

INQUIRY INTO GREYHOUND RACING IN NSW

Organisation: Greyhound Action Group NSW Inc

Date received: 17/09/2013

From: Michael Eberand
Sent: Tuesday, 17 September 2013 3:57 PM
To: greyhoundracing
Subject: Fwd: Submission - Trackside Product source of Capital Funds for greyhound Industry, Terms A, B, C - Submission re Potential Solutions/ Government Assistance
Attachments: Print Article Tabcorp hits the jackpot with \$120m tax break.pdf

From: Michael Eberand
Subject: Submission - Trackside Product source of Capital Funds for greyhound Industry, Terms A, B, C - Submission re Potential Solutions/ Government Assistance
Date: 16 September 2013 2:58:12 PM AEST
To: greyhoundracing <greyhoundracing@parliament.nsw.gov.au>

In the Greyhound Action Group Submission One it proposes as part of its potential solutions (p33):-

"The sale of revenue rights to Trackside, the automated racing game. The government should provide tax incentives to Tabcorp to purchase back these rights as was done for the horse racing industry (based on the funds raised for the horses, this should raise an estimated \$25M"

I enclose a media article on this matter - please find it attached.

The greyhound racing industry in NSW (via GRNSW) continues to earn revenue rights to this product. I believe this is currently in the order of \$800,000 per annum.

Only the thoroughbreds cashed in their share.

The value of the sale of the revenue rights for thoroughbreds was improved by the tax breaks given to Tabcorp, as I understand it, effectively meaning those rights were worth more and enabling the higher payout. (as I understand it).

I ask the Inquiry to enquire [about:-](#)

1. Whether the tax break was given to the total Tabcorp revenues or just the 82% share they have over that revenue stream under the Inter Code (100% less harness and greyhound inter code shares) attributable to thoroughbreds

2. If the tax break was given on the full revenue stream, then in equity, the transaction should be reviewed and greyhound racing (and harness) receive value proportionate to their share of the revenue stream.
3. If item 2 above has occurred, this should be considered by the Inquiry in respect to C as to equity if thoroughbreds effectively 'took our tax break' and in this manner, on the balance of equity, an alternative but financially similar transaction should be done for greyhounds.
4. If not the case (item 3), then I would ask the Inquiry consider recommending the government provide the same tax break to Tabcorp to enable the same transaction to be completed for greyhounds. That is, the tax break will enable the sale of the revenue rights above their true cash flow value because of the government tax break provided with it.
5. That these funds which in effect would provide a massive capital boost, should then be considered for use by the industry within a consultative determined strategic plan with stakeholders including the possibility of those ideas put forward by Greyhound Action Group in its Submission One.

Michael Eberand

Greyhound Participant



smh.com.au
The Sydney Morning Herald

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Tabcorp hits the jackpot with \$120m tax break

Sean Nicholls and Tom Reilly

Published: October 20, 2010 - 3:00AM

THE gambling giant Tabcorp will be given a tax break worth up to \$120 million on revenue from an electronic horse racing game it will install in NSW pubs and clubs under a secret deal agreed with the state government.

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The deal was quietly agreed to during recent negotiations with Tabcorp and the racing industry over the merger between the Australian Jockey Club and the Sydney Turf Club.

In addition to the tax break, the *Herald* understands, restrictions on the type of bets offered by Tabcorp may be relaxed. This would allow TABs in the state to offer fixed odds - where punters are guaranteed a set return, as with a traditional bookie - on all racing in the state.

The Sydney Turf Club agreed yesterday to merge with its rival the Australian Jockey Club, a decision that was immediately hailed as one of the most important in the history of a sport that is marking its bicentenary this year.

That merger was brought about by the government offering to allow the introduction of the electronic wagering game Trackside to fund upgrades to both clubs. Under the original terms of the merger deal, announced by the minister for gaming and racing, Kevin Greene, in July, tax revenue of up to \$5 million a year from Trackside was to be given to the racing industry to help it repay a \$150 million loan to upgrade facilities at Randwick Racecourse.

In addition, the racing industry would collect 1.8 per cent in turnover on the game and 17 per cent of profits.

But the merger talks turned sour over concerns that revenue from Trackside might not be adequate to fund the loan. The racing industry was worried that it could be stuck with a significant gap in repayments.

Last month Tabcorp stepped in, agreeing to put up the \$150 million in return for the rights to all of the revenue from Trackside. Racing NSW agreed and the merger talks resumed.

But now it has emerged the betting behemoth has also acquired the tax break too. It means Tabcorp pays no tax on the first \$255 million of turnover each year for 23 years on Trackside, which it owns.

The government has agreed that Tabcorp can for the first time install Trackside in every pub and club in NSW with a TAB facility. Previously, the game was restricted to Star City casino, which is also owned by Tabcorp.

Yesterday Mr Greene announced that the clubs had agreed to the merger, declaring the new club would "provide opportunities, not just for racing in Sydney, but for racing throughout this state".

He said legislation would be introduced into Parliament "in the next couple of weeks".

However, the *Herald* has learnt that the government has agreed to continue to provide the tax break of up to \$5 million a year, despite there no longer being a loan to repay. Under the deal between Racing NSW and Tabcorp, the tax break is transferred to the gambling giant.

A spokesman for Mr Greene confirmed the arrangement last night.

In effect, Tabcorp has benefited twice from the merger proposal: initially by gaining the right to introduce Trackside into NSW pubs and clubs; and then from the secret tax break guaranteed by the government.

Racing NSW's chief executive, Peter V'landys, defended the deal last night, saying: "The racing industry were going to get that tax break, but now they [Tabcorp] will get it ... and that's only fair because when we sold our claim on the revenue we sold that part as well."

This story was found at: <http://www.smh.com.au/business/tabcorp-hits-the-jackpot-with-120m-tax-break-20101019-16skn.html>