

**Submission  
No 370**

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

**Name:** Mr Bill Mangafas

**Date received:** 6/11/2013

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Preparation – Gabriel (Bill) Mangafas 4/11/13

Submission:-

The Director

Select Committee on Greyhound Racing in NSW

(1) Funding

RECEIVED

06 NOV 2013

SELECT COMMITTEE

**Subject:** (a) *Intercode Deed* and (B) *Wagering Taxation Disparity*

a. **Intercode Deed**

**Key Points:**

- The Intercode Deed was entered into by the three controlling authorities in 1997.
- The Intercode Deed runs to the same term as the Racing Distribution Agreement which is a 99 year agreement.
- The Intercode Deed dictates that racing industry payments from TABCorp be distributed to the industry on 70/17/13 basis. This is despite greyhound racing now generating 20% of TAB turnover.
- Greyhound racing would be receiving \$14m a year more if it were funded on a market share basis rather than its current fixed share.
- The Cameron Report, commissioned by the former Minister for Gaming and Racing, Kevin Greene in 2008 determined that the funding arrangements under the Intercode Deed were no longer acceptable. Cameron made two significant recommendations as follows :
  - *Recommendation 21; The three racing codes should agree to amend the Intercode 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 override the Intercode 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.*
- Minister Greene enacted virtually all recommendations of the Cameron Report except the above recommendations.
- This action continued a degree of disregard for the greyhound industry. Whilst not supporting greyhound racing, Kevin Greene did have substantial influence in brokering an upfront payment for thoroughbred racing from the trackside automated racing system, an upfront benefit not offered or provided to the greyhound industry.
- Kevin Green is now a Board member of Racing NSW.
- Current Minister, George Souris, has also been reluctant to become involved in the Intercode issues, stating that the Intercode Deed is a commercial agreement between consenting parties, despite the Cameron Report issues.
- Minister Souris has, instead, noted that the Intercode Deed is subject to a form of review by July 2013 (commencing September 2012). However, this review only impacts on 'growth monies' and completely, unacceptably, is the only review currently stated to take place in the 99 year term of the Deed.

**Recommendation:**

That the Coalition Government again consider the merits of the Cameron Report recommendations and flag its intent to seriously consider implementation should the forthcoming review not have proper consideration for commercial realities.

**(b) Wagering taxation Disparity****Key Points:**

- The Victorian Government provided a Gaming benefit to the Victorian racing industry when it privatised the Victorian TAB in the mid-90's.
- As of June 2011, this benefit was worth \$80m to the Victorian racing industry annually.
- The gaming benefit was provided for a 15 year term.
- The Victorian Government did not have to provide the benefit from 2012 on.
- Recognising the importance of the racing industry, however, the Victorian Government changed wagering taxation arrangements so to ensure that the Victorian racing industry maintained the \$80m annual additional fund flow.
- The upshot of this is that, despite NSW wagering customers generating more turnover with TABCorp than Victorian wagering customers, the NSW racing industry must operate with some \$80m less annually than its Victorian equivalent.
- This is not sustainable and will lead to a migration of key components of the NSW racing industry (all codes) to Victoria.
- The economic contribution of the NSW racing industry to the NSW economy will naturally decline.

**Recommendation**

- In my view the NSW government is very clear on the Inter-Code Agreement and does not wish to get involved with the other 2 codes on market share, yet the NSW government by legislation introduced competitors to NSW TAB Limited, and reduce NSW TAB Limited income. GRNSW increase product at the cost of NSW Greyhound Industry so as to protect the economy in the NSW State and the NSW Greyhound industry and stop migration to other states with a view that a deal can be made with our other 2 partner (codes) on market share.
- Government cannot reduce wagering taxation for the NSW Greyhound Industry only, it will ignite a dispute with the other 2 codes, and in my view the NSW government cannot afford to reduce wagering taxation for all 3 codes (not at this stage)
- NSW Government must give NSW Greyhound industry gratia payments each year from the wagering taxation funds and consults the other 2 codes that the NSW Greyhound Industry generates 20% of turnover and gets a 13.2% return and the other 2 codes are making \$14m a year at the expense of the NSW Greyhound industry.
- The NSW Government must put in place a protection for the 3 codes on the Intercode deed re market share and be reviewed at least every 10 years. This will encourage the 3 codes to commercially explore their business. The agreement at the moment has only one review locked in the contract and ongoing consideration needs to be given to the matter by the NSW Government and the three codes of racing in NSW.

Thankyou

Gabriel (Bill) Mangafas

(4)

To select the committee

I am very clear on the terms of reference. I have chosen to submit and focus on funding, as in my opinion all other problems can be solved when the right funding is available. I have been involved with the greyhound industry for over 40 years and held positions all over Australia in administrative roles. Some of these are -

- member in GRNSW (8years)
- Treasurer & Director of GBOTA (18years). Previous chairman for 8 years and was involved with privatisation of the TAB

I believe I have the knowledge for the needs and the problems of the Greyhound Industry in NSW and have worked with 7 racing ministers.

If you require any further assistance please don't hesitate to contact my mobile number

Cheers

Gabriel (Bill) Mangafas