

17 December 2020

The Hon Mr Martin Pakula MP
Minister for Racing (**Minister**)

Cc: **Mr Peter Betson**
Head, Sport, Recreation and Racing
Department of Jobs, Precincts and Regions

By email: (Minister Pakula) c/- Simon Shiell, Senior Racing Adviser simon.shiell@grv.vic.gov.au;
p.betson@sport.vic.gov.au

Dear Minister

Victorian greyhound racing – run for its administrators? GRV Annual Report 2019-20

The Greyhound Owners' Trainers' & Breeders' Association of Victoria Inc (**GOTBA Vic**) represents many Victorian greyhound racing participants and, through its members and volunteers, has extensive knowledge of all aspects of the sport.

On Thursday 10 December 2020, Greyhound Racing Victoria's (**GRV's**) annual report was released for FY 19-20. No doubt, racing during COVID-19 meant this was a challenging year.

In spite of this, yet again, GRV's report shows administrative profligacy to the direct detriment of Victorian greyhound racing participants. The GRV board cannot or will not prevent it.

We note, in FY 19-20:

- GRV income increased from \$103.6m to \$106.6m;
- GRV senior executive group remuneration cost increased 30% - \$2.343m to \$3.038m;
- GRV total administrative expenses rose 13.4% - \$12.63m to \$14.37m;
- GRV board wages and expenses increased 25% - \$671k to \$836k;
- GRV total expenditure (excluding prizemoney and infrastructure) rose 5.7% to \$56.7m;
- the number of full-time equivalent employees at GRV reached a record 192;
- consultancies increased 11% to more than \$1m,

but returns to participants went DOWN, despite more races and meetings being run than in FY 18-19.

It is clear who took first COVID risk in Victorian greyhound racing in FY19-20: its participants. There was no burden sharing.

Did GRV supply misleading information on cost reductions during FY 2019-20?

We understand that earlier this calendar year you were advised by GRV that its head office administrative expenses had been reduced by *\$860k per month*, and advised Parliament's Public Accounts and Estimates Committee accordingly in writing as follows:

Greyhound Racing Victoria has advised that it has reduced its administrative costs during the COVID-19 pandemic by approximately \$860,000 per month.

Quite separately, GOTBA Vic was told by the GRV Chair in April 2020, in writing (emphasis added):

'GRV will continue to apply prudent and commercially rational reasons in balancing a substantial cost-saving initiative which was recently signed off by the board, while the continuation of business and industry critical work and projects to ensure the long-term sustainability of the Victorian greyhound industry. ...

In order to minimise the impact of COVID-19, GRV has recently commenced its implementation of our substantial cost containment strategy to help drive significant cost reductions across the business, while also seeking to protect stake money.'

In fact, GRV's administrative expenses in fact grew 13.4% in 2019-20, or a little more than \$130,000 per month. The annual report shows no evidence of cost savings. Prizemoney was not 'protected'.

We sincerely hope that you or your office were not misled by or for GRV. It seems we may have been.

Victorian greyhound racing: expensive and inefficient

Despite its size, Victorian greyhound racing:

- is the most expensive to produce (ie excl prizemoney) in Australia– double the per race cost of some States – GRV spends sixty million dollars annually on things that are not participant returns;
- has fallen behind WA, Qld and NSW on average per TAB-race participant overall returns; and
- returns 42.9% of its total income as participant returns (prizemoney, travel subsidies, bonuses), the lowest in at least a decade.

Victorian greyhound racing faces real sustainability headwinds, as GRV seeks to increase further the size of the industry, but pay less to do so. Bad decisions feed on bad management.

With efficiencies of size, GRV ought return not less than 50% of its total income to participants annually (or at least \$7m more annually than it does, on current income). At least one other greyhound jurisdiction has moved to a minimum % return model.

Racing Victoria Limited returned around 53% of its 19-20 income to participants.¹

GOTBA Vic considers that the best way both to benefit participants and impose proper boundaries on other, administrative spending is the adoption of a firm GRV commitment to return, each year, a minimum 50% of its total income to participants as prizemoney, travel subsidies and bonuses.

¹ RVL Annual Report 19-20, pgs 4, 55, 77. \$251m prizemoney and bonuses on \$478m revenue.

Conclusion

Participants have had enough of being used as a first line of credit for poor, self-interested financial management by GRV. It degrades the sport and its future.

We request your intervention to curb clear administrative excess and to put participants ahead of management.

In particular, we request your support to have GRV commit - in writing, and publicly - to return, annually, a minimum of 50% of its total income as participant returns (prizemoney, travel subsidies, bonuses), by FY2021-22.

We would welcome a meeting with you to discuss the above in more detail, and humbly request a response.

For any questions on this, please contact us at gotbav@gmail.com, to the attention of Lynton Hogan, or contact me directly on [REDACTED]

Sincerely

A handwritten signature in black ink, appearing to be 'L. Hogan', written over a white background.

Lynton Hogan

President, Greyhound Owners', Trainers' and Breeders' Association Vic Inc