

PERFORMANCE OF TASRACING INQUIRY

Mr BRENDAN PARNELL, CHIEF OPERATING OFFICER, MEDIA AND INTERNATIONAL, TABCORP SKY CHANNEL, WAS CALLED VIA TELEPHONE LINK AND EXAMINED.

CHAIR (Ms Forrest) - We thank you for making yourself available to speak to the committee, Brendan. I think you have seen the terms of reference of the committee.

Mr PARNELL - Yes.

CHAIR - The bit we are particularly interested in talking to you about is the evidence from Tasracing about the challenge it faces in the market in accessing slots - we are not experts in the industry by any stretch, so if I get it wrong feel free to correct me - into the international markets and the very limited opportunities there. We thought it would be helpful for us to understand more how Sky Racing works and what gaps and opportunities there may or may not be.

Mr PARNELL - I will give you a brief summary of the business first and then explain the time slot part. We do three television channels within Australia for racing; two of them are racing from all three codes: thoroughbreds, harness racing and greyhound racing. They are provided into every TAB betting shop in Australia. They sit next to each other: Sky Racing 1, Sky Racing 2. They are also available on Foxtel and Austar around Australia, as well as on our website. We also do a third channel, which is thoroughbreds only, called Sky Racing World, which showcases the big days - Launceston Cup, Devonport Cup, Hobart Derby. That is in Australia. Then we export race meetings to around 29 countries around the world. That is done through seven different signals. Some of them are TV channels and some are raw feed that we might send from, say, Launceston race meetings to New Zealand, and they have their own graphics and presenters and the like. We also do live racing from 10 a.m. through to approximately 2 a.m. the following morning because there are punters who want to bet on racing - say, shift workers - they might prefer betting on UK racing overnight.

Timeslots are the times route that we use. We class a matinee timeslot as 10 a.m. through to about 1 p.m. every day. For instance, that will include New Zealand races because of the time difference, and some Australian greyhound races. The daytime timeslot is roughly midday-12.30 p.m. start and goes through to about 5 p.m. Twilight is about 4 p.m. to 7 p.m., so it bridges the day and the night. The night-time is roughly a 6.30 p.m. to 7 p.m. start and goes through to between 10 p.m. and 11 p.m. The other timeslot is overnight, where we have racing going through from England, South Africa and Western Australia.

The timeslots are obviously more competitive later in the week when there are more people who have leisure time to spend watching racing. Racing has a lot of hobbyist participants. They might work during the day; they train greyhounds, trotters or horses, so it is easier for them to get to the races to race their dogs or horses on weekends or evenings. Those end-of-week timeslots are quite competitive. I am sure you know the different days that Tasmania races. Most Sundays Tasmanian thoroughbreds race, they have pacing on Sunday evenings, greyhound racing Monday to Thursday nights and Tuesday afternoons. There is competition from Tasmania and all the other States in Australia for those timeslots. Tasmanian thoroughbreds have provided very regular Sunday racing, but when we measure how popular it is with punters compared to New South Wales, Victoria and Queensland thoroughbred meetings on Sundays, it generally sits somewhere between fifth and seventh most popular race meetings on the day in the daytime slot only. Despite efforts, we have worked with Tasracing and they are a very proactive organisation, to fly some interstate jockeys in and grow their field size, the weight of the betting dollars and the viewing eyeball says that on a good day they might be up to fourth or fifth best meeting, but generally they are between fifth and seventh, and quite often around sixth on that timeslot.

The same happens in each of the other timeslots. We measure on wagering turnover at the race meeting. There are other measures, but generally someone who wants this in the timeslot is watching not just the Tassie racing they are watching more through other venues. Competition for timeslots earlier in the week isn't as keen and there are opportunities there because instead of being number six on a Sunday, and we notice these countries select their races from Australia they want, they will generally look at the first few most popular race meetings on wagering turnover, but earlier in the week there are better opportunities for export. For instance, Wednesday nights, which is new this year, has been unique for Australian racing and for us. We market Australian racing overseas.

The Launceston thoroughbreds have been going into France and there are no other thoroughbreds in Australia on a Wednesday night, so as well as earning domestic turnover the betting in France amazingly has been quite strong on those Launceston thoroughbreds, so credit to Tasracing on being prepared to innovate and move to that Wednesday evening slot. That is probably enough from me, Ruth, so I will leave it for your questions.

CHAIR - You said Wednesday night has proved to be successful for Tasracing, and that's a new thing. There are no more new days in the week, so I am just interested. Are there other slots that aren't being used at the moment that they have the potential for? I would think if you suddenly have racing pretty much 24 hours a day, seven days a week, obviously some times are more popular than others, but are there areas that aren't being used by anybody? The Wednesday night, for instance, appeared to be one of those areas.

Mr PARNELL - It's being used by the two smaller codes because they generally race under lights - harness and greyhounds. Tasracing seized on that as being no Australian thoroughbreds, so that was their opportunity so they could have the benefit of being the number one meeting in Australia on that night, and also export markets, whereas if you look at Friday night, and I have encouraged Tasracing that they were back to third or fourth thoroughbred meetings because Melbourne, Sydney and Queensland races are on that night and they would miss export. They seized that opportunity. Other

opportunities do exist with, say, Thursday night. It may not be great for the participants in Tas, with cold nights in winter. It sounds pretty unappealing going to the races, but from a marketing perspective that is another opportunity for them.

CHAIR - So are there any other opportunities besides Thursday night that you are aware of?

CHAIR - Probably around the fringes, but the schedule and calendars we are with today are quite sophisticated based on a lot of market research and yes, plenty of history, where all Australian racing sits and it all complements each other. I would not say there is an absolute obvious one standout that is available. There is not one. Probably Mondays and Tuesday afternoons - if Tassie could afford to fund more thoroughbred racing, that would be beneficial. But it is hard for the participants who may have day jobs and for the volunteer workers who go to race meetings, whereas it is easier on weekends.

Mr HALL - Through you, Madam Chair - Greg speaking, Brendan. Just to clarify whether or not the Thursday night opportunities were for thoroughbreds as well as the other two codes. What were you referring to there? I didn't quite get it.

Mr PARNELL - For the thoroughbreds; the greyhounds already race on Thursdays. The opportunity is because there are no other thoroughbreds that race on Thursdays in Australia, so they would have a unique position and also the ability to export that racing would be a lot easier for us and the race club to do.

Mr HALL - So are you suggesting that thoroughbreds could race on Thursday night?

Mr PARNELL - Yes, they could.

Mr HALL - I suppose depending on track conditions. As you say, wintertime here is a little bit problematic, depending on the track surface and all that sort of thing.

Mr PARNELL - That's correct. I will give you a good example of how unique night racing is. Two years ago when the Golden Slipper, which is the richest two-year-old race in the world, was run in Sydney, the same day races from Toowoomba were also sent to Singapore and because of the time zone, even though Toowoomba was a lower class of racing significantly and on an artificial surface, the turnover per race on Toowoomba because it raced into the evenings was four times higher than the Golden Slipper. So it is not always about quality, it is about the product and the time zone to get better export dollars.

CHAIR - How do organisations like Tasracing familiarise themselves with what is available?

Mr PARNELL - What I would say, Ruth, is we probably meet with them regularly via e-mail and phone and at least quarterly to six-monthly face to face to look at programming opportunities and to review how different slots are performing and that is going quite well. Gary Lottering, their CEO, manages that quite proactively to the extent that he probably gets more air time with Sky than some of the other States do and that is the benefit of having one organisation that manages all three codes of racing.

Mr WILKINSON - Brendan, Jim Wilkinson here. In relation to the timeslots, I hear what you say and if you have a unique racing time then people will no doubt be more allured

to it than otherwise. But in relation to the timing in Launceston, what time are you saying? Are you saying 9 to 12, 7 to 10, 1 a.m. to 3 a.m., what type of timing are we looking at?

Mr PARNELL - Jim, the night timeslot is generally 7 p.m., through to about 10.30 or 11 p.m., and those later races in the program, when you consider how far we are ahead of Europe, are much better. France has got a very big TAB system and they are called EMU, with quite a few thousand betting shops and they are forward people, late morning they have a very high traffic of punters which marries up with that 9 to 10 p.m. timeslot in Australia.

Mr WILKINSON - How have you found the industry in relation to those timeslots? Are they a bit loath to step into them or are they quite happy to do that if they can see the benefits that are going to come from it?

Mr PARNELL - Tasracing has been quite keen. I think it has been tougher for participants, particularly in the cooler months in Tasmania, to front up to night-time racing and -

CHAIR - The jockeys don't like riding at night either.

Mr PARNELL - No, that is right but they do it in other States and they do it around the world obviously where it is warmer.

CHAIR - You need a big heater at the race track.

Mr PARNELL - Take the hot water bag out, do you reckon, Ruth?

CHAIR - I think it is more the cold air that's cold.

Mr WILKINSON - She will take her husband, I think, Brendan.

Laughter.

Dr GOODWIN - Brendan, it is Vanessa here. I just wanted to ask about the quality of the field and how important that becomes? Is it less important in those less competitive timeslots or is it still quite important that the quality is there?

Mr PARNELL - The main thing is - the number one determinant of getting the best betting wherever you go in the world is having enough runners in a race, so if you have at least 12 runners in each race you will get optimal betting outcomes. If you start slipping down to under eight runners, wagering will be badly affected and that doesn't matter what timeslot, what track surface and what race track, so that is the main thing which drives betting, and then quality. The feature days or feature jockeys are always good because the punter has familiarity whether they are based in New Zealand or in a Devonport TAB.

CHAIR - Do you believe that is a problem for Tasmania then? I don't know how many horses were in the Launceston Cup but there weren't that many this year, so is that a major barrier then to breaking into these sorts of areas?

Mr PARNELL - It is not a major barrier, it just makes them more successful and it will ensure success, which is what we have seen in France over the summer and autumn racing meetings they have run on a Wednesday night.

CHAIR - What size fields do they have there generally?

Mr PARNELL - In France they will normally always have that if they can get to at least a dozen in races but they will have some races where there is less because it might be a feature race with special conditions attached.

Mr HALL - Brendan, is there any other competition out of the Southern Hemisphere emerging for that Northern Hemisphere betting dollar, and I am talking about obviously South Africa and other countries - not perhaps in similar time zones to us - but are there any other threats there that you can see?

Mr PARNELL - The competition is quite strong later in the week so, as I said, Friday night and Saturday night there is a plethora of evening thoroughbred racing in Australasia, - be it Singapore, be it Moonee Valley, be it Canterbury - under lights. But on other nights for the thoroughbred, which is the premium racing betting, there is very little competition, so not really. South Africa is a very different time zone so South Africa would generally start its race meetings on the conclusion of the Launceston night meeting, so it is complementary.

Mr HALL - Yes, so basically what you are saying is that we are always going to have that opportunity there if we can facilitate the meetings.

Mr PARNELL - That's correct.

Mr WILKINSON - In relation to the meetings and the facility, we have spoken about France - are you able to say how much that has brought into Racing Tasmania as a result of what they have done over there?

Mr PARNELL - The turnover has been quite strong on the betting turnover. The turnover in France on, say, Wednesday nights is a bit more than 200 000 euros for only three races, and sometimes four. About 3 per cent of that is returned to Australia and we share that equally with - and this is commercial-in-confidence -

CHAIR - If this is commercial-in-confidence information, we may need to take it in camera. The hearing is being recorded in public at the moment.

Mr PARNELL - Okay, so it might be preferable if we could do that in camera.

CHAIR - We will do that at the end, if you don't mind.

Mr PARNELL - Okay, that's fine.

The returns have been quite positive and we have been very satisfied with them. I think it's just the beginning of what the opportunities are outside of Australia with that night-time thoroughbred racing.

CHAIR - Is that just France or are there other European countries that we should -

Mr PARNELL - There are others, France is just one. It is a very rich betting country, as Australia is, with a large TOTE that supports and funds its racing industry. There are other countries that take those races, and it varies week by week depending on what fits in against their local racing. South Africa will take some of those races. The UK will take some of those races into roughly 10 000 betting shops; some weeks it might take none, some weeks it might take two or three races. Then we go closer to home - the number one return for export is still New Zealand, which is about 50 per cent of the export revenue we can earn for Australian racing. We don't just represent Tasmania, we represent the whole Australian racing industry with export and where they go. Some countries work better than others for time zone reasons or product reference.

CHAIR - So there are certainly avenues and room for growth there?

Mr PARNELL - Growth will be fuelled by a few things. We've bought a business on the Isle of Man which is a wagering gateway, which will connect Australia to many of the TOTES around the world. That will help grow it. The acceptance and customer awareness of Tasmania and other Australian racing will improve naturally over time. We've seen it when we have introduced foreign racing to Australia. As Tasmanian racing finds its timeslot and it confirms if it is Wednesday, once that product acceptance is there you'll find that punters, once they know every Wednesday morning in France, for instance, they're going to see Launceston racing over six months of the year, they'll bet more.

Mr HALL - In general terms, Brendan, you talked earlier about where we sit in terms of popularity et cetera with regard to betting and race fields, is there still opportunity for improvement with Tasmania? Are we rating well enough with the bigger States at this stage or do you think we need to do quite a bit more?

Mr PARNELL - It's a difficult one because if you put Flemington up against Launceston or Eagle Farm the customer will always prefer that. It is the customer who has to decide eventually. I think there are a lot of great things being done around the racetrack presentation - lights, artificial at Devonport - for Tasmanian racing to be well placed. It's never going to be number one, or number two or three behind New South Wales, Vic and Queensland on wagering turnover, which is the ultimate customer measure for us, but it still will be a very competitive product. It needs to understand that because of that where it has niche opportunities, like Wednesday night, that gives us a chance to be different and occupy the space that none of those other States are competing with them for.

Mr HALL - So weight for age, if you like, we are doing reasonably well?

Mr PARNELL - Weight for age you are doing really well.

CHAIR - I am not sure whose weight we are talking about. Do any other members have any other questions at this stage?

Mr WILKINSON - Do you believe, Brendan, that the ability to take our betting offshore is one of the biggest opportunities that Tasracing has had for many, many years? If so, do

you believe it is going to make a difference to the income it generates in the industry itself and if so, how?

Mr PARNELL - It certainly isn't yet. The domestic returns from racing, if you look through each of the main States, 90 per cent of the income from racing comes from TAB turnovers, sponsorships and the like and export would be less than 10 per cent. So that is a fact. Yes, it is an opportunity to increase or decrease the reliance on domestic turnover, is the long-term view we have taken. We do not see it becoming the majority funder of racing in the mid to long term. It is probably more like later in this decade before you even think it could be possible, but it would need an awful lot of offshore betting to offset what is earned by racing within Australia.

It is a bit like the icing on the cake, I suppose you ought to look at it that way, but the cake is very much Australian turnover, the icing is what can be earned from overseas that we can grow for racing.

Mr HARRISS - Brendan, it's Paul, I'm just wondering where Tasmania sits in terms of a comparison with other jurisdictions. You indicated earlier on that we are five, six or seven in the rating on the time spots that we race on Sundays. Where do we sit, if you have a grab on that, in terms of comparison to some other jurisdiction, anywhere in the world for that matter in terms of quality, race fields, product?

Lost connection.

Mr PARNELL - Hello there, my apologies. I have pulled over because the phone reception sometimes in Sydney is in and out.

CHAIR - Is it worse than Tasmania's? Surely not. Paul was asking a question; you might have missed it.

Mr PARNELL - I got halfway through it.

Mr HARRISS - What is a comparative jurisdiction to Tasmania, anywhere in the world, on the quality of our product, the size of our fields, the timeslot et cetera?

Mr PARNELL - I've never had that question asked before. If you want to look at comparatives around mainland Australia, I suppose smaller and then less turnover than New South Wales, Victoria or Queensland. It would be interesting to look at the measures on the number of race meetings and comparative turnover with South Australia, for instance. Their thoroughbreds may be stronger but it might be very similar in harness and greyhounds. I haven't done that assessment before, Paul. We normally measure Australia versus the rest of the world on a range of fronts, be it the number of race meetings, starters, racetracks. Australia has the highest per capita spend on non-casino gambling in the world, so obviously we like a punt in Australia. I think we have the second-largest number of racetracks, but all that data is available in the Australian Racing Fact Book.

Mr HARRISS - Is there anywhere that we might be able to grab that information for organisations that take our product or compare?

Mr PARNELL - I suppose some of the measures on turnover and number of meetings and races are in the Australian Racing Fact Book, but that's only for thoroughbred racing; it doesn't include greyhounds and harness.

CHAIR - Brendan, do you think overall that Tasracing is taking the right approach in trying to grow its market? It has obviously done well into the French market. It's being proactive but do you think it is hitting the mark properly in the right areas here or are there other areas it should be focusing on?

Mr PARNELL - I think generally they are one of the more proactive of the racing governing bodies in Australia. Are they hitting their mark? I think this summer calendar has been an indication that their proactivity can be successful. There are other slots where as part of the product offering they are one of many. It is very hard to differentiate yourself with that type of punter on a Tuesday afternoon who is just having a social bet generally. There will be some more serious players or owners so it's harder to differentiate. I think where they have tried to innovate, for example, is Wednesday night and Sunday twilight. They were one of the first to innovate in that spot and that has proven to be successful for Tasmanian racing.

Evidence taken in camera

Mr WILKINSON - Out of camera, if I can. Do you mind putting out of camera the fact that - I have noted down here - the problem in relation to just event days is what you have spoken about and therefore it is good if you have both of your event days being balanced with product days.

Mr PARNELL - That's right, I'm happy to.

Mr WILKINSON - To me that is evidence which is good evidence that we can maybe use in recommendations if everybody believes it is appropriate.

Mr PARNELL - I am happy to have that one on the record.

CHAIR - I have one other question as well: Tasracing have given evidence that they are seeking to push into Asia and they talked about France as well, and that has obviously proven successful since we have spoken about that - their push into Asia, is that a realistic approach and realistic strategy or is that likely to be -

Mr PARNELL - What I'd do is I'd say that is a mid-term ambition, they should hold onto the short-term ambitions. The Asian market, whilst on the outside it appears lucrative, has a large number of closed markets, so it is illegal to bet on foreign racing in Korea, Japan and a number of other Asian countries. But where they're positioned is to take advantage mid-term of when some of those markets in Singapore, Hong Kong and Macau begin to open up. It has taken something like five years for Macau to take one Australian race and that is a huge gambling market. No-one should kid themselves that there is a honey pot in the short term, yet there is reasonable money at Singapore for some weekend racing, which is good, but it is a mid-term proposition.

CHAIR - So you would suggest they should keep their eye on the ball there, basically?

Mr PARNELL - By having a midweek evening thoroughbred product they have a chance of accessing the Asian market. Potentially Singapore is the first step.

CHAIR - Any other questions from members?

Mr WILKINSON - That was good, thank you. Thanks, Brendan.

CHAIR - Thanks for your time, Brendan, you are obviously busy. Did you disappear into a tunnel, was that the problem?

Mr PARNELL - No, it was just driving through Sydney sometimes it drops in and out and I apologise for that.

CHAIR - That's all right, no worries. Thanks for your time. It certainly helped us get a better understanding of the vagaries of an industry most of us don't participate heavily in. I don't think we put a lot of money generally into the punting arena, except perhaps for Greg.

Mr PARNELL - My pleasure. If there are any follow-on questions, Ruth, I am happy to take them later on.

THE WITNESS WITHDREW.