

Supplementary Questions

1. Greyhound Racing NSW has been collecting 'Race field fees' from wagering operators since 2008.

a. How much has been collected?

The following table summarises the net Race Field Information Use (RFIU) fees collected by GRNSW since 1 September 2008 applied to the financial year to which they relate:

2009	2010	2011	2012	2013
3,059,808	6,585,963	7,318,637	8,767,102	9,536,085

b. How have these new funds been spent?

GRNSW accounts for RFIU Fees in the same manner that it accounts for TAB Distributions.

In 2008/09 total industry income was \$36,771,064, compared to \$42,751,556 in 2012/13. This represents an increase of 16% (\$5.98m).

Total prizemoney paid in NSW reached \$22,604,293 in 2012/13. An increase of \$5,170,707 (29.7%) from the \$17,433,586 level paid in 2008/09.

As is demonstrated by the above, more than 86% of the new money collected in this period was dedicated to increased prizemoney levels.

2. Why did GRNSW decide not to join with the other two racing codes in the Race fields case?

Legal action was instigated by wagering operators against Racing NSW and Harness Racing NSW with respect to their application of the race fields legislation. Such action was not instigated against GRNSW. To the extent that the litigation challenged the legitimacy of the legislation itself, the Crown had appropriately intervened to defend same.

a. Was legal advice obtained before deciding not to intervene?

Yes.

b. If so, from whom?

Clayton Utz and Garry Rich SC.

c. Will GRNSW provide a copy of that advice to the Committee?

No.

3. It has been suggested that over a period of time that Greyhound Racing NSW made decisions to support 'The Gardens Club' including acting as a guarantor for bank loans at a cost of \$5 million at the expense of all other race clubs.

The premise of this question is factually incorrect.

As per GRNSW's response to the Questions on Notice, GRNSW inherited a decision of the former Greyhound Racing Authority to support The Gardens as a Centre of Excellence in the Hunter. The Greyhound Racing Authority had already committed \$1.5 million to the project.

GRNSW has never acted as a guarantor to the NSW National Coursing Association. In 2004 GRNSW entered into a funding support agreement which provided a facility for the NSW National Coursing Association to draw down funding of up to \$2.1 million over a period of time. The NSW National Coursing Association procured a \$4.7 million bank loan to build and establish the complex.

a. How much did the Cessnock court case cost Greyhound Racing NSW?

In accordance with the 2006/07 Annual Report of GRNSW, \$613,882.

b. Did the costs as a result of this case come at the expense of all other clubs?

No.

c. What monies remain unrecovered from that court case?

\$250,000.

d. What strategies does Greyhound Racing NSW have in place to recover these monies?

GRNSW has an enforceable costs agreement with the Cessnock & District Agricultural Association. GRNSW acknowledges that the capacity of the Association to meet the financial obligation is limited without the sale of the showground. GRNSW has therefore not pursued further action at this point in time. To do so would most likely lead to the sale of a community asset (Cessnock Showground).

4. How is the support for 'The Gardens' justified compared to Cessnock?

The matters are not related.

By way of background, the reference to Cessnock refers to a decision made with respect to the allocation of TAB race dates for 2006/07. A multi-stage decision process occurred in which the NSW greyhound racing industry needed to address a budgeted \$3.5 million funding shortfall for 2006/07. This was a direct result of the adverse impact of the broadcast rights dispute between TVN and SKY Racing over metropolitan thoroughbred broadcast rights and the impact that had on TAB Distributions received by all codes of racing in NSW.

The decision was made to reduce the number of TAB race meetings conducted in 2006/07 inclusive of a decision not to allocate TAB race meetings to Cessnock. Cessnock determined not to apply for non-TAB race meetings.

The decision of GRNSW was subject to litigation by Cessnock. The decision making processes of GRNSW were found to be fair and robust in a unanimous decision of the NSW Court of Appeal.

5. Does any senior member of staff have betting accounts with corporate bookmakers, betting exchanges, NSW or interstate TAB's or on course bookmakers?

Yes, GRNSW employees are entitled to have betting accounts with corporate bookmakers, betting exchanges, NSW or interstate TAB's and oncourse bookmakers.

If so, does this allow staff to form relationships with these operators and are those accounts made available to GRNSW for checking?

Only to the extent that holding an account is deemed to be forming a relationship with these operators.

As outlined by Mr Brent Hogan, GRNSW Chief Executive, at the Sydney hearing of the Inquiry, all GRNSW employees are required to detail any betting accounts that they hold in their annual *Conflict of Interest* declaration.

Details of these accounts are made available to GRNSW by corporate bookmakers, betting exchanges, NSW or interstate TAB's and oncourse bookmakers for checking.

The GRNSW Employee Code of Conduct provides guidance to employees with regard to betting on greyhound racing. More specifically, the Code strictly forbids employees with the responsibility for stewarding and grading of greyhounds, together with employees with the responsibility for the oversight of such functions, from betting on any greyhound racing event in NSW.

The GRNSW Employee Code of Conduct also outlines the principles that are fundamental to the ethos governing the behaviour of employees, including the acceptance of gifts or benefits.

6. Since the establishment of GRNSW have any senior staff received any gifts, contributions or other benefits from any corporate bookmakers, betting exchanges, NSW or interstate TAB's or on course bookmakers? If so, provide details in table form by year for each member of staff receiving any such benefit. What protocols are in place to monitor or control the receipt of any such inducements?

The GRNSW Employee Code of Conduct outlines the principles that are fundamental to the ethos governing the behaviour of employees, including the acceptance of gifts or benefits.

Under the Code, employees may only accept token gifts and modest hospitality. Hospitality is defined as modest when it is not more than what GRNSW, in similar circumstances, would provide in return to other persons or bodies.

No one at GRNSW has received or been offered a gift, contribution or any other benefit from any form of bookmaker that is outside the perimeters of the GRNSW Employee Code of Conduct.

If any gift, gratuity or hospitality other than a token kind is offered, or if an employee believes that they have been offered a bribe, full and prompt disclosure must be made to the Chief Executive. No cases or concerns have been reported since GHRRA and GRNSW merged in July 2009.

7. GRNSW has indicated that certain staff are prohibited from betting on greyhound racing. Why does this not also apply to betting on other forms of racing?

As outlined above, the GRNSW Employee Code of Conduct provides guidance to employees with regard to betting on greyhound racing. More specifically, the Code strictly forbids employees with the responsibility for the stewarding and grading of greyhounds, together with employees with the responsibility for the oversight of such functions, from betting on any greyhound racing event in NSW.

This restriction does not apply to other forms of racing, as GRNSW employees in fulfilling their work responsibilities are unable to have any real or perceived influence on any aspect of the other racing codes that would be to their own benefit.

8. What savings (financial and staff) have been achieved following the abolition of the Greyhound Racing and Harness Racing Regulatory Authority and the transfer of all regulatory powers to Greyhound Racing NSW?

GRNSW notes that the full costs associated with the abolition of the Greyhound and Harness Racing Regulatory Authority as it related to the Authority's greyhound activities were met by GRNSW. These costs amounted to \$948,255 (see the 2009/10 GRNSW Annual Report).

Efficiencies have been achieved in the delivery of corporate services, grading (with no increase in head count to cater for 240 additional TAB meetings and all non-TAB meetings), and in the stewarding area given the new model adopted which has resulted in reduced staffing and employee on-costs.

Savings would only be reflected in the financial accounts of GRNSW if all other things remained constant, and this has not been the case. For example, GRNSW has made the following decisions which have resulted in controlling body expenditure increasing in the period:

- Creation of a veterinary services unit with the primary purpose of providing veterinary services at TAB meetings. This function was previously outsourced by the race clubs and indirectly funded from industry revenues (outside of GRNSW expenditure);
- The number of TAB meetings has increased from 629 to 869 meetings (38%) between 2009 and 2013. The primary cost driver for GRNSW is the number of TAB meetings conducted. GRNSW notes however that system and process improvements made under its administration has allowed for significant efficiencies to be achieved on a per race meeting basis for functions such as Grading and Stewarding; and
- The decision of GRNSW to significantly expand the drug detection program it inherited from the GHRRA in order to ensure that practices in NSW met or exceed the national benchmark.

9. How many staff was employed by Greyhound Racing NSW in each of the last six years

The following represents the staff employed by GRNSW at the commencement of each financial year:

Financial Year	FTE Employees
2008	10
2009*	14.5
2010#	37
2011^	41
2012	40.6
2013	37.6

* GRNSW acquired deFax Sporting Publications Pty Ltd in April 2008, deFax was responsible for the collation and distribution of NSW greyhound race form.

GRNSW assumed regulatory responsibilities from the Greyhound and Harness Racing Regulatory Authority on 1 July 2009.

^ Shortly after assuming regulatory responsibilities, GRNSW determined not to continue making use of casual labour for the purposes of stewarding and identification work in regional areas and instead employed 3 Regional Integrity Officers based on the North Coast, Hunter and Central West.

10. How many employees are Greyhound Racing NSW are paid:

a. More than \$100,000 per annum

Seven.

b. More than \$150,000 per annum

Two.

c. More than \$200,000 per annum

One.

d. More than \$250,000 per annum

None.

e. What other fringe benefits and salary packages are provided to staff in each of the salary bands above?

Private use of company vehicles where a company vehicle is provided for use as part of a specific position. GRNSW has a contemporary approach to salary packaging allowing staff members to 'package' their total remuneration in a manner that is of most benefit to themselves within the total remuneration assigned to the position.

11. Has GRNSW undertaken a comparison of administration expenses compared to the other two racing codes?

No – the activities and nature of each code of racing are uniquely different. As has been previously stated the most appropriate point of comparison to GRNSW is Greyhound Racing Victoria. GRNSW refers the Committee to the evidence it provided at the Penrith Hearing.

The key cost driver of GRNSW is the number of TAB meetings run. The number of TAB meetings conducted directly impact on stewarding costs, drug detection costs, veterinary costs, grading costs, race form costs and race vision costs.

For completeness, the 2013/14 TAB Coverage programme consists of 657 NSW thoroughbred meetings, 484 NSW harness meetings, and 931 NSW greyhound meetings.

a. If so, when was this analysis or analyses undertaken?

N/A

b. How did the administration expenses compare with the other two codes?

N/A

c. Is GRNSW prepared to provide a copy of any analysis undertaken?

N/A

12. Against each of the positions above, can a pay level history since 2009 along with an explanation for pay increases be provided?

There are no positions identified above.

Salaries are reviewed annually as part of individual employee performance reviews.

13. How much money was spent on consultants for each year since 2009? Please provide this information in a table for each of the years since 2009, of the nature of any work undertaken by consultants?

Financial Year	Total Cost	Nature of Services
2009	99,832	Services related to planning for the amalgamation of GRNSW and the GHRRA, services related to lobbying for the recommendations of the Cameron Report.
2010	6,840	
2011	60,268	Economic impact analysis of the greyhound racing industry in NSW, Government relations.
2012	30,059	Government relations
2013	48,256	Strategic planning, Government relations.

14. How much money was spent on interstate and overseas travel for each year since 2009? Please provide this information in a table including purpose of travel and the title of the staff that attended.

The following tables shows the travel costs of GRNSW since 2009. Travel costs are inclusive of accommodation, transportation costs (including business use of private vehicle expenses), car parking and incidental costs.

Financial Year	Amount
2009	\$6,997
2010	\$31,601
2011	\$36,838
2012	\$34,691
2013	\$51,248

The costs are inclusive of both interstate and intrastate travel as GRNSW does not account for such travel separately. GRNSW does not maintain a log of actual travel and has no requirement to do so. GRNSW notes that there are 33 tracks located throughout the state, which GRNSW personnel need to attend.

All travel is approved by the appropriate manager at the time. The only instances of international travel were to New Zealand to attend Board meetings of Greyhounds Australasia Limited when that organisation held Board meetings in New Zealand (Greyhound Racing New Zealand is a member of Greyhounds Australasia Limited).

15. Were any cost benefit studies undertaken by GRNSW before embarking on large increases in the number of TAB meetings conducted in NSW?

Yes.

a. If not, why not?

N/A.

b. If so, what did the projections show and have those projections been realized?

The projections showed that the marginal revenue generated from these meetings would meet the marginal costs associated with the transfer of funded non-TAB meetings to funded TAB C meetings inclusive of increased prizemoney, increased club administration funding, and regulatory costs such as stewarding, grading and drug detection.

c. What is the rationale for increasing the number of TAB meetings when the intercode agreement fixes the revenue share to be received by GRNSW?

GRNSW determined in 2010 to expand the provision of TAB racing, moving away from the previous position of supplying the contractual minimum to a more aggressive position principally due to:

- The direct revenue benefit now gained through the collection of Race Fields Information Use fees – these fees are payable effectively by all wagering operators other than the NSW TAB;
- The launch of Sky Racing 2 providing a unique opportunity to obtain additional time slots for broadcast and wagering coverage;
- The possible advent of a National Product Fee regime, as contemplated in the draft report of the National Productivity Commission which had been released and was considered a serious prospect for medium term reform particularly if the race fields legislation was found to be constitutionally invalid by the High Court.

d. What has been the added costs incurred by GRNSW (attributable to the additional meetings) in each of the years since commencing the expansion of the number of TAB meeting? Please provide this information in a table for each of the years.

Under the original proposal, each additional TAB C meeting staged incurred incremental costs of \$1,065 per meeting consisting of additional stewarding and drug detection costs. GRNSW does not account for expenditure on a per meeting basis as it is of no commercial benefit and is unable to provide the breakdown requested.

e. What has been the added revenue received by GRNSW (attributable to the additional meetings) in each of the years since commencing the expansion of the number of TAB meeting? Please provide this information in a table for each of the years including the sources of any such revenue.

GRNSW does not receive revenue payments on a per meeting basis, RFIU fees are effectively levied on total wagering revenues and total wagering turnover relevant to the applicable approval period (one year).

16. Has GRNSW been able to identify any initiatives which, if implemented, would have been of financial benefit to the whole of the NSW Racing Industry?

All three codes derive the vast majority of their revenues from TAB Distributions. The focus of GRNSW has been on developing and implementing initiatives that drive wagering growth. This has included the conversion of non-TAB race meetings to TAB meetings, delivery of industry leading form guides and internet site www.thedogs.com.au, expanding the reach of greyhound racing through the effective use of social and digital media channels, and enhancing race programming to maximise wagering turnover.

The performance of GRNSW in this regard is best evidenced by the wagering performance of NSW greyhound race meetings with NSW TAB when contrasted to NSW thoroughbred race meetings and NSW harness race meetings. This is demonstrated in the following table and graphs:

	All Figures (000)			
	NSW Thoroughbred	NSW Harness	NSW Greyhounds	NSW Total Sales
FY10	1,122,114	208,412	279,880	1,610,406
FY13	1,118,592	192,779	320,131	1,631,502
Difference	-3,522	-15,633	40,251	21,096
Growth	-0.31%	-7.50%	14.38%	1.31%



