

# Time for The Government to Back a Winner

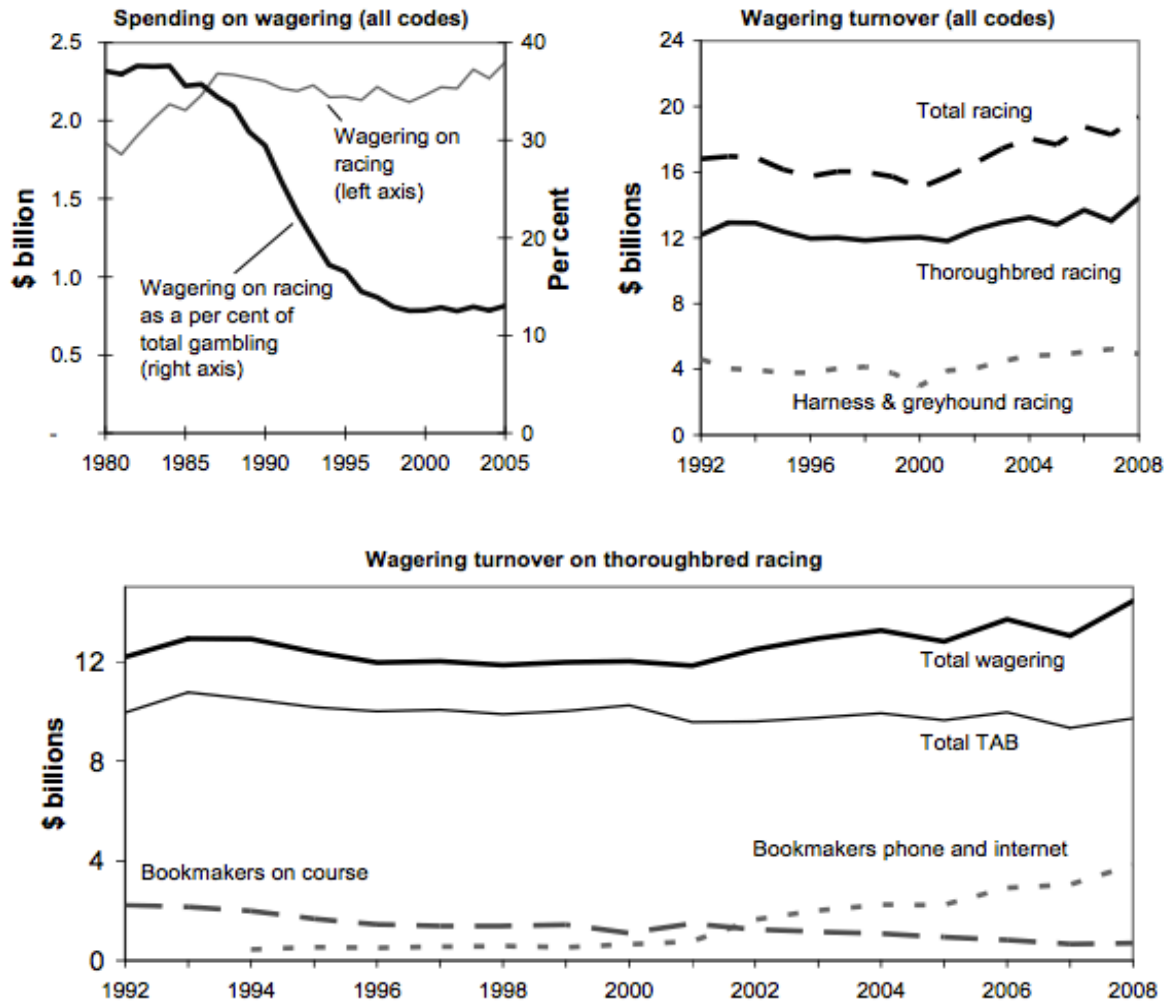
欢迎  
(Welcome)



Presentation  
6 February

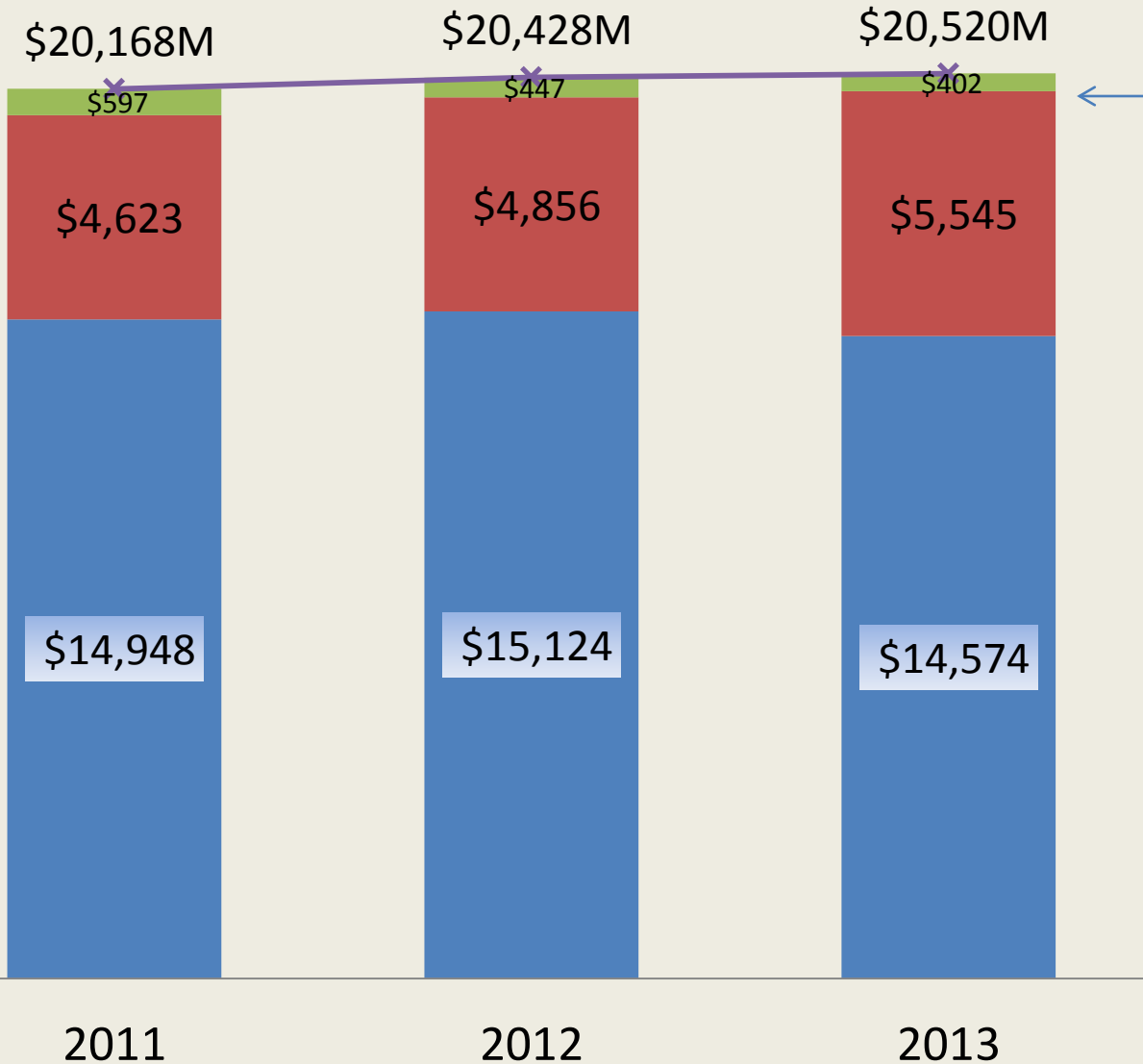
# 2009 Productivity Commission findings

Figure 16.1 Real wagering turnover on racing  
2008–09 prices



Y2000-2008 entry of corporates & on line **competition** stimulated the market

# Fast forward Y2011-2013 - FLAT WAGERING MARKET-



1. Stagnant Australian wagering market
2. Competition includes IPL, sports, overseas (unregulated) operators.
3. The concern is stagnant market plus market share movement erodes returns to racing and the states
- 4. The market needs stimulation as a whole**

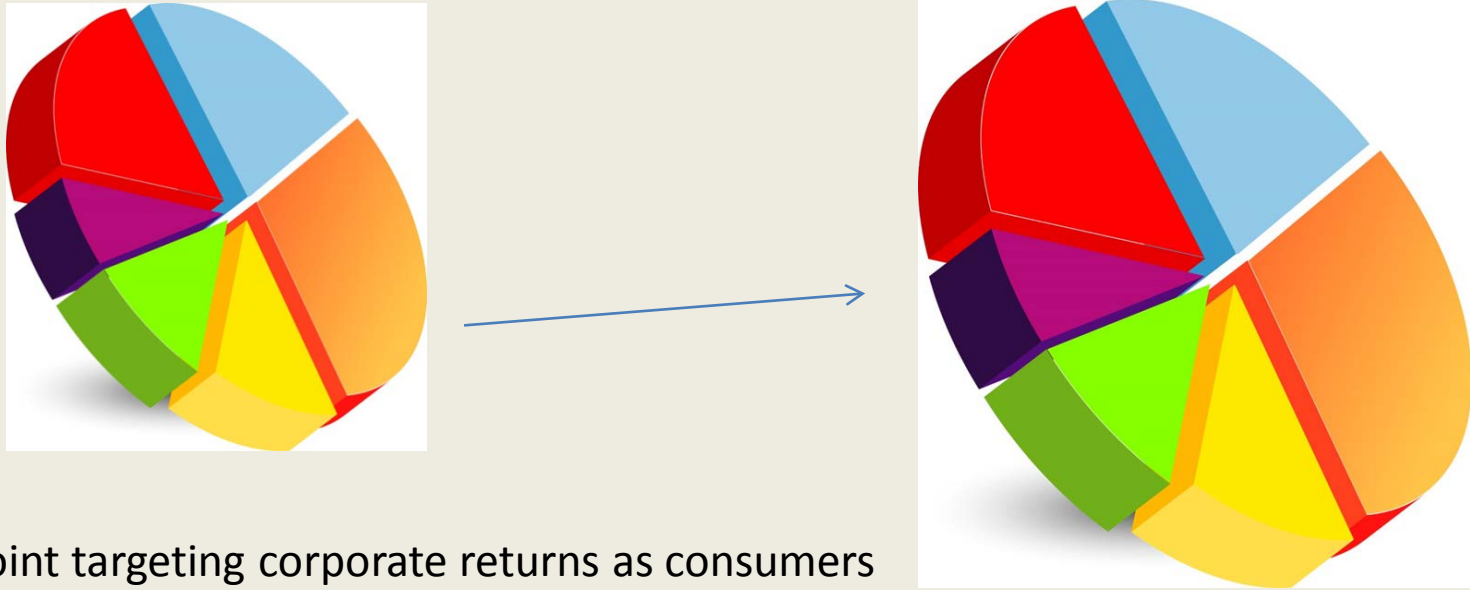
Bookmakers Face to Face

Off-course Bookmakers (Corporates)

TAB Turnover

Total

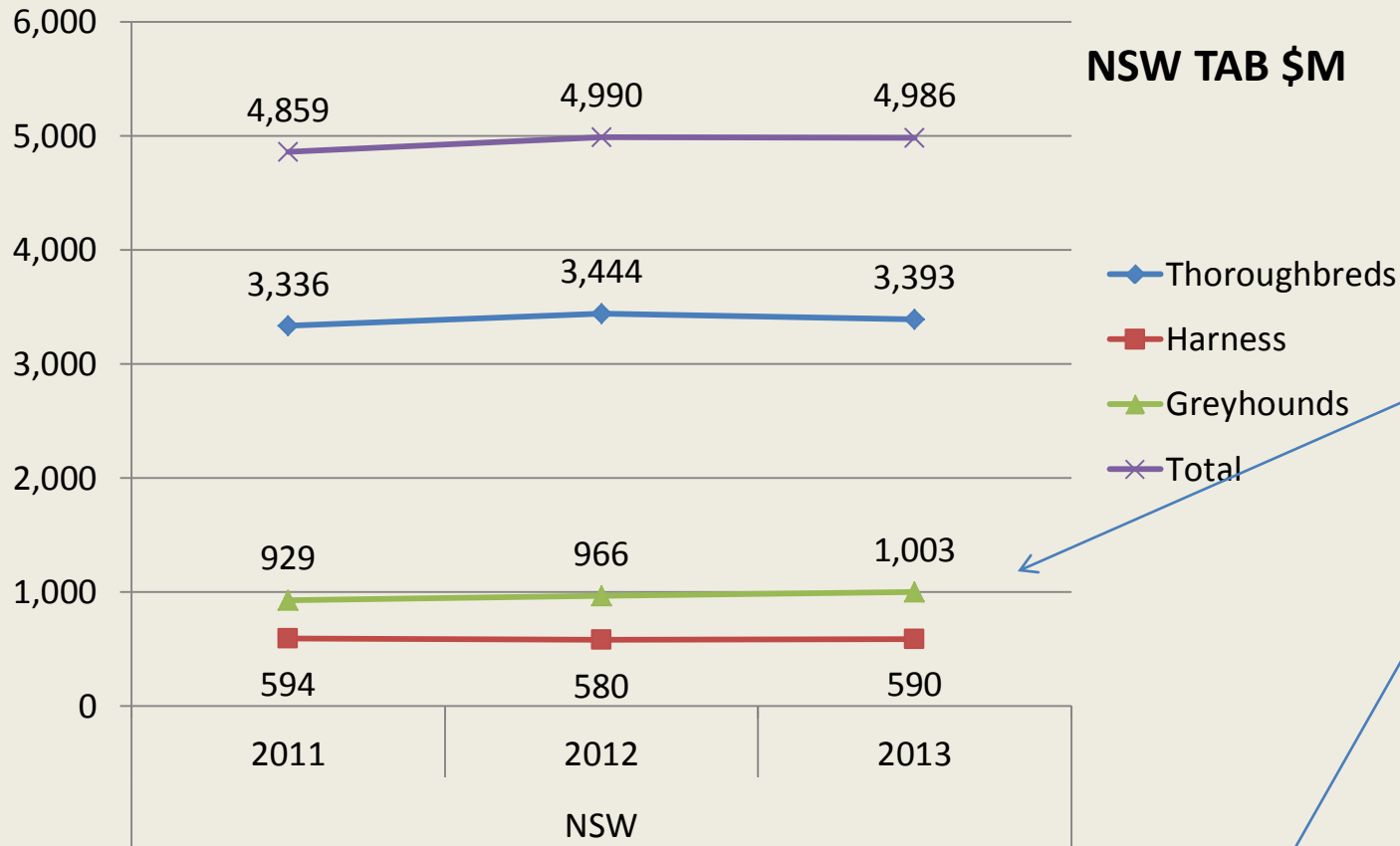
# We need **Market Stimulation** for a bigger Pie



Little point targeting corporate returns as consumers drive the market, any move probably regressive :-

- ✓ Strength of Racefields/ Corporates payments is they provide a direct performance based return consistent with competition policy.
- ✓ They have stimulated the consumer demand previously through innovation, any impact on their competitiveness has the high risk of regression to pre their entry especially given heightened exposure of sports betting, overseas IPL and overseas markets
- ✓ **Removing Cap on Gross Margin model ; the margins on greyhounds are healthy (GRNSW media release), the concept is supported by corporates, it is earnings incremental for greyhound racing, the cap doesn't exist in other states, its removal will support greyhound racing, its win/win for all and supported**

# Within that Market, Greyhounds are Tenacious – mitigating thoroughbred losses on state tax base



Greyhounds up 4% mitigating other code losses

State budget forecasting 5% decline

Table 6.5: Taxation Revenue

	2011-12	2012-13	2012-13	2013-14	2014-15		2015-16	2016-17	% Average Growth p.a. 2012-13 to 2016-17
	Actual \$m	Budget \$m	Revised \$m	Budget \$m	Forward estimates \$m	Forward estimates \$m	\$m		
Racing	158	166	158	159	157	154	150	-1.2	



# We are performing well, but have the greatest exposure to flat wagering, The background to it is a shambles



1. Collins put forward evidence that the Government Privatisation did not achieve documented objectives for sustainability of racing , insufficient due diligence
2. Minister no longer wants to make decisions, sacks our board, then the roles are blurred. Magin goes to the negotiations but says he didn't sign off –SO GOES LIKE THIS, DO YOU ACCEPT X%, YEH WE ACCEPT Y% UNDER A PROCESS AS PER DR KAYES QUESTIONING YESTERDAY THAT SHOWS NO DUE DILIGENCE, FORGETS TO MENTION THE BIT ABOUT 99 YRS AND NO MEANINGFUL REVIEW THEN SIGNS IT. SCOTT ADVISE AND WILL TESTIFY GBOTA DID NOT SEE THE DOCUMENT RE THE 99 YEARS
3. The Government appointed board didn't deliver documented needs of the sidelined industry. Scott's evidence provides further to my submission :-
  - i. Expectation of good faith working together to grow overall wagering with cost of extra meetings shared not documented adequately
  - ii. 15 year review mechanism not what understood to be

your association apparently agreed to it.

**Mr SCOTT:** The broken record stance of my association was what we get now plus 15 per cent of growth. But we were a voice amongst a number of contributors to that process. In the end the entire industry was left with something whereby the total distribution to the three codes was at about \$125 million under TAB up to about \$175 million divided between three codes as a result of privatisation. So there was new money coming in. There was desperation amongst the three codes and all sorts of pressure for that deal to be done. It is wrong to say that you can simply have a position that you could hold out to until the death when you did not have the power of signatory. We went through the process, we contributed strongly and every stakeholder contributed strongly. The best outcome they could get at that time was that outcome.

However, I put to you that there were two tools within the agreement that people expected to have more influence. One was that within the agreement there was minimum provision of race meetings. I think we were somewhere around about 550 and that has grown to 940. The second thing was that there was a review process. If we look at those two, the increased meetings were to be part of what was referred to as a Business and Strategy Committee between the three codes. They were going to grow the product. We expected in that process that where one code grew its product the costs associated with that initiative would be something that the three codes looked at, given this model was all about growing the total pie. That did not happen. In fact, the codes retreated simply to a position where the Business and Strategy Committee, which was supposed to drive the whole programming process, quickly within a few years did not even exist and did not operate.

**The Hon. TREVOR KHAN:** Mr Scott, other members want to ask some questions so I will just say that what I take from your answer today is that is your association did not oppose the signing of the original inter-code agreement. Is that a fair conclusion for me to draw?

**Mr SCOTT:** The entire greyhound industry was consulted by the Greyhound Racing Authority at that point and everybody agreed warts and all at that point to signing it. Having said that, I put one disclaimer that at no point did I think the 15 year review was anything except a total review. The fundamental problem with the Racing Distribution Agreement is not the fact that it might have been a crap deal; it is that it cannot be unwound. People are trying to do that. This body has the power to influence governments that fundamentally have responsibility to do two things: deal with unfairness and unwind what is wrong. Sorry for the emotion.

## The Authority

As a general rule, the Authority met on a three weekly basis to consider matters requiring its attention. There were 18 Authority meetings in the period July 1, 1997 to June 30, 1998.

Membership of the Authority during the review period is set out below together with details of the number of meetings attended by members during the year.

Members	No. of Meetings
Chairperson	
Mr D. English Dip Law BAB Solicitor	5
Member Totalizator Agency Board of N.S.W. (to 8.7.97) (Resigned 17.10.97)	
Mr R. Magin FCPA Chairperson (from 29.10.97) Certified Practising Accountant	17
Mr G. W. Candrick Deputy Chairperson (from 29.10.97) Businessman	16
Mr A. J. Elliott Dip Comm Arts, Dip TCHG	16
Mr K. H. Lambeth ASACPA Accountant & Registered Tax Agent	13
Ms C. Ludlow B.A LLB Solicitor (Crown Solicitors Office) (appointed 12.11.97)	12
Dr J. E. Maddison BVSc Dip Vet Clin Stud PID FACVSc Veterinary Surgeon	
Sub-Committees	
Finance: Messrs English (up to 17.10.97) Magin, Candrick & Lambeth	

## Appointment of Internal Auditors

In compliance with the Public Finance & Audit Act (1983) the Authority appointed W & D Services Pty Ltd, Parramatta as its Internal Auditors for the year ended June 30, 1998.

## Charter

The Greyhound Racing Authority is constituted under the provisions of the Greyhound Racing Authority Act, 1985.

The Authority is responsible for the control and regulation of greyhound racing in New South Wales.

The Authority consists of seven (7) members appointed by the Governor on the recommendation of the Minister. Before recommending appointment of any members, the Minister shall consult with such greyhound racing Clubs, persons or bodies as the Minister thinks fit. A member may hold office for such period not exceeding 3 years, as may be specified in the instrument of appointment of the member but is eligible (if otherwise qualified) for reappointment.

## Aims and Objectives of the Authority

### (1) Primary Aims and Objectives.

- a) To ensure that greyhound racing meetings throughout New South Wales are conducted in accordance with the Rules and ensuring the protection of the public interest.
- b) To develop a viable industry for the benefit of all participants involved in greyhound racing.

### (2) Secondary Aims and Objectives.

- a) To provide and maintain an efficient organisation to service and support the needs of clubs and participants within the greyhound racing industry.
- b) To ensure appropriate mechanisms and forums are established to allow input into the controlling and regulatory aspect of greyhound

**A COP OUT TO SAY IT WAS ALL THE INDUSTRYS FAULT AND THIS BOARD WAS REGULATORY ONLY, THEN WHY THIS :- 1998 ANNUAL REPORT**

**CLEARLY THE LINES WERE BLURRED, THE MINISTER DECIDED TO DISTANCE HIMSELF BY APPOINTING HIS OWN BOARD, THAT BOARD PROVES INCOMPETENT ON REGULATORY (ICAC) AND DENIES ANY COMMERCIAL RESPONSIBILITY**

**AT A MINIMUM WE HAVE A SIGNIFICANT GOVERNMENT CONTRIBUTION, OUR PROPOSITION IS THEREFORE PLEASE HELP US FIX IT. PLEASE SHOW CHARACTER AND GOOD FAITH IN THE HARDWORKING**

**GREYHOUND PEOPLE**

*Greyhound Racing Control Board 1985*

- (2) The Board—
  - (a) shall have and may exercise the functions conferred or imposed on it by or under this or any other Act;
  - (b) shall, for the purposes of any Act, be deemed to be a statutory body representing the Crown; and
  - (c) shall, in the exercise of its functions, be subject to the control and direction of the Minister, except in relation to—
    - (i) its power to decide appeals under this Act; and
    - (ii) the contents of a report or recommendation made by it to the Minister.**

**Members of Board 6.** (1) The Board shall consist of 7 members who shall be appointed by the Governor on the recommendation of the Minister.  
 (2) Before recommending the appointment of any members, the Minister shall consult such greyhound racing clubs, persons or bodies as the Minister thinks fit.  
 (3) Of the members, one shall, in and by the instrument by which the member is appointed, or by another instrument, be appointed as Chairman of the Board.

- STATUTORY BOARD
- CONTROL AND DIRECTION OF MINISTER
- MINISTER SACKED OUR BOARD
- REPLACED WITH HIS OWN PUBLIC SERVANTS – INCOMPETENT ON REGULATORY PER ICAC
- A MESS ON COMMERCIAL WHO KNOWS WHO WAS RESPONSIBLE
- ACT AS ABOVE SAYS THE MINISTER. NO POWER TO DELEGATE SIGN OFF

THE MINISTER AND SUBSEQUENT MINISTERS WASHED THEIR HANDS OF US – THE GOVERNMENT CLEARLY HAS HAD A MAJOR CONTRIBUTION

- [Urban Dictionary: cop out](http://www.urbandictionary.com/define.php?term=cop%20out)  
[www.urbandictionary.com/define.php?term=cop%20out](http://www.urbandictionary.com/define.php?term=cop%20out)  
 cop out. n. An excuse designed to shirk responsibility.



Table 3: Extract of Inter-Code Deed Relating to Review of Financial Allocations

12.6 15 Year Review of Growth Monies

- (a) For the purposes of this clause 12.6:  
"Growth Monies" means those monies which NSW receives under the Racing Distribution Agreement to the Controlling Authority under this Deed (excluding monies referable to New Business under Clause 6.7 or the Gaming Incentive Fee under 6.2) in respect of each Financial Year (or part thereof) occurring after the Review date which are in excess of the total aggregate amount of monies distributed to the Controlling Bodies under clauses 6.1, 6.2 and, if applicable, caused 6.6 during the Financial Year ending immediately prior to the Review Date; and  
"Review Date" means the last day of the exclusivity period (as defined in section 11 of the Act).
- (b) No later than 9 months prior to the Review Date, the parties shall in good faith commence evaluation and renegotiation of the relative distributions between the Controlling Bodies of those Growth Monies which may be received during the period after the Review Date.
- (c) If agreement between the Controlling Bodies cannot be reached in relation to the relative distributions of the Growth Monies by (and to take effect on and from) the Review Date, then NSW shall not distribute any Growth Monies unless and until such agreement is reached.

Councils have made it clear that it would seek product from interstate venues much to the detriment of the individual clubs which have contributed so much over the years to the TAB under strained financial resources. Obviously any drop in the greyhound industry's market share would over a period adversely affect the greyhound industry's bargaining position under any future Intercode Deed.

Undoubtedly the "twilight" circuit has been

- Not what the industry understood it to be. Industry did not understand it was a 99 year agreement including Magin who signed it
- The GRA Annual reports show Magin's board didn't understand it. Board members of time saying same thing (Wheeler). Scott saying the CEO had them sidelined.
- Differs to Victorian mechanism which aligned Victoria closer to market in Y12, another function of the privatisation process
- Also QLD review underway appears to provide more opportunities- further flaws in the original government Privatization process
- Its all a shambles at a minimum there's at a minimum gov't contribution



# Further, in real terms the RDA/Intercode appears to be Broken Down with Greyhounds the Oppressed Party

## 5. NSW RACING PROGRAMME AND TAB COVERAGE

### 5.1 Objective of NSW Racing Programmes and Coverage Programmes

Each party acknowledges that one of its objectives (in addition and without prejudice to, in the case of NSW, the objectives and requirements to be reflected in the Intercode arrangements and Intracode arrangements for each Code) in relation to determining each NSW Racing Programme and Coverage Programme is to enhance and improve the NSW Racing Programme and Coverage Programme so as to:

- (a) maximise Net Wagering Revenue;
- (b) maximise Wagering Earnings;
- (c) encourage public interest in racing in New South Wales;
- (d) encourage public attendance at Race Meetings in New South Wales; and
- (e) otherwise promote the quality and development of the Codes in New South Wales.

## 16. BUSINESS AND STRATEGY COMMITTEE

### 16.1 Members

The parties agree to establish a Business and Strategy Committee comprising six persons of which three will be appointed by TAB ('TAB representatives') and three will be appointed by NSW ('NSW representatives'). The parties will ensure that such persons are directors of or hold equivalent positions in that party (or, in the case of NSW, are experienced business persons with directorship experience, other than a representative of a corporate or financial institution lender or a Related Body Corporate of a corporate or financial institution lender to NSW).

### 16.2 Chairman

One TAB representative nominated by TAB will act as chairman of meetings of the Business and Strategy Committee.

### 16.3 Meetings

The first meeting of the Business and Strategy Committee will take place within 1 month of the Satisfaction Date at a time, date and location in NSW selected by TAB and subsequent meetings will:

- (a) occur at such intervals and at a time, date and location determined by the Business and Strategy Committee (but no less often than once a Quarter); and
- (b) take place in person, by telephone or by video conference as agreed by the Business and Strategy Committee.

RDA states codes to maximise total wagering and yet the two mechanisms to do it have been nullified :-

1. Competition –this was legislated out by the Government as per the exercise overleaf, yet

2. THE INTENDED GOOD FAITH HAS FAILED:- The Business & Strategy Committee has broken down (Scott evidence). Doesn't even meet. NO GOOD FAITH

Same solicitor acted for all parties on the RDA, one of the two key documents

IN OUR EYES , THIS DEED HAS FALLEN OVER ON ALL COUNTS AND WE ARE OPPRESSED



COMPETITION LEGISLATED OUT OF THE ARRANGEMENTS BY GOVERNMENT  
, YET GOVERNMENT CLAIM IT IS COMMERCIAL AGREEMENT –

**TOTALIZATOR ACT 1997**

**ORDER - SECTION 17A**

I, Richard Face, Minister for Gaming and Racing, in pursuance of section 17A of the *Totalizator Act 1997* (Trade Practices Act exemption), by this order dated the 3rd day of March 1998 approve of the following arrangements for the purposes of that section:

- The Deed entitled "Racing Inter-Code Deed" dated 27 February 1998 between NSW Racing Pty Limited, NSW Thoroughbred Racing Board, Harness Racing New South Wales, and Greyhound Racing Authority (NSW).
- The Agreement entitled "Greyhound Racing Industry Intracode Memorandum of Understanding" dated 20 February 1998 between Greyhound Racing Authority (NSW), NSW Greyhound Breeders, Owners and Trainers' Association Limited, NSW National Coursing Association Limited, NSW Greyhound Racing Clubs Association and TAB Greyhound Racing Clubs (NSW).
- The Agreement entitled "NSW Harness Racing TAB Clubs Intra Code Arrangements" dated 26 February 1998 between Harness Racing New South Wales, NSW Harness Racing Club Ltd, Bankstown Harness Racing and Agricultural Club, Bathurst Harness Racing Club Ltd, Bulli Harness Racing Club Ltd, Fairfield Harness Racing Club Ltd, Maitland Harness Racing Club Ltd, Menangle Paceway, C/- NSW Harness Racing Club Ltd, Penrith District AH&I Society Ltd, Newcastle Harness Racing Club Inc, Orange Harness Racing Club Ltd, Dubbo Harness Racing Club Ltd and Young Harness Racing Club Inc.

The Deed entitled "Racing Inter-Code Deed" dated 27 February 1998 between NSW

NO  
BAD  
PRESS  
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# WHY I QUIT



As of the Greyhound Authority meeting held at the head office at Lidcombe on June 23, 2000, I Paul Wheeler, have resigned from my position as a GRA member, representing the Greyhound Participants, because of the following: I served as a members of the GRA in New South Wales for 18 months. I had hoped to have some input into NSW greyhounds on the Board so improvements could be implemented to help participants in our ailing industry in this state. I have become increasingly concerned with the lack of leadership and very bad commercial decision-making of the GRA. I think that these very poor decisions will have a severe, detrimental impact on the Greyhound Industry in NSW and I don't want MY name to be part of an Authority that I think is making the greyhound industry in this state financially unviable for the section of the industry I was appointed to represent (the participants). Prior to becoming a Board member, I originally served as a member of the Greyhound Industry Advisory Panel, who approximately three years ago conducted a survey of the greyhound industry and forwarded the results of that survey to the GRA. Among the items wanted by the majority of greyhound participants were Syndication, Central Grading and 600m Racing at Wentworth Park. The present GRA's decision to implement Syndication was taken over 12 months ago and it is still in the final throes of being implemented. Grading has still not been finalised. This subject was put to the GRA Board approximately 18 months ago by the Advisory Panel and has been thrown

so many times that a journal should have been kept to make a novel on it. (What a joke!) Just ask anyone who has served on any of the Advisory Panels. Most think they are ignored by the GRA, and guess what? They are! Just ask yourself what has come out of the Strategic Plan? In my opinion, NOTHING! Even though some of the above are being discussed by the Board at present, the snail's pace of the NSW GRA will see the greyhound industry in NSW on its knees before anything else is done. The GRA has the possibility of compensating the TAB to the tune of \$160,000 for loss of earnings, which was in my opinion because of a bad commercial decision made by the GRA some 12 months ago. All they are looking at is blaming someone else rather than admitting they are at fault. In my opinion, there is a possibility that there are decisions and policies being made outside the Board room. I was told the outcome of a proposal being tabled at our last Board meeting several days before the meeting took place - and the people that told me were NOT on the GRA Board. It was in relation to the Scheme of Distribution for TAB Clubs' pool and it was accurate to the letter. The straw that broke the camel's back as far as I'm concerned is that the Scheme that was introduced puts no limit on how little a Club can pay in prizemoney. A participant who had laid a complaint to the GRA was sent an answer from the GRA, signed by the CEO. On reading the answer, the participant hand delivered a

addressed to the Chairman and the Full Board of the GRA, criticising the handling of his original complaint and outlining the unprofessional attitude and approach to the original complaint. The participant felt that in case the letter addressed to the Chairman and Full Board was not presented, he gave me a copy to take to the meeting. Surprise, surprise! The letter was not tabled at the next Board meeting. The joke of all this is that even when it was brought up by myself, all it caused was another fruitless argument. What chance have you got when the mail is being censored and not delivered to whom it is addressed? In my opinion, the secrecy document has been an attempt to gag anyone from saying anything at all, so that blame can't be put on the GRA Board for bad decisions being made. It is ridiculous when you think that there are public galleries in State and Federal Government as well as local Councils, where the general public can view the performance of individuals, yet everything is so secret in the greyhound industry. The NSW GRA Board Members were required by the Racing Minister Mr Face to sign a confidentiality document. The main reason I didn't sign was because I believe everyone has the right to know what decisions are being made and by whom. The only things that should be confidential are enquiries and appeals. Over the past two or three years, I have shifted my racing activities to other states and countries and found the financial return per dog is far better in other states,

agement. All of which I have repeatedly put to the Board and none of which have been put in place. In the Letters to the Editor of The Greyhound Recorder of June 22, 2000, Mr Lance Day stated that when the Minister took over his portfolio, he objected to greyhound racing being conducted at Showgrounds. I have done everything in my power for a greyhound-owned facility to become a reality in the Hunter and have been outvoted every time. The only thing I can say is that the present GRA Board is quite happy to remain a tenant to someone else and have the same type of thing that happened at Penrith occur over and over again. As far as the Greyhound Participants are concerned, the only things that appear to happen to benefit them are those that the GRA Board are forced to do - ie, Bull being rebuilt after being damaged by floods and Richmond being rebuilt to accommodate the closure of Penrith, so it could race twice a week. In closing, I would like to say that I think the problem is in the system. In my opinion, the GRA Board is useless. It needs to be dismantled and a professional business person put in total control, and that his or her employment should be performance-based. I believe that the Greyhound Industry in NSW is doomed under the present administration, with very little chance of improvement but with a huge chance of decline. My only advice to anyone who is thinking of investing money into the Greyhound Industry in NSW is...BE VERY CAREFUL.

*Australia's most successful owner and breeder PAUL WHEELER has resigned from his position, Member of the Board of the NSW Greyhound Racing Authority. Last week, Wheeler (right) issued the following hard-hitting press release, explaining his reasons for quitting the Board, midway through his three year appointment.*

Dear Sir,  
I would like to ask that you print the following letter in response to an article in the Sunday Telegraph on Sunday last which was written by John Davis.

The article quotes Mark Day, a Board member of the GRA (NSW), "as launching a scathing attack on the NSW GBOTA for introducing Graduation races at Wentworth Park at reduced stakes".

Mr Day is further credited with the following statements.

"It is underhanded and a reflection on their ability to run a business."

"Whenever the going gets tough, it's the owners and trainers who get stung for prizemoney."

"Anyone involved in Greyhound Racing aspires to race in the City because it is the pinnacle of success, sadly that dream is rapidly diminishing."

The comments, in short, are remarkably ignorant from somebody in Mr Day's position. The GBOTA makes no secret of the fact that it has been placed in a position where it was required to reduce prizemoney at Wentworth Park. But for a GRA member to suggest that this was a reflection on the business acumen of the GBOTA is outrageous, given the full facts of the matter.

The NSW GBOTA's decision to reduce prizemoney is a direct reaction to a cut in Metropolitan Scheme of Distribution funding a fact that should be completely understood by Mr Day.

In 1997/98, the GBOTA received \$3,323,707 to fund its GBOTA Wentworth Park operation and \$3,094,024 in 1998/99. In the current year, it is again expecting to receive only \$3,066,147 or less.

The reason it will receive a stagnant distribution this year is that the Metropolitan Clubs agreed to have their distribution restricted this year, so as to allow any growth in the TAB club distribution to go to the other TAB clubs who are all being asked to stage extra race meetings.

Currently, the Metropolitan Clubs have a Scheme of Distribution right of 44 percent of the club distribution. But their co-operation in allowing all growth to be shared by the other TAB clubs effectively means they will share in 42.5 percent of the Distribution. In dollar terms, the GBOTA will have foregone \$200,000 in growth in the current financial year.

The GBOTA would not be considering a prizemoney reduction at Wentworth Park in any shape or form if the 44 percent share remained on the table.

But, in the circumstances, a prizemoney reduction is required.

The introduction of Graduations at reduced stakes was considered the most palatable approach. Owners and trainers were presented with the opportunity to win another City race, albeit at a reduced return.

At the time of writing, the GBOTA was monitoring the response to Graduations (which I admit was greater than anticipated) and its current approach is not necessarily etched in stone. It will be subjected to reasonable trial and reviewed initially on a month by month basis.

All clubs in NSW have suffered considerable on-course revenue decline. Privatisation of the TAB went a long way to assisting the club's plight but the additional funds generated have not had their worth maximised by a number of decisions since that time.

At the time of privatisation, the NSW Greyhound Industry looked into a fixed Distribution of 13.25 percent at a time when its market share off-course was around 12 percent and the on-course was a fraction over 11 percent.

The Greyhound Industry was further protected by the fact that it was required to provide the following product -- 104 Metropolitan meetings and 489 other TAB meetings under the Racing Distribution Agreement.

Of course, since then, our Industry has supplied considerably more product than the RDA minimum.

The TAB Distribution return compared to the cost involved in funding the additional meetings does not make commercial sense. The Greyhound Industry is currently pursuing a market share strategy when it signed off on a fixed percentage arrangement. The bottom line is more racing for less per race funding. Beyond the over supply of product, we have also had the post-privatisation decision to fund twilight Sky Channel coverage. Here again, Greyhound Racing development but only shared in 13.25 percent of the profits. Meanwhile, the TAB and the sister codes cop their share of the substantial up-side associated with this investment and yet they pick up none of the cost.

Surely a more logical approach would have been to draw a line in the sand regarding product and broadcast arrangements at the time of privatisation. Any new product supply or business initiative beyond these arrangements should have its cost justified against the return.

The GBOTA supported the concept of twilight coverage but was actively opposed to the decision to fund totally the Sky Channel costs. It is also worth noting that at the same time as the GRA was agreeing to fund twilight coverage, the GBOTA was displaying its "inability to manage" by signing an agreement with Sky to be funded for GBOTA pictures for five years!

As I outlined in the initial stages of this letter, the GBOTA recognised the position that the other TAB clubs found themselves in by sacrificing their rightful share of the TAB Distribution this year.

This needs to be accepted as a mature response by the GBOTA to an industry problem that has been contributed to by over supply of product and the industry's collective inability to downsize and consolidate. Instead, the GBOTA finds itself on the end of criticism from a GRA member who suggests we are out to "sting owners and trainers". Before labelling his next "killer bee", Mr Day might be prepared to look in his own backyard where the GRA administration change has grown from \$1,255,184 in 1995/96 to \$2,500,000 in the current financial year, an increase bordering on 100 percent.

Yours sincerely,  
**ROBERT FLETCHER**  
Chairman  
GBOTA (NSW)

NO BAD  
PRESS ??

## These broken down Deeds disincentivize performance

- Without change, the only way to bring the ability to participate and derive income in line with Victoria is to be regressive, the analysis in submission is halving the industry.. If this produces say a \$300M pa fall in wagering, the loses are \$9M state taxes , horses lose \$13M, we lose \$2M which we probably save in efficiencies. Plus dire socio and welfare consequences . This doesn't make sense.
- Investing FAILS under the arrangements; eg. hypothetical investment of \$500,000 to translate form services from market leading 'thedogs website'. Return say \$20M pa wagering stimulation being \$3M pa wagering capital injection. \$1M racing and \$600k state returns look like this:-

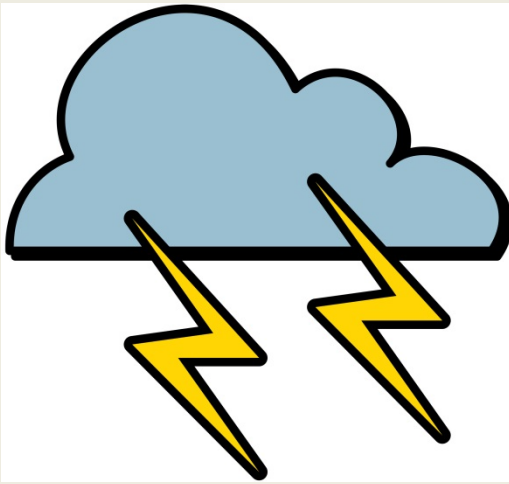
	Greyhounds	Harness	Thoroughbreds	State Wagering Taxes
Investment	(\$500,000)	0	0	0
Return—approx	\$130,000	\$150,000	\$720,000	\$600,000
Net Profit	(\$370,000)	\$150,000	\$720,000	\$600,000



- This causes inward looking management incentives. Daily Telegraph submission 348.
- Despite us being the growth product, and this ridiculous business model, the horses are pro the government fiscal stimulus being Randwick Grandstand and Autumn carnival



# WAGERING ON RACING AND THE STATE TAX BASE IS AT HIGH RISK AND REQUIRES STIMULATION

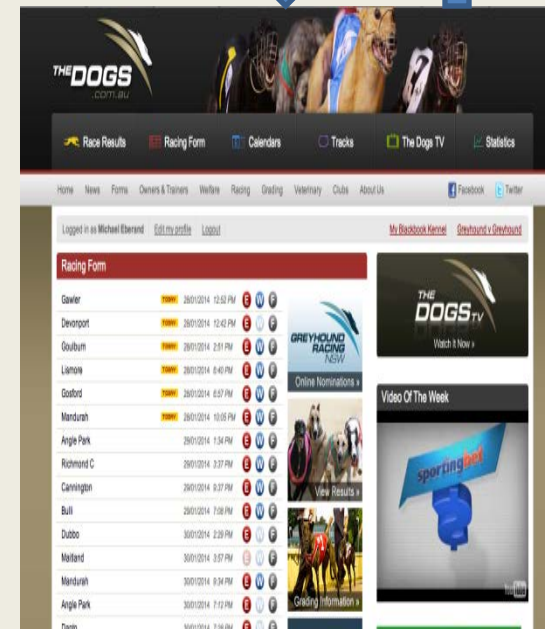


*Greyhounds are and can continue to be a substantial contributor but we need support because the bad deal is oppressive to us, we can't even hold our own at the moment*



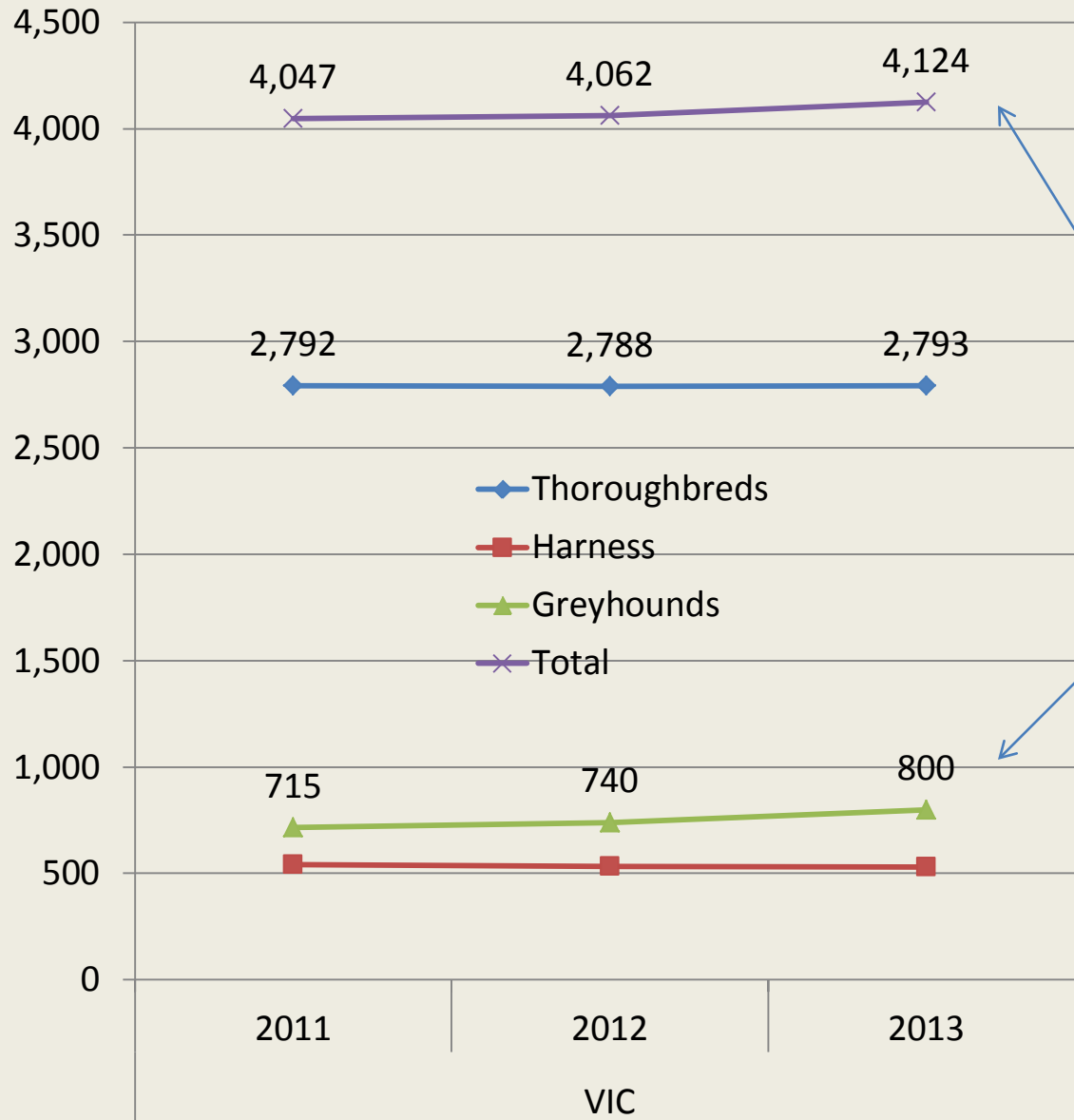
# Greyhounds can contribute - to the opportunity of the century- GO CHINA !!! –

- **Tourism Australia** “China currently contributes \$3.8bn to the Australian tourism... It is forecast to grow between \$7.4bn and \$9.0bn by 2020. There were half a million Chinese visitors to Australia in 2011. This number is estimated to grow to over 1 million, by 2022” BCG :**‘travel providers could develop differentiated products ‘bragging rights’** .... for the burgeoning segment of middle-class tourists emerging in China’s ....’:
- Wentworth Park - an outstanding location **“bragging rights”**. We already know Asia is attracted to wagering and greyhound product (example, Trackside, current Chinese interest in greyhounds), Asian gaming/ wagering in Australia.
- With reward aligned to return/performance, we can research and innovate new products at code level, to tackle competition from other gambling sources
- ‘www.thedogs.com.au’ - a market leading form service & is readily positioned for investment into Asian translated form services





# Victoria a firm Indicator that Intercode changes will act as stimulus for wagering – as Cameron said it would – Victoria is a live example (\$'M)



- ✓ In Aug-12, Victorian review mechanism moved return to within 1.92% of market share (was 5.71% short).
- ✓ The data indicates wagering responds to Intercode alignment to market. 8% growth in Greyhounds. Wagering on others not effected. Overall growth 1.5%. Good for everyone including government tax base
- ✓ Victoria reinvesting in tracks and branding and Adoption etc, participants purchasing the high quality NSW dogs

# NSW GOV'T DIFFERENTIAL TAX RATES (NSW 19.11%, VIC 7.6%)

- Fiscal stimulus via Randwick Grandstand and Autumn carnival – horses.
- It is hard to understand why greyhounds do not at least have its market share of government support given:-
  - We are performing and the only ones doing so.
  - The socio-economic benefits across the regions.
  - Historically greyhounds is THE growth product
  - Currently greyhounds is THE growth product protecting the state tax base
  - Strong business case for the future eg. 'Asia/ China'
- Our people and towns deserve the same opportunities to become professional trainers , to have participation cost levels in line with industry performance and to contribute economically to the state. **We are effectively subsidizing their participation/ hobby interests and breeding markets. They have a false economy and we have oppress**

Cameron showed a long term solution is an alignment of performance and reward, now in place in Victoria. **Greene said to be pleased the codes entered negotiations, did not follow up, and is now with the horses.**



*“Sorry, Longly, but you’re a little over-dressed. When I said you were moving up the ladder today, I meant I needed my ceiling painted.”*

# Submission 554 – Prizemoney Tab C

- The Greyhound community literally run their kennels and enterprise on bare bones money, and considering the amount Greyhound racing is able to generate for the economy of NSW, it is staggering that for a TAB C meeting first prize is \$540, second prize is \$165 and Third prize is \$80...Now consider your dog runs third, there has been over \$50,000 bet on the race via TAB, corporate bookmakers all over Australia and at times in other
- (costs more to get there let alone vet bills, good tucker, etc



# Potential Solution – Cameron Intercode Changes blended with Government Support to benefit ALL

## Step One - Intercode Reform:-

Tier 1 – 50% of the Y2013 revenue base, paid on the basis of fixed percentages and reviewed each 3 years

- protects infrastructure investment, recognises thoroughbreds as the higher base (as per Vic)

Tier 2 – 50% of the Y2013 revenue base, paid market share / performance (as per Vic)

Tier 3- Any increased revenues above the Y2013 base, could be paid at a weighting of 50% directly to that code and 50% at market share rate. In this manner, for example, with the \$1M generated from the investment in the greyhounds translated form service, it would directly receive \$500,000 and the other

\$500,000 based on market, providing further return. **THIS ASPECT PROVIDES NSW A MORE COMPETITIVE MODEL THAN VICTORIA**

	Greyhounds	Harness	Thoroughbreds	State Wagering Taxes
Investment	(\$500,000)	0	0	0
Return—approx	\$600,000	\$60,000	\$340,000	\$600,000
Net Profit	\$100,000	\$60,000	\$340,000	\$600,000



## Step Two – Government differential as Productivity Package :-

Differential taxes to support other two codes as a productivity mechanism, intended to reduce the state’s exposure over time. Should be conducted in conjunction with any other stimulus example Autumn carnival. Cap at \$15M being the amount sought under the Joint Submission.

# Conclusion

- Direct government contribution to the bad greyhound deal. Government should assist fix. There is enough evidence to say not only should government assist a significant contributor to the state of NSW but because at a minimum government contributed to the demise.
- Retail wagering innovation stimulated the market but it is now flat again.
- We need stimulation at code level, the current RDA / Intercode is broken down – NO GOOD FAITH NOR COMPETITION PRINCIPALS in existence
- Innovation and alignment to performance is needed. Cameron and the Productivity Commission say Intercode should have a recipe of competition/ reward for performance. Victoria has it and is going ahead.
- The government is electing to support the horses, yet greyhounds:-
  - is the growth product, saving the state tax base
  - has plenty of opportunities from the Asian/Chinese tourism boom and globalisation/ technological opportunities. We can be our ‘bragging rights’ for Sydney, the extra differentiator
  - Yet the participants and country towns supporting it are oppressed, we can’t support what we have.



# Contributions & References

- Special thanks Historic Research & Inspiration John Tracey



## Information Sources:-

- Wagering data - Australian Racing Board Fact Books, <http://www.australianracingboard.com.au/>
- [http://www.businessspectator.com.au/article/2014/1/6/china/middle-kingdoms-australian-frontier?utm\\_source=exact&utm\\_medium=email&utm\\_content=544806&utm\\_campaign=kbg&modapt=](http://www.businessspectator.com.au/article/2014/1/6/china/middle-kingdoms-australian-frontier?utm_source=exact&utm_medium=email&utm_content=544806&utm_campaign=kbg&modapt=)
- <http://www.austrade.gov.au/Tourism/Tourism-and-business/T-QUAL/Grants/Strategic/Project-Welcoming-Chinese>

## Photos

- Page 1 Chinatown and page 11 Chinese celebrations- with permission of Destination New South Wales