

UNCORRECTED PROOF ISSUE

Wednesday 6 December 2017 - House of Assembly - Government Businesses Scrutiny Committee - Tasracing Pty Ltd

HOUSE OF ASSEMBLY

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE

Wednesday 6 December 2017

MEMBERS

Mr Bacon
Dr Broad
Ms Dawkins
Mr Jaensch
Mrs Rylah (Chair)
Mr Street (Deputy Chair)

SUBSTITUTE MEMBERS

Mr Groom

IN ATTENDANCE

Hon. Jeremy Rockliff MP, Minister for Racing

Ministerial Office

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

Tasracing Pty Ltd

Mr Dean Cooper, Chairman
Mr Vaughn Lynch, Chief Financial Officer
Mr John Luk, Chief Financial Officer
Mr Kim Elliott, Chief Operating Officer

The Committee met at 8 a.m.

CHAIR (Mrs Rylah) - Good morning, everyone. Welcome to the hearing for Tasracing. Minister, would you like to make an opening statement?

Mr ROCKLIFF - Chair, 2016-17 was a good year for the Tasmanian racing industry. Tasracing delivered a profit for the second consecutive year on the back of their first-ever profit, recorded in 2015-16, since Tasracing's inception in 2009. Compared to a \$1 million loss the previous year and losses of around \$16 million between 2009 and 2014-15, that was a very good result. All Tasmanian racing industry participants working alongside Tasracing have played a role in this and it is important to recognise them and congratulate them on their collective contribution to this positive outcome.

While outside the reporting period, in recent months Tasracing increased base funding for all three racing codes in Tasmania by 6 per cent, to more than \$22 million. After taking account of funding carryovers last year from the 2014-15 season, which is \$394 000, this equates to an increase of 4 per cent year on year subject to commercial performance, as outlined in Tasracing's corporate plan. This means that thoroughbred base stakes increased by 6 per cent, or \$685 380; harness base stakes increased by 6 per cent, or \$328 394; and greyhound base stakes increased by 6 per cent, or \$234 429, compared to last financial year.

A number of other increases and incentives have been allocated across the codes which are all designed to boost grassroots racing in the broader industry. In 2016-17, domestic revenue increased by more than 11 per cent and international revenue increased by 21 per cent to nearly \$830 000. Importantly, racing revenue outside government funding increased from 16.4 per cent in 2011-12 to 29.8 per cent of overall income in 2016-17, which equates to an increase in income of \$7.27 million.

Today I am pleased to report that the 2017-18 financial year has started even stronger. Following the code allocation increase in recent months, which I mentioned earlier, increased turnover on Tasmanian racing product in the first four months of this financial year has now allowed Tasracing to increase code funding by a further \$1.24 million to be distributed across the three codes between January and June next year. It means total prize money for the industry in 2017-18 will reach \$23.29 million. This means code funding will now be higher than in 2014-15, which was \$22.96 million, when the Tasmanian Government made the very difficult and tough decision to introduce sustainability measures to comprehensively address Tasracing's untenable business model.

Measures introduced by the Government in 2015 included legislation to increase Tasracing's ability to be commercially responsive to changes in the race field fee market, in turn increasing Tasracing's income through race field fee revenue. Tasracing's successful strategy to achieve increased turnover and results in race field fee revenue has also played a major role and is based on taking advantage of Tasmania's distinct participant pool and delivering a superior digital product. All this has been achieved because we have worked hard with Tasracing to put the industry body onto a sustainable footing without any additional taxpayer funding.

I congratulate the Tasracing Board and all at Tasracing for their commitment and hard work. I look forward to continuing to work with Tasracing, racing clubs and the broader industry to

maintain confidence and certainty in a united industry with its future in its own hands and not reliant on more government handouts.

Mr COOPER - The increased turnover in race field fee results were excellent results and were driven by a number of factors. Through our website - tasracing.com.au - we are targeting sophisticated punters who understand the value of good data. Our close working relationship with Sky Racing allowed us to become the first racing jurisdiction in Australia to make available free online streaming of our race meetings across all three codes. Tasmanian racing industry participants have played a role in this success and are to be congratulated for their collective contribution to the result and the quality of racing product they present.

Following Tasracing's financial sustainability issues being addressed a sustainable business model is in place and the company has cash reserves to invest in racing and training infrastructure. Principal among these is the redevelopment of the course proper at Luxbet Park, Elwick, and a dedicated facility from which the greyhound adoption program will operate. The Tasracing board is committed to the redevelopment of the track at Elwick and plan to start the work after the 2019 Hobart Cup.

In August 2016 Tasmania became the first racing jurisdiction in Australia to make available free online live streaming of race meetings across all three codes and this was possible because of our 10-year broadcast rights that we have with Sky Racing. This opportunity to stream live vision online alongside Sky's national broadcast of Tasmanian racing further enhances the appeal of our product in the national wagering market.

Off the back of this increased digital presence and taking account of other Tasracing initiatives, wagering turnover in 2016-17 totalled \$512 million and this represents an 8.6 per cent increase from \$472 million in 2015-16. The company achieved a profit of \$739 989 in 2016-17 and that contrasts with the \$180 000 profit last financial year and a loss of \$1.2 million in the previous financial year. The 2016-17 profit figures include a \$368 000 revaluation of superannuation monies held by the Retirement Benefits Fund.

While more people are watching and wagering on our product through digital channels race meeting attendance figures are declining, but this is not unique to Tasmania. It is occurring across Australia in all racing jurisdictions. While we need to continue to engage with our audience via digital channels and social media we will need to look at other creative and innovative ways to encourage racegoers back to the track.

There are a number of changes to the board's composition in 2016-17 that I would like to reference. Helen Galloway officially joined the board in July 2016 and Helen is a commercial director. Michael Gordon joined the board in September 2016 filling the vacancy created by the resignation of Justin Crawford in February 2016. Mr Gordon is the greyhound code director. Robyn Wishall was appointed to the board as the thoroughbred code director in December 2016. She replaced Des Gleeson, who served as the director for seven years. Our previous CEO, Dr Eliot Forbes, left Tasracing in August 2016 and our current CEO, Vaughn Lynch, officially commenced with Tasracing in December 2016. Mr Lynch immediately commenced building on sustainability work undertaken by his predecessor and the board and he has actively and directly engaged with as many industry stakeholders as possible and will continue to do so given the need for Tasracing and the industry to work closely together.

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I thank Racing minister, Jeremy Rockliff, for his active involvement with, and support of, both Tasracing and the industry. Thank you.

Mr ROCKLIFF - Thank you.

Mr BACON - Minister, could you explain the circumstances behind the former CEO's \$80 000 payout?

Mr ROCKLIFF - Yes, I can and then I will throw to Mr Cooper. The \$80 000 was made up of holiday pay and the rest as per what he was entitled to with his contract.

Mr BACON - Some of it was holiday pay and what was the rest, sorry?

Mr ROCKLIFF - I will get Mr Cooper to explain.

Mr COOPER - The payment made to the former interim CEO was a payment totally in accordance with his contractual entitlements. The payment comprised of a period of notice in lieu, or payment in lieu of notice, together with accrued leave entitlements that Mr Tarring had. I can assure you that there was no bonus payment. The payment made to Mr Tarring was absolutely and utterly in accordance with his contractual entitlements.

Mr BACON - Minister, can we get a breakdown then of how much was payment in lieu of notice and how much was the annual leave accrual?

Mr ROCKLIFF - That's possible, absolutely. Mr Lynch or I can bring John Luk to the table, the CFO. I introduce John Luk, the CFO Tasracing.

Mr LUK - I will break down Mark Tarring's payout. Basically, he received \$80 063.90. It is made up of two items: the first item is accrued leave of \$24 830.32; the other amount was actually payment in lieu of notice of \$55 233.58.

Mr BACON - When did Mr Tarring give notice of his resignation?

Mr ROCKLIFF - As I understand it he resigned on 23 December.

Mr BACON - He didn't give any notice prior to that that he was going to resign. To you, minister.

Mr ROCKLIFF - Yes, I know, but Tasracing is the employer so I will throw to Mr Cooper.

Mr COOPER - The position is that Mr Tarring was initially offered the position of CEO. Mr Tarring never accepted that offer on an unconditional basis; he accepted it on a conditional basis and those conditions included the payment of a salary that Tasracing was unable to accommodate. As a consequence of that, and certainly by mutual agreement, Mr Tarring then decided that he would move on to other fields. The period of notice that he gave - off the top of my head I can't give you the exact period - but it was relatively small. It coincided with the appointment of Mr Lynch as the CEO. The payment that was made in lieu of notice was a payment that would have been made to Mr Tarring if he had continued in the business until the completion of that notice period.

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Mr BACON - Is it the usual process to receive payment in lieu of notice when you resign, when you are not terminated; is that normal process?

Mr ROCKLIFF - In accordance with Mr Tarring's contract.

Mr COOPER - His position wasn't terminated. As I said, Mr Tarring's acceptance of the offer was conditional upon conditions that couldn't have been met. Thereafter, he then made a decision that he would resign from the position. As a consequence of that there were really two options: the first is that Mr Tarring could have stayed within the business and worked out his notice period and would have been paid accordingly. The alternative was for Mr Tarring to leave the business and then receive a payment in lieu of that notice period. It varies from person-to-person and there's no hard and fast rule. One of the issues that existed at the time was the fact that we had an interim CEO who clearly wasn't going to stay with the company and we had a new CEO who needed to step in and put his own stamp on the business.

Mr BACON - So Mr Tarring was made an offer; when was that offer made?

Mr COOPER - Following the selection committee or the meeting of the panel that was set up to interview those persons who were applicants for the CEO's position. Again, off the top of my head I can't tell you that date. I would have to check my records as to that, but there was a formal process wherein applicants for the position were then weeded down, if you like, to three or four people. They were all interviewed and then following that interview process Mr Tarring was then offered the position, which he conditionally accepted.

Mr BACON - Offered the position of CEO?

Mr COOPER - He was the interim or acting CEO following the departure of Dr Forbes to Queensland.

Mr BACON - Then he was offered the position of CEO, accepted under conditions that could not be met.

Mr COOPER - It was a conditional acceptance, yes.

Mr BACON - Who made the decision then that those conditions could not be met? Was that a Tasracing decision or a Government decision?

Mr COOPER - That was a Tasracing decision.

Mr BACON - When was that made?

Mr COOPER - Again, if we work on the basis that he left some time in - if I could just inquire of Mr Lynch as to when you did start?

Mr LYNCH - It was 5 December.

Mr COOPER - It would have been leading up to then, some time in mid-to-late November, somewhere around there.

Mr ROCKLIFF - That's when he resigned.

Mr BACON - The resignation took place from 23 December?

Mr COOPER - Yes, 23 December 2016.

Mr BACON - The contract, when it was first initiated, was not a normal, standard contract. It did go through the Government's Remuneration Tribunal and then to Cabinet for approval?

Mr ROCKLIFF - Which contract are you referring to?

Mr BACON - Mr Tarring's contract.

Mr ROCKLIFF - The contract for his chief financial officer position or the CEO?

Mr BACON - The payout was made under which contract?

Mr COOPER - On the basis of his position as the position as the CFO.

Mr BACON - That contract of CFO went to Cabinet for approval?

Mr ROCKLIFF - Originally, yes, when Mr Tarring started.

Mr COOPER - Yes, which was a couple of years. I think Mark Tarring had been there about two years.

Mr BACON - Why did that happen, minister?

Mr ROCKLIFF - That is normal practice.

Mr BACON - For those contracts to go to Cabinet?

Mr ROCKLIFF - The appointments. At the time, my recollection is, it went to Cabinet because it was just outside the recommended band.

Mr BACON - It was more money than the recommended band. These conditions that led to the \$80 000 payout, in terms of payment in lieu of notice and the payment of the annual leave, the \$80 000, do those parts of the contract then go to Cabinet if those are non-standard clauses in the contract or is it your understanding this is a standard contract?

Mr ROCKLIFF - This is a standard contract.

Mr COOPER - Yes, this was a standard contract, as the minister has said. The only marginal difference was there was a slight increase in the banding for Mr Tarring, as the CFO but that was very marginal. Once that was in place, it was a standard contract thereafter in terms of leave entitlements, et cetera.

Ms DAWKINS - You would be aware that greyhound racing has been banned in the ACT from 2018, supported by the RSPA and many other animal welfare organisations. Considering that, in Tasmania, 300 dogs were injured at the track; nine were killed from January to October this year;

dogs scratched before the race because of injury, 418; illness, 263; and deaths, six. Do you believe the greyhound industry will obtain a social licence in Tasmania, given nothing has changed?

Mr ROCKLIFF - Ms Dawkins, I thank you for your question. The greyhound racing industry has to continually work very hard to maintain a social licence in Tasmania. That social licence has suffered following the February 2015 *Four Corners* program, which initiated a parliamentary inquiry and a number of recommendations from the Chief Veterinary Officer and then the Director of Racing Services Tasmania. Tasracing and the Government considers the welfare of racing animals is of paramount importance and has rules in place, policies and other strategies to enhance animal welfare outcomes.

Greyhound industry participants love their animals. They have a genuine concern for the welfare of their greyhound. They ensure the animals are well cared for and receive the best nutrition and veterinary attention.

Tasracing is a member of Greyhounds Australasia and has adopted, and is an active participant in, the National Animal Welfare Strategy, which is overseeing the development and implementation of a consistent national approach to welfare issues. The strategy is addressing issues such as standards of care, nutrition, accountability and enforcement to ensure the best possible outcomes for greyhounds at every stage of their life cycle.

Tasracing, in conjunction with Greyhounds Australasia, continues to implement change within the industry with a number of issues that are being addressed such as responsible breeding. Greyhounds Australasia has adopted national rules which restricts breeding to three litters per breeding female without specific approval; restricts the breeding of female greyhounds to under eight years of age without specific approval; restricts breeding so the breeding female cannot breed more than two litters over any 18-month period; and requires all breeding females to be registered prior to being served to better track the breeding stage of their life cycle.

There are a number of other issues concerning safety and welfare. Tasracing has published a comprehensive animal welfare manual for greyhounds which is supported by local and national rules and policies. Tasracing work very closely with the Office of Racing Integrity, which enforces the rules of racing and conducts drug testing and kennel inspections throughout the state.

Racing and training tracks are well maintained to exacting standards by Tasracing with track preparation being undertaken prior to every race meeting or trial day. Any injuries that may have occurred are recorded.

So there are comprehensive strategies in place to address the social licence issue you are referring to. We will not be banning greyhounds in Tasmania but the greyhound industry is always on notice to improve its practice, based on continuous improvement, and for us implementing recommendations from the parliamentary inquiry as well.

Ms DAWKINS - Thinking of the injuries, are you able to detail how these dogs are injured, either at the track or prior to coming to the track?

Mr ROCKLIFF - I might have to take that question on notice, Ms Dawkins. The information you are seeking is really a question for the Office of Racing Integrity which is in charge of animal welfare issues rather than Tasracing, although Tasracing has specific responsibility for the GAP program so we can talk about that. .

CHAIR - Ms Dawkins, if you want that on notice you need to write -

Ms DAWKINS - No, that is okay, thank you.

Can I try to rephrase that in a different way? Dogs are still being injured at the track. I know new training tracks are coming online now. Can you tell me if the new tracks are limiting the number of injuries or decreasing them in any way? I understand that, in part it is the design of the tracks, which enables dogs to be so easily injured.

Mr ROCKLIFF - I will seek some advice on whether the track design and the improvements are reducing injury, which they should -

Ms DAWKINS - There is one at Ulverstone, I think.

Mr ROCKLIFF - There is a straight track at Ulverstone, which is a training track.

Ms DAWKINS - I am assuming that if they are in a straight line, dogs are less likely to be injured than if they are going around a track. Is that correct?

Mr ROCKLIFF - Yes.

Ms DAWKINS - Provided they stop.

Mr ROCKLIFF - There is one straight track in the country which is a commercial track, if I can put it that way. It is a very good way of reducing injuries.

Mr LYNCH - Absolutely. The straight training track and certainly straight ground racing is the gold standard in animal welfare in the future.

Mr ROCKLIFF - That is being considered.

Ms DAWKINS - Thank you.

Mr GROOM - Minister, I know there has been a lot of public interest in relation to greyhound adoptions and that Tasracing has been doing some work in relation to that. I am wondering if you can provide a bit more detail about the strategy of greyhound adoptions.

Mr ROCKLIFF - Mr Groom, thank you for your interest in this matter. We are all interested and passionate about animal welfare particularly as pertains to greyhound racing. We were all horrified by the *Four Corners* program in February 2015. The Government and Tasracing consider the welfare of racing animals to be of absolute paramount importance. This includes the need to responsibly facilitate the exit of animals from the racing industry and promote, where possible, the successful transition to life after racing.

The not-for-profit Greyhound Adoption Program, GAP, is a key welfare initiative for the greyhound racing industry. It facilitates the re-homing of retired racing greyhounds and promotes the ownership of greyhounds as pets. The GAP operates based on protocols and robust behavioural assessments which have been adopted nationally to protect greyhounds and their new owners. Tasracing has developed a three-year strategy for the GAP with the aim of increasing greyhound

adoptions. This includes building a specialised GAP facility as outlined in Tasracing's \$43 million infrastructure plan.

The proposed re-homing facility will include a visitor centre to meet and greet perspective foster carers and adopters, a retraining facility for greyhounds, and a residence to ensure 24-hour site supervision security and management. A lease with Crown Land Services has been entered into for a parcel of land at Pontville. Tasracing has submitted all documentation for the rezoning of the land and the development application, which is now being assessed by the Tasmanian Planning Commission.

Promotional activities to build awareness of greyhounds as pets and to find suitable homes for retired greyhounds include: the GAP website and Facebook page, which is regularly updated; attendance at various community events and functions such as Agfest; and meet and greet days are held on a regular basis at the Brighton training centre where potential adopters and foster carers can come along to be informed and interact with the greyhounds available for adoption.

In the financial year, 2017, Tasracing spent \$289 415 on the GAP, which is funded out of the greyhound code allocation. In the financial year, 2017, GAP rehomed 111 dogs, which represented an increase of 30.5 per cent on the previous year. In further positive news, I note this financial year to the end of November 2017 the GAP has rehomed 50 dogs. Tasracing and the industry have committed to working towards fully rehoming all suitable retired racing greyhounds. I encourage all families around Tasmania to consider that option. I first met a couple of greyhounds from the GAP the other day when the Minister for Planning and Local Government and I were promoting the new legislation that was about to go through the parliament. They are beautiful, gentle animals.

Mr BACON - To clarify, minister, Mr Tarring gave notice before Mr Lynch started on 5 December. So did Mr Tarring give notice sometime in November?

Mr COOPER - If Mr Lynch started on 5 December, Mr Tarring's notice would have been prior to that. Logic would dictate that is the case. As to the precise date, I cannot tell you. I would have to go back to my notes.

Mr BACON - That's fine; we can put that on notice to get the exact date Mr Tarring gave notice. Given GBEs were held on 7 December last year, did Mr Tarring give notice and then was he asked to stay on for the GBE hearings last year?

Mr ROCKLIFF - My expectation was that he should have been there as CFO. Mr Lynch had started a day or two before budget Estimates. He would not have had the corporate knowledge of Tasracing. It made sense Mr Tarring was at the table to answer questions, and the chair as well.

Mr BACON - So he was asked to stay on for those hearings?

Mr ROCKLIFF - That was my expectation. The chair would have asked him, I am sure.

Mr COOPER - I think I can assist Mr Bacon in that respect. Because Mr Lynch was the new kid on the block, to use that expression, and because of the detail that is involved in scrutinies of this nature, I asked that Mr Tarring be able to attend the scrutiny held last year. I also attended. There was potentially a situation where I would not be able to there because of a conflicting arrangement in Western Australia. I changed that and sent someone else to Western Australia so I was here. At the same time I asked Mr Tarring to be here as well so there was continuity of process.

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effectively and that any legitimate question asked by anyone around the table was able to be answered in a responsible manner.

Mr BACON - What was the notice period in Mr Tarring's contract? He gave notice and finished up on 23 December and received \$55 000 in lieu of notice. How long is the notice period in Mr Tarring's contract?

Mr COOPER - The notice period was four months.

Mr BACON - So he had the option to either work for four months, or not work and get the money anyway?

Mr ROCKLIFF - That's my understanding, as CFO.

Mr BACON - So from when that notice period is given, which is either November or October, or some time before December, is that when the four months starts?

Mr ROCKLIFF - Yes, I assume so.

Mr COOPER - My understanding of this is that the four-month notice period in respect of any contract commences on the date the person gives notice. If someone gives notice today, then it is four months hence.

Ms DAWKINS - In the 2016 annual report in the greyhound code section, you had the 2015-16 award winners, yet in this annual report you only have the 2016 award winners. Was that because the leading trainer from last year, Anthony Bullock, was disqualified?

Mr ROCKLIFF - I'm not sure, but I don't reckon so.

Mr LYNCH - I don't know the answer to that.

Ms DAWKINS - I can show you. Last year 2015-16; this year is just 2016. It seemed quite strange to me because clearly Mr Bullock is a leading trainer and has been for many years, yet he was found wanting in his pursuit of greyhound winnings this year and had been disqualified for six months and fined \$2000.

Mr ROCKLIFF - The Office of Racing Integrity deals with any fines and disqualifications, Ms Dawkins. Mr Lynch?

Mr LYNCH - The greyhound award winners are done on a calendar year basis. I can't talk to the 2016 report. Maybe that just should have said 2015, but it is a calendar year.

Mr STREET - Minister, I assume the summer racing carnival in Tasmania, in terms of attendance and wagering, is one of the highlights of the year for Tasracing. I am interested in how the carnival performed in 2016-17 and what effect it had on its returns to the industry and the profit Tasracing returned?

Mr ROCKLIFF - Thank you, Mr Street. The Tasmanian feature race days for the summer racing carnival are headlined by the Hobart Cup and the Launceston Cup. Tasracing charges a 2 per

cent premium on its race field fees to wagering operators during February, leveraging returns to the Tasmanian industry during that period, which is good.

Hobart Cup Day turnover increased significantly in 2017, with \$8.3 million compared to \$6.4 million in 2016. The Derby Bow Mistress meeting was held on the Friday afternoon prior to the Hobart Cup and had a turnover of \$4 million in 2017. The TTC Oaks Vamos meeting on Sunday prior to the Launceston Cup had a wagering turnover of \$4 million in 2017, compared to \$2.9 million in 2016. Launceston Cup Day wagering turnover increased significantly to \$8.3 million in 2017, up from \$6.3 million the previous year. The meeting beat the previous turnover record set in 2015 of \$8.2 million. The Devonport Cup was added for the first time to the summer racing carnival, with a turnover of \$5.3 million for the meeting, up 19 per cent from \$4.5 million in 2016.

The summer racing features race schedule had stakes of \$1.7 million, of which 78 per cent of the feature prize money, you will be pleased to know, stayed in Tasmania. The Tasmanian summer racing carnival plays a significant role in the promotion of the Tasmanian thoroughbred industry across multiple platforms, through the success of local community-based events, such as the Sheffield and Longford Cups.

The continuing development of the national profile of the Tasmanian thoroughbred racing through key partnerships with Luxbet and Magic Millions and the black type status of the summer racing carnival feature events ensure national standing for the races and ongoing recognition to the local breeding industry. I commend Tasracing for that improved performance as well as the clubs for the work they do in putting on such important events.

Mr BACON - Minister, would the current CFO receive the same kind of payment if they left under the same circumstances as Mr Tarring? Is their contract the same?

Mr LYNCH - The contract period of notice for Mr Luk is one month.

Mr BACON - So Mr Tarring had four months and the new CFO has a period of one month. Is that reflective of what happened with Mr Tarring, or is there a reason for that change, minister?

Mr ROCKLIFF - That is a board decision.

Mr COOPER - My understanding - and Mr Lynch will correct me if I am wrong - is that there was a review across the board of contracts to determine appropriate notice periods.

Mr BACON - When you say across the board, do you mean across government or across Tasracing?

Mr COOPER - Across Tasracing, in terms of executives.

Mr BACON - So since Mr Lynch came in there has been a change to the way contracts are done at Tasracing?

Mr COOPER - In terms of notice periods, yes.

Mr BACON - Any other changes apart from the notice period?

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Mr COOPER - Not to my knowledge, Mr Bacon, no. Mr Lynch can speak to that operational detail, but I don't believe so.

Mr BACON - Was this change made then directly in response to the payout Mr Tarring got?

Mr COOPER - It is not responsive to a payout that was made to Mr Tarring. What it involves is the review of contracts of executive members and managers. Mr Lynch has effectively implemented a restructuring process, an overview of all contracts and all aspects of the business, and as part of that a decision has been made to reduce the notice period that is applicable for executives, and it may also be for managers as well.

Mr BACON - Minister, do you think it is appropriate that Mr Tarring was paid that money when he had the option to work or, effectively, could take the money and not work, if you understand what I'm saying?

Mr ROCKLIFF - I understand perfectly what you are saying and the chair has outlined in a previous answer that it was best for Tasracing, given that the amount of money would have been probably slightly more if he had stayed on in fact if you consider the holiday pay aspect of that. In my view that was the contract, the payout termination benefit, as it is called, was made, and the board felt that would be in the best interests for Tasracing and also for Mr Lynch, who is the new CEO, coming on board as well. The decision was made and I support the decision.

Ms DAWKINS - Do you have up-to-date information about the number of greyhounds who have died at the track so far this year? Do you have that information? I understand the Office of Racing Integrity manages those statistics but I am assuming that Tasracing would have them too.

Mr ROCKLIFF - It is an Office of Racing Integrity question. I will try to find the answer for you, Ms Dawkins, even though it might be slightly outside the area. Most of the information of course can be got from ORI. If you would like I can put that on notice. It would probably be the best.

Ms DAWKINS - Thank you. We received a disturbing report that on 30 November this year at Elwick two dogs were shot at the track. Does anybody have any information about that?

Mr LYNCH - That is not exactly right. There were two dogs that we understand were subsequently put down. One of the greyhounds had a back paralysis and was taken from the track. I know the facts of this clearly because the owner was not able to be contacted. Certainly it would have been most humane to euthanase that animal at the track but due to the owner not being available the trainer took the greyhound to emergency veterinary care and it was subsequently X-rayed and found to have damaged its back.

Ms DAWKINS - Can you tell me how that would have happened?

Mr LYNCH - The racing greyhound is an athlete and athletes suffer injuries from time to time. The Office of Racing Integrity did a review. The greyhound just seemed to falter halfway down the first straight. There is no hard and fast information about how that occurred.

Ms DAWKINS - The other dog?

Mr LYNCH - The other dog was euthanased at the track.

Ms DAWKINS - Can you tell me what happened to that dog?

Mr LYNCH - The dog was checked and fell and slid underneath the running rail and struck a post.

Ms DAWKINS - Nothing has changed then. This is exactly the same reports we hear year on year. The community is deeply disturbed to hear yet again dogs are slipping over and dying at the track. It is deeply disturbing.

Mr GROOM - Minister, can you give us an update on how the Magic Millions sale went this year?

Mr ROCKLIFF - It went well. It is from a catalogue of 133 yearlings. The 2017 sale delivered record results with 96 lots sold with a clearance rate of 78 per cent. The average price of \$24 062 represented an increase of 4 per cent on the financial year 2016, with a gross of \$2.31 million. Grenville Stud-bred filly, Snippetson over Flying Diva, achieved the highest price ever for the sale of \$160 000 when sold to Tasmanian-based owner, Leigh Winwood and the filly will race in Victoria and will be trained by Darren Weir.

The 2017 Magic Millions Tasmanian yearling sale was the fifth sale to be completed under the direction of the yearling sale working group and the group was devised as a result of the development of a three-year agreement between Magic Millions, TasBreeders and Tasracing. Magic Millions, TasBreeders and Tasracing have agreed to enter into a further agreement until after the 2018 sale. The agreement secures ongoing support of one of the nation's leading bloodstock companies, Magic Millions, ensuring national exposure for the Tasmanian breeding industry.

Tasracing provided \$125 000 towards the operation costs of the 2017 Magic Millions yearling sale and early indications for 2018 Magic Millions Tasmania yearling sale are strong, with 167 horses nominated, which is very pleasing and a good sign of confidence in the industry.

Mr BACON - Minister, can you explain the decision to delay the upgrading of the Elwick track?

Mr ROCKLIFF - Yes, I can. It was disappointing that the upgrade has not gone ahead and we would all acknowledge that, except the right decision was made and through consultation with the TRC and it was important. With such significant investment and a lot of dollars, as you would appreciate and Mr Lynch will probably tell you exactly how many soon, we had to get it right. The grass that was being prepared for the track was not ready at that stage. It was just too risky, it was too early a stage and it is better off waiting another year to get that grass properly established so it can be put on the track. I am saying this in very layman terms and I apologise for that.

There was an example, as I understand it, on the mainland, and I think it is Eagle Farm, where you could argue they rushed the process. The grass was not quite right and as a result, there has been a lot of further investment to get that right. I know it is layman's terms, Mr Lynch, you might want to explain, and Kim Elliott is here to explain as well, if he would like to.

Mr LYNCH - There was an anticipation to get the track done after the 2018 Cup but it was pending consultation. That consultation occurred in a town hall-style meeting at Elwick, which was well represented. It was decided then that the most prudent and safest decision was to put the project

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back until after the 2019 Hobart Cup, which allows us to further improve the grass track at Launceston and to adequately plan to compensate and to allow trainers to plan for a period where Elwick will not be able to be used.

Mr BACON - Minister, you said you consulted with the TRC on the delay -

Mr ROCKLIFF - I didn't personally, but Mr Lynch did.

Mr BACON - You also discussed this with trainers, owners and jockeys in the meeting at Elwick.

Mr LYNCH - Correct.

Mr BACON - Was there any other consultation apart from that?

Mr LYNCH - There is ongoing consultation, mainly informal, but we do consult with the TAN - Thoroughbred Advisory Network - on a quarterly basis. Some of the executives and I attended the Trainers Association meeting, the Jockeys Association AGM, so there is ongoing consultation.

Mr COOPER - I have also had one-on-one discussions with major players in the thoroughbred industry and they endorse the decision that has been made.

Mr BACON - If we go back to July, there was a meeting that was abandoned after just two races. My understanding is the jockeys decided amongst themselves there would be areas of the track that were off limits, effectively. Is that right?

Mr ROCKLIFF - Yes, they possibly did.

Mr LYNCH - We have identified for some time there is an issue with that track, particularly in the back straight where there is a natural fall into a spot that wells up. That spot was wet and the jockeys spoke about how that could be avoided. There was a number of options available, however after two races it was deemed unsafe and the correct decision was made. The safety of the participants and horses is paramount.

Mr BACON - Who made that decision? It wasn't the jockeys that made that decision, it was the stewards?

Mr LYNCH - No, it was the Office of Racing Integrity stewards.

Mr BACON - Do you think it is appropriate for the jockeys to have that kind of arrangement? Does it raise any integrity issues for you, minister?

Mr ROCKLIFF - This is a question for the Office of Racing Integrity, of course. The stewards are ultimately the ones who make the decision.

Mr BACON - When it comes to the state of the track, minister, what is your anticipation for the Elwick track over the next 18 months?

Mr ROCKLIFF - As to ensuring it is maintained to a sufficient -

Mr LYNCH - The track team and facilities team undertook significant repatriation over the winter. Since that time the track has been performing better. It is not ideal but we are confident those measures, which include the injection of a large amount of sand into the profile, will help the drainage and get it through the next year until the period when the track is rebuilt.

Mr BACON - Can you give us an update on the Spreyton track? There have been some public comments about the quality of the track, the effect on horses and things such as that. Can you let us know your thoughts on not only the current state of the Spreyton track but the future?

Mr ROCKLIFF - I can. I commend the previous government, under your administration, for the investment in the Tapeta track. It had very strong bipartisan support, as I recall, at the time. It is a good asset for Tasmanian racing, given some racing meets are cancelled and moved at relatively short notice to the north-west coast. I'm not sure how many circumstances there have been this year - the chair informs me it is two. There is also a nice little space in that winter for the Tapeta track and the Devonport Racing Club to work with. It is in its seventh racing season at this present time. It is an important racing and training asset.

All racing was conducted on the surface during the month of August 2016 and this will continue. It may well be extended into the future and allows the Hobart and Launceston tracks to receive a break and renovation works to be carried out. The track is well supported by the industry, reflected in the average field size of 9.6 in season 2016-17, compared to 9.76 in 2015-16. The track produces racing, which is fair and unbiased and this is evidenced by the racing statistics.

As I said before, it is an ideal winter racing surface, therefore acting as an ideal back-up venue for the industry should inclement weather result in the cancelling of a meeting scheduled for the Hobart or Launceston turf tracks.

The Tapeta track consists of sand, wax and fibres and the composition of the track is periodically monitored through laboratory testing by the manufacturer. Tasracing has a maintenance regime that is designed and tailored to suit the weather conditions and use.

I am informed here that in the 2016-17 season, one race meeting was transferred to Spreyton due to inclement weather. I said two before, but it says one in my notes. Kim Elliott says two, so he must know.

Mr BACON - Do you have any concerns at the moment about the track in the way it is performing?

Mr ROCKLIFF - I do not. I've read similar media reports as I suspect you have, Mr Bacon. Some people have a view that is not always complimentary, but the majority has the view that it is working well and it has been a good assessment. It provides a good service to the industry, given how logistically difficult it is to transfer a race meeting. For the turnover for Tasracing and all the benefits it has, it is better to transfer it to Spreyton rather than have an entire cancellation of one race day. We acknowledge some of the views of some people, but the majority, as I have said, seem to support the track and what it provides for racing.

Mr LYNCH - It is worth noting that after the winter season, as part of its scheduled maintenance the track was re-waxed, so it will be ready to go for the next meeting. That is just part of an ongoing maintenance regime.

CHAIR - I would like to make a comment there, if I can. It is also better for the horses. They have been fed for a race meeting, so to be able to transfer it is a much better outcome than trying take them off the feed. It is great to have that resource. I know I shouldn't say that, but I couldn't help myself.

Mr ROCKLIFF - Thank you, Chair, for your insights.

Mr STREET - The remediation work that's happened out at Elwick eventually, is that just to do with the surface or is that going to change the profile of the track as well?

Mr LYNCH - Yes, both. It won't change the geometry of the track, so the distances and everything will be the same. The intention certainly is to eliminate that -

Mr STREET - It will lift the back straight up?

Mr LYNCH - The back straight won't be lifted significantly, it will be evened out.

Ms DAWKINS - I believe that greyhounds don't have to be registered or microchipped until they're 12 months of age; is that correct?

Mr ROCKLIFF - I will have to check that with the Office of Racing Integrity, Ms Dawkins.

Ms DAWKINS - Okay, I will put that on notice.

Mr ROCKLIFF - You will put on notice at what age they can be?

Ms DAWKINS - And why? Other dogs have to be registered much younger than that. There is a concern from animal welfare advocates that they are doing that to hide the number of dogs in the community. I will put that on notice.

Looking through the report, I don't see that there is much support for problem gamblers or gamblers with dependency issues. You are probably aware that in the latest DSM-5, the bible for mental disorders, that gambling is now considered to be a mental illness. Can you tell me what support you have at the racetrack for people who might be identified to have issues with gambling, and what agencies you work with to be able to help them with those problems?

Mr ROCKLIFF - Ms Dawkins, I thank you for your question. Tasracing adheres to all relevant legislation and advertising industry guidelines in relation to responsible promotion of wagering. On all Tasracing's websites, Tasracing makes prominent reference to Tasracing's commitment to promoting responsible wagering. This includes phone numbers and other contact details of gamblers help services in each state and territory. In all television advertising, Tasracing complies with relevant legislation and advertising industry guidelines, including not running advertising during children and family viewing times; not portraying excessive gambling; and including required gambling responsibly and gamblers help line telephone number.

In general, Tasracing's target customers are interstate- and overseas-wagering customers who are highly informed. In fact, many of Tasracing's target wagering customers are semi-professional or full-time professional wagering customers. Tasracing is not a wagering operator, therefore it does not handle any wagering transaction directly with any customer. All wagering transactions

are undertaken by licensed wagering service providers. All wagering service providers who provide wagering on Tasmanian racing adhere to relevant responsible gambling legislation and are monitored closely by the Australian Advertising Standards Bureau to ensure compliance. I am not sure if Mr Lynch has anything further to add to that.

Mr LYNCH - I think that covers it.

Mr BACON - Minister, Labor recently announced a policy to impose a point of consumption tax on corporate bookmakers and wagering providers who operate in Tasmania. Is this something that Tasracing has explored as a way to make the industry more sustainable?

Mr ROCKLIFF - I will refer that question to Tasracing.

It is being considered by state and federal treasurers nationally. Some states are on board with this. It started in South Australia. Discussions regarding implementation of a point of consumption tax have been occurring at a national level for over a year, since South Australia announced its policy.

This has been discussed at national gambling ministers' meetings, a legal offshore wagering taskforce chaired by the federal minister Tudge. It was discussed by treasurers again, recently, at their meeting in Sydney. In both forums, the Treasurer has been an active contributor to discussions that have taken place. The implementation of a policy is complex and there are many issues to consider.

In Tasmania's case all deed options are being discussed. This could have an impact on the current deed arrangement with UBET, which would likely require some re-negotiation. So it has been discussed at the Treasurer's level. Tasracing have been exercising its mind on this as well in terms of the impact on the racing industry. There would be some impact on the racing industry. It is not as simple as finding a revenue source for the racing industry and providing that revenue source straight to the racing industry. There is a bit of give and take, to put it that way.

Mr BACON - Can I ask then, in terms of the Government's 43 targets, you have committed to no new taxes in that document. Does that mean you will not introduce this type of arrangement?

Mr ROCKLIFF - We are not planning to introduce it. There is a lot of water to go under the bridge yet before we do.

Mr BACON - Does that document rule out introducing new taxes?

Mr ROCKLIFF - Yes, it does. The document says that we will not introduce new taxes. This is a new tax so we would have to be very mindful of that. We have committed to no new taxes and this would be a new tax.

Mr BACON - Does that document rule it out?

Mr ROCKLIFF - Effectively it does. Notwithstanding it is a national discussion that Mr Lynch has also been involved with in terms of Tasracing.

Mr LYNCH - It is not a tax per se on Tasmania; it is a tax on wagering clients. To cut a long story short, it facilitates local racing industries via the state governments accessing more funds. That is the key component.

Mr STREET - Minister, outside of the spring carnival in Melbourne and the autumn in Sydney, attracting people to racetracks is really difficult. What is Tasracing doing to try to assist race clubs in attracting people to the track? Anybody who goes to the races and enjoys it would agree that the more people there are at the track the better the atmosphere and the more enjoyable the experience. What is Tasracing doing in this regard?

Mr ROCKLIFF - That is a good question. Tasracing is doing a fair bit in this area. It is a concern of mine, however. It is great to have more atmosphere and more people at the Devonport, Launceston and Hobart cups. It is great to feel that atmosphere. Outside of the cups, though, depending on certain race meetings, there are not many people turning up. It is fairly sparse, and I accept that, so we need to do more.

In terms of trying to get more punters to the track, Tasracing's digital and IT strategy is designed to position the company at the forefront of the national wagering market. This is about attracting more punters online to compensate for less people at the track as well. A spend in digital and IT in the financial year 2017 at around the same level as the financial year 2016 was in line with the digital strategy, which saw ongoing investment in digital assets, namely ongoing improvements to Tasracing including site architecture improvements, improvements to the useability of online form guides, and improvements to form data and live-streaming format reliability. Ongoing improvements to Tasracing corporate.com.au aim to increase engagement with participants and the general public and ongoing improvements to goracingtasmania.com.au aim to drive on-course attendance.

These activities resulted in a number of successful outcomes. Our digital products and related promotion contributed to a total wagering turnover growing to 8.6 per cent compared to the financial 2016, from \$472 million to \$512 million. Resulting revenue increased 11.5 per cent, from \$9.5 million in the financial year 2016 to \$10.5 million in the financial year 2017. A 14 per cent increase in pages viewed on tasracing.com.au means our customers are more engaged with more racing information, which is good news and there was an increase in page views from 3.1 million in financial year 2016 to 3.6 million in financial year 2017. Obviously the goracingtasmania website encourages punters to attend as well and enhance the vibrancy of race meetings, irrespective of what time of the year they are and particularly outside the major cup areas. Have you anything further to add, Mr Lynch?

Mr LYNCH - It is an ongoing issue for race clubs nationally. We have been working very closely with all the clubs and will continue to build on that. Even though it is outside the reporting period, we were able to conduct our first Saturday night harness meeting since the 2006 Interdominion for the Australian Drivers Championship. We had an excellent promotion and working relationship with the TPC and it attracted a big crowd to show that racing and harness racing at the right times of the day or night or week is a popular pursuit. We obviously don't have the marketing dollars to spend on every meeting but the intention going forward is to pick up some special type meetings and work closely with the clubs.

Mr ROCKLIFF - Obviously the primary focus of race clubs is on attracting and catering to local on-course members and customers. This makes the operational focus of racing clubs hospitality, food and beverage and customer entertainment. The challenge for our race clubs is

maintaining relevance within the Tasmanian leisure market in the face of rapidly increasing competition, as you would appreciate, for customer spending with leisure time. Digital and social media is critical to that engagement as well. In order to address this issue and while not detracting from the company's focus on race field-fed revenue, Tasracing has delivered a range of assistance initiatives to clubs in relation to marketing and events.

I have mentioned the goracingtasmania marketing initiative. That is a year-round advertising and marketing campaign designed to raise awareness of racing amongst the general public and interstate tourism markets; fund the operation of goracingtasmania and e-commerce; enable website advice and guidance on club use of social media; supply sponsorship; propose templates to clubs; develop marketing programs for club use - for example, Young Racing Tasmania for the TRC and TTC; market services for major events such as the Tasmanian summer racing carnival, the Greyhound Hobart 1000 and the Tasmanian pacing cup; provide discounted supply rates for marketing services accessed by Tasracing; graphic design services for strategic club promotional needs; deliver the annual awards dinners for thoroughbred and harness codes - and I was pleased to get to the thoroughbred event this year; and management of a master sponsorship agreement including venue naming rights, wagering operator sponsorships, summer carnival naming rights, and brewery sponsorships. So a fair bit is happening, albeit a challenge.

Ms DAWKINS - Just going back to 30 November at Elwick, you said one of the dogs was taken to the vet to be killed and one was killed at the track. Can you tell me how that death occurred?

Mr LYNCH - I'm not privy to that detail or information. We would need to refer that to the Office of Racing Integrity which controls the race meetings.

Ms DAWKINS - Are you aware that dogs are shot at the tracks? Does that ever happen in Tasmania anymore?

Mr LYNCH - I'm not sure. I'll have to take that on notice.

Ms DAWKINS - You're not sure? That's strange. You speak here about older dogs and dogs with lesser ability who are now having their own races. This was part of the transition into a more sustainable industry that has a social licence. Can you tell me how those races are going and are older dogs more prone to injury during races than the athletes you were speaking about before?

Mr LYNCH - There has been some take-up on those masters races, but we don't see any higher injury rates for those masters races. The intention is to provide a better life for the greyhounds.

Ms DAWKINS - Will you continue to offer these races if they're not being very well patronised and people aren't all that interested?

Mr LYNCH - People are interested so we are going to keep offering them.

Mr BACON - We have seen in both the harness and thoroughbred codes less breeding happening in Tasmania than in the past and numbers continuing to go down. What sorts of discussions have you had with breeders or the industry more broadly about turning that around?

Mr ROCKLIFF - Tasracing has the responsibility to support and develop the thoroughbred breeding industry in Tasmania. Tasracing maintains the black type status of Tasmanian feature races through prize money allocations and continues to work to attract quality fields to maintain the

Australian Pattern Committee ratings of the feature races. Black type races are internationally recognised as a quality mark of Tasmanian races and significantly assist in the promotion of the Tasmanian breeding industry. In addition to feature race funding, Tasracing contributes financial support of more than \$479 000 annually to the thoroughbred breeding industry in Tasmania, with significant funds apportioned to the Magic Millions Tasmanian yearling sale and breeding incentive schemes. That is broken up with \$125 000 for the Magic Millions yearling sale, \$100 000 for the Magic Millions race series, and the breeders incentive schemes of \$254 000.

Tasracing currently administers two breeding intensive schemes. The primary scheme is tasBonus which was created in 2012. That is an exclusively Tasmanian-based scheme which has increased attractiveness through a unique divided nomination system, comprised of owner and breeder components at affordable rates. The trend in TasBonus nominations mirrors the downward trend in national thoroughbred breeding and foal numbers over the past three seasons. There is a downward trend but that is in line with what is happening nationally, so this is a challenge.

TasBonus qualified horses were paid \$254 000 in winning bonuses in the financial year of 2017. In the 2016 financial year, \$191 000.

The second scheme, Super VOBIS, in which Tasracing mirrors payments to Tasmanian qualified horses in Super VOBIS races within Victoria and Tasmania, paid out \$12 000 in the 2017 financial year and zero dollars in 2016. Prior the 2011 financial year, Tasmanian bred horses were part of Super VOBIS schemes, which is a highly lucrative, Victorian-based breeding scheme. Racing Victoria removed the Tasmanian inclusion in the 2012 financial year but Tasracing continues to cover exposure of Tasmanian bred horses in the Victorian scheme.

Tasmanian breeders see the viability to promote and sell horses to mainland buyers with Victorian Super VOBIS payments, matched by Tasracing, as integral to their marketability. Tasracing, in consultation with TasBreeders, are undergoing a review of TasBonus with a view to reinvigorating the scheme and incentives to breed, race in Tasmania. I support that and that is to the second part of your question.

I think you have met with the same people I have met with in recent times, Mr Bacon, about proposals to re-invigorate the bonus scheme in Tasmania and support the breeding industry.

Mr BACON - Do you support that proposal?

Mr ROCKLIFF - I support the intent of the proposal and there is a lot of further work to do to nail that down properly. I commend the initiative of those who have come to see me and you about re-invigorating the bonus scheme. It is a good initiative. I welcome their initiative and we are continuing to work with those individuals about what might be the best formula and quantity of funds to put forward into reinvigorating that scheme.

Mr Lynch, do you have anything further to say on that? I know you have been working on that as well.

Mr LYNCH - You have covered it.

Mr ROCKLIFF - I have not covered harness, Mr Bacon. I consider harness in the same lot. If you are going to have a bonus scheme for the thoroughbreds -

Mr BACON - If the Government supported that proposal that has been brought forward would it be across thoroughbred and harness racing?

Mr ROCKLIFF - I am looking at thoroughbred and harness racing. Harness racing breeding has declined locally as it has nationally, quite considerably, but that does not mean we should not support the industry. Ms Dawkins, we will not be having breeding schemes for greyhounds. I want to rule that out.

Mr GROOM - Minister, last year Tasracing announced their five-year infrastructure plans. Can you provide an update to the committee on the projects that have been undertaken under that plan through the course of the year?

Mr ROCKLIFF - Yes, I can do that. The five-year infrastructure projects across five venues were completed during the financial year 2017. The reason why we can have a \$43 million investment in the five years is because of the sustainability measures we had in place in 2015. As difficult as that was, it has allowed Tasracing to free up those funds so we can have \$20 million of new capital and \$23 million of upgrading of existing infrastructure, if I can put it that way.

The five projects across the five venues were completed during the financial year 2017. Projects of note included: a new air-conditioning plant for the greyhound kennels at Elwick and Mowbray, \$28 000; new thoroughbred starting barrier for Mowbray of \$179 000; completion of the new greyhound training straight track at Ulverstone of \$218 000; replacement of analogue system to full HD-capable vision distribution system and monitors to the grandstand at Elwick, \$75 000; the new track steward's tower at Brighton Training Centre \$38 000; and acquisition of new track maintenance equipment across various sites of \$322 000.

Tasracing continues to consult with stakeholders over the five-year infrastructure plan and works are being prioritised in line with the consultation. All planned expenditure is fully funded through cashflow. The sustainability adjustments made in 2015 have provided the ability to internally fund the plan without greater borrowing. It is pleasing that we can have a new capital investment program over the next five years and have enough funds to maintain, repair and maintenance for existing infrastructure as well.

Mr BACON - Minister, do you concede that while stake money for the industry has gone down totally salaries at Tasracing have actually gone up?

Mr ROCKLIFF - I've announced today that stakes are actually marginally ahead of where they were before the reset. That's the good news today.

Mr BACON - When was the reset?

Mr ROCKLIFF - The reset was about two-and-a-half years ago, around August 2015.

Mr BACON - So stakes are now where there were two years ago?

Mr ROCKLIFF - Stakes are now where they were. This is pleasing to me, because I expected us to get back to where we were over a five-year period. That was my expectation.

Mr BACON - That was your expectation when you made those cuts?

Mr ROCKLIFF - Yes.

Mr BACON - That it was going to take five years to get back?

Mr ROCKLIFF - That's what I thought it would take.

Mr BACON - You just thought the industry would keep sailing on with no impact from that?

Mr ROCKLIFF - No, I recognised the impact from that, absolutely. It's great that in two-and-a-half years we're back to where we were, in fact, marginally in front, which is really good news. One of the reasons for that, though, as well it wasn't just about the reset of stakes to create the sustainability. It was also the legislation that we introduced into the parliament with your support and the upper House support, to allow Tasracing greater flexibility in the marketplace for race field fees. Tasracing have worked the market, if I can put it that way, very well, which has generated more than expected revenue for Tasracing. This is where it is really good and why there is that jump from earlier figures. Their own revenue being generated by Tasracing has increased by around 16 per cent to almost 30 per cent of the overall income for Tasracing, which is really good. That highlights in the future a more self-sustaining model, which is a really good statistics to highlight.

Yes, it was really difficult, but we've come out of it faster than envisaged, thankfully, through some other changes that we've made. That is good news.

The second part of your question, there has been a marginal increase in overall salaries, but as Mr Lynch will detail shortly they have been positions that have been particularly targeted to grow the product of Tasracing, which as evidenced by the annual report, would seem to be working. If Mr Lynch would like to explain that further?

Mr LYNCH - Some of the increases, Mr Bacon, from 2017 were a transfer of labour costs from the clubs into Tasracing. That represented approximately \$200 000 of those increases.

Mr BACON - I don't mean to interrupt but can I ask what kind of positions they are?

Mr LYNCH - The people on the track.

Mr BACON - Track workers?

Mr LYNCH - Yes.

Mr BACON - I think the minister said those positions help grow revenue?

Mr LYNCH - Another position was internal web developer, which increased the wages but decreased the overall spend of around \$150 000. They are the sorts of changes we are making.

Mr BACON - In terms of the transfers from the clubs, they were not around the same kind thing in terms of increasing or cutting costs so much as taking responsibility from the club?

Mr LYNCH - And assisting the clubs. Most of those changes occurred without a reduction of funding for the clubs, so the clubs in turn could better market and better support the industry, which is what our mantra has been of everyone working together.

Mr ROCKLIFF - There has been a greater focus on more numbers in the grassroots of racing, if I can put it that way, as Mr Lynch has said. That is demonstrated by the total of people involved with Tasracing. There are two administration people but assets, facilities and race day operations account for 131 people, for example. There are three executive officer positions, the board makes up seven people, there is one legal person, one people and culture person, six digital marketing people, which is important, eight racing and strategy people, and eight finance people. So of the 167 people involved in racing, 131 of them are at that sort of grassroots level, which has increased, as I understand it.

Mr BACON - Minister, when you talk about the two years where stakes have returned to where they were effectively were when you made the stakes cut, do you have any figures around the gap that has widened in terms of stakes money between Tasmania and, say, Victoria, New South Wales or country Victoria? As our stakes have stayed the same and theirs have grown, how much has that gap increased?

Mr ROCKLIFF - I don't have those figures with me.

Mr LYNCH - It is not an exact science because there are different prize money levels at different levels of racing, particularly in New South Wales and Victoria, so it is very hard to line them up like for like. All we know now, though, is that we've got our base stakes up for thoroughbreds to \$16 000 and on the back of some consultation after the announcement today we will be increasing that again and getting pretty close to what the provincial stakes money is in those two states.

Mr BACON - Victoria and New South Wales?

Mr LYNCH - Yes.

Mr BACON - What would a standard race in country Victoria be worth?

Mr LYNCH - Approximately \$20 000 at the provincial level, country races for less. This is where the levels make the like-for-like comparison quite difficult.

Mr ROCKLIFF - When we made the reset a lot of work was done with individual codes to minimise any major negative impacts. In terms of races and feature events, everything was really done to ensure that the effects of the state's decrease impacted to a lesser extent. You could take a line right through it and say everything would drop by so much. It is not an exact science, as Mr Lynch has said, but there is a science in trying to ensure the impact of the stakes reset was not as great as it otherwise would have been if there was just an across-the-board decrease.

Mr COOPER - For example, rather than cutting right across the board, if you take thoroughbreds, a decision was made to reduce the prize money for the major cup races rather than making a reduction at the lower-class races, whether they were class ones or maidens. So the top end was hit, if I could put it that way, and that was absolutely approved by the industry as a whole.

Mr STREET - Minister, one of the features of Tasmanian racing now is the night race meetings in Launceston. Are you able to detail for the committee the success of those meetings in terms of attendance, wagering, et cetera?

Mr ROCKLIFF - Yes, I can. I had the pleasure of attending a night meeting three or four weeks ago where I think the horse, I'm Wesley, may have won the feature event. I know a few of those connections so it was a good night to be there, and it was a magnificent spectacle. I had a chat to a few of the people at the TTC and they have a wonderful facility, in my view. Wednesday night is fantastic and it is worth going to have a meal and just soak in the atmosphere of Wednesday night racing. The night racing at the Luxbet Racing Centre continues to be very successful.

Tasmania's night racing schedule has again shown high growth in 2016-17 with Australian turnover increasing 17.5 per cent year on year to \$83.4 million. With one additional meeting compared to the prior year, night racing is now generating 31 per cent more Australian turnover per meeting than the Sunday product, equivalent to incremental turnover of \$899 000 per meeting. The average meeting turnover on 22 thoroughbred race meetings, or 21 last year, increased by 12.1 per cent to \$3.79 million compared to 2015-16.

The Luxbet Racing Centre is one of only six night racing thoroughbred venues in Australia and allows for competitive positioning of Tasmanian racing nationally and internationally. Wednesday is nationally recognised as a premier metropolitan race day and night racing is broadcast on the premium Sky 1 and Sky Thoroughbred central channels, which have expanded race day coverage, including pre-race interviews and mounting yard coverage.

The night racing schedule is also generating additional revenue from France, South Africa, Singapore and New Zealand. Feedback from international customers says that Launceston night meetings are the equal of any internationally broadcast events and broadcast races. Additional costs incurred by the night racing schedule primarily relate to the additional power consumed, however when compared with Sunday meetings the night racing schedule generates higher cash flows and profitability with further growth prospects both in Australia and internationally. Tasracing adopts a direct approach to international customer relationships to help secure current broadcasts and create opportunities, and the strategy augments Sky's efforts to distribute the Australian product.

I commend all those involved. It was a great initiative six or seven years ago and I really encourage people to go and experience it. It is really something spectacular.

Ms DAWKINS - Are there any animal welfare advocates on the greyhound reference group?

Mr LYNCH - I think all the participants care about animal welfare but are you asking about particular activists on the greyhound reference group?

Ms DAWKINS - Not activists, advocates - people who are there to speak on behalf of greyhounds.

Mr LYNCH - I would say that every member of that is an advocate for greyhound welfare.

Ms DAWKINS - Then how are so many greyhounds still dying every year?

Mr ROCKLIFF - All efforts are made to minimise any injuries to greyhounds. We are very mindful, Ms Dawkins, and as Mr Lynch said, everyone on the reference group cares passionately for animal welfare issues, which is essentially why they are there.

Ms DAWKINS - No-one believes that.

Mr ROCKLIFF - I believe it.

Ms DAWKINS - That is what I was going to ask you. Do you personally believe that animal welfare has improved in the greyhound industry?

Mr ROCKLIFF - Yes, and it is only going to improve further. It is a tragedy that it took the event of February 2015, and the events leading up to that, which of course were exposed. I was horrified. I was eating my dinner about 8.30 at night in my office and I had to put it down; I couldn't stomach it. It was horrific. As a result, there have been a lot of inquiries nationally and a lot of work done in Tasmania. There has been no evidence of live baiting in Tasmania as in some of the examples that were seen on the mainland, which is good.

You used the term 'social licence' at the beginning; the greyhound racing industry knows it is on notice with their social licence. We have to do all we can to support the industry and ensure the highest possible animal welfare standards for the industry.

Ms DAWKINS - Considering that Mr Bullock was disqualified from racing in 2017, will he now be ineligible to be the future leading trainer? How does that work? Is there a period after disqualification that you cannot be put forward as a leading trainer to be awarded?

Mr ROCKLIFF - I will take that on notice. It is a matter for the Office of Racing Integrity, not to Tasracing.

Ms DAWKINS - Tasracing are the ones who put forward the awards, not ORI, so I am sure that would be a Tasracing decision if people have been disqualified.

Mr ROCKLIFF - It's based on the number of winners, isn't it.

Ms DAWKINS - So it doesn't matter if people have been disqualified, you can still be awarded?

Mr ROCKLIFF - That's correct.

Mr BACON - Minister, do you concede the 'funding reset', as you call it, widened the gap between Tasmania and other states when it comes to stakes money?

Mr ROCKLIFF - I haven't seen the figures. I won't concede that without seeing the data and evidence to support that.

Mr BACON - From what you said, that stakes have effectively stood still in Tasmania for over two years, is it your understanding that funding has not increased in other states as well?

Mr ROCKLIFF - I know there are a lot of sustainability challenges in other states, particularly Queensland at present. What I am saying is that we have made some challenging decisions that have resulted in a more sustainable industry.

As per Ms Dawkins contributions today, I think it is continually under the microscope. It is under the microscope further as well because of the funding arrangements. When your government sold TOTE; we opposed it, but that is water under the bridge and I accept that - it shone a spotlight on the racing industry in terms of taxpayer contribution to the industry. A \$30 million deed is a lot

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of money. To continually top up that deed year on is not sustainable, particularly when you have to make challenging budget savings measures in other areas or key service delivery priorities.

We are in a good space. The reset of stakes has also refocused Tasracing in terms of their product and sustainability measures. If you are minister for racing in 12 months' time, you will approach me in the corridor and say, 'Thanks, Rocky, you did us all a favour'.

Mr BACON - Does Tasracing receive any assistance for any other payments that are made? You talked about taking money from health and education. Is there any other financial help?

Mr ROCKLIFF - Not that I am aware of, apart from the deed.

Mr BACON - What about interest payments?

Mr LUK - Previously when we developed the Spreyton track, we had a loan, which incurs interest. Because of the funding we get from the Government based on the funding deed, roughly just under \$30 million, \$29 million, \$300 000 more. It is not enough to assist with the funding of Tasracing. Additionally we also pay interest on that loan. The Government has assisted us with a grant to help us pay off the interest on that loan.

Mr BACON - How much is that?

Mr LUK - Just over \$700 000.

Mr BACON - How long has the Government had that arrangement in place?

Mr LUK - Since the Spreyton track was developed. It has injected that as part of the equity into the company.

Mr BACON - What year did that arrangement begin?

Mr LUK - I do not have that information on me now. I think was with is the development of the Spreyton track, which was roughly seven years ago.

Mr COOPER - I think it was in 2010 that Tapeta Park started.

Mr BACON - When did the financial arrangement with the Government begin, in terms of paying interest payments of \$700 000 a year?

Mr ROCKLIFF - I think that began under your government. That was a drawdown on that \$40 million facility. I stand to be corrected.

Mr COOPER - My understanding, Chair, is that an interest rebate came into effect following the construction of Tapeta Park, which required the use of part of the capital available for Tasracing.

Mr BACON - That \$40 million loan facility?

Mr COOPER - It was drawdown to the extent of the capital cost of Tapeta Park. The interest that is payable there on is effectively rebated.

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Mr BACON - In terms of the \$40 million loan facility that has been drawdown for the Spreyton track, how much of it is still available?

Mr COOPER - The facility is roughly still \$37 million. The company itself has decided not to drawdown on the remainder because it is difficult for Tasracing to repay any amounts on that. In order to build the track in Spreyton, we had to drawdown on it.

Mr BACON - The facility is still available but has Tasracing made a decision independent of the Government not to use that facility?

Mr COOPER - That is correct. We made a decision not to borrow because, with the stakes reset, it allowed us the opportunity to run the business in a manner where we did not constantly have the sword of Damocles over our head. The board made a decision not to borrow to support ongoing expenditure - for example, the Hobart redevelopment.

Mr BACON - How will that be funded?

Mr COOPER - It will be funded by the revenue we create through racefields' fees revenue.

Mr BACON - Internally?

Mr ROCKLIFF - Internally.

Mr BACON - How much is the estimated cost of the Elwick redevelopment?

Mr COOPER - I do not know. Mr Elliott or Mr Lynch may be able to assist.

Mr LYNCH - We have not had it scoped out fully yet or tendered. That will play out as it plays out, circa \$10 million to \$12 million. We have depreciation right down.

Mr LUK - That is correct. It is a cash-flow thing. All the funds we get from the Government we try to put it back in the industry.

In respect to the refurbishment or redevelopment of assets, we wait through depreciation. We depreciate our assets based on requirements set forth in legislation. We keep that cash in order to develop and refund our capital investments.

Mr BACON - Will you have enough fund to redevelop the track by 2019?

Mr LUK - That is correct. As you can see in the financial statements, the balance of the cash is around \$15.8 million.

Mr ROCKLIFF - Further to my answer to Mr Bacon's question about additional funds going into Tasracing: there is \$250 000 of unclaimed dividends, which earmarked for capital in Tasracing. We promised at the last election to take a look at unclaimed dividends. Victoria had a scheme of unclaimed dividends, a pot of gold, effectively. A lot less in Tasmania; nonetheless \$250 000 going into some capital every year is not to be sneezed at. The unclaimed dividends and of course that legislation went through the Parliament around 2015, I think.

Mr GROOM - Minister, I understand that Tasracing has been working with international markets to be identifying additional revenue opportunities. I was just wondering whether you might be able to provide some further update in relation to those activities.

Mr ROCKLIFF - Thank you. As I said, with the Wednesday night races and success of those race meetings in France, Singapore, New Zealand and other areas it is an example of where generating additional revenue, including that from international customers, is one of Tasracing's corporate goals. In the 2017 financial year international revenue on all three codes of Tasmanian racing increased by 24 per cent to \$827 000. Fifty-three per cent of Tasmanian international revenue is from thoroughbred racing; 14 per cent from harness; and 33 per cent from greyhounds.

In the financial year 2017 greyhound international revenue increased 82 per cent, harness increased 13 per cent while the thoroughbred increased 6 per cent. Thoroughbred night racing remains the state's premium product, as we have said before, and the best export potential.

The success of Tasmanian racing in the French, Singapore and New Zealand markets comes as a direct result of building personal relationships with the wagering operators in each country. Developing and maintaining direct relationships with foreign regulatory bodies is a definite strategy and complements Sky's efforts to promote growth.

The night racing season has been programmed to deliver regular product to increase the profile with the customers. An investment in infrastructure ensures that racing venues are of suitable quality and can conduct races to suit the time zone to international customers. That international revenue growth of 24 per cent on all three codes is tremendous. I commend the team. Anything further to add Mr Lynch or Mr Cooper?

Mr COOPER - Through you, Chair, the minister noted the personal relationship that we had with France, and that was started by the late Brian Speers and I've been able to continue it. It is pleasing to note that France has now decided to take additional races from additional meetings. The night racing season runs from A to B and within that period France took a certain number of meetings and a certain number of races from each meeting. They have now extended that, so that gives us a greater opportunity to promote our product and equally significantly, to attract race field fees revenue from international wagering.

Ms DAWKINS - Minister, I am sure you are aware that the practice of draining occurs in the greyhound industry where greyhounds are drained of their blood before they are euthanased. Can you tell me if that ever occurs at the track or does it always occur in a veterinary surgery?

Mr ROCKLIFF - My understanding is that it would be in a veterinary surgery, but I cannot be specific on that.

Ms DAWKINS - I will put that on notice.

Mr ROCKLIFF - It is a question on notice or for the Office of Racing Integrity.

Mr STREET - Minister, we've had two consecutive years of profit for Tasracing now. What impact has wagering returns, across the three codes, had in terms of delivering those profits?

Mr ROCKLIFF - Mr Street, wagering turnover on Tasmanian racing courses is a significant source of industry revenue through race field fees paid by wagering operators. In the financial year

2016-17, race field fees of \$10.5 million were up 11.5 per cent on the prior year on top of an increase of 24.4 per cent for the previous financial year and represented 24 per cent of all Tasracing revenue.

Wagering turnover on Tasmanian racing last financial year increased by \$40.6 million to \$512.6 million. This represents an 8.6 per cent increase following a reduction of 0.7 per cent the previous year. This 0.7 per cent reduction was achieved despite a reduction of 4.60 per cent in the volume of races. Turnover on the thoroughbred code increased by 12.8 per cent in 2016-17 compared to the previous year. The harness code had an increase of 6.2 per cent in turnover while the greyhound code turnover grew by 5.3 per cent.

There are a number of reasons for the turnover results including: the strength and continued popularity again of Wednesday night thoroughbred racing; the continued excellent performance of turf tracks under Tasracing management; greyhound form comments on the race book information included on Tasracing website, that is in Punters' Corner; along with audio of the greyhound show broadcast on radio TAB. Form comments and tips are on the Tasracing website for the harness code plus promotion of this information via social media. Increased harness race meetings, coverage on Sky Channel, the success of the Tasmanian summer racing carnival and the UBET cup double bonus and race field fee methodology are aligned to growth trends in the industry.

Tasracing has responsibility for the commercial performance of the Tasmanian racing industry and growing wagering turnover is a key corporate goal. These results are tangible evidence the commercial strategies developed and implemented by Tasracing are working for the benefit of the industry. I commend Dean Cooper, Vaughn Lynch and the team. These results have been achieved in the face of significant competition from other entertainment options and at a time when there is increasing pressure on consumers' disposal income as well.

Mr BACON - Minister, do you agree with the Tabcorp Tatts merger now is the time to try to get a better deal for Tasmanian racing?

Mr ROCKLIFF - Tasracing will always get a better for Tasracing and the racing industry. We have had this bit of a to and fro in the last couple of years, Mr Bacon, on this merger. I keep answering the question. Questions keep coming on this. It is probably a misunderstanding on your part as to the state of play.

Tasracing will always try to cut the best deal possible when it comes to changes in racing conditions nationally.

Mr COOPER - The chief executive officer will be in a better position than me, minister, to provide some detail. Certainly it is correct that Tasracing has been active in making submissions in relation to the proposed merger and it is clear we are supportive of it because we see the benefits. One should not lose sight of the fact that over the last two years we have entered into sponsorship arrangements with Tabcorp and our close association with Sky Racing, which is effectively an offshoot of Tabcorp. It has always been very much in our interests to, if I can put it this way, get with the strength, not oppose them. I am sure Mr Lynch can give you some further information as to the extent to which we have gone to support the proposed merger.

Mr LYNCH - It has been pretty well covered, Mr Bacon. We have supported the merger. I made two statements to the Australian Competition Tribunal supporting the merger. We think competition will be increased in the wagering market and that Tasracing - and subsequently the industry - will be better off.

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Mr ROCKLIFF - Chair, an update for Ms Dawkins. Your question regarding a greyhound being shot?

Ms DAWKINS - Yes.

Mr ROCKLIFF - I am advised on 30 November the greyhound in question was not shot at the track. It was euthanased by injection and that was administered by a vet.

Ms DAWKINS - Thank you. Are dogs ever shot at the track? Is that something you are aware of? Never? No?

Mr ROCKLIFF - Not that I am aware of.

Mr COOPER - Not to my knowledge.

Ms DAWKINS - Thank you.

Mr BACON - It would be good, minister, if you could help with my understanding on this issue. In terms of the merger, are other states likely to benefit because they have engaged early and negotiated a return or are all states going to be treated the same?

Mr ROCKLIFF - I have written back to Racing Clubs Tasmania and you.

Mr BACON - So you're just sick of the issue?

Mr ROCKLIFF - I'm not sick of it, it just feels that I'm being repetitive. Mr Lynch?

Mr LYNCH - In all the other states the home TOTE represents a much higher proportion of the revenue of the racing bodies. What the merger does in those states is create efficiencies to which Tabcorp and UBet have estimated to be worth \$50 million overall in efficiencies between the two organisations, which they then intend to share with the racing bodies in those states. That is the long and the short of it. Here with the TOTE having been sold, there is no direct link to the home TOTE so the racing industry in this state doesn't receive anything more from a Tasmanian punter betting on a Tasmanian product in Tasmania. It is the same return via the race field fees as someone in Broome or Cairns betting on Tasmanian products.

Mr BACON - Do you accept, minister, that the racing industry has a right to feel short-changed in that there is \$50 million that is going to go to the industry across Australia and none of that is going to come to Tasmania?

Mr ROCKLIFF - No. Suggestions that \$50 million has been paid to racing jurisdictions around Australia to ensure their support for the merger are not correct. The \$50 million is an estimate of the benefits that may flow to jurisdictions where the racing industry funding is directly linked to the local TOTE. Tasmanian racing is funded primarily by government through the funding deed, not directly by the local TOTE, as Mr Lynch has said. That is the system that was established under your government when you sold TOTE. This is an entirely different model to every other state, where the local TOTE is the primary funding source for local industries. There is an entirely different model for every other state, therefore for most other states in Australia the merger of Tabcorp and Tatts directly impacts their racing industry's main funding mechanism and is a

significant risk that warrants a review of the expected returns. Tasmania's racing main funding mechanism, the funding deed with the state Government, will not be impacted by the merger at all.

The proposed merger between Tabcorp Holdings and the Tatts Group is broadly supported by the Government and Tasracing. The Australian Competition Tribunal approved the merger on 20 June 2017, however the Australian Competition and Consumer Commission lodged an appeal of the ACT's decision - that is the tribunal, not the territory - in the Federal Court on 11 July this year. The ACCC's appeal for the judicial review of the decision was held on 28-29 August. On Friday 17 November this year the ACT cleared the merger to proceed. Tabcorp and Tatts representatives have met with the Government, Tasracing and members of the racing industry and Tasracing continues to keep the Government updated on developments.

Mr BACON - When you say 'the Government', do you mean yourself as minister?

Mr ROCKLIFF - Not me as minister, no.

Mr BACON - So what action have you taken to engage in this process?

Mr ROCKLIFF - I ensure that Tasracing is engaging in the process, and they have. The Government and Tasracing will continue to work with Tabcorp and Tatts, as well as other wagering providers, to ensure the racing industry in Tasmania receives optimal returns from wagering products in Tasmania. Tabcorp has publicly communicated that the merger will benefit stakeholders, including the Australian racing industry, particularly with a pathway to national pooling for parimutuel wagering subject to further approvals. A national parimutuel wagering pool could potentially lead to increased turnover and increased race field fees, benefiting the Tasmanian racing industry. Tabcorp has communicated its commitment to the Tasmanian racing industry and proposed plans for development in the state, including potential investment in new products, digital wagering and the like. Tasracing and Tabcorp have a good relationship and in 2016 executed a 10-year deal for the broadcast of Tasmanian racing on Sky. This agreement also includes sponsorship arrangements.

Mr BACON - You talked a bit before about the contract with UBet in terms of a potential point of consumption tax. How long does that deal run for?

Mr ROCKLIFF - I will have to take that on notice. The Treasurer would know.

Mr GROOM - Minister, are you able to provide us with an update on how Tasracing is utilising major sponsorships to assist racing in Tasmania?

Mr ROCKLIFF - Thank you, Mr Groom, for your interest in this matter. Tasracing developed a new sponsorship model for the Tasmanian racing industry which was implemented from the beginning of the financial year 2017. The aim was to increase the benefits to all racing clubs from the state's three biggest sponsorship categories - wagering operator exclusive sponsorship rights, Tasmanian summer racing carnival for thoroughbreds naming rights sponsorship, and brewery brand exclusive sponsorships rights.

The outcome of a tightening racing sponsorship market and the need for Tasracing to assign major sponsorship funds to racing clubs based on club membership numbers and race day attendance meant some of the state's 15 race clubs received more or less than they received prior to the financial year 17. Tasracing's aim was to deliver and over all outcome for clubs that was

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transparent, equitable and designed to incentivise growth in membership and attendance. Under the previous major statewide sponsorship agreement ending in the financial year 2016, Tasracing was able to distribute \$150 000 per year across the 15 racing clubs. Under the new Tabcorp, Luxbet and CUB sponsorship agreements, Tasracing will distribute \$318 500 to the state's 15 racing clubs each year, with the financial year 2017 being the first full year of this arrangement. I thank Mr Lynch for his work in that as well.

CHAIR - I draw to a conclusion this scrutiny of Tasracing. I thank the witnesses for attending today and I thank the minister.

The Committee suspended at 9.57 a.m.