

**Submission  
No 359**

## **INQUIRY INTO GREYHOUND RACING IN NSW**

**Organisation:** Goulburn Greyhound Racing Club Inc

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## Parliamentary Inquiry into NSW Greyhound Racing

To the Select Committee on Greyhound Racing in New South Wales

(1) *Funding of the NSW greyhound industry*

### **An unjust Inter-Code Agreement**

- ❖ The Inter-Code Agreement between the thoroughbred, harness and greyhound racing codes entered when the Government determined to privatise the TAB. The terms outlined under which Racingcorp is operated, controlled and funded and the funds that are allocated primarily on fixed portions are not proportional and unjust based on funds generated by the individual codes.
- ❖ This agreement is not at all practical and in fact may be unconstitutional, under this 99 year Agreement which was required by legislation, greyhound racing receives 13 per cent of TAB funds distributed but accounts for 20 per cent of TAB sales. There is no mechanism within the Agreement for a fundamental review of the basis of the arrangement for the life of the Agreement.
- ❖ Greyhound racing receives 13 per cent of TAB funds distributed but accounts for 20 per cent of TAB sales. Over the past 15 years, it is estimated that greyhound racing has subsidised thoroughbred and harness racing by over \$139 million.

### **Failure to implement the Alan Cameron Report**

- ❖ The 2008 Alan Cameron Report 'Correct Weight? A review of wagering and the future sustainability of the NSW racing industry' was commissioned by the former NSW Labor Government.
- ❖ The Report recognised that "*it is not possible to address the future growth and sustainability of the NSW racing industry without considering these agreements [Inter-Code Agreement]*".
  - ❖ Two of the key recommendations by Cameron in the review include;
- ❖ **Recommendation 21:** The three racing codes should agree to amend the Inter-code Agreement to provide that returns to each code from TAB distributions are in proportion to the percentage of wagering generated by each code; in the absence of such an agreement, the Government should over-ride the Inter-code Agreement and the RDA such that the distributions from the TAB are made directly to each code and in proportion to the percentage of wagering generated by each code.
- ❖ **Recommendation 22:** Assistance, extending if necessary to short term financial assistance, should be provided to the racing industry in order to assist with this transition, but only when the provision of such funding is supported by a clear business case.

- ❖ He further recommended that in the absence of an agreement, the Government should by way of legislation over-ride the Inter-Code to achieve this.
  - ❖ This can be addressed in part by ensuring that the incentives facing the three codes are aligned with ensuring the optimal generation of racing product. This can be achieved by the amendment of the Inter-code Agreement to ensure that returns to each code from the TAB contribution are in proportion to the percentage of wagering generated by each code.
- ❖ The Government declined to implement the recommendation of Mr Cameron.
  - ❖ It is hoped that the Parliamentary Inquiry will support the findings of Alan Cameron and further recognise the unjust hardship that is being forced on the NSW greyhound industry. An Inter-Code Agreement which distributes dividends to the code based on their commercial performance is fair to all.

### **Taxation Disparity**

- The NSW racing industry competes on a national scale and predominantly with the Victorian Racing Industry. There is an expectation that the NSW racing industry keeps pace with the Victorian racing industry.
- Currently however, different taxation levels apply in NSW vs Victoria as they relate to wagering revenue. NSW taxation on wagering revenue is double that which applies in Victoria. The NSW racing industry would receive in excess of \$80m per year from TABCorp than it currently does if taxation parity applied. If the NSW greyhound industry was to receive market share of the total industry payment its current position would improve by \$16m per annum.
- The taxation disparity will mean that the financial gap between the Victorian and NSW racing industries will widen. In such circumstances, the size and scope of the NSW racing industry is likely to contract, thus leading to reduced capacity to contribute to the State economy.

### **Prizemoney**

- Over the past six years, 75% of industry revenue has been allocated to prizemoney and club funding with 16% allocated towards administration costs and 9% towards supporting infrastructure projects at racetracks throughout the State.
- NSW greyhound racing prizemoney has increased from \$15.3 million in 2008 to \$22.5 million in 2013 – a 47% increase over the six year period.
- Greyhound Racing NSW has expanded TAB C racing at key venues across the State. This has resulted in the introduction of permanent TAB racing at Dubbo, Goulburn, Grafton and Wagga, and more TAB racing at Richmond and Wentworth Park.
- Despite this, prizemoney in NSW has dropped significantly behind that of Victoria. The Victorian greyhound industry paid out \$37m in prizemoney during 2012/13 as compared to

\$22.5m in NSW in the same period.

- NSW Metropolitan greyhound racing has only one genuine metropolitan prizemoney night as compared to Victoria's two, provincial prizemoney is higher in Victoria. Group Racing in NSW and Victoria was once on a par but Victoria now enjoys an edge.
- Wagering on NSW product with TABCorp is stronger than on Victorian product. But the Victorian greyhound industry enjoys the benefit of a market share based Inter-Code arrangement and a lower wagering taxation rate.
- Government intervention with regard to Inter-Code reform and possibly the NSW/Victorian wagering taxation disparity is required or else the prizemoney gap will widen. Again the greyhound is likely to contract, thus reducing economic benefit to the State.

## **Regulatory/Integrity**

### **Management**

- ❖ Since its introduction, GRNSW has undertaken a number of successful initiatives as follows:
  - Introduction of Operating Standards which have aimed to improve governance, financial management, racing presentation and asset management.
  - Consistent funding flow to clubs
  - Website and form database
- ❖ Greyhound Racing NSW has also expanded TAB coverage of greyhound racing but some regions remain underutilised – north west NSW and mid north coast being major examples. This needs to be addressed.

### **Integrity**

- For the 2012/13 financial year the greyhound industry doubled its swabbing budget, an increase that allowed the number of swabs in the TAB sector to increase to 7.5 swabs per meeting. It has resulted in the swabs to starter ratio rising by more than 2.5 times.
- Greyhound Racing NSW's swabbing policy sets out its approach to swabbing including factors relating to performance, status of the race and prizemoney that automatically require a greyhound to be swabbed.
- Greyhound Racing NSW has established a 'control room' at its head office in Rhodes, which receives live feeds of the race broadcast footage, surveillance footage from the kennel blocks and utilises video conferencing equipment to facilitate communication between tracks and the control room in real time.
- The increased swabbing and the control room approach appear to have been successful integrity improvements. The disposal of the post-race random swabbing draw was not favoured by the NSW GBOTA. Random swabbing combined with targeted swabbing is

considered the optimum outcome.

## **Animal Welfare**

- ❖ Greyhound Racing NSW has launched a number of initiatives to ensure that the welfare of all animals must be a primary consideration for all participants in the greyhound racing industry.
- ❖ Greyhound Racing NSW assumed responsibility for animal welfare matters within the NSW industry in July 2009. Prior to that it was the responsibility of successive government authorities.
- ❖ The greyhound industry has now developed and funds its own adoption agency – Greyhound as Pets.
- ❖ Greyhound Racing NSW developed and now manages the NSW Muzzle Exemption Program – Greenhounds - on behalf of the NSW Department of Local Government. The program has changed the perception that greyhounds are an aggressive breed, it has also improved the transition of greyhounds from racing to life as a companion animal and is likely to make more people consider adopting retired greyhounds.
- ❖ In July 2011 Greyhound Racing NSW established its own Greyhound Welfare and Veterinary Services Unit. This resulted in Greyhound Racing NSW assuming responsibility for the provision of on-course veterinarians at all TAB meetings. The unit employs full-time veterinary surgeons and an animal behaviourist to oversee the welfare of racing greyhounds and those transitioning to life as a pet.
- ❖ The NSW greyhound industry will invest \$1.3 million on greyhound welfare in 2013/14. The investment includes funding for the establishment of a new Education and Support Unit. The unit will train new industry applicants, as well as up-skill existing participants' adherence to welfare standards by undertaking inspections of racing kennels as well as rearing, breeding and greyhound education facilities.
- ❖ The NSW greyhound racing industry has race day and club welfare policies, including the hot weather policy
- ❖ The NSW greyhound industry has a mandatory Code of Practice for the keeping of greyhounds in training. The code outlines the minimum standards of accommodation, management and care that are appropriate to the physical and behavioural needs of greyhounds
- ❖ The NSW greyhound industry will work together to bring about the following animal welfare initiatives:
  - Development of new race programming initiatives that maximises the racing career of greyhounds;
  - Prioritisation of race track capital expenditure to focus on the continual improvements to minimise risk to the racing greyhound;

- Strategies to improve breeding standards, increase racing opportunities and increase re-homing options.

### **Closing Statement:**

The Goulburn Greyhound Racing Club strongly believes.

The NSW greyhound industry has attempted to introduce the most appropriate regulatory and integrity measures. Any increase above the current service level will come at cost and the industry has limited funds available to it.

In addition, we believe that the NSW greyhound industry has made considerable inroads regarding Animal Welfare. Greyhounds are well cared for, policies are in place to ensure this and considerable focus is being applied to the re-homing of greyhounds who have completed their racing careers. Some further initiatives regarding animal welfare, including the following:

- *Development of new race programming initiatives that maximises the racing career of greyhounds;*
- *Prioritisation of race track capital expenditure to focus on the continual improvements to minimise risk to the racing greyhound;*
- *Strategies to improve breeding standards, increase racing opportunities and increase re-homing options.*

These initiatives again come at cost and without fundamental change to current funding arrangements, the pace of further reform will not be as desired.

Clearly, **the Select Committee Inquiry must support the need for funding reform.**

The NSW greyhound industry is expected to be competitive with the Victorian greyhound industry but cannot achieve this with an Inter-Code Agreement that returns 13% of TABCorp NSW Racing Industry dividends, despite the NSW greyhound industry generating 20% of these profits.

In addition, the industry deals with the further burden of the Victorian industry operating with wagering taxation rate that is half of that which applies in NSW.

We view the Select Committee Inquiry as a final opportunity for fair funding arrangements to apply within the NSW racing industry. The recommendations of the Cameron Report as they related to the funding arrangements were dismissed by Government when made. The Thoroughbred and Harness Racing Industries will not support cooperative change to the Inter-Code, given that both are currently subsidised by the greyhound industry.

Government intervention is, in the circumstances required, and we would ask that the Select Committee make recommendations that ensure Inter-Code funding arrangements are adjusted on a commercially fair and just basis.

***Goulburn Greyhound Racing Club Committee***

***5<sup>th</sup> November 2013***