

# Tasracing Pty Ltd

## A DESKTOP REVIEW OF THE COSTS AND FUNCTIONS OF TASRACING



## **Tasracing Review**

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# Executive Summary

Treasury has undertaken a review of the costs and structure of Tasracing Pty Ltd (Tasracing), with a particular focus on its funding and expenditure. As part of the review, Treasury has benchmarked key indicators of these items against other Australian jurisdictions.

This report summarises Treasury's review, providing an overview of the funding and revenue sources of Tasracing, including a discussion of the recently introduced point of consumption (POC) tax and government funding of Tasracing with a comparison to its peers in the other jurisdictions. This report also analyses operating and capital expenditure, allocations between codes (thoroughbred, harness and greyhound racing) and prize money expenditure incurred by Tasracing, with a comparison of this to other jurisdictions. Finally, the report outlines the economic benefit Tasracing provides to Tasmania based on ABS, census and other publicly available industry data.

## SUMMARY OF FINDINGS

The racing industry continues to face a number of challenges, including significant social pressures, changes in the wagering landscape, political reforms, and most recently, the impact of the COVID-19 pandemic. Many of these challenges are not unique to Tasmania. However, the differing operational structures and available financial resources means that the ability to address these challenges varies between states.

Tasmania is one of three jurisdictions, including Queensland and Western Australia (WA), which has one body responsible for the development of the three codes of racing (also referred to as a tri code body). The other jurisdictions have separate bodies for each code of racing.

When conducting this review, Treasury has benchmarked Tasracing, and the Tasmanian racing industry more generally, against both tri code body jurisdictions and single code jurisdictions where possible. A number of key metrics were identified as a means of undertaking this benchmarking, including levels of government funding provided to the entities in each state or territory on a per capita basis, government funding as a percentage of the racing entity's total revenue, operating expenditure of the racing entity as a percentage of total revenue, and total growth in prize money based on a four year average between 2015-16 and 2018-19. These metrics are shown in Table 1.

Table 1: Benchmarking of key metrics

	Tasmania	Victoria	New South Wales	Queensland	Western Australia	South Australia	Northern Territory
 <b>Funding per capita</b> (2018-19)	\$58.68	\$6.46	\$9.14	\$12.96	-	\$4.37	\$47.33
 <b>Funding as % of revenue</b> (2018-19)	64%	6%	15%	23%	-	8%	-
 <b>Operating expenditure to revenue*</b>	100%	98%	95%	102%	124%	100%	-
 <b>Growth in prizemoney*</b>	7%	7%	13%	7%	3%	1%	-

\*Based on four year average between 2015-16 and 2018-19

- Data not available

### Revenue and funding

Race field fees, wagering revenue, and government funding are the major sources of revenue for racing bodies across all jurisdictions. However, the quantum and breakdown of these revenue sources varies significantly.

Tasracing receives the largest proportion of its revenue from government funding. This share of total revenue has reduced over time as racing revenues have increased, however it remains proportionately large compared to the revenue break down of the other jurisdictions, and on a per capita basis Tasracing has the highest government funding of all jurisdictions.

Tasmania is also the only jurisdiction with a long term, regular government funding arrangement in place. Most other state racing bodies receive some form of government funding, typically via a Point of Consumption (POC) tax, infrastructure funding, and ad hoc industry and prize money support funding.

### Expenditure

Tasracing's operating expenditure has grown at a faster rate relative to its tri code body peers over recent years, although in proportion to total revenue it is broadly in line with those peers. Other expenses, sales and marketing expenditure, and industry and prize money expenditure categories have increased the most over recent years. However, it is difficult to directly compare specific operating expenditure line items to other jurisdictions given differences in reporting methodologies and availability of detailed breakdowns of expenditure items.

Prize money and code funding have grown largely in line with interstate peers since stakes were reset in 2015-16. Increases in prize money to each of the three codes since the stakes reset are also largely in line with national trends, with the largest growth in thoroughbred prize money, followed by greyhounds, and harness racing.

### **Economic contribution**

There have been several reports in the past that have sought to value the economic contribution of the racing industry in Tasmania. These have involved surveys of the industry, and the use of economic data to determine an economic multiplier for the industry. One of these was prepared by consulting firm IER in 2013, which claimed the industry contributed \$103 million to the Tasmanian economy via employment and spending.

In preparing this report, Treasury has adopted similar economic metrics to the IER report, including employment and income statistics, industry participation numbers, and wagering and gambling statistics in order to determine the economic trends of the industry over recent years. However, this report has been limited to analysing only publicly available data and as such has not been able to make any decisive conclusions regarding the current economic contribution of the industry.

Tasmanian employment and income statistics in relation to the racing industry are limited. Census data from 2016 shows that only 0.08 per cent of the Tasmanian workforce was employed in racing related professions as their main industry of employment, which is at odds with previous reports which surveyed the industry. This data could also suggest that a high proportion of participants in the Tasmanian racing industry are either unpaid volunteers, or their participation in a racing-related profession was a secondary form of income.

Based on an analysis of key indicators in relation to industry participation, there are several key trends that stand out.

Participation in the thoroughbred racing code shows signs of decline on a national level, with Tasmania's decline in bookmakers, jockeys, and trainers exceeding the national average over the four years to 2018-19.

At a national level, the harness industry also appears to be in decline. However the Tasmanian industry has shown some signs of stability with the number of starters and races increasing over the four years to 2018-19 despite a decline in meeting numbers.

The greyhound industry in particular has been plagued by animal welfare concerns in recent years, and a ban on greyhound racing in New South Wales (NSW) and the Australian Capital Territory (ACT) in 2017 (noting that this was later overturned in NSW) has had widespread impacts for the industry. All jurisdictions have now introduced greater regulatory requirements for industry participants. As a result, breeding numbers and club numbers have experienced declines nationally. Additionally, racing statistics provided by each of the jurisdictions show the number of greyhound starters has declined over the four years to 2018-19.

Trends in the wagering market also provide some indication of the racing industry's contribution to the economy. Racing wagering turnover and per capita racing gambling have both been in decline in Tasmania since 2015-16. The decline in gambling turnover can be seen across all three codes of racing in Tasmania, whilst the national picture shows declines for the greyhound and harness codes, but increased turnover for the thoroughbred code. This increase is driven largely by NSW, despite declines across most other jurisdictions. Increased (non-racing) sports wagering over the same period is evidence of an increasingly competitive wagering landscape.

# Background

## REVIEW METHODOLOGY

No public consultation has been undertaken as part of the review methodology. Instead, the report has been prepared using only factual information from publicly available sources.

The majority of the review is focused on the period 2014-15 to 2018-19. The report contains some commentary relating to the 2019-20 and 2020-21 financial years. However, given not all states had released audited financial statements for these years at the time of preparing the report, and the impact of COVID-19, these years have not been included in most of the financial analysis.

Benchmarking has been undertaken to identify differences between racing industries in each state. The ability to benchmark financial metrics including funding, revenue, and expenditure was limited to the detail available in annual reports.

A preliminary analysis of the economic value of the Tasmanian racing industry has been undertaken using the published data from national and state industry and economic bodies, with a focus of key indicators such as employment, income, and participation in the form of wagering and attendance statistics. A survey of the racing industry was not undertaken as part of this review and therefore it was not considered appropriate to apply a multiplier to gauge flow on activity for the sector.

## TASRACING

Tasracing is a state owned company (SOC), established in 2009 under the *Racing (Tasracing Pty Ltd) Act 2009* and the *Corporations Act 2001 (Cth)*.

The principal objectives of Tasracing are outlined in the *Racing Regulation Act 2004*. Tasracing is obliged to act in accordance with relevant Treasurer's Instructions and the *Guidelines for Tasmanian Government Businesses*, the governance framework for Government businesses and other Government policies specifically applying to Tasracing, as advised by its members.

Tasracing has two members, the Treasurer and the Minister for Racing, who hold shares in the company in trust for the Crown.

Tasracing provides the strategic direction and funding required to produce quality racing products that meet customer demands in a globally competitive industry. The principal purpose of Tasracing, as outlined in the Members' Statement of Expectations (dated September 2012) is developing a competitive and sustainable racing industry.

Tasracing's core responsibilities include:

- the ongoing development of racing and breeding industries in Tasmania;
- the promotion of Tasmanian racing to local, national and international wagering markets;

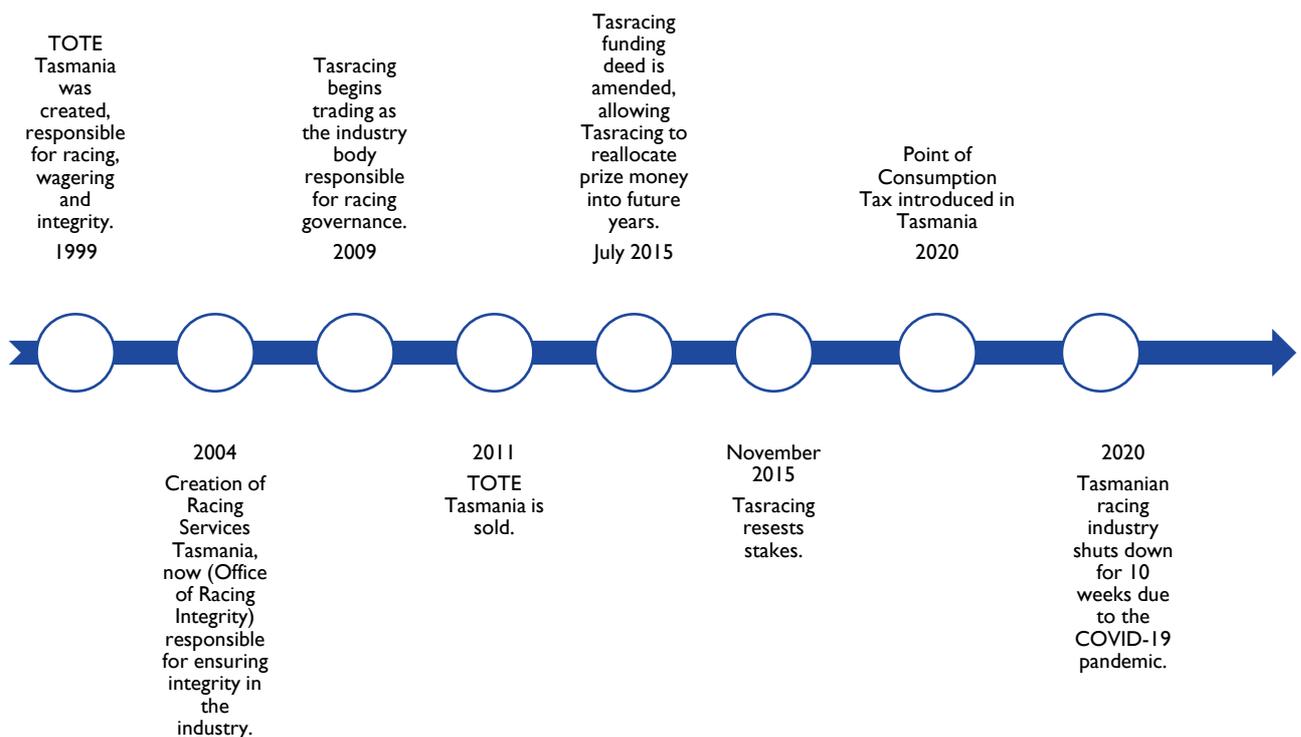
- the funding of racing clubs;
- the provision of stakes;
- management of media rights, racing venues and tracks; and
- management of race day operations.

Overall, Tasracing aims to provide a commercially viable future for racing in Tasmania by promoting and distributing data on racing form, track conditions and by assisting racing clubs to promote their racing events and carnivals.

The racing industry in Tasmania consists of three codes: thoroughbred, harness (pacers) and greyhound. The codes refer to the breed and type of animal competing in industry competition. Tasracing’s responsibilities are across all three codes.

Appendix I contains a summary of how Tasracing compares structurally to its interstate counterparts.

Figure 1: Timeline of the Tasmanian racing industry



## GOVERNANCE OF THE TASMANIAN RACING INDUSTRY

Racing operations are dispersed throughout Tasmania. Race meetings are conducted by race clubs, which operate as community associations registered with the Office of Racing Integrity (ORI).

The ORI is a separate entity to Tasracing and is responsible for maintaining the probity and integrity of the thoroughbred, harness and greyhound racing codes in Tasmania. ORI is a division of the Tasmanian Department of Primary Industries, Parks, Water and Environment (DPIPWE).

ORI's responsibilities include:

- regulating and controlling racing to ensure that it is conducted with integrity;
- investigating racing integrity and related matters; and
- ensuring that the rules of racing for all codes of racing are properly enforced by stewards.

The Tasmanian Racing Appeal Board is an independent body established by the Tasmanian Government under the *Racing Regulation Act 2004* to handle certain appeals for the racing industry. Appeals may be lodged with the Board against certain decisions made by Tasracing, stewards, the Director of Racing or if a person is in dispute with a bookmaker.

## INDUSTRY CHALLENGES

### **Social pressures**

The racing industry on an international scale faces ongoing and significant social pressure in relation to animal welfare.

Tasracing's Off the Track (OTT) program, the Greyhound Adoption Program (GAP) and the introduction of animal welfare key performance indicators (KPIs) are the key initiatives implemented by Tasracing in response to these social pressures. Other Australian jurisdictions have adopted similar programs, with significant investment in animal welfare initiatives being implemented across the board.

### **Greyhound racing reforms**

In 2015, the greyhound industry in Australia was the subject of intense scrutiny following the airing of a media investigation which reported on the use of live bait animals in the training of racing greyhounds, along with other animal welfare issues. A special Commission of Inquiry was launched in NSW, and the findings of this resulted in greyhound racing being banned in NSW and the ACT. The ban was to take effect from 1 July 2017. However, the ban in NSW was later repealed by then NSW Premier Mike Baird.

In NSW, the Greyhound Reform Panel made 122 recommendations to the NSW Government, of which 121 were adopted. The Greyhound Welfare and Integrity Commission was formed which is a taxpayer funded, non-industry regulator of the greyhound racing industry. The resulting implications for the industry have been significant. More onerous requirements for breeders of greyhounds has resulted in a significant reduction in the number of pups being bred, and increased investment in animal welfare initiatives broadly.

### **Wagering landscape**

The racing and wagering landscape continues to evolve as a result of globalisation and rapid advancements in technology. The need to attract off course wagering through more sophisticated technology platforms is a key focus area for Tasracing.

### ***COVID-19 Impacts***

The 10 week shutdown of the Tasmanian racing industry in response to the COVID-19 pandemic affected Tasracing's race field revenue and required the business to implement cost mitigation strategies in 2019-20 which have continued into 2020-21. The industry expected some short term loss of wagering market share to other jurisdictions as a result of the shutdown. While no other state in Australia closed their racing industry in the same manner as Tasmania in response to the COVID-19 pandemic, all were impacted in some way with most adopting cost mitigation strategies such as cutting prize money or reducing staff pay.

# Revenue and Funding

## GOVERNMENT FUNDING

Government funding arrangements for each jurisdiction differ significantly. Most jurisdictions provide some form of industry funding primarily aimed at increasing prize money, with additional separate funding for any ongoing infrastructure projects. All states and territories except for the Northern Territory (NT) have now introduced a POC tax, with the benefits distributed amongst the racing industry.

### ***Jurisdictional funding structures***

Most jurisdictions provide funding based on the short to medium term needs of the industry. The Tasmanian Government is the only state government which guarantees annual industry funding by way of a twenty year funding deed signed in 2009.

The Victorian Government provides ad hoc funding support to its racing industry. In 2019, the Government committed to providing \$72 million over a period of 4 years for racing infrastructure, with the funds split between the three codes. In addition, a 2018 election commitment saw the Victorian Government provide \$33 million in funding to the Victorian racing industry for two years from 1 January 2019 to support increases to the minimum level of prize money.

NSW Government funding is predominately generated by tax parity income, which compensates the racing industry for a racing tax scheme which was introduced on 1 January 2016, with tax on racing bets in NSW being brought into line with Victoria's to boost the industry's competitiveness. It involves a five-year step-down in the Government's take on bets to reach parity with Victoria in 2019-20.<sup>1</sup>

The Queensland Government provides funding for its industry via a range of funding initiatives.<sup>2</sup> These include:

- the Country Racing Program, which commits \$15 million per year to support prize money, clubs, jockey riding fees, superannuation and Work Cover expenses, and club meeting payments for country racing meets; as well as \$2.6 million per year for non-TAB racing club infrastructure repairs and maintenance;
- the Racing Infrastructure Fund (RIF), which includes \$127.7 million to support key priority infrastructure projects. The funds are principally drawn down from UBET's payments for its exclusive retail wagering license in Queensland, which is in place until 2044. Approximately \$63 million of this fund is available between 2020 and 2023, with applications for funding assessed in accordance with the Queensland Government RIF Guidelines;

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<sup>1</sup> NSW Racing, Annual Report, 2018-19.

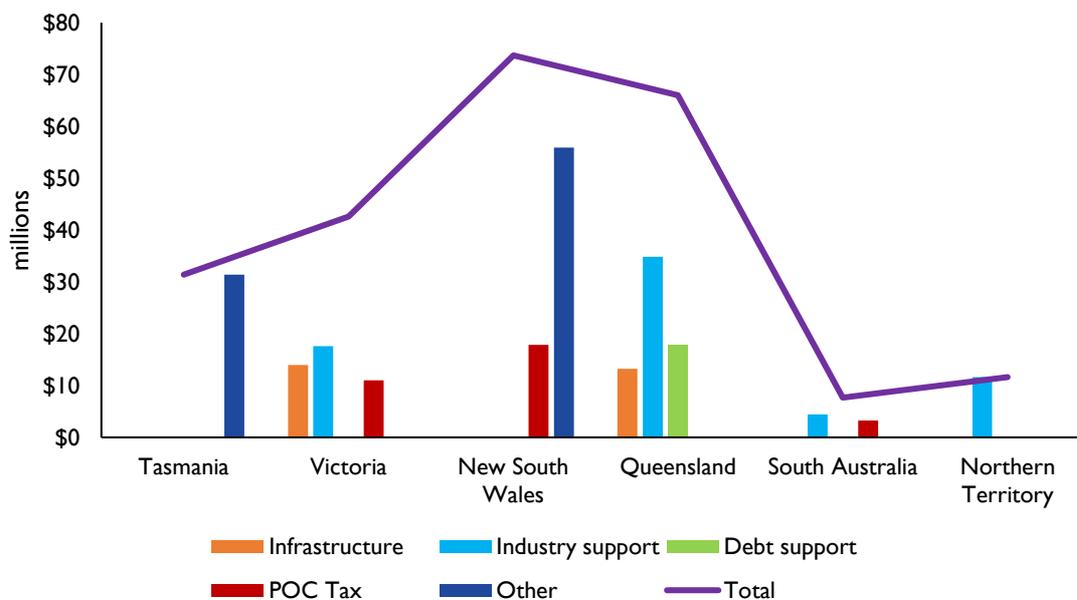
<sup>2</sup> Racing Queensland, Annual Report 2018-19.

- the Training Track Subsidy Scheme, which includes \$2 million in annual funding to assist thoroughbred race clubs to off-set the costs of maintaining training facilities at their venues; and
- in 2018-19, Racing Queensland received a one-off contribution of \$17.8 million from the Queensland Government to repay 50 per cent of its debt balance. Racing Queensland is the only known peer of Tasracing to have received debt support in recent years.

The South Australian Government in 2019-20 committed funding of \$24 million over four years aimed at protecting local jobs and boosting the racing industry to become more competitive. The funding was split between the three codes, and included an upfront payment of \$8 million in 2019-20, and annual payments equivalent to 1.5 per cent of net state wagering revenue received for the betting operations tax from 2019-20 which equates to around \$4 million annually. The South Australian Government has indicated that a funding review will be undertaken in 2022-23 which will focus on the contribution of the industry to the economic and employment outcomes of the state. The Government has also indicated that further commitments of funding from 2022-23 will require the racing industry to demonstrate that the \$24 million stimulus has contributed to growing jobs and the economic contribution of the industry in South Australia (SA).

The NT Government provided \$35 million in grants to its thoroughbred racing industry over three years to June 2019, as part of an election promise to restore funding to the racing industry in an effort to restore jobs and stimulate tourism. The NT Government has also committed to a \$12 million grant to build a multi-purpose stand at the Darwin Turf Club, aiming to boost the international tourism appeal of the Darwin Cup Carnival.

Figure 2: Government funding split for each jurisdiction 2018-19<sup>3</sup>



<sup>3</sup> Note that WA is excluded due to its unique operating structure. Figures shown for NT include only funding for the thoroughbred code. Data sourced from the 2018-19 annual reports of racing bodies in each jurisdiction.

### Total funding and per capita funding

In 2018-19, Tasracing received \$31.37 million in government grants, which equated to \$58.72 per capita (based on the Tasmanian population as at June 2019). This is substantially higher than most other jurisdictions on a per capital basis, with the exception of the NT.<sup>4</sup>

Table 2: Government funding by jurisdiction 2016-17 to 2018-19<sup>5</sup>

	Tasmania \$m	Victoria \$m	New South Wales \$m	Queensland \$m	Western Australia \$m	South Australia \$m	Northern Territory \$m
2016-17	30.21	5.10	48.53	8.10		3.85	10.46
2017-18	30.40	10.25	48.23	17.60		7.52	12.65
2018-19	31.37	42.59	73.90	66.02		7.67	11.65
Average	30.66	19.31	56.89	30.57		6.35	11.59
Total population (@ June 2019) millions	0.53	6.60	8.09	5.09	2.62	1.75	0.25
<b>Government funding per capita</b>	<b>\$ 58.68</b>	<b>\$ 6.46</b>	<b>\$ 9.14</b>	<b>\$ 12.96</b>	<b>\$ -</b>	<b>\$ 4.37</b>	<b>\$ 47.33</b>

### COVID-19 response

Victoria was the only other state to provide specific funding support for its racing industry in response to the COVID-19 pandemic. The Victorian Government unveiled its 'Experience Economy Survival Package' in May 2020 which provided \$44 million in funding to the three racing codes to assist with the impacts of COVID-19 restrictions on the industry.

Queensland has announced several small funding commitments for infrastructure projects, however these will be funded through the Country Racing Program grant. In addition, prize money savings from the cancellation of many winter meets were used by Racing Queensland to facilitate \$7.5 million in hardship and carnival compensation payments for its racing clubs.

## REVENUE SOURCES

Tasracing's primary source of revenue is government grants, contributing 64 per cent of total revenue in 2018-19 (2017-18: 65 per cent of total revenue), having slowly declined

<sup>4</sup> Data obtained from the 2016-17 to 2018-19 annual reports released by each Australian racing entity.

<sup>5</sup> NT figures include thoroughbred code only. The Western Australian Government does not fund its racing industry due to its TAB operations being publicly owned, and as such WA has not been included in this table.

each year from 81 per cent in 2010-11. The next biggest contributor to total revenue is racing revenue (2018-19: 35 per cent; 2017-18: 34 per cent), with interest revenue contributing to one per cent of total revenue in 2018-19 (2017-18: one per cent). Racing revenue includes race field revenue, derived from wagering on races held in Tasmania; sponsorship income earned from contracts such as naming rights to racetracks or rights to provide products; rental income from operating leases; and other racing income which includes nomination fees for the tasBonus and tasBred schemes.<sup>6</sup>

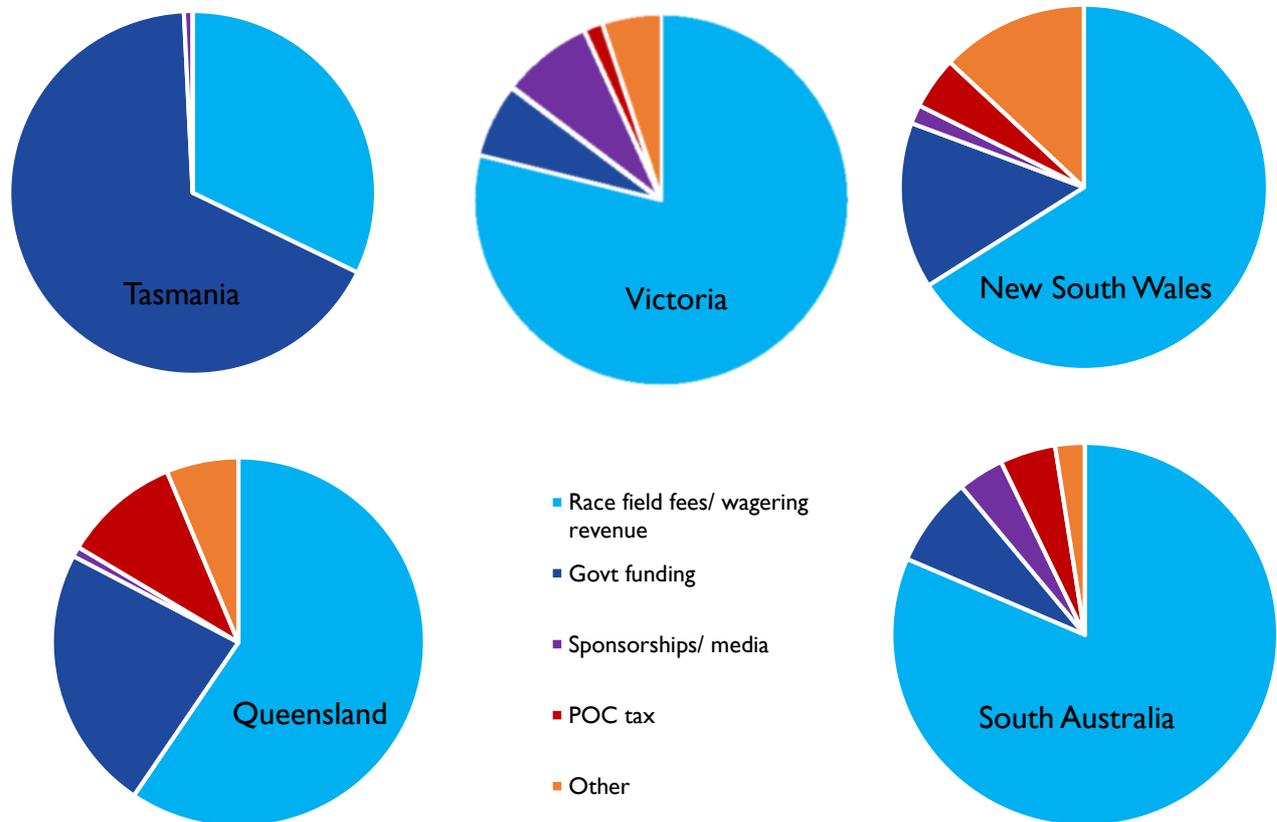
When comparing state government funding as a percentage of total revenue, at 64 per cent Tasracing has by far the highest percentage when compared to its interstate counterparts. The next highest is Queensland at 23 per cent, and the lowest being Victoria at six per cent.

While it is acknowledged that Tasmania has a very different racing industry to Victoria, largely due to the difference in population and size of racing events in the two states, this is a significant difference in government funding.

Similarly, when comparing race field fees and wagering revenue as a percentage of total revenue, Tasmania's 31 per cent is significantly less than Victoria at 79 per cent, SA at 81 per cent and Queensland at 59 per cent.

These statistics show how reliant Tasracing is on government funding compared to its interstate counterparts. This is shown in Figure 3 below.

Figure 3: Major revenue sources for each jurisdiction 2018-19<sup>7</sup>



<sup>6</sup> Tasracing, Annual Report 2018-19.

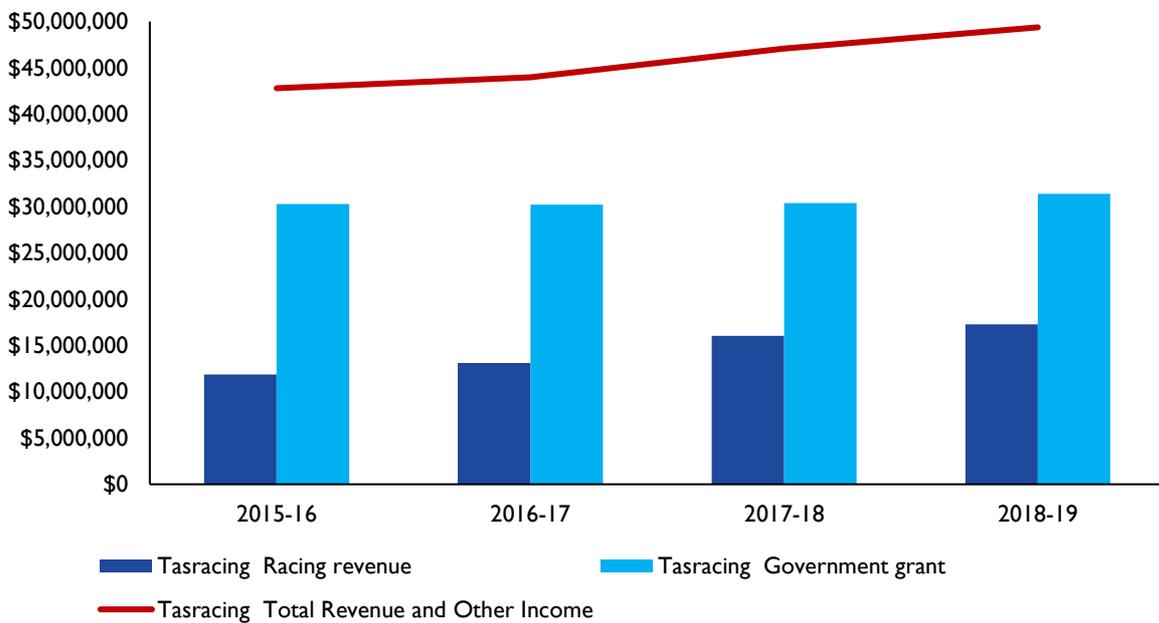
<sup>7</sup> Data obtained from the 2018-19 annual reports released by each Australian racing entity.

**Growth in total revenue**

Tasracing’s total revenue has increased by 15 per cent from \$42.8 million in 2015-16 to \$49.4 million 2018-19.

This is comparable to Victoria’s equivalent racing authorities, which had a combined 14 per cent growth in revenue for the same period; Queensland’s racing authority, which had a 25 per cent growth; and SA’s equivalent racing authorities, which had a combined 20 per cent growth. NSW’s racing authorities had a combined growth of 55 per cent over this same period.

Figure 4: Tasracing revenue by source 2015-16 to 2018-19<sup>8</sup>



**Point of Consumption Tax**

From 1 January 2020, a point of consumption (POC) tax was applied to all betting operators licensed in Australia where their net wagering revenue (NWR) from Tasmanian bets exceeds the annual tax-free threshold. The POC tax rate is 15 per cent of the NWR and the current annual tax-free threshold is \$150 000. This tax rate is consistent with most other Australian jurisdictions, being 15 per cent in the ACT, SA, Queensland and Western Australia, 8 per cent in Victoria and 10 per cent in NSW. The NT Government has not made any decision in relation to a potential POC tax model at this stage. The introduction of the tax is viewed positively by Tasracing, reducing the need for commercial race field fee increases and providing additional revenue to fund future strategies and stakes.

<sup>8</sup> Data obtained from Tasracing Annual reports 2015-16 to 2018-19

Of the total annual POC tax collected by the Tasmanian Government, 80 per cent of the net benefit<sup>9</sup> will be distributed directly to Tasracing as grant funding to be used for investment in stakes, infrastructure and animal welfare with the share to be agreed each year as part of the Corporate Planning process. This funding arrangement has recently been formalised in a grant deed between the Tasmanian Government and Tasracing.

\$2.53 million of POC tax revenue will be distributed to Tasracing in 2020-21, based on the POC tax collected in 2019-20 for the initial 6 months after the tax was introduced.

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<sup>9</sup> Calculated as 80 per cent of the additional tax revenue collected by the Crown from the point of consumption tax over a 12 month period as determined in accordance with a formula outlined in the deed which adds collections from the point of consumption tax and annual wagering levy, less the totalizer wagering levy, multiplied by 80 per cent. The funds are paid to Tasracing in arrears on the actual receipts for the previous financial year.

# Expenditure

## OPERATING EXPENDITURE

Tasracing's largest expenditure each year is its prize money and industry funding expenses, comprising approximately half of total expenditure each year. The next biggest expenditure items are employee benefits, and race day and racing expenses (which includes training and racing facilities, race day and racing insurance expenditure).

### ***Change over past four years***

In 2014-15, Tasracing committed \$23 million to stakes as part of a requirement in the 2009 State Government funding deed to maintain stakes in 'real terms' each year. Rather than increase Government funding, the funding deed was amended with the intention of enabling Tasracing to address its funding gap of approximately \$3 - \$5 million, and become commercially sustainable. In 2015-16, Tasracing undertook a stakes reset, which resulted in a nine per cent reduction in code allocations.

An analysis of Tasracing's profit and loss since the stakes reset in 2015-16 shows that total expenses have increased 21 per cent between 2015-16 and 2018-19. The most significant increase was in sales and marketing expenditure which increased 89 per cent during the four year period, although this accounts for only two per cent of total expenditure. Prize money and industry funding expenditure increased by 23 per cent over the period, which equates to an annual average growth rate of seven per cent. Over the same period, racing revenue grew 45 per cent, or 13 per cent on an average annual basis.

Key drivers of the increased employee benefits expense, which rose 15 per cent between 2015-16 and 2018-19 are wage indexation, and race day responsibilities being taken over by Tasracing from the clubs. An investment in digital and IT and a refocus on sales and marketing expenditure in relation to the online wagering market, investment in track maintenance and growing legal/compliance expenditure have all contributed to increased operating expenditure.

Table 3: Tasracing profit and loss 2015-16 to 2018-19<sup>10</sup>

	\$m	2015-16	2016-17	2017-18	2018-19	4 year change
<b>Revenue</b>						
Racing revenue		11.88	13.11	16.03	17.28	45%
Government grant		30.29	30.21	30.40	31.38	4%
Interest income		0.63	0.67	0.67	0.72	15%
<b>TOTAL Revenue</b>		<b>42.79</b>	<b>43.99</b>	<b>47.09</b>	<b>49.37</b>	<b>15%</b>
<b>Expenses</b>						
Prize money and industry funding		21.77	22.71	24.87	26.79	23%
Race day and racing expenses		6.27	5.89	6.45	6.31	1%
Depreciation & Amortisation		3.82	3.47	3.79	3.97	4%
Sales and marketing		0.60	0.91	1.63	1.14	89%
Employee benefits		6.81	7.20	7.44	7.84	15%
Finance and leasing costs		1.14	0.95	0.86	1.23	8%
Other expenses		1.74	2.49	2.23	3.88	124%
<b>TOTAL Expenses</b>		<b>42.15</b>	<b>43.61</b>	<b>47.28</b>	<b>51.15</b>	<b>21%</b>
<b>TOTAL Expenses excluding industry funding</b>		<b>20.38</b>	<b>20.90</b>	<b>22.41</b>	<b>24.36</b>	<b>20%</b>
<b>Profit / loss before tax</b>		<b>0.64</b>	<b>0.37</b>	<b>-0.19</b>	<b>-1.78</b>	

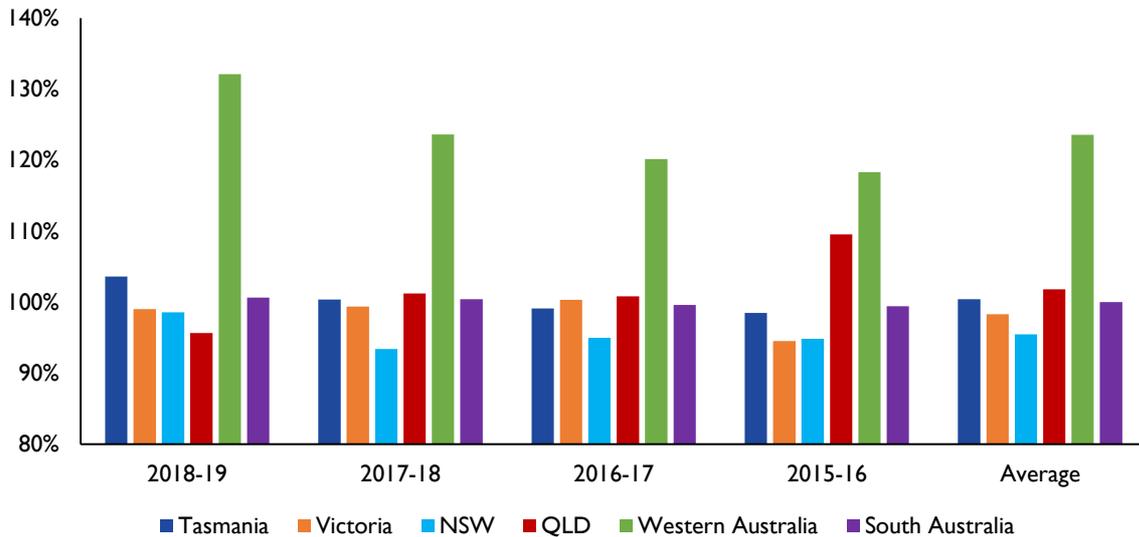
### Peer comparison

A comparison of Tasracing's operating expenditure over the period 2015-16 to 2018-19 relative to its peers shows that Tasracing's operating expenditure has increased at a faster rate relative to its interstate tri-body peers (being Queensland and WA). Tasracing's four year growth rate is 21 per cent compared to eight per cent for Racing Queensland and four per cent for RWWA. However, when comparing operating expenditure relative to revenue, Tasracing is in line with its tri-body peers. In 2018-19, Tasracing's operating expenditure to revenue ratio was 104 per cent, compared to 96 per cent in Queensland and 132 per cent in WA. Queensland is the only jurisdiction where this ratio decreased between 2015-16 and 2018-19.

<sup>10</sup> Data obtained from Tasracing Annual reports 2015-16 to 2018-19.

An analysis of operating expenditure relative to the jurisdictions that have separate bodies for each of the three codes (being NSW, Victoria, and SA), shows that on average these jurisdictions have marginally lower ratios of operating expenditure to revenue.

Figure 5: Operating expenditure to revenue ratio by jurisdiction 2015-16 to 2018-19<sup>11</sup>



**Administration expenditure**

Between 2015-16 and 2018-19, Tasracing's average administration expenditure as a proportion of total operating expenditure was one per cent.

While this percentage appears to be lower compared to the other tri code jurisdictions (2015-16 to 2018-19: two per cent for Queensland and nine per cent for WA), it is difficult to draw conclusions in relation to benchmarking specific expenses given the differences in reporting between jurisdictions and the way that various line items are broken down.

**Marketing expenditure**

Between 2015-16 and 2018-19, Tasracing's average marketing expenditure as a proportion of total operating expenditure was two per cent.

Comparing this to the other tri code jurisdictions across that same period, Queensland's market expenditure was 0.7 per cent of total operating expenditure and WA's was 6.1 per cent. As noted previously, it is difficult to draw any conclusions in relation to benchmarking these figures as different jurisdictions will adopt different accounting methodologies when reporting marketing expenditure in publicly released financial statements.

<sup>11</sup> Calculated using Annual reports from 2015-16 to 2018-19 for racing entities in each jurisdiction

**Legal expenditure**

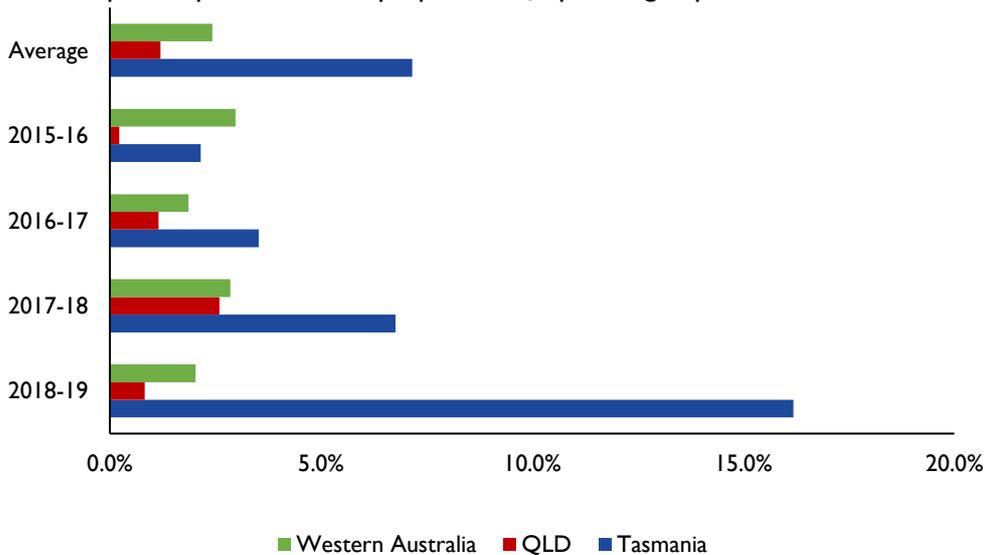
None of the tri code jurisdictions, including Tasmania, have reported a separate line item in their financial statements in relation to legal expenditure. As such, it can only be assumed that such expenditure is included within total operating expenditure.

**CAPITAL EXPENDITURE**

In 2018-19, Tasracing’s capital expenditure was \$8.3 million, which was considerably higher than previous years.

Tasracing on average spends a proportionally higher level of capital expenditure when expressed as a ratio to total operating expenditure than the other tri code jurisdictions. This is skewed somewhat by the level of spending in 2018-19 which reflects a major project, being the Elwick race course resurfacing. However, it is also likely that there are diseconomies of scale for Tasracing being a small jurisdiction maintaining a large number of sites spread out around the State.

Figure 6: Capital expenditure as a proportion of operating expenditure 2015-16 to 2018-19 <sup>12</sup>



**INDUSTRY AND CODE FUNDING**

**Code allocations**

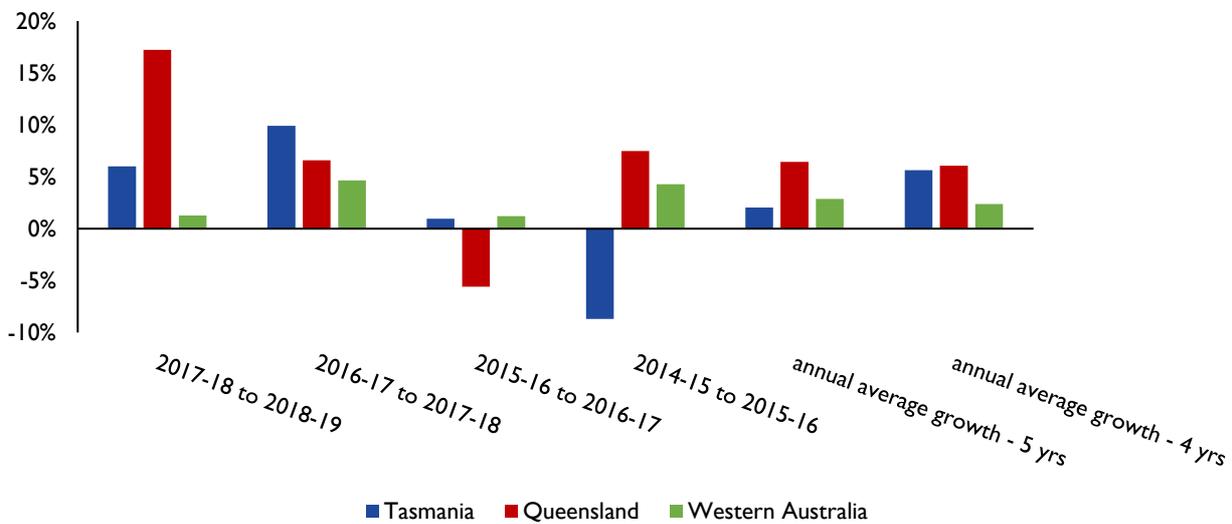
Tasracing’s code funding allocations grew at an annual average growth rate of six per cent between 2015-16 and 2018-19. This is comparable with the other tri code bodies - Queensland Racing and RWWA, which had a six per cent and two per cent annual average growth respectively.

<sup>12</sup> Calculated using Annual reports from 2015-16 to 2018-19 for each jurisdiction.

Benchmarking Tasracing to its tri code peers prior to the stakes reset in 2015 shows that Tasracing’s annual average growth rate in code allocations between 2014-15 and 2018-19 of two per cent is lower when compared to the peers. Racing Queensland and RWWA’s code allocations grew six per cent and three per cent on an average annual basis respectively during that same period.

Tasracing was not the only peer to decrease code allocations during the period. Between 2015-16 and 2016-17, Racing Queensland decreased its code allocations by six per cent, although this was following an increase of seven per cent in the year prior.

Figure 7: Code allocation growth rates compared to tri code peers 2014-15 to 2018-19<sup>13</sup>



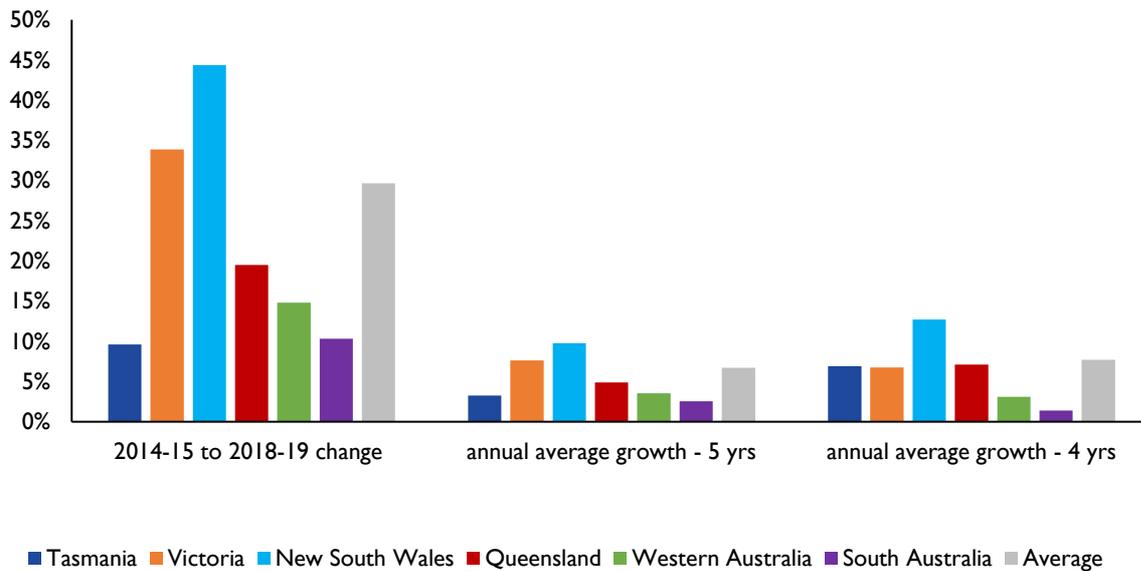
**Prize money**

Overall, prize money in the Tasmanian racing industry (when combined for all three codes) has grown at a lower rate when compared to other jurisdictions over the past five years, largely due to the stakes reset in 2015. However, when looking at the four year period between 2015-16 and 2018-19, Tasmania’s growth in prize money is comparable to growth rates in other jurisdictions.

Prize money in Tasmania grew at an annual average growth rate of seven per cent between 2015-16 and 2018-19, in line with the national average of eight per cent. NSW had the largest growth in prize money across the three codes with an annual growth rate of 13 per cent between 2015-16 and 2018-19. SA recorded the lowest growth rate, averaging one per cent annually over the four year period.

<sup>13</sup> Calculated using Annual reports from 2014-15 to 2018-19 for each jurisdiction

Figure 8: Growth in total prize money by jurisdiction 2014-15 to 2018-19<sup>14</sup>



**Prize money by code**

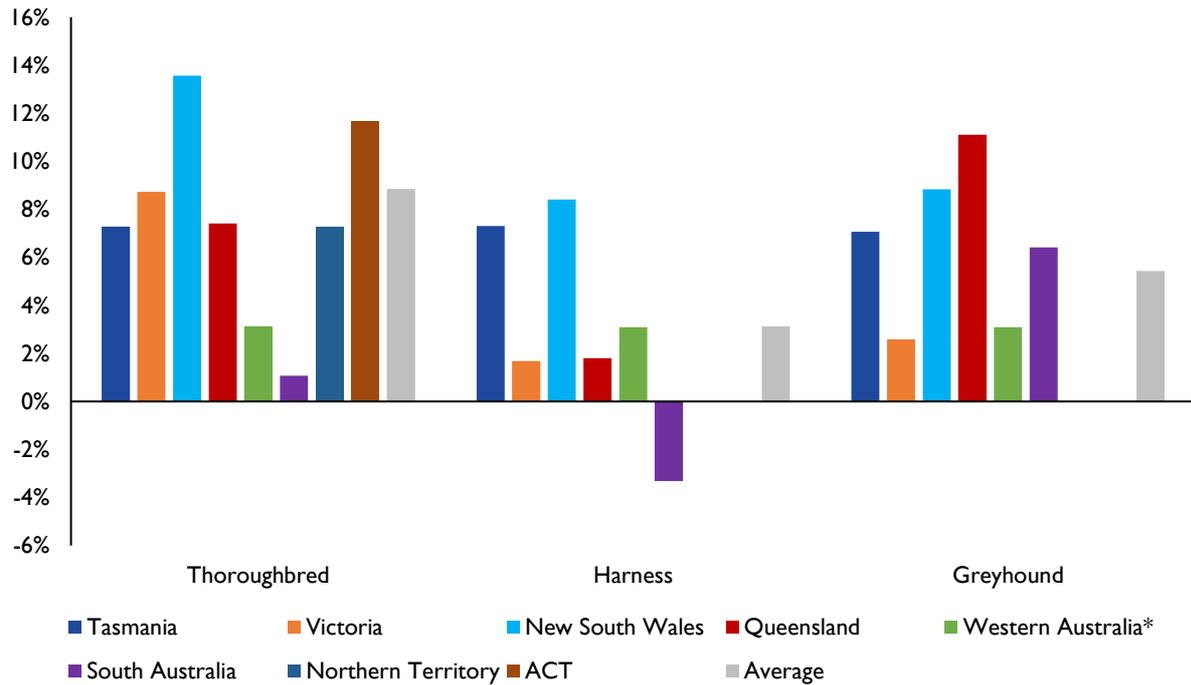
The thoroughbred code had higher levels of growth in prize money at a national level, with a nine per cent annual average growth rate between 2015-16 and 2018-19. Whilst Tasmania’s thoroughbred prize money growth was the highest of the three codes, averaging seven per cent over the four year period, it was below the national average.

Tasmania has had the second highest growth in prize money for harness racing over the period between 2015-16 and 2018-19, with its seven per cent annual growth only surpassed by NSW’s growth rate of eight per cent. The national average growth rate in harness racing prize money was three per cent annually over this four year period.

Tasmania’s growth in prize money for greyhound racing of seven per cent has been slightly ahead of the national average of five per cent annually between 2015-16 and 2018-19.

<sup>14</sup> Calculated using Annual reports from 2015-16 to 2018-19 for each jurisdiction

Figure 9: Annual growth in prize money by code for each jurisdiction 2015-16 to 2018-19<sup>15</sup>



**Prize money by race type**

The thoroughbred industry provides statistics on prize money paid by each jurisdiction for various race classes.<sup>16</sup> The highest classes of thoroughbred racing in Australia are group 1, group 2, and group 3 races. Tasmania does not host any group 1 or group 2 races, however there are four group 3 races held each year in Tasmania, and 12 listed races in total. To gain ‘listed’ status, a race must have been run at least three times, and offer a minimum of \$70 000 in prizemoney.

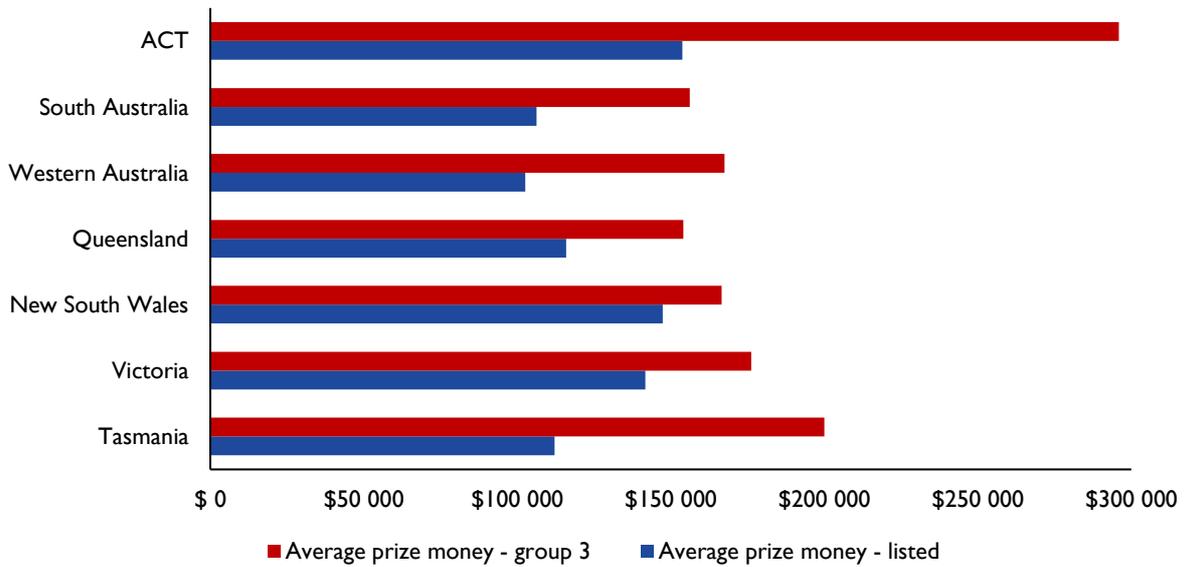
Tasmania’s average prize money for a listed race in 2017-18 was \$112 083. This compares to a national average of \$125 677.<sup>17</sup>

<sup>15</sup> WA’s target rate of three per cent has been included as actual data was unavailable. Calculated using Annual reports from 2015-16 to 2018-19 for each jurisdiction.

<sup>16</sup> Racing Australia, A Guide to the Racing Industry in Australia 2017- 2018.

<sup>17</sup> Racing Australia, A Guide to the Racing Industry in Australia 2017- 2018.

Figure 10: Average prize money by jurisdiction 2017-18<sup>18</sup>



**COVID-19 response and effect on prize money**

Tasmania was the only jurisdiction that did not reduce prize money in response to the COVID-19 pandemic, however Tasmania was also the only jurisdiction to temporarily shut down the racing industry with the industry shut down for 10 weeks between April and June 2020. Most jurisdictions announced temporary reductions in prize money to some or all of their racing meets, which have since mostly returned to pre-COVID-19 levels.

<sup>18</sup> Racing Australia, A Guide to the Racing Industry in Australia 2017- 2018.

# Economic benefit of Tasracing

## METHODOLOGY

There are various approaches that may be taken to determine the economic value of an industry. Essentially, there are two basic components of economic impact analysis: a direct component and a flow on component. The direct employment and economic impacts of the racing industry can be measured by activities such as the number of people employed by a specific code. Flow on impacts generated by the industry are not so obvious, and as such as typically calculated using the 'multiplier effect' of direct activity.

The use of multipliers can be problematic. There are no state based input output tables produced by the Australian Bureau of Statistics, meaning many multipliers are derived using the national tables, with an industry structure that is different from Tasmania.

As well as this, one of the most significant constraints in using multipliers is that they implicitly assume that there is no supply-side constraint in the economy. Essentially, they assume that extra output can be produced in one area of an economy without taking resources, such as labour, away from other activities.

Multipliers for small regions are generally smaller than national multipliers as they take account of leakage that takes account of spending that occurs through spending outside the local economy.

This means that multipliers that are based on national input-output tables are likely to overstate the economic impacts of an initiative, including the expected number of jobs generated by the initiative.

Previous reports on the Tasmanian racing industry have involved the use of industry surveys and the adoption of a multiplier approach to estimate the contribution of the racing industry to the broader economy.

Given the limitations with using national input output models in a Tasmanian context, this desktop review of the Tasmanian racing industry has assessed mostly publicly available data sources in order to evaluate the economic contribution of the racing industry in Tasmania, with a focus on:

- employment and income indicators;
- participation statistics; and
- wagering and gambling activity.

## PREVIOUS REPORTS

There have been two previous reports on the Tasmanian racing industry in the last decade that are noteworthy and relevant to this report.

A 2013 report on the size and scope of the Tasmanian racing industry, prepared by the consulting firm IER<sup>19</sup>, claimed the industry contributed more than \$103 million annually to the Tasmanian economy via employment and spending, and was responsible for sustaining just under 1 000 direct and indirect full time equivalent (FTE) jobs in Tasmania. IER used an economic multiplier to calculate those values.

It is important to note that reports with strong reliance on economic multipliers can be inherently unreliable and problematic. Put simply, if a multiplier effect was included for all existing industries in Tasmania when estimating their economic contribution to the State, the combined effect would be that Tasmania's economy would be two or three times its current size.

It is also important to consider whether direct employment genuinely represents net additional employment for a region and therefore positive economic growth. While it is generally reasonable to expect jobs in a construction phase of a project to constitute additional employment, this is not always the case for jobs in an operational phase. For example, in the case of an industry that relies on Tasmanian consumers, a new business may simply transfer economic activity (and therefore employment) from an existing business in that industry rather than creating new jobs or activity.

These are important factors to consider when considering the reliability of the report prepared by IER and its conclusions regarding economic contribution and employment.

In June 2020, the three Southern Tasmanian Racing Clubs (Tasmanian Racing Club (TRC), Tasmanian Trotting Club (TTC), and the Hobart Greyhound Racing Club (HGRC)) jointly commissioned a research paper entitled *Stakesmoney available to the Tasmanian Racing Industry*.<sup>20</sup> The report was largely focused on the importance of stakes money as being a key driver of growth in the racing industry, which could perhaps address concerns regarding the decline in the scale of the industry.

This report identified declining participation across all three racing codes. For example, the report stated that the number of horses in thoroughbred racing in Tasmania decreased by 22 per cent between 2011-12 and 2018-19, and decreased by 39 per cent in harness racing during this period. It also stated that the number of locally bred greyhound pups declined by 70 per cent between 2014 and 2019. The report alluded to the fact that an increase in stakes money would have the ability, or be the sole solution, to address these declining statistics. However, it did not provide any concrete evidence of this.

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<sup>19</sup> IER Pty Ltd, *Size and Scope of the Tasmanian Racing Industry*, 2013.

<sup>20</sup> Clarke, Dr TE, *Stakes money available to the Tasmanian Racing Industry*, 2020.

It is also worth noting that indicators published in this report in relation to the other Australian states indicated a general downward trend in terms of participation in the racing industry on a national scale.<sup>21</sup> Anecdotal evidence suggests that this trend is largely driven by a shift in societal attitudes towards racing, particularly in relation to concerns for animal welfare and the social impacts of gambling. However, there has been no conclusive study supporting the reasons for this downward trend.

## EMPLOYMENT AND INCOME

While the IER Report suggests that the Tasmanian racing industry was directly and indirectly responsible for sustaining just under 1 000 full time equivalent (FTE) jobs in Tasmania, according to the most recent ABS census data (2016), of the total workforce in Tasmania, 181 people derived their main income from the racing industry. This equates to 0.08 per cent of the Tasmanian workforce.<sup>22</sup> The ABS data includes individuals engaged in administering horse and dog racing activities, operating venues for horse and dog racing, operating horse racing stables or dog racing kennels, and those involved with horse and dog racing training services. The ABS census data does not include any gambling related, or other associated activities related to the three codes of racing. Furthermore as this only includes individuals that identified as deriving their primary income from the racing industry, it may understate the total actual employment in the industry.

These statistics also reflect the fact that many involved in the industry are unpaid volunteers. This assumption is consistent with the findings in a report prepared by Economic and Market Development Advisors (EMDA) in 2007 in relation to the Tasmanian racing industry, which indicated that more than 35 per cent of participants in the industry were volunteers.<sup>23</sup>

Table 4 shows that the percentage of Tasmanian total employment in the racing industry is consistent with the national trend.

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<sup>21</sup> Racing Australia, A Guide to the Racing Industry in Australia 2012-2013 to 2018- 2019.

<sup>22</sup> Australian Bureau of Statistics, 2016 Census - Employment, Income and Education.

<sup>23</sup> Economic and Market Development Advisors, Economic Impact of the Tasmanian Racing Industry, 2007.

Table 4: National labour force employed in racing related professions<sup>24</sup>

Region	Racing labour force	Proportion of total employment
<b>Tasmania</b>	<b>181</b>	<b>0.08%</b>
Victoria	3 469	0.12%
New South Wales	2 846	0.08%
Queensland	1 423	0.06%
Western Australia	867	0.07%
South Australia	607	0.08%
Northern Territory	108	0.10%
Australian Capital Territory	70	0.00%
Total (national)*	9 583	0.08%

\*includes some unspecified.

Income data from the 2016 Australian census showed that of the 181 Tasmanians who generated their main source of income from the racing industry, more than one third earned less than \$25 000 per annum, and had a median income between \$26 000 and \$33 799 in 2016. This is lower than the national median range of \$33 800 to \$41 599 for the racing industry, and compares to the national median income for employed persons of between \$41 600 and \$51 999.

Nationally, statistics show that the employment level for the horse and dog racing activities industry fluctuated between the years 2000 and 2020, peaking in 2009 and 2017 (around 13 900 and 14 200 respectively). In 2020, the national employment level for this industry was around 9 800, increasing from an employment level of 6 000 in 2019, which was one of the lowest levels recorded since 2000. National levels are predicted to decrease to around 7 300 over the next four years to 2024.<sup>25</sup> Data provided on the Australian Industry and Skills Committee website shows that close to 24 per cent of the horse and dog racing activities industry workforce is employed as livestock farm workers, and 19 per cent as animal attendants and trainers.

Based on an assessment of levels of training provided by the industry in 2019, the Australian Industry and Skills Committee found that the overwhelming majority (78 per cent) of industry participants are trained by private training providers, with the remaining trained at either school or TAFE. This data also shows a steady decline in apprentice and trainee commencements and completions over the last two decades.

<sup>24</sup> Australian Bureau of Statistics, 2016 Census - Employment, Income and Education.

<sup>25</sup> Australian Industry and Skills Committee website, <https://nationalindustryinsights.aisc.net.au/industries/racing>, 2020.

## INDUSTRY PARTICIPATION

The thoroughbred and harness codes of racing publish annual data on participation within their industry. The national greyhound industry body does not disclose participation data for the code, however breeding statistics are available which provide some indication of trends within the code, in addition to racing data published by each jurisdiction annually.

### ***Thoroughbred racing***

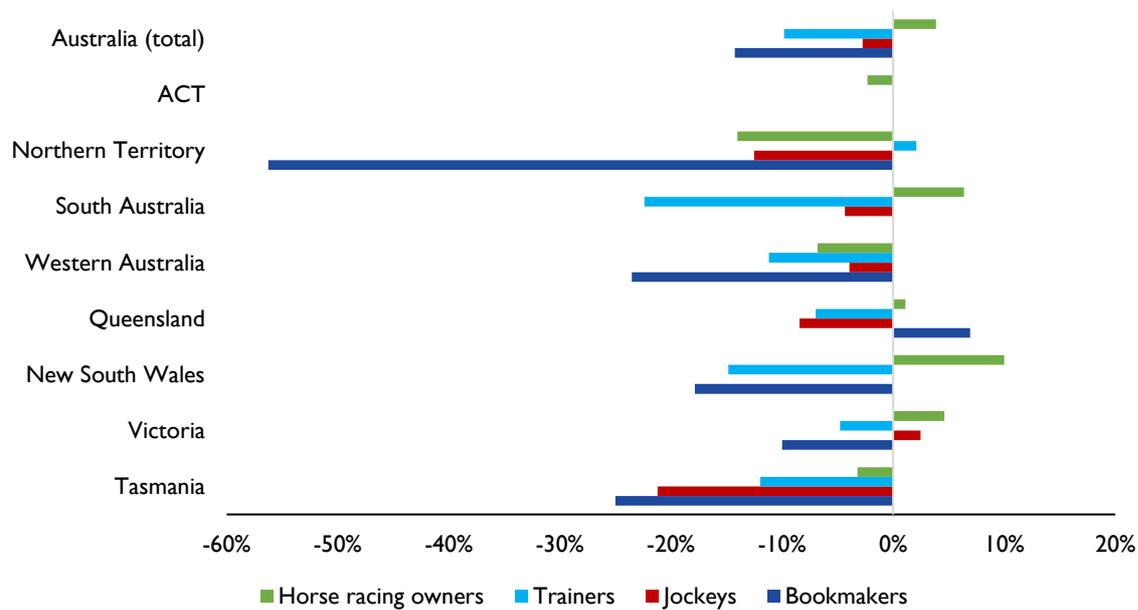
National statistics regarding participation in the thoroughbred racing code are frequently published, providing regular and frequent insight into the code and related participation trends. Such statistics include the number of trainers, jockeys, bookmakers, and horse race owners.

Over the past four years, statistics show a decline in industry participation across the thoroughbred racing industry in Tasmania. For instance, in Tasmania between 2015-16 and 2018-19:

- Registered bookmakers decreased from 8 to 6;
- Registered jockeys decreased from 33 to 26;
- Registered trainers decreased from 92 to 81; and
- Registered race horse race owners decreased from 1 688 to 1 634.

This is consistent with the national trend for the period between 2015-16 and 2018-19, with statistics showing a decline or minimal participation growth across all jurisdictions, as outlined in Figure 11 below.

Figure 11: Thoroughbred racing participation growth 2015-16 to 2018-19<sup>26</sup>



**Harness racing**

The national harness racing association publishes annual statistics on the number of drivers and trainers involved in the industry.

Table 5 shows that over the last four years (between 2015-16 and 2018-19) there has been a noticeable decline in harness racing participation on a national level.

This general downward trend over the four year period is consistent with the longer term trend which shows a decline in some major indicators of more than 30 per cent over the past 10 years, and more than 50 per cent over the past 20 years.

Table 5: Harness racing participation, Australia, 2015-16 to 2018-19<sup>27</sup>

Harness Summary	2015-16	2016-17	2017-18	2018-19	Change 2015-16 to 2018-19
Drivers	2 437	2 278	2 256	2 066	-15.22%
Trainers	3 484	3 289	3 195	3 015	-13.46%

Most jurisdictions also provide a snapshot of participation within their region on an annual basis. Between 2015-16 and 2018-19, the Tasmanian harness racing industry showed some signs of growth with the number of starters increasing 13 per cent, the number of meets

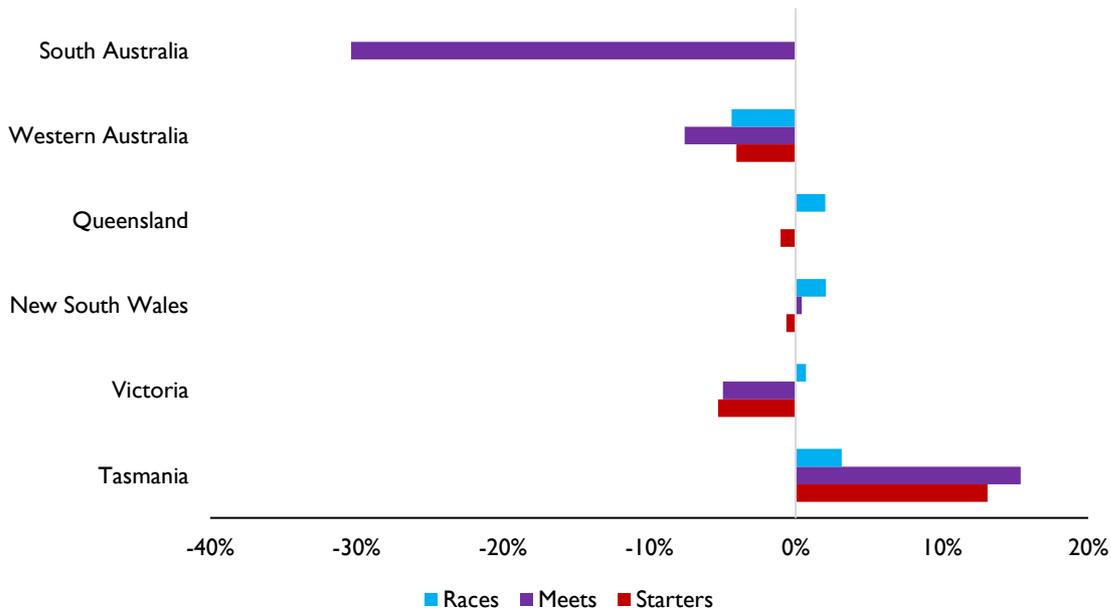
<sup>26</sup> Racing Australia, A Guide to the Racing Industry in Australia 2012-2013 to 2018- 2019.

Gaming and Wagering Commission of WA. Annual Report 2017-18.

<sup>27</sup> Harness Racing Australia, 2019.

increasing 15 per cent, and the number of races increasing three per cent over the period. By contrast, NSW, Victoria, and Western Australia all reported declines or zero growth across the three metrics, Queensland held steady, and South Australia recorded a 30 per cent decline in the number of race meets over the four year period.

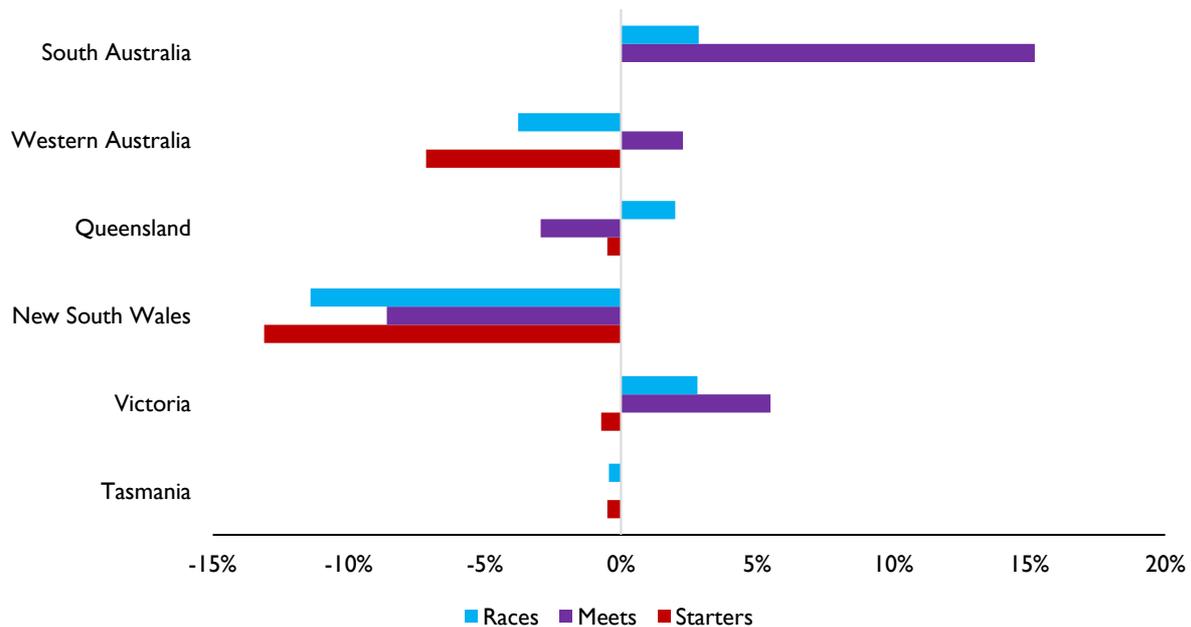
Figure 12: Harness racing participation by jurisdiction 2015-16 to 2018-19<sup>28</sup>



**Greyhound racing**

Participation in the greyhound racing code across jurisdictions in recent years has been mixed. In Tasmania, it has been subdued with zero growth in the number of races and meets between 2015-16 and 2018-19, and a one per cent decline in the number of starters. All jurisdictions saw either zero or negative growth in the number of starters over the four year period. The South Australian industry shows the most growth of all jurisdictions (across two of the three metrics), whilst NSW shows the largest decline.

<sup>28</sup> Data obtained from the 2018-19 annual reports released by Harness racing bodies in each jurisdiction.

Figure 13: Greyhound racing participation growth by jurisdiction 2015-16 to 2018-19<sup>29</sup>

On a national scale, indicators point to a general decline in the greyhound industry. This is shown by the fact that in 2008 there were 76 greyhound racing clubs across Australia, whereas in 2020 there are now 65.<sup>30</sup>

Furthermore, breeding of greyhounds has significantly declined in recent times. Greyhounds Australasia recorded a 39 per cent reduction in the number of greyhounds bred in Australia between 2014 and 2018; with a decline of 70 per cent in Tasmania over this same period.

### **Social participation**

Attendance at racing events provides some insight into the level of social engagement with the racing sector, and can give an indication of both direct and flow on economic activity.

The ABS periodically collects information and reports on the sports and recreation industry sector in Australia, of which racing is considered a subset. The most recent report published by the ABS in relation to the racing industry indicates that horse racing, harness racing, and greyhound events were amongst the top ten ranked sports in terms of attendance by males in Australia in 2009-10.<sup>31</sup> Horse racing and harness racing were also in the top ten sports for females in 2009-10.

<sup>29</sup> Data obtained from the 2018-19 annual reports released by Greyhound racing bodies in each jurisdiction.

<sup>30</sup> Greyhounds Australasia, 2020

<sup>31</sup> Australian Bureau of Statistics, Sport and Recreation: A statistical overview Australia, 2012.

Table 6: Top ten sports in Australia ranked by male and female attendance 2009-10<sup>32</sup>

Sport	Male Rank	Female Rank	Male attendance	Female attendance
Australian Rules football	1	1	19%	13%
<b>Horse racing</b>	<b>2</b>	<b>2</b>	<b>12%</b>	<b>10%</b>
Rugby league	3	3	11%	7%
Motor sports	4	4	11%	5%
Soccer (outdoor)	5	5	7%	4%
Cricket (outdoor)	6	7	6%	2%
Rugby union	7	6	4%	2%
<b>Harness racing</b>	<b>8</b>	<b>8</b>	<b>3%</b>	<b>2%</b>
<b>Dog racing</b>	<b>9</b>	<b>...</b>	<b>2%</b>	<b>&lt;1.4%</b>
Tennis	10	9	1%	2%
Netball	...	10	<1.4%	1%

The Melbourne Cup Carnival is by far the largest horse racing event held in Australia. Attendance at the carnival has steadily declined each year since 2010, falling nearly 22 per cent over the 10 year period to 2019.<sup>33</sup>

Assuming that attendance at racing meets in Tasmania (across all three codes) has experienced a similar decline to attendance rates at the Melbourne Cup, it is estimated that approximately six to eight per cent of the Tasmanian population attended some form of racing meet/s in 2019. However, there is no publicly available data to verify this assumption.

Declining attendance is not unique to the racing industry, with stadium attendance records showing that most sports in Australia have seen declining attendance numbers over the past decade.<sup>34</sup>

## WAGERING AND GAMBLING ACTIVITY

### **Wagering turnover**

Wagering turnover can also provide some insight into the level of social engagement with the racing sector and thus the economic activity generated by the industry.

Wagering turnover in relation to the Tasmanian racing industry peaked in 2015-16, and has declined 22 per cent in the four year period to 2018-19. The decline is most significant for

<sup>32</sup> Australian Bureau of Statistics, Sport and Recreation: A statistical overview Australia, Cat No 4156.0, 2012.

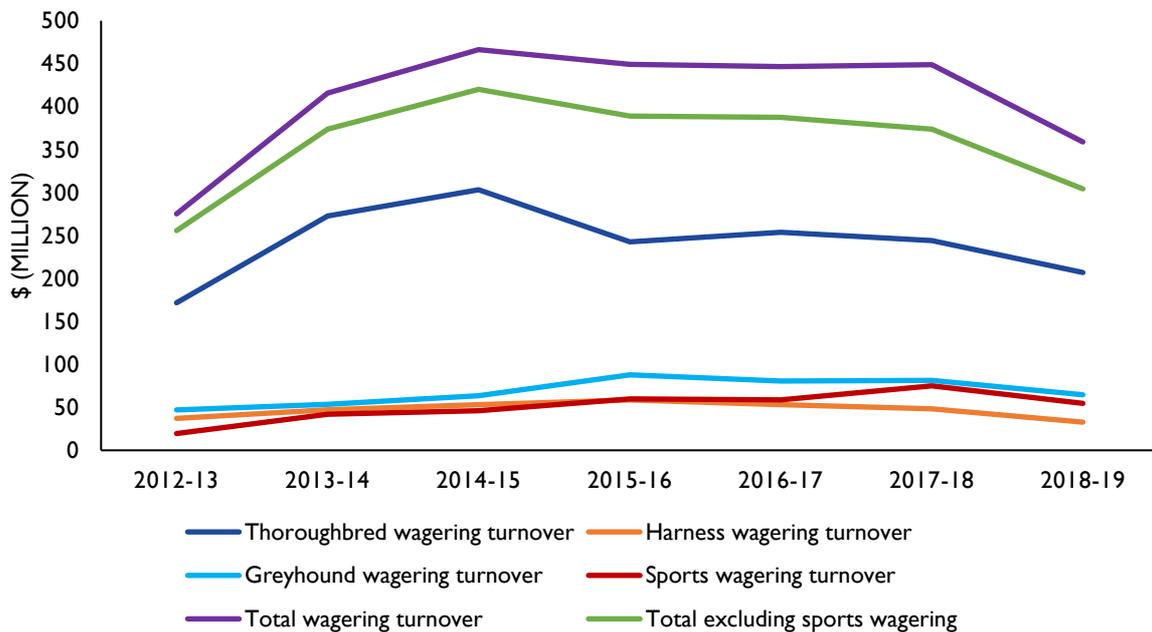
<sup>33</sup> Victoria Racing Club, 2020.

<sup>34</sup> Austadiums website, <https://www.austadiums.com/sport/crowds>, 2020.

the harness racing code, down 44 per cent over the four year period, whilst greyhound wagering and thoroughbred wagering turnover declined by 26 per cent and 15 per cent respectively over this period.

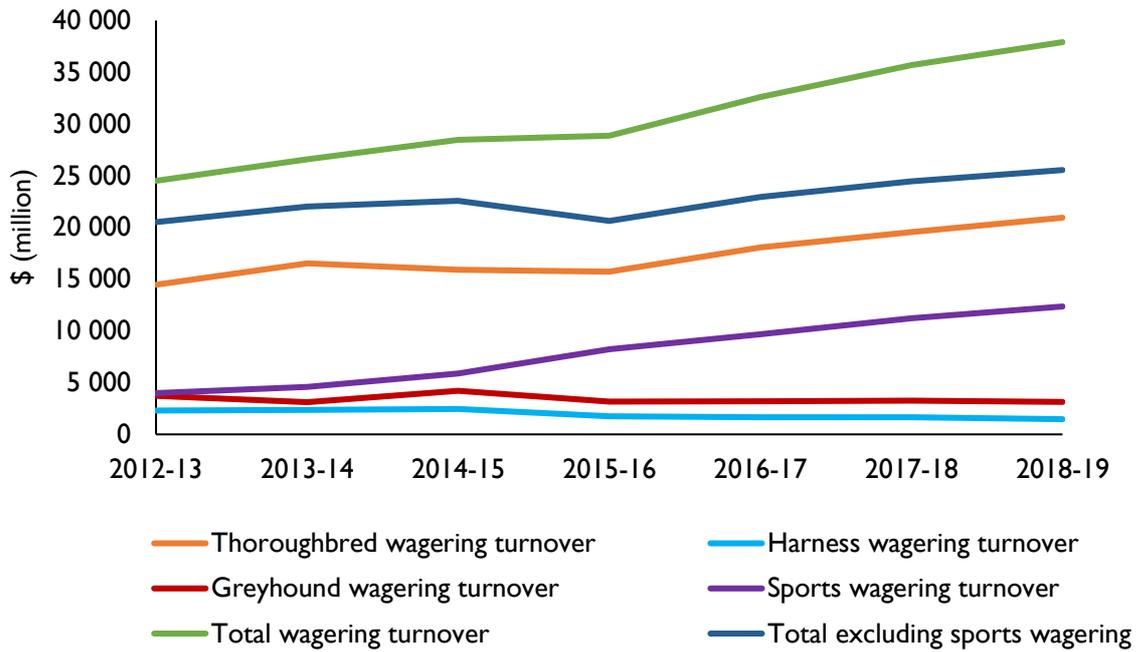
At a national level, wagering turnover for the harness racing code has experienced a decline of 17 per cent over the four year period, greyhound wagering turnover has remained steady, and thoroughbred wagering turnover has increased by 33 per cent. Overall, wagering turnover has increased by 31 per cent nationally between 2015-16 and 2018-19; or 24 per cent when sports wagering turnover is excluded.

Figure 14: Tasmanian Wagering Turnover 2012-13 to 2018-19<sup>35</sup>



<sup>35</sup> Racing Australia, A Guide to the Racing Industry in Australia 2012-2013 to 2018- 2019.

Figure 15: Australian Wagering Turnover 2012-13 to 2018-19<sup>36</sup>

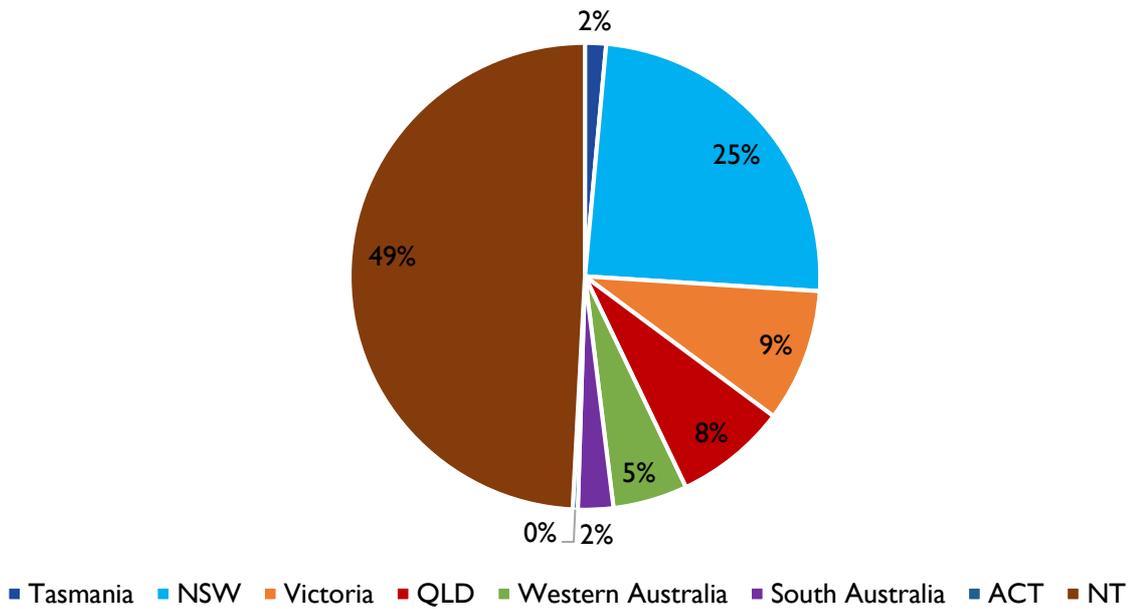


**Gambling per capita**

In 2017-18, \$374 million was gambled across the three racing codes in Tasmania. This equates to 1.45 per cent of the national total. The NT accounts for 49 per cent of the national total, with data showing betting operators prefer to operate in this jurisdiction. Lower cost licensing arrangements and, historically, a more industry favourable approach, are the main drivers of this.

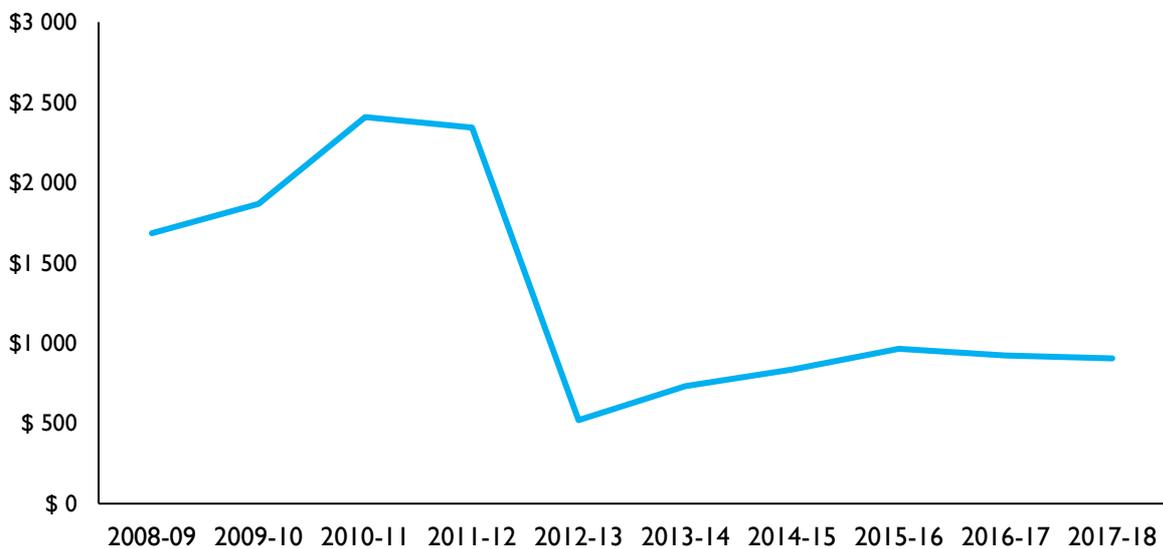
<sup>36</sup> Racing Australia, A Guide to the Racing Industry in Australia 2012-2013 to 2018- 2019.

Figure 16: Gambling on racing national market share 2017-18<sup>37</sup>



Tasmanian gambling on racing has declined 46 per cent on a per capita basis over the last nine years, as shown in Figure 17.

Figure 17: Tasmania per capita racing gambling turnover 2008-09 to 2017-18<sup>38</sup>



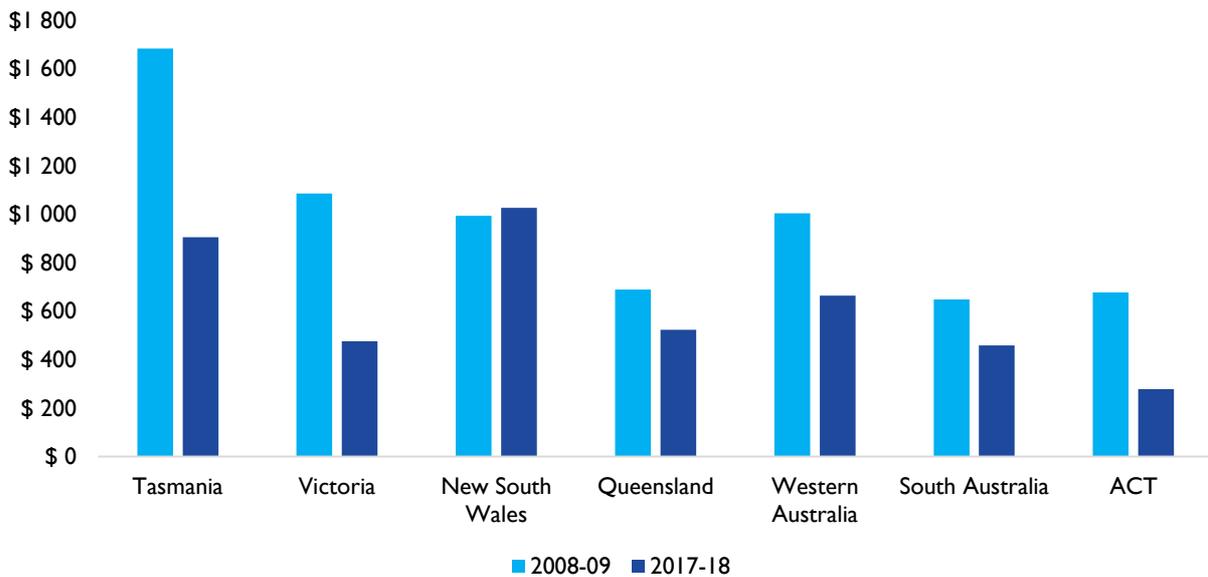
<sup>37</sup> Queensland Government, Australian Gambling Statistics, 35th Edition, 2017-18

<sup>38</sup> Queensland Government, Australian Gambling Statistics, 35th Edition, 2017-18

Real gambling expenditure fell 27 per cent from \$427 million to \$310 million between 2008-09 and 2012-13. Higher unemployment in Tasmania, and a rise in online gambling during this time, are likely to have contributed to this decline.<sup>39</sup>

In 2008-09 Tasmania had the highest per capita racing gambling turnover of all jurisdictions, with the exception of the NT, which benefits from a lower tax environment. The decline in racing gambling since that time is not unique to Tasmania, with all jurisdictions except for NSW experiencing a decline from 2008-09 to 2017-18. The ACT recorded the largest decline of 59 per cent, followed by Victoria with a 56 per cent decline.

Figure 18: Per capita racing gambling turnover by jurisdiction<sup>40</sup>



Data from the period 2015-16 to 2017-18<sup>41</sup> shows that sports betting in Tasmania is increasing on a per capita basis, although it is still low relative to racing gambling. Gambling via gaming has remained relatively unchanged during the period. The figures suggest that sports betting may be taking away some market share from racing, however gambling in Tasmania is in decline generally. A similar trend can be seen across most of the other jurisdictions, with the exception of NSW where gambling has increased across all three activities, and Queensland where gaming activity has increased.

<sup>39</sup> ACIL ALLEN Consulting, Third Social and Economic Impact Study of Gambling in Tasmania, 2014.

<sup>40</sup> Queensland Government, Australian Gambling Statistics, 35th Edition, 2017-18.

<sup>41</sup> Queensland Government, Australian Gambling Statistics, 35th Edition, 2017-18

# Appendix I

## COMPARISON OF TASRACING TO OTHER STATES

Table 7: Summary comparison of jurisdictions

	Tasmania	Victoria	New South Wales	Queensland	Western Australia	South Australia	Northern Territory	Australian Capital Territory
<b>Tri code body</b>	✓	✗	✗	✓	✓	✗	✗	✗
<b>Entities</b>	Tasracing	Racing Victoria Greyhound Racing Victoria Harness Racing Victoria	Racing NSW Greyhound Racing NSW Harness Racing NSW	Racing Queensland	Racing and Wagering Western Australia (RWVA)	Thoroughbred Racing SA Greyhound Racing SA Harness Racing SA	Thoroughbred Racing NT Darwin Greyhound Racing	Canberra Racing Club Harness Racing NSW
<b>Govt funded</b>	✓	✓	✓	✓	✓	✓	✓	✓*
<b>POC tax rate</b>	15%	8%	10%	15%	15%	15%	n/a	15%
<b>Main revenue sources</b>	Race field fees	Race field fees Wagering Revenue	Race field fees Wagering Revenue	Race field fees Wagering Revenue	Wagering Revenue	Race field fees Wagering Revenue	Unknown	Race field fees
<b>Response to Covid-19 pandemic</b>	10 week shutdown Industry support package Debt support	Prize money reduction Industry funding support Exec and board pay cuts Staff stood down	Prize money reductions Absorbing losses from its future fund	Reduced prize money Cancellation of select carnivals Hardship payments to clubs	Prize money reductions	Prize money reductions Exec and board pay cuts	Cancellation of select carnivals Prize money reductions	Harness shut down for 6 months

\*Harness funding comes from NSW. Thoroughbred funding from the ACT Government

**Tasmania**

The three racing codes in Tasmania are governed by Tasracing. Tasmania privatised its TAB in 2011.

There are 14 racing clubs (4 thoroughbred, 7 harness, and 3 greyhound) throughout the state.

**Victoria**

The three racing codes in Victoria are governed separately.

In July 2011, Tabcorp Wagering (Vic) was awarded the Wagering and Betting Licence from August 2012 to August 2024. This licence required Tabcorp to enter in a joint venture agreement with the Victorian racing industry. The agreement includes a share of wagering revenue being paid to the industry to support racing.

There are 126 racing clubs in Victoria (73 thoroughbred, 40 harness, and 13 greyhound) spread across the state.

**New South Wales**

The three racing codes in New South Wales are governed separately. The bodies for each code of racing are responsible for administration and race meeting costs, marketing & promotion, and integrity services for their code.

New South Wales privatised its TAB in 1997, by way of a 99 year lease granted to Tabcorp.

There are 184 racing clubs in NSW (117 thoroughbred, 35 harness, and 32 greyhound) spread across the state.

**Queensland**

Racing Queensland is a single racing authority covering the three codes. The Queensland Racing Integrity Commission is an independent statutory body responsible for the management of animal welfare and integrity matters within the racing industry.

Queensland privatised its TAB in 1999, with a wagering licence granted to Tatts Group that expires in 2098. As part of the agreement Tatts Group pays the Government \$150 million as a licence fee in four instalments spread between 2014 and 2023.

There are 131 racing clubs (120 thoroughbred, 5 harness, and 6 greyhound) across Queensland.

**Western Australia**

Racing and Wagering Western Australia (RWVA) is a single racing authority covering the three codes.

The racing industry in WA is funded by the profits of the Western Australian TAB, income generated from the WA race bets levy paid by wagering operators, together with part proceeds of the *Betting Tax Act 2018*. The RWVA has operated the TAB since becoming a Government business enterprise in 2003. WA is the only state to still have a Government owned TAB.

In September 2019, a bill was passed to enable the sale of the TAB. Negotiations for a sale to Tabcorp were subsequently halted due to the COVID-19 pandemic, and the sale process has now been postponed until at least 2021, due to economic uncertainty. Following the sale

of the TAB, the Racing and Wagering WA (RWVA) will become Racing Western Australia (RWA) and will no longer hold any wagering functions.

There are 53 racing clubs (38 thoroughbred, 12 harness, and 3 greyhound) across WA.

### ***South Australia***

In SA the three codes of racing are governed by separate bodies.

Wagering was privatised with the sale of the South Australian TAB in 2002 to Queensland TAB (now UBET)

There are 41 racing clubs in SA (24 thoroughbred, 12 harness, and 5 greyhound) spread across the state.

### ***Northern Territory***

The NT has separate bodies that govern thoroughbred and greyhound racing in the region.

There six racing clubs in the NT. Five are thoroughbred, and one is a Darwin based greyhound racing club. Harness racing does not currently take place in the NT.

The NT is currently the only state that has not introduced a POC tax.

### ***Australian Capital Territory***

The ACT has thoroughbred and harness racing industries. Canberra Racing Club Inc. is the principal racing authority responsible for the management and administration of thoroughbred racing in the Australian Capital Territory. The harness code in the ACT is governed by the NSW Harness body, with one club based in Canberra.

Greyhound racing is banned in the ACT.

Most data in relation to the thoroughbred and greyhound racing industries in the ACT is captured within NSW's data.

# Appendix 2

## TERMS OF REFERENCE

Treasury to undertake a review of the costs and functions of Tasracing with a focus on benchmarking corporate overheads (including administrative, legal, marketing and asset management costs).

Where possible, Treasury should benchmark key indicators against other comparable jurisdictions using publicly available information.

Given the constraints of the proposed review methodology, it is noted that relevant publicly available information may be limited and may not be at a level of granularity required to make meaningful insights for Tasmania.

No consultation will be undertaken as part of the review methodology, rather the report will be prepared using factual information from publicly available sources.

The review should be completed in advance of Government Business Scrutiny Hearings scheduled for early December 2020 and a report provided to Tasracing's shareholder Ministers. Consideration will be given to the public release of the report after it has been completed and received by the shareholder Minister.

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