

CORRECTED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2002–03 budget estimates

Melbourne – 20 June 2002

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Witnesses

Mr R. Hulls, Minister for Racing;
Mr M. Close, Manager, Office of Racing; and
Mr P. Allen, Secretary, Department of Tourism, Sport and the Commonwealth Games.

The CHAIRMAN — Good morning. I declare open the Public Accounts and Estimates Committee hearings on the budget estimates for the Racing, Manufacturing Industry and Attorney-General portfolios. I welcome the Honourable Rob Hulls, Minister for Racing; Mr Mark Close, Manager, Office of Racing; Mr Peter Allen, Secretary of the Department of Tourism, Sport and the Commonwealth Games; departmental officers; members of the public; and the media. I convey apologies on behalf of the Deputy Chairman, Mr Roger Hallam; Susan Davies and Theo Theophanous.

All evidence taken by this Committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript early next week. Before we proceed, I ask that all mobile telephones be turned off.

Minister, do you intend to make a brief presentation on the financial and performance information relating to the budget estimates for the racing portfolio, or shall we proceed direct to questions?

Mr HULLS — I will just give a very brief overview of racing. I think it is true to say that Victorian racing is recognised as a national leader in Australia. It is a key part of the Victorian economy, community and sporting heritage. The industry employs over 40 000 people, and two-thirds of those are in regional and rural parts of Victoria. The economic impact of the racing industry is nearly \$2 billion per annum — half of that is in regional and rural Victoria. We all know about the Spring Racing Carnival, which has an economic impact of about \$330 million as far as the Victorian economy is concerned. It has the highest impact of any annual event in this state.

A whole range of initiatives have taken place in relation to the industry, and no doubt you want to ask about some of them. They include the improvement of the governance structure of racing in this state. We want to promote this state as a centre for racing excellence. There has been enormous cooperation, can I say, between the three codes, and that will culminate in a meeting on Sunday, which I hope you will all be at, at Cranbourne. It is the first ever tricode meeting to take place in Victoria where harness, greyhound and thoroughbred races will all be running on the one day at the one venue. It is an interesting and exciting initiative. It goes to show the cooperation between the codes. I am more than happy to attempt to answer any questions you may have about this industry.

The CHAIRMAN — Thank you, Minister. In your brief presentation you said that 50 per cent of the industry is in non-metropolitan areas. The health of country racing has been a subject of great discussion for some years now, with rumours of a number of clubs having been in trouble and reports about the state of tracks and facilities in various places. Can you provide some detail to us of what this budget will do and what initiatives you are developing to support country racing?

Mr HULLS — Yes. I have always taken the view that country racing is the backbone of thoroughbred racing in this state. If you don't have strong country racing, you don't have strong metropolitan racing either. Across the three codes — that is, harness, greyhound and thoroughbred — there are more than 140 country clubs. Of course they conduct the bulk of the state's race meetings. The majority of horses and greyhounds are trained in the country, and as a result country meetings form a crucial part of the fabric of rural communities — and indeed, as you would expect, it is a sizeable contributor to employment in and the economies of those areas. The importance of country racing, and I guess it's underpinning of racing generally in this state, is certainly recognised by me as the racing minister, and by the racing industry. We are totally committed to working with the racing industry to ensure that the strong focus on country racing is maintained.

I spoke about initiatives in relation to country racing. We implemented a Living Country Racing Program, which was announced in 2001, where for the first time, I think, the government is actually providing annual funding of \$500 000 a year for capital works projects at country thoroughbred, greyhound and harness clubs. It is three years of annual funding of \$500 000, and it complements the industry's own capital funding programs. So it is a dollar-for-dollar grant. Clubs make an application, there are specific criteria, and those criteria are assessed. There have now been two funding rounds under that program; the latest funding round was announced only a couple of days ago. I think the Geelong Racing Club received some funding in relation to that. Obviously there has been heavy demand for funding for things like capital infrastructure at small country clubs, track projects, running rails, that type of thing. This is the sort of money that clubs would not normally be able to access, and we decided that it was very important that these small country clubs, which are in many cases picnic clubs, would get access to some funding. I am more than happy to give you a list, or a map at least, of where all those clubs are.

The CHAIRMAN — Thank you.

Mr HULLS — I asked the department to do an analysis and a breakdown of electorates as well in relation to those clubs, because the criteria are assessed absolutely independently. As minister, whilst I tick off on them, I am not personally involved in allocating the funds. In relation to the funding grants, the department has advised me that if you have a look at a map of Victoria they are actually spread well throughout Victoria, a substantial number in National Party seats.

Mrs MADDIGAN — A mistake!

Mr HULLS — They are spread right across the political spectrum, but I am more than happy to supply you with that.

In relation to other aspects, as I said, cross-code cooperation, it is happening for the first time in a long time. We have got to put aside these petty jealousies that have existed in the past between three codes, and we see that cooperation culminating in Sunday's race meeting at Cranbourne, which I expect will be quite exceptional. For the first time ever country racing actually has a real say in the governance of racing in this state. Country racing can have a say in 2 people on the 11-person board, which is the greatest say they have ever had in the governance of racing. Also we are looking at country racecourses that are situated on Crown land and how we can improve their tenure to ensure that they can do appropriate improvements. A country racing business plan has been developed, so it is a pretty exciting time for country racing.

The CHAIRMAN — Thank you, Minister. We would appreciate seeing that map. You may be aware that Ms Davies has been particularly keen to see that sort of breakdown.

Mr CLARK — Also on the subject of country racing, I understand the Traralgon Racing Club recently had its licence revoked.

Mr HULLS — Yes.

Mr CLARK — There is industry speculation that up to 10 clubs may be at risk. Does the government have a policy on ensuring that country racing clubs can remain open, and in particular what are the plans in relation to the Traralgon club?

Mr HULLS — Yes, you are right about Traralgon. The government has a strong view that country racing should receive all the support it can from people interested in the racing industry, that the government certainly does not have a policy, as you would expect, of closing any country track. But course that the government really overlooks the racing industry, we now have an independent structure running racing, which is Racing Victoria Ltd (RVL). In conjunction with Country Racing Victoria, they are the government structures for racing. We called for submissions in relation to the new governance structure. We did receive a submission a couple of years ago from the then Traralgon Racing Club that said they did not want any government involvement in the governance of racing, and that there should be an independent structure. There now is an independent structure.

In relation to Traralgon specifically, the licence for the Traralgon Racing Club, which was that group of people who actually called themselves the Traralgon Racing Club, has been cancelled. It has been cancelled because I received notification from Racing Victoria Ltd that, after investigation, the ability to run racing at Traralgon under the auspices of the Traralgon Racing Club should be cancelled. Under the act, I have no choice; I have absolutely no choice once I receive notification but to adhere to that request, and that has been done. What does that mean for racing at Traralgon? It means that it will still exist, but it simply will not be run by the Traralgon Racing Club. Initially it will be run by Country Racing Victoria. I have made my views quite clear in relation to racing at Traralgon; I am passionate about it continuing at Traralgon.

I understand that initially Country Racing Victoria planned, in conjunction with Racing Victoria Ltd, to have three meetings a year at Traralgon. They are very hopeful, and I am hopeful, that ultimately there will be a body that can take over racing at Traralgon. Country Racing Victoria does not want to be running races at Traralgon; it is a governing structure, so I have urged the local community to support racing at Traralgon. I have made it quite clear that I am keen for racing to continue at Traralgon, but you have got to have the support there. Why was the licence taken away from the Traralgon Racing Club? Some internal matters were investigated by Racing Victoria and, without wanting to go into too much detail, they made the decision based on the way the show had been run down there. They believe it had been run totally inappropriately and further investigations are taking place in relation to that matter.

To answer your substantive question, racing will continue at Traralgon. In the short term it will be under the auspices of Racing Victoria Ltd and Country Racing Victoria but, in the long term, I fully expect and hope that there will be a new body, whatever it may be called, that can take over racing at Traralgon.

Mr CLARK — Do you think your policies will be sufficient to keep all existing country racing venues operating?

Mr HULLS — For the first time our policies have given the greatest impetus to country racing that it has ever had. If country racing is to survive and thrive, it will be under the new governance structure that has been implemented. For the first time country racing has a real say in the governance of racing. I know you understand that it is not the government that actually runs these particular venues; the government simply puts in place the policies to allow racing to operate and to flourish. I repeat, for the first time ever country racing has a bigger say than it ever had in relation to the running of the industry.

Mrs MADDIGAN — I want to turn to bookmakers, if I can. As you know, a large number of bookmakers live in my electorate, and there are possibly some in yours. Certainly their importance to racing as on-course bookmakers is quite pivotal. In the 2001-02 budget estimates there was a review of reforms to the bookmaking profession, and I see this year's budget says that those reforms will be implemented. Could you give us a bit more information on what advice you were given about what reforms were necessary and how you intend to implement them?

Mr HULLS — There has been a fair debate over a period of time in relation to bookmakers. I am of the view that bookmakers are part of the colour of the racing industry, and I am very keen for them to survive and continue to operate on courses. In relation to some of the reforms that we have already implemented, such as the reduction of the minimum telephone bet, I am pleased to say that a whole range of reforms have meant that for the first time bookmakers are actually coming back into the industry. We abolished turnover tax and the like. Bookmakers are coming back into the industry and as a result there has been significant improvement in bookmaking business, which has grown by 34 per cent, or \$87 million. As I said, we abolished state turnover tax; we introduced revenue return to the racing industry by way of a turnover levy; we established the bookmakers development fund; and of course there is the conversion to fixed-dollar dividend displays instead of the old imperial odds to make bookmakers more user friendly.

You talked about further reforms. Yes, there was a bookmaking reform working party that proposed a number of things, including that trading hours for bookmakers be extended to allow them to commence betting at a race meeting from the official scratching time on the day of the race, and that individually registered bookmakers be allowed to form partnerships for the first time subject to the approval of the Bookmakers and Bookmakers Clerks Registration Committee, and that individual bookmakers be allowed to form restricted corporations on which only bookmakers themselves can serve as directors or hold shares. As a result of these reforms we appointed an additional member to the Bookmakers and Bookmakers Clerks Registration Committee. These recommendations were made, and they have been accepted by the government, and the reforms in relation to bookmakers forming partnerships and corporations were the subject of legislation in the autumn sittings of Parliament. It is expected they will operate within the next few months.

In respect of internet betting, another area mentioned in the reform, the bookmakers association and Racing Victoria are currently developing an appropriate system for me to have a look at and, obviously, if we are going to go down that path we will have to look at responsible gaming, responsible wagering and the like and have appropriate probity checks. I am pleased to say that bookmaking growth has continued to improve as a result of these reforms, and we have actually received applications from bookies interstate and new bookies wanting to come into the market.

Mr DAVIS — I want to follow up something that you mentioned earlier on, and at last year's estimates hearing, about the tenure of country racing tracks and their reluctance on some occasions to invest in fixtures and so forth. What has been the outcome of the discussions with the Department of Natural Resources and Environment on whether country racing tracks can look forward to the tenure that they so desire?

Mr HULLS — You know the problem, of course: it is that these tracks are on Crown land in the main and as a result some clubs have said they are not prepared to embark upon capital improvements because they do not have security of tenure. I have made it clear to them that we are prepared to look at ways to give them better security. You are right, it was raised last year and it has been raised by Country Racing Victoria. I can report that there have been discussions with Sherryl Garbutt, the Minister for Environment and Conservation, and me about

this, because she is the minister responsible for Crown land. We have agreed to establish a joint government racing industry group to examine the issue with a particular view to developing model leases for racing clubs under the provision of the Crown Land (Reserves) Act 1978. In doing so, all steps will have to be taken to ensure that the rights and concerns of other user groups and communities are addressed. It is anticipated that the model leases will be finalised within the not-too-distant future and will become available for adoption at racing venues across the state, which country racing believes will give country race clubs generally the security they require.

The CHAIRMAN — Thank you. That completes the time allocated for the racing portfolio. Can I thank Mr Close and, I assume, Mr Allen, at this stage for their attendance. We will commence on the manufacturing industry portfolio immediately.

Witnesses withdrew.