

RACING (TASRACING PTY LTD) BILL 2009

SECOND READING SPEECH

**THE HON. JAMES COX, MP, MINISTER FOR POLICE AND
EMERGENCY MANAGEMENT**

THE HON. MICHAEL AIRD, MLC, MINISTER FOR RACING

MR SPEAKER/MADAM PRESIDENT:

I move that the Bill now be read a second time.

Mr Speaker/Madam President, the purpose of this legislation is to effect the transition of the Tasmanian Racing Board (TRB) from a statutory authority to a State-owned Company (SOC).

Although the *Review of the Tasmanian Racing Industry Governance Structure*, announced in August 2008, initially determined that a statutory authority would be the most suitable entity to enable the

industry to respond to the challenges and opportunities presented, as the extensive consultation process continued it was identified that a SOC would be a more appropriate model in the longer term given its strong commercial focus.

Based on feedback from the industry and to avoid delaying other crucial elements of the model, it was decided to establish the TRB as a statutory authority in the first instance, with transition to a SOC foreshadowed to occur later.

Such a transition was clearly indicated to the Parliament in my Second Reading Speech on the initial amending legislation.

Accordingly, the bulk of this Bill covers all the standard matters necessary to provide a legislative basis for a SOC.

The legislation is designed to provide a robust and commercially focused structure that enables more effective governance of the Tasmanian Racing Industry (TRI).

The new structure makes clear the new Company's critical role in ensuring the competitiveness and long-term commercial viability of the Tasmanian racing industry.

A related reform to the changes in governance is to revise the existing funding arrangements for the racing industry. Under a funding deed currently being negotiated between the Government and the TRB, the State Government will directly fund the TRI. This deed, once signed, will transfer to the new Company on the implementation of this legislation.

The racing industry will now enjoy funding certainty through the Deed with the Government and have growth revenue opportunities to it through sponsorship arrangements and the revenue it raises directly through product fees or race-fields levies.

It is important to state here that, unlike any other State in Australia, this Government is guaranteeing

funding certainty by virtue of the Deed. This will place the Tasmanian racing industry in a unique and very enviable position, in that it will be effectively shielded from the competitive nature of the Australian wagering market.

Mr Speaker/Madam President, in line with my previous undertaking to the industry, the existing process for appointment of TRB members will continue under the new Company model, except that the Shareholder Ministers, on the recommendation of the panel, will make the appointments rather than the Governor. This is in line with Treasury's 'Guidelines for Tasmanian Government Businesses'.

This will mean that the industry will continue to have input into the selection of its representatives on the Board, ensuring that the appointment process is not only transparent but also that the Board will comprise directors who have the experience and expertise

necessary to enable the Company to achieve its objectives.

As a transitional measure, the legislation provides for the initial directors of the new Company to comprise the current members of the TRB, including the chairperson, until midnight on 31 December 2009.

Mr Speaker/Madam President, I remind the House that, with the exception of the chairperson, initial members of the TRB were appointed for a 12-month term, from 1 January 2009. The chairperson, Mr Don Abel, was appointed for three years, on the understanding that he would also serve as the initial chairperson of the new Company, once established, for the remainder of his term of office.

The Bill before you today provides that on and from 1 January 2010 the Shareholder Ministers are to ensure the membership comprises seven directors, appointed for a period not exceeding three years.

In line with the Minister's/my agreement with Mr Abel, on 1 January 2010 he will be reappointed as

chairperson of the Company for a period of not less than two years.

Subject to meeting the eligibility criteria and successfully completing the nomination and selection processes, there is no impediment to the other current directors being considered for reappointment.

Mr Speaker/Madam President, to remain consistent with the existing branding approved by the TRB, it is proposed that the new company be named Tasracing Pty Ltd. That business name has been reserved with the Australian Securities and Investment Commission in anticipation of Parliament's approval.

Mr Speaker/Madam President, the challenge for the new Company will be one of presenting a differentiated, competitive and efficient racing product, not only locally, but also nationally and internationally.

The new funding arrangements and governance structure, while guaranteeing the new Company's future, also place it in a clear commercial context with responsibility for improving its own performance.

The Government expects that the new Company will aggressively pursue own-source revenue growth opportunities in the knowledge that this will not affect the funding provided by the Government.

The Government expects that the new Company will market its product internationally, particularly south-east Asia, in conjunction with the racing industries in other States. An effective marketing campaign could see product fees gradually become the principal source of funding for the new Company and potentially allow it to become profitable in the longer term.

I believe that a commercially focused SOC is the best way of achieving this.

I commend the Bill to the House.