and most of you know me; I have represented the jockeys for a number of years. I was a jockey until about seven or eight years ago and I got out of the industry because I could see no future in being a permanent jockey in this State. We have a very limited number of jockeys here, and it is getting smaller. We are having to fly in jockeys all the time, which is costing the industry a lot of money. It is a good thing they are flying in if we had not had the interstate riders here last weekend, there would not have been a race meeting. This has been going on for a long time.

From the jockey's point of view, I think the industry has gone downhill in the last 10 years. It basically started from when TOTE took over and it has gone downhill ever

since. If it keeps going that way it will end up being what Neil suggested - a cottage industry. We personally do not think it is working very well with the three codes under one banner. If you look at the other States, for instance, the three that are thriving to a point - and you would not say they are booming, but they are getting by and going all right - are the Victorian racing industry, the New South Wales racing industry and the South Australian racing industry. They are the only three States that are actually going well because all the codes are separate. They are not under one roof. For instance, in Western Australia - the model here was copied off Western Australia to a point - racing and wagering over there, they are a third of a million dollars in debt. Queensland Racing are just getting by. They have no more money to spend.

We are very much the same. We have no money to spend, only what we get every year. They think they are going to make another \$5.25 million in the next five years but what do we do in the meantime? The industry is going nowhere. The morale is down, the uncertainty is rife. There is no programming. No one knows from every few months what is going on as far as the next programming system is concerned. Why isn't programming put out for the whole 12-month period? It used to be that way. There is no certainty in the industry. The only ones making a bit of money are the leading jockeys and that is only a handful. The rest are not. We are the only State in Australia that has decreased race meetings whereas all the other States, including South Australia and Western Australia, which only used to have a couple of TAB meetings a week, have increased all their race meetings. We have decreased. That just shows how the industry is doing.

Mr McSHANE - From a trainer's point of view it has become extremely difficult to make a living by training horses in Tasmania because our race meetings have decreased from 96 to 68. It is very difficult to program horses to the best advantage because there is just not the number of races to give you the diversification from one horse to the next. There are so many horses being balloted out that owners are not getting a chance to put their horses on the track.

The view of Tasracing has been to improve the stock. 'Get rid of all the bad horses so that they are not balloted out, because it is bad horses that are balloted out, so get rid of all them.' If you get rid of those horses you get rid of their owners too and it puts a very bad taste in their mouth. The idea of Tasracing improving our stock and only racing good horses in fewer races does not work.

Trainers are starting to move out of the State. Any trainer will move out of the State if he has a horse that is anywhere near good enough to race interstate. We are doing that with more and more rapidity. Some of our best trainers are leaving us and this will continue to happen while we move back to the cottage industry. That is where we are heading at the moment and Tasracing does not have the ability to turn this around, the way we see it. Nothing is happening and we are going downhill rapidly.

CHAIR - Thank you.

Dr GOODWIN - Mr Ring, I am interested in your comments about the three codes under the one banner not working. Can you elaborate on why you think that is?

Mr RING - There is too much overlapping. You have people there at Tasracing who are in charge, there is one gentleman who is charge of the whole three codes as far as their tracks and trying to supervise that as well as supervise curators and track managers. There is too much overlapping. You cannot focus on particular things. There are too many things. You try to ring them up. You will get hold of them on the phone but they have to run. They cannot talk to you about things for long unless it is something they are a bit concerned about themselves. It is too much overlapping of all the codes, to me. You cannot just focus on the one. There should be separate bodies and they should be focused.

Our thoroughbred industry under the old Thoroughbred Racing Council back in the 1990s did get by fairly well and managed fairly well. The funding was not as big but they got by. They had fewer people working in the offices. You could walk into the Thoroughbred Council in Launceston and there were about four or five people in there and they managed the industry quite well. It should not take any more than that but at the moment it does. There are 42 or something staff under Tasracing. Sure, it is three codes but it is a lot of staff for a small State and the number of race meetings and all that. Sure, the pacing and the greyhounds have a lot more race meetings but I think the thoroughbred industry is bigger than those to manage and that is why it is better off on its own to be managed.

CHAIR - Just on that line, Tasmania is a small jurisdiction and comparing us with Victoria and New South Wales seems a little difficult because they have a huge capacity; we do not have anything like the Spring Carnival in Victoria, for example. So to say that you need to have it all split up into three separate arrangements for the three different codes, how could that be more cost effective with the challenges we are facing anyway? On that same line, I am not sure who made the comment, that the industry is falling away, that it has been in decline over a number of years since TOTE took over - I think it was the sales you were talking about that had dropped and people were not buying horses - but in the last couple of years could the global financial crisis have had an effect on that as well? I am just interested how you could see it more cost effective by having more separation in such a small State and what other factors there might be impacting on the industry that are external.

Mr RING - I think, whether or not it is a small State, we are a global industry now and we are very much national and if we want to be a proper part of the thoroughbred industry we need to be on our own - and so do the other codes, harness and greyhounds; they managed quite well in the 1990s on their own and it seems to me that with the three codes all under one roof, one banner, we have gone downhill very quickly. It just seems to me there is too much overlapping, too many people in charge of the whole three codes whereas, if they were separate, you would have fewer staff to be honest, there were fewer staff under the Thoroughbred Council - then there were four or five that still -

CHAIR - The industry has changed in the past 10 or 20 years though, Kevin. It is a global business now. The use of the Internet streaming races means you can watch races anywhere around the world if you are interested. That has changed, so doesn't the industry have to change along with that?

Mr RING - That is up to the TOTE to relay the industry as far as relaying it to the people or making it international. Our administrators here need to look after our own industry and

get it going through the rest of the country and internationally as well, but a lot of the international side of it is done through TAB.

Just digressing for a minute, if we want to get into the Asian market, for instance, TOTE need to get their act together because a lot of times we cannot bet on Singapore and Hong Kong and places like that -

CHAIR - That is a separate issue to this though because TOTE is -

Mr RING - It is separate but just the same, the thoroughbred industry thrives better on its own. Sure, we are not as big as New South Wales and Victoria but we can model ourselves on that. South Australia is not much bigger than our industry really and it is going very well on its own and we would manage better if we had focus just completely on our thoroughbreds and the focus was separate to the other two.

Mr WILKINSON - In relation to other States, you say Tassie followed Western Australia, is that right, in relation to an amalgamation of all the entities?

Mr RING - Yes, the only difference there is that they own their own TAB and so that is part of the government deed.

Mr WILKINSON - What about Queensland?

Mr RING - Queensland is under the government deed but it is managed as Racing Queensland as a business.

Mr WILKINSON - So that is the one entity as well in relation to the three codes?

Mr RING - Yes.

Mr WILKINSON - South Australia?

Mr RING - That is on its own, it is separate.

Mr WILKINSON - So South Australia, Victoria and New South Wales are on their own?

Mr RING - Yes.

Mr WILKINSON - And you say South Australia is going well -

Mr RING - Going reasonably well.

Mr WILKINSON - I heard they were struggling.

Mr RING - No, from the feedback I get -

Mr WILKINSON - Who is that from?

Mr RING - From the South Australian Jockeys' Association - they are holding their own. The minister is always fairly upbeat about the racing there.

Dr GOODWIN - Ministers are like that.

Laughter.

Mr RING - They are, but just the same the feedback we get is the racing is going all right. I would not say it is booming but it is holding its own.

Mr WILKINSON - I suppose I can understand New South Wales and Victoria being standouts because of the size et cetera but that is why I am looking at the other States.

Walter, you mentioned that trainers are starting to leave; how many trainers have left, say, over the past 12 months?

Mr McSHANE - Two of our main trainers have gone and another one looks like going.

Mr WILKINSON - How many in total have we?

Mr McSHANE - That is a good question. I could not give you that off the top of my head. Professional trainers - there would only be about 12 or 15.

Mr HERBERT - I could not give you that answer, but I would think there would be more like the 50 mark, but of the larger ones you probably only have a dozen. But I couldn't be specific - I have not researched it.

Mr WILKINSON - Which trainers have packed up and gone?

Mr McSHANE - Jason Clifford has gone. John Blacker is about to go. Who is another one?

Mr HERBERT - Charlie Goggin has cut back.

Mr McSHANE - Charlie Goggin has cut back and Gary White has cut back. That is about all who have actually gone at this point, but they were pretty big entities. Jason Clifford had 30 to 40 horses in Tasmania. John Blacker was the second leading trainer - he had 40 horses in work. It makes a big hole.

Dr GOODWIN - You mentioned the litmus test of the industry is sales, and they are going backwards. What is happening there, and why?

Mr SWINTON - If we look at the Magic Millions era - it has been nine years now - when Magic Millions first came on board, it was a new direction for TasBreeders, and sales increased for the first five years. They went from an \$8 000 average to a \$16 000 average over five years, then the global financial crisis came and it fell in half and went back to \$8 000 again. There was an expectation that it would have built up again from that. We had a slight jump the following year, but this year we went backwards. The average went backwards, but more importantly the clearance rate of horses went backwards. We had 160 horses in the sale last year, and we sold 100 of them. There were 60 horses that did not get sold and a number of horses didn't get a bin on them, which meant there weren't enough buyers out there to sustain the horses we had in the sale at that particular time.

Dr GOODWIN - That is the crux of the issue - not enough buyers? It is nothing to do with the quality of the stock, or anything like that?

Mr SWINTON - No, the quality of the stock has been increasing over that period. We have two issues with people buying horses. Firstly, trainers like John Blacker have left, and those trainers would buy horses on spec, and then sell them to their owners. And, a lot of the trainers I spoke to this year did not have owners to buy for.

CHAIR - Is that part of the nature of the GFC? You may not see it this way, but people outside the industry would see buying a horse as a bit of a luxury, and not an essential. It does not feed you. If consumers are cutting their spending, this could have a major impact.

Mr SWINTON - There is no doubt it would have an impact. Things have improved since three years ago, when the GFC was really in the news, and you would expect the sales to come up in line with those improvements, but they certainly haven't.

CHAIR - The latest figures CommSec put out yesterday say that consumer confidence and spending is really still quite low. There is a lag, I think, particularly for Tasmania.

Mr HERBERT - Another factor is the return. I take your point that all horses don't win races or we would all buy one, wouldn't we, and away we'd go. But, it is the response and the return that is possible - all that has been decreasing. Prize money, and everything else, are not going forward - they are stagnating, and going backwards. Even if you are really interested in the industry and love horses, why would you buy one when previously you could win \$20 000 for a race, and now you are winning \$10 000.

CHAIR - Is that the same in other jurisdictions - their stakes have reduced?

Mr HERBERT - I cannot comment, but certainly Victoria and New South Wales are going the other way.

Mr RING - New South Wales are waiting on the race field legislation appeal, which I think will be a no-brainer, and they will move. Victoria's prize money has increased. They are racing every day of the week. As Neil just said, why would you buy a horse here when you have fewer race meetings and a lot less -

CHAIR - It is a much bigger industry, though.

Mr RING - Yes, but as Walter was saying, trying to get clients with fewer race meetings is very hard. If we had stayed at the 95 to 100 race meetings that we used to have - there is a lot more chance of getting a winner. Even if it was a mid-week race that had lesser prize money, you would still have a chance of getting a winner and you may even get a few.

Mr SWINTON - I think the underpinning thing is basically funding. The costs are going up but the return is staying the same.

Mr ADAMS - The cost of owning a horse has increased in the vicinity of 40 per cent in the last three years, I think.

Mr McSHANE - There is a huge backlash with all the horses that were being balloted out week after week and that has put a very nasty taste -

CHAIR - 'Balloted out' means - I am not a racing person.

Mr McSHANE - It cannot gain a run in a race. There are too many nominations for a race and there is a capacity field limit put on all races and there were six, seven, eight, and sometimes 20 horses that did not get a run in a race so they stayed home.

CHAIR - Are you saying that if there were more races, that would not be the case?

Mr McSHANE - No, that would not be the case. We badly need another race meeting every fortnight.

CHAIR - Whose job is it to increase the number of race meetings?

Mr HERBERT - It would be Tasracing, but funding would probably dictate that.

Dr GOODWIN - They would have to find the stake money.

Mr HERBERT - They would have to find the stake money and the funding or redistribute the existing funds.

Mr WILKINSON - Some might argue, when you look at the money that is going into the industry now, there is a significant amount in relation to that deed that was signed two years ago? What do you say to that?

Mr HERBERT - I would argue strongly against that. I do not believe personally that the racing industry should ever have been put in the position that it is in. I think it is disgraceful. I understand why, and we are trying to look forward. I do not want to go backward. Obviously, the minister put that together so he could sell the TOTE at the time, because it was all connected. I find it really offensive that now we have to go to Treasury, against education, hospitals and everything else. I am quite sure you would be aware of the position that has been in the press lately, where you get the feedback, 'I want a cancer clinic in Burnie and here is the racing industry wanting \$10 000 to build a new race track or something'. I believe we should never, ever have been put in that position. We never have before and it has not helped our industry in any way, shape or form.

Mr WILKINSON - Does it give the industry certainty at all?

Mr HERBERT - Yes, it would, but the funding is not enough. I know that is an argument. The industry, when it was first mooted by the minister, went to the board and said they were \$5 million to \$8 million short, just to maintain the status quo. We have been proven right. And TOTE, I think, put in \$5.3 million.

CHAIR - That \$5.3 million was to make up for the fact that the race fields' levy had not been passed - the legislation related to that. The money that came from TOTE was to meet the

absence of race fields' fees that were to come to the industry. That legislation has now been passed, and the money that will come from the race fields' levy is an area that can be grown. In Victoria, as we have been informed, they are going to increase theirs to 15 per cent, and 18 per cent in the spring carnival. There is capacity for Tasmania to also do that. So, you have \$27 million a year guaranteed, indexed, which is up to nearly \$28 million over the forward Estimates in the budget papers last week, and you have over \$5 million in race fields' levies. You also mentioned sales into Asia and other places, although you say they have not been happening. There is also sponsorship - we asked Tasracing what they were doing to grow sponsorship, which is another avenue for them to raise more money to provide for the industry. How much do you really need?

Mr HERBERT - If you look at last year's budget, it was \$35.8 million - what they turned over. If they get their race fields' legislation, and assuming they can sell that to everybody, their own estimates are \$4.3 million, so if you add \$27 million and \$4.3 million you are looking at about \$32 million. If they use the same budget as the year before, they are still \$3 million or \$4 million behind.

CHAIR - That does not account for the sponsorship, or selling other product, though?

Mr HERBERT - On the question of sponsorship, I would suggest for a start that all the major industries in Tasmania now are owned internationally. The meat industry, the milk industry, Cadbury, the farming industries - so all of those people we had access to, some of these major sponsors, are all international now and you are finding that sponsorship is extremely difficult. Good luck to Tasracing, I hope they do but I do not know where they are going to get really major sponsors. I am talking about putting in serious money.

Mr RING - Sponsorship is very hard work. For instance, in the Australian Jockeys' Association we rely on sponsorship for our National Jockeys' Trust and we have Jayco but we are very lucky that the fellow who owns Jayco supports racing to a point and very much so. We have tried other avenues for sponsorship, they are very hard to get in this climate, especially with the international economic climate, and Tasracing would find the same.

CHAIR - Is there still a capacity for growth in the race fields' levy?

Mr HERBERT - To a degree. As I say, you have to find the people who will pay the market which I have heard one school of thought on, 'Oh well, we will jack ours up', well assumably other people would jack theirs up too if you say we are going to have 20 per cent or 30 per cent of it so the real growth industry, and everybody knows that, is overseas sales.

CHAIR - There was an announcement perhaps three or four weeks ago, I have lost track of time, regarding getting into the China market; it is illegal in China but there is some capacity and it is supposed to affect or supposed to improve opportunities for selling horses into that market, was that -

Mr SWINTON - We have not been advised as to what -

Mr HERBERT - I have not been advised of that but I would like to see the contract.

Mr RING - With China, as you have just said, there is no betting there and all that so getting horses there -

Mr HERBERT - Why aren't we concentrating on the Singapore and Hong Kong markets that are there and using an example of, say, Toowoomba who put a program into Singapore; on average it is about \$10 000 a race they get paid. It has nothing to do with betting or anything else, they need product. That is where we should be heading, and should have been heading, and we have got nowhere at the moment after three years.

Mr RING - China for instance - you could use Bob Hawke and people like that who would frighten them, get the industry up and going; even the Packers were part of that but they all pulled out and they are no longer investing there because they realise there is no real benefit, especially if there is no gambling.

CHAIR - No legal gambling.

Mr RING - No legal gambling, yes. Buying and selling of horses, that is all over the world.

Mr HERBERT - I can see why TOTE would want to do that because their main business is not horse racing in the true sense, it is sports betting and that is the growth industry.

CHAIR - But if in China it is illegal to bet then why would that be of benefit to them?

Mr HERBERT - I have no idea. As I said, I would like to see the contracts, I do not know whether it is all lovely paper talk making a feel-good story or not but having said that -

CHAIR - Have you sought information from Tasracing about this issue?

Mr HERBERT - No, my information that I try to seek is where we are going to the markets that I know are there in Singapore, Hong Kong -

CHAIR - I am talking about what was in the media; there was not a whole lot of information released in the media but wouldn't that then be an idea for your representatives to meet with Tasracing to say what does this mean for us or what can it mean for us?

Mr HERBERT - Well, we can but I would suggest that even if it was possible, you are starting to look at five and six years but we are talking about now. They are not going into China and starting to build race tracks. Hypothetically, even if it was all kosher and we went, it would still be two or three years away before any income would be generated.

Mr WILKINSON - If I can get back to the question a while ago about the \$28 million. In relation to that sum plus the loan of \$30 million for infrastructure, as we were saying, compared to previous years is that more money than the industry was getting or less?

Mr HERBERT - Well there were different funding models. TOTE was originally put up to be the funding arm of racing; that was what it was installed as. It is easy to be critical in respect of TOTE then being told to run the industry. To me, they never should have; they should have been the financial arm, which they are very successful at and they still

should be. The former minister made a statement that he was going to repeal the legislation and not sell TOTE but if you ask the current minister, that's not necessarily so.

Mr WILKINSON - It happens that way.

Laughter.

Mr HERBERT - Yes, it does happen that way; I appreciate that.

Mr WILKINSON - Schools can change in a day.

Mr HERBERT - Yes. There is a financial arm that is growing and is growing worldwide and the annoying thing to me is, with Tasracing looking at going overseas, TOTE have already got people on the ground in Asia and in Europe - Dennis is in Europe - who are working all the time and who would have the contacts so Tasracing is now going to invent the wheel again and they are going to send their people over there. I mean, it is just absolutely unbelievable.

Mr WILKINSON - In relation to that, what I am looking at is the funding for the industry. I suppose I can look through different financial reports to find out the actual difference, if any, between the moneys you are receiving now and the moneys that you were receiving, say five or 10 years ago. You would obviously have to index that -

Mr HERBERT - You would have to do that but I was a member of the Thoroughbred Racing Council. We had a budget, for running costs we had some sitting fees. Probably in total the cost of the secretary and chief executive was \$200 000. What does Tasracing cost at the moment, just in administration alone?

We had control of all these things. Everything seems to have got out of - like probity is over there now being funded elsewhere, I know - everything seems to be disjointed.

Mr ADAMS - A substantial component of your funding goes to prize money. Prize money has not increased for probably four or five years. In that time, costs have increased by about 40 per cent. That is the problem that we are running into now.

Mr WILKINSON - I think that is the real problem; that is what I'm trying to get at, because it would seem that the \$28 million, which is a certain income that you are receiving, and knowing that that figure is going to be received and it is indexed for -

CHAIR - Twenty years.

Mr WILKINSON - twenty years, it seems that the funding in itself, if you threw it all into a basket, that is probably more than what you were getting previously. It is about what is taken out of that \$28 million that you are concerned with. Is that a fair statement or not?

Mr HERBERT - Probably not, because the only reason that the prize money level is staying is that they have reduced the number of races from 90 to 68. That is the only way that the prize money is really staying around where it is. If we had stayed with the 98 race meetings, or thereabouts, we would be broke.

Mr WILKINSON - Yes. The prize money has to be a significant figure, I would imagine, to get the horses down here, to get the interest behind the industry.

Mr HERBERT - Well, as I say, that is falling at the moment.

Mr WILKINSON - Yes, you are saying that. Therefore, if you had more races, the prize money would have to be spread even thinner, which would mean horses would not be down here.

Mr HERBERT - Yes, certainly.

Mr SWINTON - What you're saying, with respect, is true, however, probably going back to Walter's point of view here, to give everybody in the industry an opportunity to get a return and hence get to reinvest in the industry, it is probably more important to get a wider pool of races so that instead of racing say, for \$12 000, you might race for \$10 000 but at least it gets that money out into the industry and allows that reinvestment which in turn creates the employment and so forth. At the moment, it is becoming very difficult, with only the 68 race meetings a year, to get interest in the industry.

Mr WILKINSON - So it would be your view that if you reduce the prize money by \$2 000 and then you spread that to get extra meetings, that would be a better option.

Mr SWINTON - Yes. Obviously a larger funding pool would be a great option but, notwithstanding that, more race meetings are vital to the industry to sustain jockeys, to sustain owners and to sustain trainers.

Mr WILKINSON - What concerns me in relation to racing and any sport, such as football, the actual interest - say, if we have a look at Elwick on a Sunday, there is nowhere near the number of people attending that there used to be. Likewise, if you go around the footie grounds, there are nowhere near the number of people that there used to be, obviously for a number of reasons. Therefore, what has to happen is that we have to think of something different in order to get that interest back. Do you think the interest can ever come back to a stage where it is comparable to however many years ago when people were flocking in?

Mr HERBERT - No, I don't believe so. I think technology has changed that dramatically - with iPhones and all the information now. We are looking at putting a host in at Launceston so they can use our lines when they come there to encourage young people back into that situation.

The carnivals will always do that. They are very important, like the Melbourne Cup. They make squillions over there for that couple of weeks for the Melbourne Cup. Our carnivals are obviously a lot less than the Melbourne Cup but they are important to generate funds for us. To generate money he has got to put, and speaking to professional punters and so forth, the first thing they say is they want consistency. When they have consistency and know that every, Thursday night, Wednesday night - whatever - they are going to get a good program out of Tasmania with all the relative information that they can download from the trials and everything else, it creates the huge pools, they will bet into them and we get a double whammy. We get some of the betting and we are also

selling the product. But being honest, the days of having 10 000 people at the races every Saturday are long gone.

CHAIR - With all due respect, do you mean not the Generation Y people?

Dr GOODWIN - Neither are we. I am Gen X.

CHAIR - Neither are we, but they are the ones who go to the races.

Mr WILKINSON - They were saying the younger age group.

Mr HERBERT - What the industry lost basically, in my opinion, about two generations and my age group is to blame for it because we did not see it, probably.

CHAIR - You thought it would always be the same. Is that what you are saying?

Mr HERBERT - Yes, we thought it would always be the same and we did not see it. Young people today want to be entertained.

CHAIR - Right here, right now.

Mr HERBERT - Yes, and they are not going to go and sit there in a seat for 45 minutes to watch the next race. We are trying to address these things. It looks impossible but we are trying to get races at 30-minute intervals.

CHAIR - Thirty minutes is a long time for a Gen Y.

Mr HERBERT - Yes, but by the same token, giving them entertainment in between. This is where we have to head.

Mr SWINTON - Clubs are trying to push the fashion side of things, and the dining experiences, because you have to tailor them in a different way.

Dr GOODWIN - You say the cost of owning a horse has increased by 40 per cent in the last three years; what happened there? Why have those costs increased? What are the components of it?

Mr ADAMS - Your main component is training fees and that is split up into various components such as track work riders, wages and rent. Most of the trainers have had their rents increased. The cost of feed is quite substantial, and insurance for trainers has increased quite substantially. Adding all those things together -

Dr GOODWIN - Over that short period of time?

Mr ADAMS - So there is that aspect of it and then there is the agistment side. Your main component of that is feed costs. Cost of feed has increased tremendously over the last few years. It equates to something in the vicinity of 40 per cent in the last three years.

Dr GOODWIN - That is quite a staggering increase over a very short time.

Mr ADAMS - It is and we are racing for the same amount of money. That is why, without seeing some future out there, as an owner I have to give serious consideration to how much money I can afford to devote to a sport that I enjoy. It is getting to the stage now where it is something that you have to give serious consideration to so I buy fewer horses. I went to the Tasmanian yearling sales this year and did not buy one horse. It is the first time in six or seven years that I have not purchased a horse. A lot of other people are the same. I know people that have syndicates; you might have 10 in a syndicate. They are finding now that syndicate is dropping back to six or seven or eight. They might be maintaining that horse for the time being, with each syndicate member taking a larger share, but the way it is heading that syndicate will eventually dissolve therefore you lose another horse. We are buying fewer horses. We are training fewer horses. Therefore there are fewer horses being agisted, fewer horses being transported and it is the flow-on effect. Quite simply, from an owner's perspective, we do not see a future. We do not see anything positive happening out there.

Dr GOODWIN - I guess with a syndicate, for example, that is an affordable way for someone to get into owning a racehorse, but if the cost has gone up 40 per cent at a time where there are cost of living pressures really hitting home and uncertainty in the economy and the GFC impact, I can see how it has all had an impact on making owners less willing to invest.

Mr ADAMS - Before when you won a race there was a little bit of money there, it paid the bills and now it is only going part way to paying your costs because costs have risen so much.

Mr McSHANE - Another point that we missed out on here is occupational health and safety issues. They are costing trainers quite dearly.

CHAIR - On insurance and stuff, do you mean?

Mr McSHANE - On insurance, but occupational health and safety is very much with us and people cannot do the things they used to do and not get paid double rates for it. They are not allowed to do things that they used to do because of safety issues. Okay, they are all good things, but they are very costly and we feel it.

Mr HERBERT - Going on from that, Jim when you mentioned about sponsorship, where the clubs used to have - and still have - sponsors, they put a lot of money into prize money but now it is a matter of survival. Going on what Walter said, OH&S, security and everything else, the cost to the clubs to put on the actual race meeting is around \$15 000. That is by the time you pay the ambulances and all the staff and the security; you have to have security now and OH&S and it just goes on and on and on. Where we were using sponsorship money for prize money, we are now using that to actually put the product on.

Mr RING - General costs for a trainer just to run his business, for a jockey to run his business, travel costs and gear costs - it all adds up. Gear is not very cheap compared to what it was. The cost of training a horse or owning a horse has gone up 40 per cent. It has gone up substantially with the cost of gear, maintaining gear for starters, and the feed costs. I have owned a few horses and pre-trained a few horses and the cost of feed has gone up substantially - mainly because of different things happening all over the

country - droughts, floods and other things. The industry is costing a fortune to run - for everyone, from the average smaller businessperson right up to the bigger business..

CHAIR - We are nearly out of time, but Paul has a question to ask.

Mr HARRISS - Just to go back to the top of your presentation, Neil, when you mentioned that Tasracing had a \$1.5 million loan of recent times. I think you said it has to be repaid in the next couple of years?

Mr HERBERT - No, my information is it is paid over 15 years.

Mr HARRISS - What was that loan?

Mr HERBERT - I have no idea. I was told at a meeting with Tasracing that they had taken out a \$1.5 million loan to be paid over 15 years to be returned - and I don't have the figures - I think about \$700 and something dollars per year repayments.

Mr HARRISS - Because the interesting part about where Tasracing are heading you would be aware, with regard to infrastructure development, they have access to the \$40 million and they do not have to pay interest on those loans unless they are in a commercial position to do so.

Mr HERBERT - I appreciate that, but going back to Ruth's question, I think that if they could satisfy me and us, it would be wonderful, but there would still be a hole in running the commercial thing at the moment even if they get their product fees and all those things. Until they get some overseas markets I cannot see them, with those two income streams, breaking even.

Mr HARRISS - Just flowing on from that then you have indicated that in some communication you have had with Tasracing that is the indication they have given you. It opens up the bigger question, I suppose, about the forums which the industry has available to it or is invited to, to engage in dialogue with Tasracing because you have provided an overview of your collective view about some problems the industry has - and, Neil, you spoke about the sustainability/profitability of Tasracing and we have talked about them as this inquiry has proceeded today - what opportunities do you get for dialogue with Tasracing?

Mr HERBERT - They will tell you that they converse with us quite regularly and everything else, which is not quite true. Under the legislation they are supposed to meet our industry every three months - that is what the legislation says - which they did the for first two, but because it was the three codes, it really was not working.

CHAIR - Three codes altogether?

Mr HERBERT - Altogether - and so we put to Tasracing that they still meet us every three months but the thoroughbred code, and the other two codes, could either split up or meet them because we were there at meetings and someone was telling me about a dog box or a little cart behind a horse and, to be quite truthful, I am not interested. I am not downgrading them but it is nothing to do with our industry. They agreed to that but it has not happened.

CHAIR - One of the challenges that we have had as a committee is trying to get representative groups speaking as a united voice for each code. Do you think that has been part of the problem?

Mr HERBERT - This is the first time that we tried to get an advisory group. We had the minister in Launceston because of the angst in the industry and, to his credit, he fronted and put on a meeting. Because we are trying to set up a united front - even though we all respect that if we want to go to Tasracing, we do not have to be bound by that - for the big picture that is being developed now, this is the reason for the four gentlemen being here today. It has not been done but the minister has looked at it and said that he would accept it, so we will ask for bi-monthly meetings or something of that nature.

Mr HARRISS - Philip, in your contribution you talked about respecting the need for infrastructure development but there need to be other funds, and I presumed from that that you were alluding to some specific funding streams for breeders, in addition to infrastructure?

Mr SWINTON - Tasracing assists the breeders through their sale each year, which is much appreciated, and something that we need as far as that funding stream is concerned, but the industry needs a whole range of things to improve confidence. When I was referring to that I was saying that you have your Devonport project on at the moment which is a synthetic track, you probably have your Hobart project coming forward which should be another good turf track and these are all things which will in turn instil confidence in the industry so I think it is important that all of those issues are played out so that the participants can see that we are moving forward. Those funding issues should not be put on the backburner, they should be proceeded with because that gives some confidence to the industry moving forward and I think that would keep the trainers, owners and breeders in the industry.

Mr HARRISS - David mentioned that there is little if any transparency in the industry. What is the nature of that issue then, David? Are we talking about lack of consultation by Tasracing with your industry? You also mentioned programming but we have heard a fair amount about that.

Mr ADAMS - There does not seem to be any transparency between Tasracing and the industry as to where they are heading and what they are achieving and I guess it boils down to basically lack of communication between Tasracing and the industry in general.

Mr HARRISS - The only other one is we understand the funding streams which were provided to the industry when TOTE was feeding in, if you like, is there some necessity or desire to re-engage TOTE as a funding stream? You have indicated the current minister has said TOTE is not off the sale agenda.

Mr HERBERT - No.

Mr HARRISS - It may well be sold.

Mr HERBERT - Yes.

Mr HARRISS - What is the industry's feeling about the role of TOTE in terms of a fund generator, notwithstanding we have the current deed, the current situation.

Mr HERBERT - Personally I think that TOTE should be held and grown as a provider of finance for the industry as it was set up to do. By all means have a position on the board of Tasracing for TOTE, but that is what they were set up for, to generate funds for the industry. That is one vehicle that is in the growth pattern that could provide substantial funds. I mean my personal perspective is that TOTE should be kept and it should be kept not as a government enterprise in the true sense but to generate extra funding for the racing industry which was the original aim.

Mr HARRISS - Maybe as a percentage of its profits.

Mr HERBERT - Or percentage of, yes.

Mr HARRISS - Or turnover or whatever.

Mr HERBERT - Yes.

Mr HARRISS - Okay. Thanks Madam Chair.

CHAIR - We have run out of time. Thank you very much for coming along and providing your evidence to us and we will report in due course. I am not quite sure how long that will be, you never know with these things. We have some other people to hear from so thank you.

THE WITNESSES WITHDREW.

Mr JOHN SIDNEY NEWSON, Mr RICHARD STAMFORD, AND Ms DENISE FYSH
WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - I assume you read the information that was provided to you about appearing before a committee and you are aware that anything you say is recorded. You have parliamentary privilege while you are speaking here but if you repeat things outside that may not be covered if you just keep that mind.

We will get you to make some opening statements regarding your industry's view about the terms of reference of the committee which are in front of you there. I am sure you have a copy of those too.

If there is information that you think should be provided confidentially to the committee you can make that request and the committee can consider it. But, we will do that if the need arises.

Would you like to make some opening statements and then the committee will ask questions.

Mr STAMFORD - Madam Chair, you indicated there is only one peak body for each industry code in Tasmania and in the absence thereof, the greyhound industry has been represented by the Greyhound Reference Group, which was formed by two delegates from each club, statewide, and has been in operation for the past 18 months. I have just noted in your reply to us, that there is an absence from the greyhound industry, which is not quite correct. We have been very united in our issues with Tasracing, and we meet every three months.

CHAIR - When we were trying to establish who the key stakeholders were, and who the representative groups were, it was very difficult, and I must commend the greyhound representatives for their organisation. It took a lot more work to get representative bodies from the other codes to speak to the committee. So I take the point, thank you.

Mr HARRISS - Richard, you mentioned that you meet every three months - is that with Tasracing?

Mr STAMFORD - With Tasracing, yes.

CHAIR - Just as a greyhound code?

Ms FYSH - Yes.

Mr HARRISS - Was that your initiative, or theirs?

Mr STAMFORD - It was a follow-on from the old Greyhound Council, when it was disbanded. Some of the representatives, at the moment, from Devonport - Gary Sutton, Paul Bullock - were members of the previous council.

Mr HARRISS - Thanks.

Mr STAMFORD - It could be seen as a cost-saving exercise, because we go along there and give our time. The original council paid for a chairman and each member of the council was given a wage to participate.

CHAIR - Under the legislation that established Tasracing, one of the requirements was that the codes have three-monthly meetings. It seemed to be a little unclear whether the codes were to meet individually, or whether it was the codes, all together, in one meeting.

Mr STAMFORD - No, we are the only ones that represent the greyhound industry and our code has a separate meeting.

Ms FYSH - The very first meeting was three codes.

Mr WILKINSON - Only the first meeting, was it?

Ms FYSH - The very first meeting was three codes, and it was decided at that meeting it would be beneficial to the codes if they were separated.

CHAIR - So, how many meetings have you had?

Ms FYSH - Five or six.

CHAIR - And, only the one with the other codes in attendance?

Ms FYSH - That was the very first meeting.

CHAIR - And, the rest have been just you?

Ms FYSH - Yes..

Mr WILKINSON - When was that first meeting?

Ms FYSH - I believe it was with the TRB - before Tasracing.

CHAIR - Before it changed over?

Ms FYSH - Yes.

Mr WILKINSON - So, 18 months ago?

Mr STAMFORD - Yes, 18 months ago.

Mr WILKINSON - So, the first meeting was all the codes together?

CHAIR - Before the changeover.

Mr WILKINSON - Yes, and now you meet separately, not with all the codes?

Mr STAMFORD - Yes, separately.

Mr WILKINSON - We have some conflicting evidence. Is it a situation where you meet between 9.30 and 10, and then thoroughbreds meet between 10 and 10.30?

Ms FYSH - No.

Mr WILKINSON - So, you are there, by yourselves.

Mr STAMFORD - We meet at Campbell Town, usually 10.30 a.m. On 1 July, last Friday, we went through to about 2 p.m. with various members of Tasracing - Eliot Forbes was the chairman, Dave Manshanden, Peter Wesley -

Ms FYSH - Two board members, and the secretary.

CHAIR - Is that meeting established? Do you have a roster of meetings? Do you know when the next one is scheduled?

Ms FYSH - No, we have a problem setting dates because we need everyone together at the same time. We don't know when the next one is, but we know that it will be around three months' time.

CHAIR - Do you organise that, or does Tasracing get in touch when the next meeting is due?

Ms FYSH - No, Tasracing. The problem is more their side than ours with getting board members together.

Mr STAMFORD - Dr Geoff Baxter, the greyhound representative, is always present.

Ms FYSH - And Tania Price tries to be at all of our meetings. She's not supposedly our representative but she's taken quite keenly to the greyhound industry.

CHAIR - Thanks for that. Is there anything further you wish to add?

Ms FYSH - From our perspective, from my committee's perspective - of course, we've all got committees and we discuss these issues with our committees and then we come together and discuss them together - regarding the issues that were put forward, I think one of the major issues for our industry is the financial position of Tasracing and the loan facilities that they're drawing down at the moment and the repayments of that loan. We have been told on many occasions that Tasracing is not in any financial position to be paying that loan back and not for at least this side of five years. So that is a great concern to our industry.

CHAIR - Do you know that the Government is paying the loan repayments anyway? They're being met.

Ms FYSH - Yes. I realise that. I can't go to my bank and get a loan unless I can prove I can pay it back. If there's a change in government or something changes within that five years, will the industry be expected to pay it back? Can something happen to cause the industry to pay that back because that would be reflecting on us; we would have to find

that money and the first place it would come from would be prize money because Tasracing, outside of prize money, has little cash. So that is a concern.

The issue of combining both Tasracing and Racing Services is a major issue. One of the two things that the Government convinced us of when they were looking to reform the racing industry was that TOTE Tasmania would not be sold and, of course, several weeks later the announcement was that TOTE would be sold. The other issue was that integrity would be separate from the commercial aspect of the business. There has been a backflip on one in a short period of time, which has left the industry still stinging and now this would be the second, if it were to combine the two groups. The industry believes that integrity is what you sell your product on. If you show the highest form of integrity, separated from any commercial decisions, you have a much better product to sell. So I suppose they are the issues from my point of view.

Mr WILKINSON - The integrity arm is in Launceston and Tasracing is down here. Do you believe that is a good mix or do you believe that, because of that separation, it causes and can cause from time to time, some problems?

Ms FYSH - I believe that it is the relationship between the two that needs to be improved. They have to get a much better working relationship for the two to operate well together. Because they are in separate ends of the State, from an industry perspective, when there are appeals you have to travel north. However, I think they are trying to structure the appeals more around where they lie. I don't think overall it's that big an issue. I mean, it would be nice if they were together but if they were together in the north then the southerners would be complaining and if they were together in the south, the northerners would be complaining.

Laughter.

CHAIR - Don't mention the war.

Laughter.

Mr WILKINSON - We'll try to forget about that.

Ms FYSH - So unless you're going to put it at Campbell Town or something -

Mr WILKINSON - Yes. But when you look at say, New South Wales or Victoria, I know one is in the same building - I think that's in Victoria, isn't it?

CHAIR - They're also under the same body.

Mr WILKINSON - Yes.

CHAIR - They're actually not separated at all.

Mr WILKINSON - In New South Wales, they're 50 metres or so down the road.

Mr STAMFORD - While on the subject, at this meeting last Friday 1 July, the chairman Eliot Forbes, was discussing various issues and he stated that there was an agreement between Tasracing and Racing Services, that neither party would discuss one another's policies without having one of their representatives at the meeting present. You might wonder what that has to do with the inquiry? Tasracing distributes the prize money to the clubs, and then, on the other hand, Racing Services have the say on the grading of the fields, for example, and the access for those participants to have to that stake money. So if Racing Services do incorrect grading they are denying participants access to that prize money pool that is given to the clubs by Tasracing.

CHAIR - Do you think that programming side of it should be taken out of Racing Services Tasmania and put into Tasracing? You talk about the integrity and the importance of keeping that separate, but there are varying views around that.

Mr STAMFORD - Tasracing actually has a greyhound reference group to get the programming approval at our meetings. So we sit there and say we are going to have x, y, z feature events for the next 12 months. We have input into that side of it but Racing Services isolate themselves from the opportunity for some stakeholders through incorrect grading, for example, to give them access and the opportunity to earn from their participation.

CHAIR - Should that whole grading process be housed in Tasracing?

Ms FYSH - I am not sure that would fix that problem. The problem that Rick is talking about is more mistakes being made that may need to be looked at.

CHAIR - Do you think that potentially could happen regardless of where it is?

Ms FYSH - Yes, purely because of the nature of the beast; it really would not matter who was controlling that issue.

Mr STAMFORD - The time frame between the publication of the fields, to obtain a redraw of the fields, is virtually an hour or less at times basically because there is a policy that does not get adhered to by Racing Services inasmuch as they say the publication of the draw once it is issued for circulation cannot be altered. That is not the case in other States. You will pick up a form guide and they will have a big pen through it virtually to say this race has been redrawn. That opportunity is deprived of participants who have nominated in good faith and should have been in the fields with no time delay. That happened last week where Mr Murray, the Director of Racing, was present at the budget Estimates inquiry. Neither the handicapper nor the grader nor the deputy who was filling in for Tony Murray would do a redraw. We have a policy that is in place to say that the opportunity is there and they did not do it. That is just one example of where the two bodies tend not to get involved with one another.

Ms FYSH - And I think that comes back to making sure that there is a good working relationship between the two bodies, which I think could be improved on at the moment.

CHAIR - Our term of reference 4 is looking at exactly this issue of the relationship between Racing Services Tasmania and Tasracing. Denise, you did make the point that you thought integrity needed to be kept separate but what I am hearing in another sense is

that they need to work together. Would it not be better for them to work together under the same arrangement as one business as other States do?

Ms FYSH - No, I don't believe so. Tasracing was to take over the functions of Racing Services. It allows then for decisions to be made possibly from a financial perspective rather than an integrity perspective. It also allows for greater control over the industry where at the moment if Mr Murray makes a poor decision I can appeal that decision. I cannot appeal a decision from Tasracing. If they make a mistake or I believe they have made a poor judgment on something, I cannot appeal their decision.

CHAIR - If they were put together you would think that process would be put in place; you would have to have new legislation to manage that. Currently the legislation is the legislation that deals with Tasracing and the other racing side is managed through a department, so do you think those things could be overcome if that decision was made?

Ms FYSH - I still think that the two should be kept separate. I know they are not interstate, but they also work differently interstate. In Victoria there is a group that just runs greyhound racing.

CHAIR - Is the greyhound racing industry bigger in Victoria than it would be Tasmania?

Ms FYSH - Yes, but it is the same for each code in Victoria, so you have a number and a body. But there are sections just for each code, which we do not have. Although some systems are alike, they are very different from the way in which they run. As I said, it was one of the things that we were promised that convinced us to go down this line. There were two major issues. We have already had a backflip from the Government on the first, which did not put a great deal of confidence into the industry as to the motivation of why they wanted to do this if after six weeks the announcement was made to sell TOTE. So the confidence went completely down.

The other issue was that integrity would remain separate from the commercial arm and we agreed to that. Now we seem to be going down the same track of suddenly someone does not believe it is the correct issue. We have not had any issues on integrity in the last two years. There will always be problems within both groups.

Mr WILKINSON - Am I right in saying, Denise, that in Singapore and in Hong Kong the big racing industries over there are under the one banner - integrity and the racing? Is that right?

Ms FYSH - I do not know a great deal about it.

Mr STAMFORD - Basically Hong Kong operate on a principle where they even buy the horses and allocate them out to owners from the yearling sales they attend. It is just run virtually on a government -

Mr WILKINSON - I was looking for the integrity arm as well. They seem to be together, so why is it different here? New South Wales, Victoria, Singapore and Hong Kong, and the UK as well, as I recall, are under the one banner.

Ms FYSH - Does that mean that our system is a better one or a worse one?

Mr WILKINSON - No, it does not, but one would think that if there was a problem with integrity in those big industries, then that problem would have been shown for everybody to see. If there has not been a problem in the UK, in Singapore, in Hong Kong, in New South Wales and Victoria, that you know of, it would seem that the system is working pretty well.

Ms FYSH - Then why would the Government decide that it was best practice to convince us to go down this road?

Mr WILKINSON - I cannot tell you that but what I am trying to look at is the whole industry and where it could be best sorted, if necessary.

Mr STAMFORD - In Hong Kong you have to have a permit to go there and ride in a race and you are placed on a contract. I think the Government controls everything with a standover-type position, so unless you do the right thing you do not participate. As I said, they buy the horses and allocate them out to various groups.

Ms FYSH - They are very different systems. The same with greyhound racing in America. You do not have trainers like us in America. It is more contractual, on-course, five or six trainers who agree to turn over x number of greyhounds. It is a very different system.

Mr WILKINSON - I hear that but I am just looking at the integrity side at the moment.

Ms FYSH - If the two were to come together, I would prefer to see Racing Services take it over.

Mr WILKINSON - But would you believe that if Racing Services took it over, there would not be that arm's length difference between the two?

Ms FYSH - Well, would there be if it was the other way round?

Mr WILKINSON - No, do you believe that is the question?

Ms FYSH - No.

Mr WILKINSON - You do not believe it?

Ms FYSH - No. I think if it comes together it just opens up decision-making for possibly the wrong reasons. If you are looking at safety reasons against commercial reasons, if you are going to have the same person making the decision and the commercial takes over and you have accidents - jockeys not riding of a night is a good example.

If the stewards were to say no, it is too dangerous for the jockeys to be on horses at 10 o'clock at night because we know how frosty it gets at Mowbray and how slippery and how goddamn cold and wet it gets. If you have jockeys out there at 10 o'clock at night in silks on a slippery surface it is dangerous, but you are also looking at the commercial returns that you can get from racing at 10 o'clock at night.

I do not believe that there is a good enough argument that says that safety issues won't be overridden by commercial issues and that will always be the issue there, that while they are separate and safety issues are high priority, especially in that particular area at the moment, the commercial aspect cannot allow us to make poor decisions for commercial reasons that would override safety issues.

I think the two have to work together so that they talk about what these issues are. I think the relationship has to improve but keeping them separate makes our system a much better one.

Mr HARRISS - Earlier you mentioned the Northwest Greyhound Racing Club and Gary Sutton and so on. Are you aware that they actually are promoting the combining of the two services?

Ms FYSH - No.

Mr STAMFORD - No. It is disappointing that they were not available to come. As you know, there has been a major upgrade at Devonport that has backfired on the industry, which is one of those problems but what their discussion is I can't comment on.

Ms FYSH - They have not informed us.

Mr STAMFORD - I have a couple of other issues I would like to raise as we go through them but as you are aware, Tasracing is responsible to the clubs for major sponsors. The clubs are not allowed to have any input into discussions, for example with the Federal Group. All race clubs in Tasmania are about to lose Betfair. The Launceston Greyhound Club have already lost their sponsorship which was a five-figure sum.

Ms FYSH - TPC have lost theirs.

Mr STAMFORD - We were unfortunate to be the first club to have a contract with Betfair. In the initial discussions with Betfair the greyhound industry was the only one in favour, and as the other clubs, other codes, suddenly saw the benefits and the big dollar that was available, they jumped on board. This also happened in New South Wales.

New South Wales was deadset against betting agencies but after Tasmania licensed Betfair they decided they couldn't do without this income. As a result, as I said, all race clubs in Tasmania will eventually lose their sponsorship. We have already lost ours.

Ms FORREST - Are you saying that Betfair responds to the big mainland ones, not Tasmanian ones, is that what you are saying?

Mr STAMFORD - The reason is that once Betfair got their foot in Tasmania and were legislated to operate, they have now wiped Tasmanian clubs, all those clubs, and I think that Tasracing have not done their share of trying to maintain it. Perhaps the Government should have legislated something along the lines of your licence agreement that is dependent on contribution all the way through, similar to the poker machine revenue, to remain part of the Tasmanian racing scene. So as I said, a five-figure loss to any club is very hard to replace and Tasracing's attitude to major sponsor involvement is that the clubs are not allowed to have any input.

Mr WILKINSON - It all has to go through Tasracing, has it?

Mr STAMFORD - Exactly - the major sponsors, the minor sponsors. People like Boags are classed as a major sponsor. Federal Hotels -

Ms FYSH - Which we have lost. We have lost a considerable amount of money off those.

Dr GOODWIN - That minor - major sponsorship, does it have a dollar value attached to it?

Mr STAMFORD - I will give you an example. We have an arrangement with TOTE Tasmania and we have an arrangement with Launceston City Council. I class those as minor arrangements. Major sponsors are the ones that Tasracing have actually put their hand up for. They have media and marketing people and I do not think our returns to the clubs for the positions held represent true value for our industry and the associated costs of Tasracing.

Dr GOODWIN - So has Tasracing identified these other major sponsors? Do they have a list?

Mr STAMFORD - Yes.

Dr GOODWIN - And they tell you, 'hands off'.

Mr STAMFORD - Yes.

Ms FYSH - When Tattersall's Park sponsorship came into play it was actually when TOTE were involved and we got absolutely nothing from it. We were told that it went to paying for the kitchens. When Craig Coleman took over TOTE he came to the clubs and said you should be getting something out of it and we were given a percentage of that and Tasracing carried that over.

As for Wrest Point's major sponsorships, we have a sponsorship with Boags and we were not party to it so we had no idea what our responsibilities to Boags were, whether we were actually helping promote that sponsorship, because we had no idea what our obligations to that sponsorship were. But that has been pulled back as well so we have lost quite a bit of money and, with the restructure of the club, our club has taken a considerable blow.

CHAIR - Is this since Tasracing has been formed that these problems started occurring? Is that what you are saying?

Ms FYSH - Yes.

Dr GOODWIN - So they go in and negotiate the sponsorship deal and you have no involvement in it whatsoever?

Ms FYSH - No choice.

Mr STAMFORD - We do not even know what the income to Tasracing is of these amounts. They naturally take out their administration fees but we do not get any breakup of Federal Hotels' involvement with the racing industry.

As you know, Mowbray Racecourse is now called the TOTE Racing Centre. Previous to that it was called Tasman Park. That was through the Tasman Group. When Swift Meats took over the meat abattoir at Longford, we lost a whole year's sponsorship income because there was no contingency there but we are very thankful for TOTE coming along and being involved with the naming rights. We do not know the percentage breakup from the three codes involved.

Ms FYSH - There is a great deal about Tasracing that we have little knowledge of.

Dr GOODWIN - And that is a concern to you.

Ms FYSH - Well, it is because Tasracing was put in place for the racing industry, to oversee the racing industry, and if the racing industry were to fall over tomorrow, there would be no Tasracing. We need to work together and we need to be going down the same line.

CHAIR - Have you raised these things at your three-monthly meetings?

Ms FYSH - They are more to do with setting our policies and our racing calendar and that type of thing, but we did have a meeting with the minister and Tasracing not that long ago and yes, some of those issues were brought up then. I said to the minister, 'They need to take us on this journey with them, not run a separate business and do their thing and expect us to tag along behind because that is never going to work.'

CHAIR - You are talking about a more collaborative arrangement.

Ms FYSH - Overall, everything to do with the racing industry, because without us they fall over. We fall over, they fall over.

Mr WILKINSON - Can I ask you in relation to that sponsorship, as I understand, you say there are the major sponsors, is that right? The major sponsors are all organised by Tasracing. I understand you can get your own minor sponsors, is that right?

Mr STAMFORD - Yes.

Mr WILKINSON - Those minor sponsors cannot conflict in any way with the major sponsors. Is that right?

Mr STAMFORD - Yes, that is right - or one another's codes.

Mr WILKINSON - I know from other areas that, if, let us say, Cascade was sponsoring the Tasmanian Football League or something like that you could not have Schweppes as a sponsor as well because there is this conflict. Is that where you are missing out on the money?

Mr STAMFORD - Maybe so; I will give you an example. As you know, CUB, which is Cascade, sponsor the Tasmanian Turf Club and Boags sponsor the Launceston Pacing

Club and Launceston Greyhound Club. Since we moved from White City it has been an ongoing concern that every conflicting sponsor that we get, we have to put down the signage while we race or another code races. They did bring in that the staff, who are Tasracing staff, who would be required to cover over signage but that became too hard an issue obviously and you just drive in the complex now and you see a giant Cascade sign at the entrance, you go a little bit further on and you go the bar and you are buying a Boags product. It probably does not give a fair contribution to the sponsor for that very reason and this is where Tasracing have to be a bit more proactive and demand that some of these people get a better deal. Maybe a sponsor such as Boags would increase if they had sole rights for the complex.

Mr WILKINSON - It seems to me - and this happens in most sports as you probably know - that if there were more collaboration between you and Tasracing in relation to the sponsorship issue then you might be able to sort these problems out. Have you tried to sort them out?

Mr STAMFORD - The problem we have is that the Mowbray complex is owned by the Tasmanian Turf Club and to this day I think they still dictate to Tasracing as to what improvements they can make, what facilities they can use - if it is a kitchen problem or something, if it suits the turf club they get it and the other two codes are virtually forced to follow suit. We moved from White City with a lease agreement which was a \$2 000 per meeting rental and we are now being asked to come under a code funding model which we do not pay rent for but at the same time we have an obligation to our members - and we have 160 members, very similar to Hobart. When we sold White City and moved to Mowbray - and, by the way, we have a 35-year lease which Tasracing had the cheek to say, 'Hang on a minute, your lease has expired in 2011' and they had to be reminded and their staff were completely wrong, as our solicitors Douglas & Collins pointed out to them, that the Launceston Greyhound Racing Club got an extension of 35 years at the extension of the first term and in the original agreement was that we would be charged \$2 000 per meeting plus CPI. Under this new code funding model, part of that is an agreement to change our lease. We have put our foot down and said no, we will come up with an agreement if it is not detrimental to our club. I know I am getting a little bit sidetracked here but this is the sort of pressure that Tasracing can put on a club.

We have responsibility to our membership and no doubt Denise and Devonport have the same issues.

Ms FYSH - We are going to be financially worse off under the club code funding and I must say, after I had spoken to Tasracing when they announced it, I had a lot of difficulty even walking into the office because our code is predominantly run on unpaid labour. I do not get paid for my position. I spend up to 30 hours a week at the club and I struggled to go in there that week because we have to work our backsides off now to try to keep ourselves at the level we are at instead of being in front. The code club funding looks to us like a stranglehold is being put on us. We knew that they were looking at the code funding model, they had had a look at our books, we were all financially okay, but when the announcement was made we did not consider for one moment that we would be taking cuts like we are and it is going to have a massive impact, when you consider that over and above the impact of that, we are losing our own sponsorships, our Betfair sponsorships. We have lost money from the Boags sponsorship because that is gone

from a straight-out sponsorship to pourage rights, which has seen us take another hit. I am lucky that I have my Betfair sponsorship for the next 14 months. I signed up again before they made their decisions, but when that goes, and we know how hard sponsorship dollars are to find, it is really hard for small clubs to be able to go out there and achieve any significant sponsorships.

Mr WILKINSON - So you are saying with code funding that is there now you are worse off than you were previously?

Ms FYSH - The club code funding. You have two funds.

Mr NEWSON - Two separate funds, different funding. The club code is the one with the money so the clubs can operate and the other one, the code funding, is the one where the operation for stake money comes from.

Mr WILKINSON - Are you better off with that?

Ms FYSH - We are.

Mr NEWSON - We should have been paid as before. We have been asking for an increase because our turnover has been not far behind the thoroughbreds'. They were getting over 50-odd per cent of the pie and we were getting something like 15 per cent.

Ms FYSH - I reckon this has been an argument for at least 15 years.

Mr NEWSON - It's been an ongoing argument for 15 years. Now, with the code funding ours has gone up to 20 per cent and yet our code overall turnover I think was around about 40-odd per cent of the State total turnover.

Ms FYSH - It is what we deserve. We are very pleased that Tasracing has made the decision to do it.

Mr NEWSON - It has made a significant difference to our funding this year.

Ms FYSH - But in saying that, we cannot sit on our hands either, because it is on performance base. We have to make sure we keep our performance at a level where we are not going to take a cut.

Mr NEWSON - It could change actually.

Ms FYSH - Yes, we are very pleased with that; it is something that is long overdue, but then we turn around and we get the club funding model and it is like they have put a stranglehold on us.

CHAIR - We are nearly out of time, so I think we have covered that sponsorship area pretty well. Are there any other particular issues you needed to raise?

Mr STAMFORD - No, I think we have finally been rewarded for our effort for a long period of time and give credit to Tasracing for that, that they have finally recognised our contribution and, as Denise stated, the greyhound clubs have a lot of voluntary labour

and we have only one racing manager. The point I would like to make is that one racing manager does three greyhound clubs statewide. All the other codes have individual secretary managers and maybe this is an area where, as you said before, bringing things together, maybe they should bring their own code management together and that has to be a huge saving.

We look to Victoria and New South Wales and they have clubs amalgamating, like the AJC in Sydney and the Warwick Farm-based people. If you bring your administrators together in this day and age they can control the different venues electronically instead of having all these secretary-managers, committees -

Ms FYSH - I think it would be more difficult in the other codes. Our code works together across the State much easier than the other codes do.

CHAIR - Yes, that is the committee's experience in trying to get a representative view.

Mr STAMFORD - In a State as small as Tasmania, the greyhound clubs - we raced 54, Denise is probably in the same 52 area, Devonport 52 area; there are a lot of race meetings. Spreyton, for example, up to now might only race 10 or 12 times a year, I do not know the exact number.

Ms FYSH - I might also like to say, whilst Rick is correct, having a manager across three codes does not mean that the clubs are not paying for a lot of the administration, running racing meetings, et cetera. Tasracing isn't putting in any money to run race meetings. The clubs are doing that.

I think the \$40 million is one of the biggest bugbears. It doesn't give security to the industry about how that will be repaid, and what effect it will have on the industry in the long term. I read with interest the minutes of Tasracing's interview with you and they brought up the combining of the two areas - Racing Services and Tasracing - to save taxpayer dollars, and yet the taxpayer will be paying back \$40 million. It is a strange thing to say it would be saving taxpayers' money, and then expect the taxpayer to pay back the interest and principal on a \$40 million loan.

CHAIR - Because, TOTE didn't sell. If TOTE had been sold, the \$40 million would have been gifted.

Ms FYSH - But that was after we were assured that TOTE wouldn't be sold.

CHAIR - But, when the decision was made to sell TOTE, that was the agreement -

Ms FYSH - I think that \$40 million was to appease us.

CHAIR - Then TOTE wasn't sold, so the \$40 million wasn't available.

Ms FYSH - No, that's right.

CHAIR - It goes around in circles.

Thank you very much. We are sitting soon, so we need to get ourselves organised. Thanks for taking the time to come and see us and put your submissions in and for being organised. We appreciate that. It made it much easier in dealing with you.

THE WITNESSES WITHDREW.