

NSW Greyhound Industry Proposed Prizemoney Reforms 2016/17

A feedback submission from the
**NSW Greyhound Breeders Owners and Trainers
Association**

May 20, 2016

(1) Respondent profile

The NSW GBOTA is a significant provider of NSW greyhound race meetings at metropolitan, TAB and non TAB levels.

It has eight racing venues as follows:

Wentworth Park
Gosford
Maitland
Bulli
Bathurst
Lismore
Gunnedah
Temora

In addition to the its racing functions, the NSW GBOTA also advocates on the part of participants and members regarding the rights and needs of participants.

Race meeting and race prizemoney allocations are allocated annually by GRNSW. With specific regard to conduct of metropolitan greyhound racing, a Policy known as the Metropolitan Racing Policy applies.

(2) Introduction

(a) Summary of the Proposed Prizemoney Reforms

- Introduction of a third distance tier (short distance) at all TAB meetings including provision for short course racing at Category A1 meetings at Wentworth Park.
- Removal of A2 race meetings at Wentworth Park and replacement of the A2 meetings with a new level of racing, to be known as Metro Entry Level racing at significantly reduced prizemoney levels.
- Metro Entry level racing to be conducted at Wentworth Park (52 Wednesdays) and 13 at each of Gosford, Gardens, Dapto and Richmond.
- Meeting allowance reduction with such allocation now provided specifically for Group events only, as opposed to previously also being provided for feature racing which was below Group levels.
- Positive adjustments to Metropolitan A1, TAB B and C meeting prizemoney.
- Adjustments to travel subsidies paid to trainers.

(b) Net prizemoney increase

- GRNSW has suggested the various changes will increase prizemoney by \$1.1m in 2016/17 as compared to 2015/16 overall prizemoney.
- However, NSW GBOTA understands that the 2015/16 prizemoney levels included a reduction in the vicinity of \$800,000 as a result of the

animal welfare levy. The levy is not being applied in 2016/17 (animal welfare now funded by operating budget of GRNSW). Given this, the net increase from pre levy levels appears to be in the vicinity of \$300,000.

- The Proposed Prizemoney Reforms are more about reallocating metropolitan prizemoney to other tracks than they are about an increase in total prizemoney.

(3) Significance and appropriateness of the Proposed Prizemoney Reform

The proposed prizemoney reforms are significant. They completely re-shape metropolitan prizemoney, impact heavily on the aspirational feature level of greyhound racing and shift prizemoney from metropolitan racing to other tracks.

The proposed prizemoney reforms have been circulated for feedback to a short consultation period. The initial release was limited in its information, a fact supported by GRNSW's releasing greater detail on the impact of Meeting Loading adjustments on May 17, 2016, and three days prior to the feedback closing date. This may impact on the quality and quantity of feedback received.

The proposed prizemoney reforms were based purely on the deliberations of GRNSW management. No prior consultation took place with the NSW GBOTA (seemingly as required under the Metropolitan Racing Policy) nor were any clubs other than those selected by GRNSW management, given the opportunity to present a business case in support of these clubs possibly received an allocation of the non Wentworth Park Metro Entry level race meetings.

Given the impact on stakeholders (which obviously varies depending on location and quality of greyhounds they currently race), the NSW GBOTA does not believe the reforms, as they apply to metropolitan racing, should be being considered at this point for a number of reasons as follows:

- The NSW greyhound industry is expected to engage in wide ranging strategic reform considerations during the next 12 months. These considerations will include race venues, club numbers, and race meeting numbers and should include prizemoney. GRNSW has chosen not to progress reform considerations regarding venue numbers, club numbers or TAB race meeting provision and yet has chosen to bring forward a partial consideration of prizemoney.
- The NSW GBOTA believes that the four issues need to be considered holistically and a determination made that provides business certainty to industry participants over a five year period. It seems piecemeal to tackle one aspect at a time with seemingly no pressing need to do so.
- The proposed removal A2 racing at Wentworth Park and the reductions to Group Racing levels significantly impact on how metropolitan racing in NSW is perceived nationally. It seems short sighted to effectively reduce

metropolitan racing to just the one significant meeting without firstly agreeing to the metropolitan racing strategy.

- The provision of greyhound racing in NSW is still bound by the Greyhound Racing Act 2009, despite GRNSW currently operating without a Board and under the administration of an Interim Chief Executive Officer. In addition, the findings of the Special Commission into NSW Greyhound Racing are expected to be handed down on May 31, 2016.
- In such circumstances, it seems inappropriate to be making significant prizemoney reform decisions that would (a) benefit from the consideration of a Board (as envisaged in the Act) and (b) may be pre-emptive of the Special Commission findings.

(4) Metropolitan Racing Policy

The Metropolitan Racing Policy was developed in 2008 as part of various actions arising from the NSW GBOTA decision to secure the racing dates previously provided to the NSW National Coursing Association at Wentworth Park.

The purpose of the policy ***“is to clearly outline the policy of GRNSW for the conduct of greyhound racing in NSW.”*** The policy came into effect on July 1, 2008 and remains in effect until July 1, 2018.

It is a condition of the policy that the NSW GBOTA will have ***“the support of GRNSW to a single metropolitan club continuing to hold an exclusive licence to conduct a minimum of 104 metropolitan race meetings per year, including Saturday nights unless otherwise agreed with the single metropolitan club and to receive funding for same”***.

With regard to prizemoney and race programming, the policy states as follows:

“GRNSW will determine the amount of GRNSW Distributions to be allocated towards prizemoney for metropolitan racing annually having due regard to its strategic priorities and its commitment to the development of a vibrant metropolitan racing sector that is considered to be the premier greyhound racing arena in Australia” and;

“GRNSW will determine, after consultation with the single metropolitan race club, the minimum prizemoney levels for all races conducted at a metropolitan race meeting and will provide GRNSW Distributions to the single metropolitan race club to meet this level of prizemoney.”

GRNSW and the single metropolitan race club are also required to determine a Metropolitan Racing Strategy that will, in part, deal with ***“prizemoney plans including the allocation of minimum prizemoney levels and the allocation between different meetings.”***

Despite the very clear obligations and intent of the policy, GRNSW has:

- Reduced the status of 52 meetings at Wentworth Park to such a degree that nobody could rationally describe the meetings as genuine metropolitan meetings. The former A2 meetings are to be re-named Metro Entry races which in itself suggests they are not metropolitan races. This would appear to be clearly in breach of the policy's major condition.
- Failed to consult with the single metropolitan Club on prizemoney minimum standards prior to forming and announcing a public position, again seemingly in breach of its obligations.
- Determined to delay consideration of Metropolitan Racing Strategy whilst making a piecemeal decision on prizemoney, one of the key pillars which was to be developed in the strategy. NSW GBOTA has consistently sought to work with GRNSW to form a Metropolitan Racing Strategy, including consistent overtures in the current financial year.

(5) Impact of Proposed Prizemoney Reform on Metropolitan racing

- Prizemoney at A1 will improve by minor amounts when compared to pre levy levels. (Refer Attachment 1)
- The most positive shifts have been at distance levels. (Refer Attachment 1)
- A short distance prizemoney schedule has been promoted as part of the schedule, thus possibly providing for 280m racing at A1 meetings. (Refer Attachment 1)
- A2 meetings have been replaced with Metro Entry level meetings. (Refer Attachment 2)
- Meeting Allowance reduced (Attachments 6 and 7)

Comment:

The NSW GBOTA accepts, in the current environment, there is not a strong argument for increases of any significance to A1 prizemoney.

The strongest possible objection is submitted regarding 280m racing taking place at A1 meetings.

The introduction of Metro Entry prizemoney at Wentworth Park is obviously opposed and, in the view of the NSW GBOTA, is in breach of the Metropolitan Racing Policy. The meetings are being graded as TAB meetings and will be viewed as TAB B meetings, no matter the branding.

The NSW GBOTA anticipates reduced nomination flow and reduced on course attendance and wagering activity as a result. The changes to the Wednesday night meetings continue decisions made by GRNSW with regard to Wentworth Park which are counter to its obligation to develop a vibrant

metropolitan racing sector. These decisions include changing of race dates from Friday/Saturday (at which time maximum vibrancy was being achieved) to other combinations and ongoing prizemoney reductions.

The reduction in Meeting Allowance payments at Wentworth Park must be strongly rejected. GRNSW is proposes to fund feature prizemoney at Wentworth Park to a total of \$1,125,000.

This calculation is based on Minimum group levels applying for all Group events. And no funding for Listed events (Collerson and Ultra Sense) or increases to heat and semi-final prizemoney in various Group events or additional prizemoney required for State heats of the Nationals.

Attachment (7) reveals that even paying minimum Group levels for Group Events would require \$1,329,862 as opposed the \$1,125,000 that GRNSW has advised publically is sufficient. The \$1,329,862 also assumes winning Group prizemoney at 74% to the winner with the remaining 26% shared amongst the placegetters.

If the minimum Group winning amounts were honoured and GRNSW maintained its graded prizemoney formula of 65%, 20%, 15%, then the minimum would jump to \$1,591,180. This compares to the \$1,711,500 dedicated to the same events in 2014/15.

The reduced meeting allowance will also mean the Golden Easter Egg prizemoney will be slashed to a winner's prize between \$90,000 and \$100,000, down from the current \$250,000 along with cuts to heat and semi-final prizemoney. The Golden Easter Egg enjoys unique status on the Australian Group racing calendar and is currently subject to sponsorship arrangements based on its \$250,000 first prize.

All racing codes throughout Australia have aspirational events. NSW has significantly less events than Victoria and only the one super feature in the Golden Easter Egg. The move to reduce is prizemoney so drastically seems short sighted and out of kilter with all other racing codes who value role of major events as marketing tools.

(6) Impact of Proposed Prizemoney Reform on TAB B prizemoney

- Attachment 2 outlines TAB B prizemoney levels
- Gosford, Gardens, Dapto and Richmond will also stage 13 meetings each at which the TAB B prizemoney will be up-graded to Metro Entry level.
- Meeting loading reduced based on Group events

Comment:

The NSW GBOTA notes that no other TAB clubs, other than those selected, were given the opportunity to pitch for Metro Entry up-grades. This includes one turn tracks who are not represented at all.

Ultimately, the NSW GBOTA holds the view that these events are being funded by prizemoney that ought to remain in the metropolitan area until such time as a full strategic review of venues, club and race meeting numbers along with prizemoney occurred.

The reduction in Meeting loading is profoundly unfair. It has been based on Group Events as opposed to total commitment to feature events. Clubs conducting graded features have lost out while those that have dedicated their past meeting loadings to Group Events have been rewarded.

Inexplicably, Bathurst have had their meeting allocation reduced from \$25,000 to \$10,000, despite running features such as the Soldiers Saddle. It is being held on the same bar as TAB C clubs despite running a mix of TAB B and TAB C meetings.

The NSW GBOTA believes that the meeting allowance should be spread evenly amongst clubs at their respective level, TAB B or TAB C. The clubs should be free to then devote that money to Group Events or other features as they believe best suits supporters of their club.

(7) Impact of Proposed prizemoney Reform on TAB C prizemoney

- Attachment 4 outlines the TAB C prizemoney levels

Comment:

The NSW GBOTA appreciates the thought behind increasing TAB C prizemoney. However, it does not believe that this initiative should come at the expense of metropolitan prizemoney.

TAB C increases should be funded by funds now available as a result of the animal welfare levy not being applied and any additional income that may have been being generated from the lifting of the Race fields Legislation cap.

(8) Impact of Proposed Prizemoney Reforms on Travel Subsidy

The NSW GBOTA believes that the payment of the travel subsidy or unplaced prizemoney at a set level was an appropriate approach and a point of difference or NSW. The travel subsidy obviously assists trainers with a number of other costs, such as trialling costs, veterinary and checking costs and feeding.

Most trainers train on a share of prizemoney basis so the set fee per runner is considered fairer in covering incidental costs.

(9) Conclusions and Recommendations

- (a) Given obligations to the NSW GBOTA under the Metropolitan Racing Policy and the need for prizemoney to be holistically considered simultaneously with venue, club and race meeting number considerations, consideration of the Proposed Prizemoney Reforms, as they relate to proposed metropolitan reductions, be deferred until such time as the Special Commission of Inquiry findings are released and a Board of Directors for GRNSW or its commercial equivalent is in place.
- (b) That as a consequence of recommendation (a), Metropolitan A1, and A2 prizemoney levels and Meeting Allowance remain in place at 2015/16 levels plus CPI at Wentworth Park during 2016/17.
- (c) That the additional funds arising from the Animal Welfare Levy not being applied in 2016/17, be considered for reallocation to TAB B and TAB C meetings with a weighting in favour of TAB C meetings.
- (d) That information be provided to clubs regarding increased income from the lifting of the cap on Race fields Legislation with a view to engaging with clubs on how any portion of these funds that is able to be devoted to prizemoney is subsequently applied, notwithstanding the strategic considerations of the incoming GRNSW Board or its commercial equivalent.