

# TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Budget Estimates 2018–19

Melbourne — 29 May 2018

#### Members

Mr Danny Pearson — Chair

Ms Sue Pennicuik

Mr David Morris — Deputy Chair

Ms Harriet Shing

Mr Steve Dimopoulos

Mr Tim Smith

Mr Danny O'Brien

Ms Vicki Ward

Ms Fiona Patten

#### Witnesses

Mr Martin Pakula, Minister for Racing,

Mr Greg Wilson, Secretary,

Ms Cate Carr, Executive Director, Liquor, Gaming and Racing, and

Mr Ged Prescott, Manager, Office of Racing, Department of Justice and Regulation.

**The CHAIR** — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2018–19 budget estimates.

All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Racing, the Honourable Martin Pakula, MP; Mr Greg Wilson, Secretary of the Department of Justice and Regulation; Ms Cate Carr, Executive Director, Liquor, Gaming and Racing; and in the gallery is Mr Ged Prescott, Manager, Office of Racing Victoria.

Any witness who is called from the gallery during this hearing must clearly state their name, position and relevant department for the record.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege.

The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded by Hansard. You will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, any PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

Witness advisers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

Members of the media must remain focused only on the persons speaking. Any filming and recording must cease immediately at the completion of the hearing.

I invite the witness to make a very brief opening statement of no more than 5 minutes. This will be followed by questions from the committee.

### **Visual presentation.**

**Mr PAKULA** — I will be very brief. If you look at the first slide: the Office of Racing, or the racing portfolio, is only about 1 per cent of the justice portfolio, at \$42.9 million. Of that, the lion's share is overwhelmingly the VRIF grants at over \$37 million.

In terms of the contribution of racing to the state economy, the 2013 *Size and Scope of the Victorian Racing Industry* report said it had an economic impact of almost \$3 billion per annum. Those benefits are shared across fashion, hospitality, tourism, transport — many other industries. There are over 114 000 people directly involved in the industry as employees, volunteers and participants.

Just to talk about last year's spring carnival for a moment, the attendance was just under 700 000 persons. The number of out-of-state individuals who attended was over 105 000. That was up 6 per cent from 2015. The gross economic benefit to the state was \$762.7 million, up 7.5 per cent. The bed nights were over 314 000, up 27 per cent from 2015; and attendees purchased more than 717 000 fashion items, valued at \$52.9 million.

In terms of some of the significant actions that the government has taken in regards to racing, the constitution of Racing Victoria was amended in April last year. That gave me as minister the power to appoint directors, and a new board of RV was constituted on 9 October. Those reforms were on the back of amendments to the Racing Act to strengthen governance for both harness racing and greyhound racing in 2015 and 16.

In regards to harness racing, there has been a key focus on the financial sustainability of that code. We have provided a million dollars in this budget to support the harness racing code, and that budget funding will assist with reducing the costs for breeders and encouraging a vibrant breeding industry, facilitating infrastructure upgrades at country clubs and providing some marketing support, particularly for the 2018 Inter Dominion.

Just a couple more slides, Chair. In terms of greyhound welfare reforms, we have now implemented 53 of the 68 recommendation of the Perna and Milne reports. The code of practice for the keeping of greyhounds has now been finalised and distributed. We have a massive increase in the number of greyhounds who have been adopted through the GAP and a corresponding decrease in the number of greyhounds euthanased, down 36 per cent in comparison to the same period last year. That work is ongoing.

In terms of the VRIF, as members might know, that returns all unclaimed dividends to the racing industry. There has been \$86 million committed to continue the VRIF until at least 2019. We have provided \$65.24 million for 631 projects which have a total value of over 300 million since we came to office, and we have so far provided \$14.5 million in 2017–18.

Some of the highlights, particularly in regards to regional infrastructure: the big screen at the Bendigo Jockey Club; a mounting yard upgrade at the Hamilton Racing Club; upgrading the ambulance track at Stony Creek; \$24 500 for three stewards towers at Stawell; and \$35 000 for owners room upgrades at places like Ballarat, Cobram, Geelong, Gunbower, St Arnaud and the Yarra Valley harness.

And in terms of RAP funding — the Raceday Attraction Program — again I am sure Mr O'Brien will be happy to know that there is over 100 000 for the Greyhound Gippsland Carnival across Cranbourne, Sale, Traralgon and Warragul; and funding for the Summer of Glory at Tabcorp Park; 980 000 for the CRV to promote 180 race meetings. We provided almost 42 000 to the Latrobe Valley Racing Club for the food truck festival, where almost 5000 people attended; almost 50 000 for the Pakenham Cup, where over 8000 people attended; and funding for the Werribee Cup, where almost 4500 people attended, up 28 per cent on the previous year.

That is just some highlights, Chair.

**The CHAIR** — Thank you, Minister. I might start off, if I can. The budget paper reference is budget paper 3, page 93. Can you just outline to the committee in a bit more detail the support that the government is providing to the harness racing industry?

**Mr PAKULA** — Yes. Thanks, Chair. Look, the harness racing contribution is very important. It is a code that has been under some stress, so the funding will do a number of things. It will contribute to a fee waiver or fee reduction to encourage the breeding sector. The strength of Australian harness racing is very heavily reliant on a vibrant breeding sector here in Victoria, so we need to continue to have a supply of horses for a quality racing product. HRV have said that they will allocate that funding to waive the registration fee for Victorian-bred foals from a Victorian mare and a Victorian standing stallion, so that will incentivise breeders to use local standard-breds. They will also reduce the registration fees for foals from a Victorian mare by an interstate or overseas stallion.

We are also going to use that funding to contribute to important upgrades at country racing clubs across the state. They are, as I think members know, incredibly important to the vibrancy of many of those country towns, and so there will be much-needed improvements made. As I say, in regards to promotion, after a long absence the Inter Dominion is coming back to Victoria in 2018, and the funding will be used to help promote that across the state.

**The CHAIR** — Is there other funding that is being provided to Harness Racing Victoria, because I know Harness Racing Victoria has had a few challenges, I think it is fair to say, over recent times? It is sometimes seen as the poor cousin of thoroughbred racing. Can you outline to the committee what other funding is being provided?

**Mr PAKULA** — You would not say that to the lovers of the red hots, Chair. But let me say that in addition to what is in the budget there has been almost 12 million in VRIF support provided to harness racing, and there has been \$4.9 million in this financial year. Just some of the highlights: 400 000 to support the Charlton Park redevelopment. That incorporates the Charlton Harness Racing Club. That is a total value project of \$4.2 million, with a fair bit of support from the Minister for Regional Development. There is \$175 000 to upgrade the Cranbourne Turf Club drivers and jockeys rooms; 50 000 to relocate the light poles at Boort — I was there with the Leader of The Nationals and the Minister for Mental Health at the Boort trotting cup this year; and 3.1 million to assist harness racing with its integrity performance measures. There has also been nearly 800 000 through the Raceday Attraction Program. I will just give you one example there, which was

10 000 to the Warragul Harness Racing Club for the Warragul Cup. So that is a snapshot of some of the support.

**The CHAIR** — You mentioned the Inter Dominion. I am assuming there will be funding for marketing and promoting the Inter Dominion. Can you outline to the committee in a little bit more detail what you would anticipate or expect that to involve?

**Mr PAKULA** — We have not had the Inter Dominion here since 2008, and it is one of the most prestigious harness racing events in global harness racing. It is a great showcase. We expect it will draw a range of industry participants from across Australasia. Some of the funding that we are providing will help to market that event and help encourage attendance. One of the great things about the Inter Dominion, apart from the events that will take place at Tabcorp Park, Melton, is that the heats will be run in two other locations, both Cranbourne and Ballarat. And there was a lot of competition for those heats. I know that the member for Mildura was disappointed that some of the heats were not being held at Mildura, but HRV had to make decisions based on best fit. So both Ballarat and Cranbourne will have heats. It is a great opportunity to showcase the sport, and I think it is something that HRV are very appreciative of.

**The CHAIR** — In relation to the financial health of HRV, how is that? What is the financial status of Harness Racing Victoria?

**Mr PAKULA** — Look, HRV have been very well served by some of the governance changes that the government made. There has been a new chairman installed, Mr Monteith, former CEO of both the Melbourne Racing Club and the Victoria Racing Club. There is a new chief executive officer, David Martin, and a new board, and they have made substantial changes. As a result, they have introduced new race products. That has resulted in an increase in both participation and wagering during the second half of 2017. Between July 2017 and April this year there was a 10 per cent increase in turnover from all wagering service providers, compared to the previous year. There has been an extra 128 races, so that is a 4.3 per cent increase compared to the previous year. And the new races are specifically designed to target industry participants who have horses of differing ability and age profile. It is really all about grading and ensuring well-matched horses are racing against similarly well-matched horses, and HRV has done a lot in that space. It is not a code where all of the issues have been resolved, but there is certainly an upward trajectory, and it is something that we are very pleased about.

**The CHAIR** — Thank you, Minister. Just coming back to your presentation, you spoke about the greyhound adoption rates. Are you able to outline to the committee just some of the work that Greyhound Racing Victoria is undertaking in relation to trying to improve those adoption rates?

**Mr PAKULA** — Look, I think everybody is familiar with GAP, and it is one of the world's most successful greyhound adoption programs. Since it started there have been homes found for 7500 greyhounds. In 2016–17 there were over 1300 adoptions. To put that in context, I think in the first year that I was minister there were 600 or 700 adoptions through GAP, and we have done almost 1000 over the last 10 months. But on top of those that were adopted through GAP there was a similar number — in fact slightly more — rehomed through non-GAP channels: third-party adoption agencies and other industry participants. Gippsland Greyhounds is one. Greyhound Safety Net is one. The RSPCA is one. Homes were found for just under 2700 Victorian greyhounds in 2016–17. The first ever national adoption day was held in April; 200 greyhounds across the country found homes on that day. We are seeing, as a consequence of those improved adoption rates, a significant reduction in euthanasia rates. To give you an example of the most recent GAP event, there were 834 people registered as potential owners and there were only 69 greyhounds available for adoption, so demand is outstripping supply.

**The CHAIR** — Just coming back to greyhound racing more broadly and the impact that has as an economic driver in regional Victoria, can you talk a little bit about just the role that this code plays in terms of driving and stimulating economic development in regional areas?

**Mr PAKULA** — We have supported a range of regional initiatives, both in terms of race day attraction and infrastructure upgrades. Of course every time we support an infrastructure upgrade, jobs are created in regional Victoria. I recently announced \$685 000 to upgrade the facilities at the Warrnambool Greyhound Racing Club. We have invested in new catching pens and kennel blocks in places like Bendigo, Ballarat, Healesville and Sale. We installed carpark shade sails at Sale as well. I might be focusing on Sale because I know that Danny O'Brien is always very keen to know what is happening in his patch.

**Mr D. O'BRIEN** — Indeed.

**Mr PAKULA** — He would also be happy to know that \$18 000 was provided to the Sale and District Greyhound Racing Club for a Girls at the Greys race day and winter wonderland event. In regional Victoria there are 11 000 people involved as employees, breeders, owners and volunteers. The economic value of greyhound racing in regional Victoria is more than \$110 million and it is responsible for more than 800 full-time equivalent jobs, so it is a major driver of economic activity, employment and volunteer participation in regional Victoria. It is a code that we were incredibly proud to support when it was going through some extreme difficulties, and I think the code has repaid that support in spades by the way that it has changed the way it does things — the emphasis it has put on greyhound welfare, adoption and reducing euthanasia rates. It is a code with a very bright future, in my view.

**Mr D. O'BRIEN** — Minister, buttering me up will get you nowhere with respect to talking about Gippsland, although we do have a wonderful racing fraternity in the Gippsland region.

**Mr PAKULA** — Well, I am glad we can agree on something, Mr O'Brien.

**Mr D. O'BRIEN** — On the matter of the Greyhound Adoption Program — I am sure Ms Shing would like to highlight it as well — we adopted Maisy last year and she is going fantastically, in fact too fantastically. You can follow her, Minister, on @findingmissmaisy on Instagram.

**Mr PAKULA** — I will be sure to look it up, Mr O'Brien.

**Mr D. O'BRIEN** — I am embarrassed to admit that she has more followers on Instagram than I have — in fact twice as many.

**Mr PAKULA** — As does my Jack Russell.

**Mr D. O'BRIEN** — Minister — serious matters though — you mentioned in your intro the *Code of Practice for the Keeping of Racing Greyhounds*, and the government has previously said that it wants 'workable outcomes for participants in the ... industry'. But one of the requirements of the code is that when rearing greyhounds, if they are found to be bullying another greyhound of the litter, they must be separated. Given the trainers' advice that there is a natural pecking order that puppies will work out in a litter, can you, as the Minister for Racing, provide us with a definition of 'puppy bullying'?

**Mr PAKULA** — Mr O'Brien, I am going to try not to be flippant in my response to you, but let me say this: yes, I referred to the code in my presentation, but I think you would be aware that the code is a document which has been released by the Minister for Agriculture, not by me.

**Mr D. O'BRIEN** — Yes.

**Mr PAKULA** — The code was developed by DEDJTR in consultation with, first of all, GRV, and then obviously when the draft code was released it was clear that there was a degree of disquiet amongst many greyhound industry participants. I think that at the time, you would recall, GRV effectively put its hands up and said, 'Okay, perhaps we misread the views of our owners, trainers and others in relation to some of those issues in the code'. The code was then the subject of substantial redrafting. It was reduced in size from, I think, 80 pages to about 33. Apart from whatever consultation may have occurred with animal welfare groups — and I am not aware of that because it was not consultation I undertook — there was, I am aware, significant consultation not just with GRV but with groups representing the clubs and also the greyhound owners, trainers and breeders association. It is my understanding, based on my most recent conversation with GOTBA and with GRV, that the code in its final form is, if not beloved by the industry, far, far more acceptable to the industry, and it no longer contains provisions which cause substantial concern.

**Mr D. O'BRIEN** — For the record, Minister, there were things like what the temperature of the dishwasher had to be to wash the dog's dish every week, so that is not a great surprise that they are happier with the final code, but can I come back to the question, because it is still creating some confusion for trainers: what is the difference between a pup bullying another pup and pups establishing a natural pecking order, and how are trainers meant to work that out?

**Mr PAKULA** — Well, again, Mr O'Brien, I do not profess to be an expert in many things, and I certainly do not profess to be an expert in the behaviour of young pups. I am not sure whether you have yet had the Minister for Agriculture appear before the committee, but as the minister responsible for the code, you may wish to direct that question to her. On a more serious note, can I say, if what you are trying to elicit from me is a confession that I cannot provide you with a definition of 'puppy bullying', then consider your job done, but —

**Mr D. O'BRIEN** — Minister, what we are trying to ask of you, as the Minister for Racing, is whether you think that the final document has got the balance right. Can I perhaps go on to another one?

**Mr PAKULA** — Yes, I think it does.

**Mr D. O'BRIEN** — Well, can I go on to another one? There is a requirement in the code that if a greyhound is kept in an enclosed pen, it must have, and I quote, 'an air change rate of a minimum of eight changes per hour' — that is an air change every 7½ minutes. Can you explain how that is achievable for trainers and how that is, in all possibility, to be monitored and enforced?

**Mr PAKULA** — In terms of enforcement, much of that will be developed by discussion and agreement between Greyhound Racing Victoria and GOTBA. As you might recall, one of the changes to the code from the draft code was that it does not come into effect until 2020. On a serious note, though, Mr O'Brien —

**Mr D. O'BRIEN** — I am very serious with the questions. The puppy bullying one you get a smile out of, but trainers are still concerned about this.

**Mr PAKULA** — Yes, and I appreciate that, but let me just ask you to reflect on this: we were in a situation in the early part of 2015 where greyhound racing was hanging by a thread, and one of the recommendations — the first recommendation in fact of the Milne report — was that the code for the keeping of greyhounds be rewritten. And it has been rewritten partly. As I understand it, some of the provisions are reflective of more general keeping requirements for breeding dogs more generally, substantially modified to take into account the realities of the greyhound industry.

**Mr D. O'BRIEN** — But they are racing dogs.

**Mr PAKULA** — But in terms of what is in the best interests of owners and trainers and those who are involved in the industry, let me say this: we cannot as an industry afford — and the industry knows this — to have substantial disquiet about animal welfare, and to the extent that the code requires greater attention to be paid to the welfare of racing greyhounds and greyhound pups, that is ultimately in the long-term interest of the code, because it ensures that the code will retain a social licence, which is an overused term I know, but it is important in these circumstances —

**Mr D. O'BRIEN** — So on that point, Minister, are you satisfied then that the balance is right in this code for the keeping of greyhounds?

**Mr PAKULA** — I said that I am, and I am because — as I say — we had a situation where when the draft code was released there was a large degree of disquiet from greyhound trainers, owners and breeders. They have been —

**Mr D. O'BRIEN** — And that remains, Minister. There is still concern about it.

**Mr PAKULA** — Well, you would never expect, I would think, Mr O'Brien, a situation where every individual is 100 per cent happy with every element of the code.

**Mr D. O'BRIEN** — But when you are trying to define what 'puppy bullying' is, don't you think that is an overreach?

**Mr PAKULA** — Well, again, Mr O'Brien, I go back to a couple of points. One is that the code is the responsibility of our Agriculture Minister, so you may wish to ask her those questions. But when you have now got a code which has been substantially reduced in size, where you no longer have participants being concerned that the code represents some kind of threat to their viability and where you have had it released with really no substantial opposition, I think that there is a balance that has been struck between ensuring animal welfare

outcomes are maintained and ensuring that the code allows for the long-term future of the industry but ensuring that there are not unworkable obligations placed on owners, trainers and breeders.

**Mr D. O'BRIEN** — So how will this be monitored or enforced?

**The CHAIR** — Order! Ms Pennicuik until 11:40 a.m.

**Ms PENNICUIK** — Thank you, Chair. Thank you, Minister and secretary. Again, thanks for attending. I am glad to hear there is a lot of flippancy and hilarity around the issue of greyhound racing — and pats on the back for the adoption program; you are saying in 21 years 7500 greyhounds were adopted and from 2005 to 2015, 40 000 greyhounds were euthanised or killed in greyhound racing according to our own racing integrity commissioner. So my question is: Greyhound Racing Victoria's annual report last year reported a reduction in litters and a reduction in euthanasia from 3000 the previous year to 1429 in 2016–17. Is there any independent oversight of these figures that are claimed by Greyhound Racing Victoria?

**Mr PAKULA** — Well, Ms Pennicuik, I do not think there is an independent body other than the racing integrity commissioner, whom you have already cited, and the chief veterinarian.

**Ms PENNICUIK** — Do they oversee and check these figures put around by Greyhound Racing Victoria?

**Mr PAKULA** — No, it is not my understanding that they do. To put that in some context, Ms Pennicuik, they are not figures —

**Ms PENNICUIK** — I did put it in context.

**Mr PAKULA** — They are not figures that have actually ever been revealed by Greyhound Racing Victoria before, so —

**Ms PENNICUIK** — This is why they need oversight.

**Mr PAKULA** — So Greyhound Racing Victoria have taken it upon themselves to be as transparent as any greyhound controlling body has ever been, and to ensure that those figures are placed in their annual report. Now, I have to say —

**Ms PENNICUIK** — Okay. Sorry, Minister. I hate to interrupt you; I just do not have very much time. So the answer to that is no. I will follow that up at another time.

**Mr DIMOPOULOS** — He is pretty efficient in his answer, Sue.

**Ms PENNICUIK** — Thank you for that, Mr Dimopoulos. Just for the record too, Australia is one of the countries that actually still allows greyhound racing. It is pretty well banned in the United States and everywhere else. On your presentation's page 7 with regard to the Victorian Racing Industry Fund, you mentioned \$86 million committed to the end of 2019 and money already provided. Then I had a look at the criteria for grants and one of them is to increase focus on animal welfare of racing animals. So I have got two questions. One is: is there a list of all the grants that have been provided, just in the last year or two? It is not easily found on the website, but if that could be provided to the committee, and what percentage of those are actually focused on animal welfare?

**Mr PAKULA** — Yes, the grants that have been provided are available on the website. I am unsure what the nature of your difficulty in navigating that is, but they are available on the website. I do not have at hand a breakdown of every single grant and what percentage of them are related to animal welfare, but there are a number that I can think of off the top of my head. Quite apart from GAP, there has been substantial investment in Racing Analytical Services, which relates to the detection of improper substances in animals. There has been substantial —

**Ms PENNICUIK** — If you could supply that on notice, because we have only got less than a minute to go, Minister. The other question is: you mentioned in your remarks the contribution to the Victorian economy by racing. In particular you mentioned greyhound racing, and you mentioned a figure which I did not write down, but if you could —

**Mr PAKULA** — I mentioned a figure of over 100 million to regional Victoria.

**Ms PENNICUIK** — Who did that study, and could you supply that report?

**Mr PAKULA** — Sorry, just so I am clear, you want me to indicate to the committee in general terms for racing —

**Ms PENNICUIK** — I want to know where the figures for the contribution to the economy come from —

**Mr PAKULA** — Just in relation to greyhound racing, or all racing?

**Ms PENNICUIK** — All racing, but particularly greyhound racing.

**Mr PAKULA** — All right; we will seek to provide any more information we can.

**The CHAIR** — Order! I would like to thank the witnesses for their attendance: the Minister for Racing, Mr Wilson, Ms Carr and Mr Prescott. The committee will follow up on any questions taken on notice in writing. A written response should be provided within 10 business days of that request.

**Witnesses withdrew.**