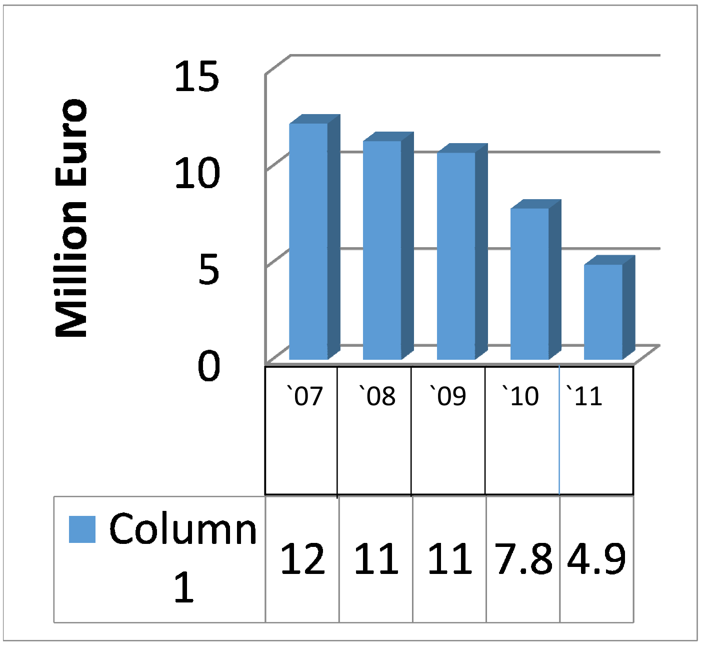
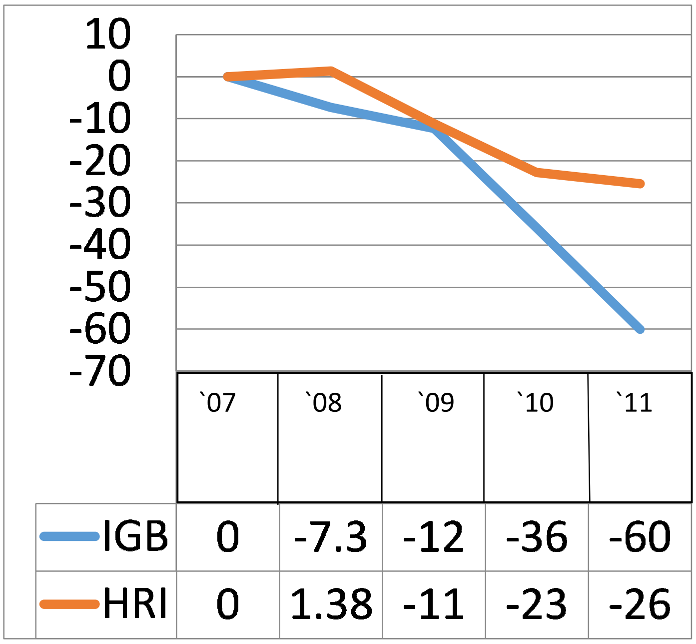
Key Performance Indicators



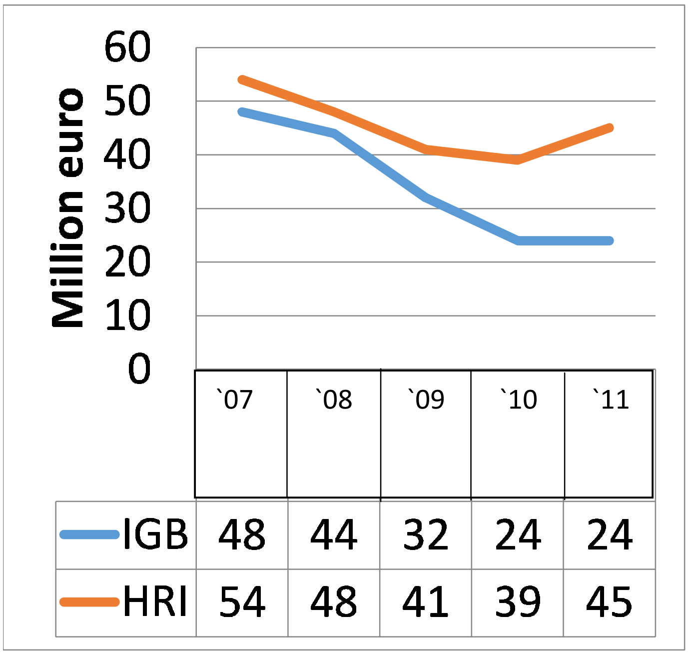
	`07	`08	`09	`10	`11
Column 1	12	11	11	7.8	4.9

Total Prizemoney



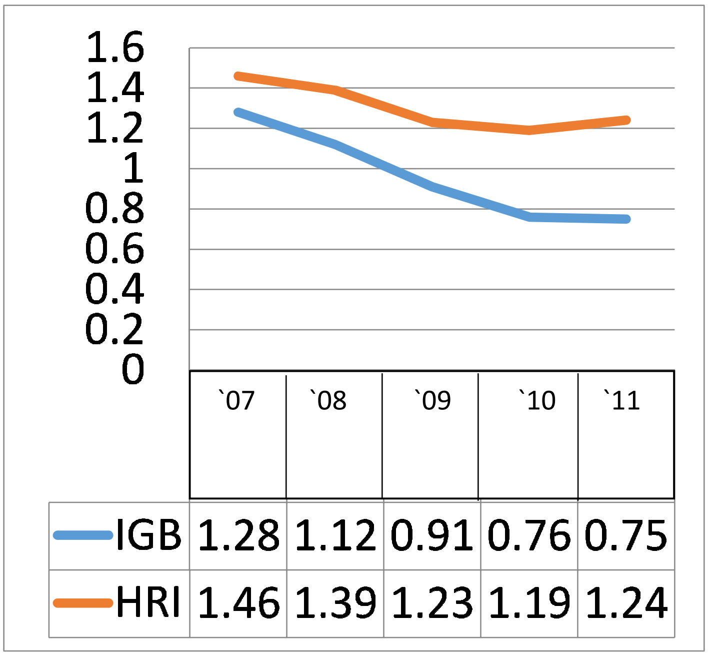
	`07	`08	`09	`10	`11
IGB	0	-7.3	-12	-36	-60
HRI	0	1.38	-11	-23	-26

Prizemoney % Change



	`07	`08	`09	`10	`11
IGB	48	44	32	24	24
HRI	54	48	41	39	45

Tote Turnover



	`07	`08	`09	`10	`11
IGB	1.28	1.12	0.91	0.76	0.75
HRI	1.46	1.39	1.23	1.19	1.24

Attendance in Millions

- HRI = Horse Racing Ireland

I.G.O.B.F Portlaoise 2013

The committee of the IGOBF welcomes you today to our public forum and invites you to contribute your thoughts on the current state of our industry. We welcome your ideas on how the Federation can be more effective at representing owners so that we can ensure a more prosperous and sustainable future

It is the contention of the committee that, as owners, we not only supply the raw materials for the industry but are by far the largest investors. The value of said investment was estimated to be 244 million by CEO Adrian Neilan for 2010. Currently however this affords us no say in the operation or regulation of OUR industry. State contribution of 11 million, conversely, affords the Minister for Agriculture the power to appoint all seven board members and approve all key appointments.

Do we not deserve a little more respect?? It would appear our governing body does not believe so, for we are not even afforded the courtesy of consultation before rule or regulation changes.

We are the most powerful group in the industry. We need to come together, through participation in our local GOBA`s, to ensure that our voice is heard at board level and put the mechanics in place that will see a member of our federation take a seat on the Board of the IGB.

It is important for all members and observers to know that the IGOBF has only the success of the greyhound industry as its core objective. Any criticism of the IGB or representative of same is to highlight problems and provoke change for the better and we intend to grow as an organisation to fervently push for that change.

These recessionary times are hard for all but our flagging financial stability in the Irish Greyhound Industry cannot be attributed to just the current economic climate. The fact that our decline has taken a much steeper curve compared with the horse racing industry is a damning indictment that we are not being managed or marketed correctly.

Our current income and mismanagement of same are not enough to sustain us anymore. The light at the end of the tunnel however is that, as the success of Paddy Power and the overall increase in betting turnover (our industry excepted) shows, is that there is money to be sought after in the leisure/betting market. Surely moving into this sphere is the way forward. With media outlets like S.I.S and betting companies like Betfair bringing us to a whole new non race going public it can only breed new sponsors, owners and investors on top of revenue from betting turnover and media rights.

A move into this new world would bring with it a need for stricter regulation of our sport with transparency and the confidence of prospective new punters being paramount. We need to be a strong IGOBF to be involved and be influential in these changes.

So we are calling on you now to help us as we move forward. That fact that you are here today shows your concern for the industry. Please work to strengthen your local GOBA and infect fellow owners with your passion.

The I.G.O.B.F is YOUR chance to have YOUR say !

Contained in this booklet you will find:

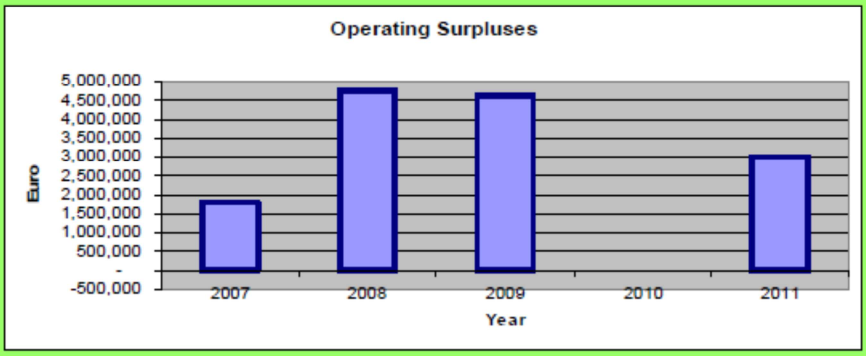
- Key Performance Indicators: Outlining the decline in prizemoney and our poor performance relative to our closest market rival, Horse Racing Ireland.
- Accounting Slides: Excerpts from accountant Tom Holmes`s presentation prepared for you today detailing an alarming financial situation the IGB currently finds itself in.
- GRV comparison: A look at how Greyhound Racing Victoria, a very similar body to the IGB, continues to be competitive against its market rivals through a mutually beneficial relationship with a lucrative betting industry.
- The Board Has Gone To The Dogs: An article by investigative journalist Conor Ryan of the Irish Examiner scrutinising the finances involved in the development of the New Limerick Greyhound Stadium. It exposes a gross mismanagement of what is essentially OUR money and poses a number of questions about the people controlling our industry. Not least our CEO, would he keep his job in any successful Multi National Company? We encourage you, whether through the course of today or at later date to read this article carefully and encourage other owners not in attendance today to also read how your money has been managed in this situation.

Excerpts from accountant Tom Holmes`s presentation for

you to reference today and in future debate on these matters.

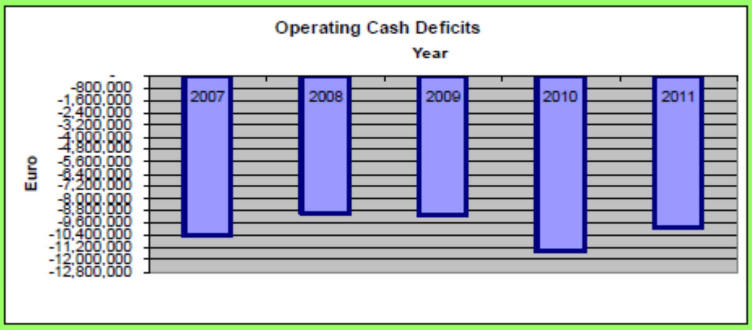
The Spin

- Operating Surplues



The Reality

- Operating Cash Deficits



The Reality

- Simple Sums 2006 to 2010
- Cash lost from Operations €49m
- Spent €28m on Cap Ex projects
- Govt supplied €69m
- Bank supplied €11m

The Reality

- AIB owed €21m at Dec 2010
- Maximum allowed borrowing €25m
- Shelbourne, Harolds X, Tralee, Waterford, Limerick, Cork – property assets secured against loan
- Interest only till 2016
- Approx 1.5%

Attendances

- Spin – attendance fell 15% between 2009 and 2010
- Blamed on bad weather that year
- Reality for Horse industry – attendance fell 3% between 2009 and 2010
- Same bad weather for both sports!

Total Revenue

- Greyhound Revenue 2006 €63.4m
- Greyhound Revenue 2010 €32.9m
- Fall of 48% !

- Horse Revenue 2006 €102.5m
- Horse Revenue 2010 €77.8m
- Fall of 24% !

Labour Costs

- Group Labour Costs - €7.1m 2010 down from €10.4m 2006
- Reduction of 31%
- But Revenue fell 48%
- Labour now represents almost 22% of Income up from 16% in 2006
- Horse 2010 Labour 10% of Revenue

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Labour Costs

- CEO package cost €196k in 2010
- Salary €144k
- Pension €37k
- Other €15k ?

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Costs – What are these?

- Administration Costs

Costs – What are these?

- Retired Greyhound Trust

Subsidiary Companies

Limerick	HQ & Track
Shelbourne	Track
Waterford	Track
Cork	Track
Dublin	Harolds X Track
Kingdom	Tralee Track
Youghal	Track
Galway	Track
Mullingar	51% owned Track
Clonmel	Track
Abargrove	Property Co - Holds Cork Track

Subsidiary Companies

		Limerick	Shelbourne	Waterford	Cork	Dublin	Kingdom	Youghal	Galway
Turnover	2010	382,659	1,637,549	359,290	955,969	806,231	467,906	132,532	607,710
	2011	704,882	1,576,653	342,178	932,814	854,770	464,540	107,584	530,031
	Change	84.2%	-3.7%	-4.8%	-2.4%	6.0%	-0.7%	-18.8%	-12.8%
Operating Profit	2010	(128,401)	190,292	(114,323)	(108,182)	(108,791)	(71,817)	(74,815)	(114,442)
	2011	(164,496)	33,340	(169,290)	(62,373)	(67,236)	(102,343)	(85,668)	(181,674)
Operating Profit %	2010	-33.6%	11.6%	-31.8%	-11.3%	-13.5%	-15.3%	-56.5%	-18.8%
	2011	-23.3%	2.1%	-49.5%	-6.7%	-7.9%	-22.0%	-79.6%	-34.3%

Subsidiary Companies

		Mullingar 51%	Clonmel	Abargrove	Total
Turnover	2010	???	-	78,106	5,427,952
	2011	???	-	-	5,513,452
	Change				
Operating Profit	2010	(159,000)	(7,758)	29,146	(668,091)
	2011	(100,000)	(3,906)	(50,114)	(953,760)
Operating Profit %	2010		0.0%	37.3%	-12.3%
	2011		0.0%	0.0%	-17.3%

All figures in brackets on above charts are MINUS Values

Costs – What are these?

- Tote Equipment Hire €416k in 2010
- Intertrack Expenses €220k in 2010
- IT Database Costs €272k in 2010

Group Debtors

- Money owed to a company
- Bord na gCon owed €762k 2010
- Subsidiaries owed €1.3m 2010 and 2011
- Who would owe such a business money?

The Write Offs

- 2003 Supreme Court case re Totaliser Tender – cost €1.4m
- 2007 a/c's €282k written off assets over Meelick development
- 2011 a/c's further €368k written off over Meelick
- 2011 Market Field in Limerick sold for €1m less than it's "carrying" value
- €2.26m in redundancy costs from 2006 to 2010

Snapshot of Debt

- at Dec 2010
- AIB Loan €21.1m
- Creditors €7.3m
- Pension Deficit €3.1m
- Total €31.5m

The Future

- Loan of €21m+ needs to be repaid to AIB
- Individual tracks need to turn a profit
- New income sources need to identified and pursued
- Online betting – whole new world out there!

ballymount ACCOUNTING

Questions ??

Ballymount Accounting,
Dungarvan,
Co Waterford.
086 2358802
www.bmac.ie

ballymount ACCOUNTING

Aussie Model is better looking than the Irish!

It is hard for us to compare like with like in Ireland in order to evaluate how the Irish greyhound industry is performing.

Our nearest benchmark is available in the UK where the industry is in serious trouble. However the model in Britain is far different from the one in operation in the 32 counties of Ireland. The way the sport is structured, the system of contracted trainers and bookmaker/promoter control is alien to the way we do things here.

There is however a very good yardstick for us to use in a quick benchmarking exercise. The state of Victoria is the smallest mainland state in Australia. With a population very similar to our own, and with a strong greyhound industry and history, it is possible to make comparisons.

In Victoria, **Greyhound Racing Victoria (GRV)** is the body responsible for promoting and controlling the sport, much like our own **Irish Greyhound Board (IGB).** The GRV is remarkably similar to the IGB in terms of its establishment and in its board's functions and powers. Established under the Racing Act 1958, a read through its **Annual Report 2012** and the **Strategic Plan 2011-2020** make for very interesting and familiar reading. Links to these two documents are found at http://www.grv.org.au

Victoria	**Ireland**
Area 91,749 sq mi	Area 32,595.1 sq mi
Population 5.6million	**Population 6.4million (4.6 + 1.8)**

GRV	**IGB**
Average of **17** race meetings per week	Average of **40** race meetings per week
Total Prize Money 2012 = €28.5m ($36m) Increase from 2007 = 57% **($22.9m to $36m)**	**Total Prize Money 2012 = €5m** Decrease from 2007 = 59% **(€5m from €12.2m)**

Some may say, quite rightly, that Australia is a far more prosperous place than Ireland to live right now, and we know how hard it is for businesses to operate in the current financial climate. But let's look at how the IGB and GRV are competing within their own marketplaces, against key competitors.

Irish Greyhound Racing : The Poor Relation?

*Is the IGB allowing greyhound racing to play second fiddle to horse racing. How is it competing with **Horse Racing Ireland**?*

- Total IGB prizemoney has dropped by **59%** since 2007 compared to a fall of just **25.5%** for Horse Racing Ireland
- Tote turnover in 2007 was **€48m** at IGB tracks compared with **€54m** at HRI courses. Both industries have suffered in the downturn but while IGB Tote turnover continues to fall, HRI Tote is on the up, rising €6m in 2011
- IGB Tote turnover in 2011 was **€24m** - half of what it was in 2007. HRI Tote turnover was **€45m** in 2011 - down 17% from 2007.

GRV : The Model Student

*GRV is continuously increasing its market share against main competitors **Harness Racing Victoria** and **Racing Victoria** (thoroughbred racing) in off-course betting.*

- In 2007 GRV had a **15.5%** market share. In 2012 this stood at **20.6%.** The other 2 codes saw their share fall
- A staggering **$694m** was wagered off course on GRV races in 2012. That's **€548m**

- Below is an article from November last highlighting the successful and mutually beneficial relationship between GRV and its betting partner Tabcorp.

RECORD BREAKING TAB MELBOURNE CUP

Friday 23 November, 2012

Thursday night's TAB Melbourne Cup at Sandown Park was one of the biggest meetings in Australian greyhound racing history with a Victorian record of $1.375 million in wagering turnover.

The figure of $1.375 million in Victorian turnover represents an increase on the 2011 Melbourne Cup of 28.8 per cent with a record Quaddie pool of $552,000 on SuperTAB representing a 61.8 per cent increase on last year.

Chief Executive Officer at Greyhound Racing Victoria (GRV), Adam Wallish, believes the result is indicative of the current growth in Victorian greyhound racing.

“The record results from last night’s meeting at Sandown Park show the public’s interest in greyhound racing and their willingness to back the fastest growing racing code in Australia.

“The relationship between Tabcorp and GRV under the new Joint Venture Agreement is important and we are pleased that this relationship has delivered such a terrific result for the Melbourne Cup.

“Greg Miller and his team at Sandown Park did a tremendous job with the promotion and execution of the event with the brilliant wagering results a testament to their hard work,” Mr Wallish said.

Managing Director and Chief Executive Officer of Tabcorp, David Attenborough, commented that the organisation was very pleased with the results.

"Tabcorp was delighted to be associated with the TAB Melbourne Cup meeting and support it with a range of activities, including the record $500,000 Quaddie pool guarantee.

“The wagering turnover performance reflected very strong interest from customers. The Sandown Greyhound Racing Club and Greyhound Racing Victoria have delivered a very successful event,” Mr Attenborough said.

The TAB Melbourne Cup is the world’s richest greyhound race with a purse of $500,000. The winning greyhound in last night’s race, Got A Moment, won $350,000 for trainer Jason Thompson and connections.

Champion West Australian Miata was victorious in the nights other Group 1 Race, the Solo Bold Trease , earning $100,000 for trainer Paul Stuart and connections. The win took her to number four on the list of the highest earning Australian greyhounds, with $551,000 in prizemoney.

Take a Punt on our own future?

The Greyhound Racing Industry in Ireland has operated for too long away from mass media and major betting markets. Betting shop and online punters can bet on a myriad of sports every day of the week but not on Irish Greyhound Racing. There is a huge non-race going public contributing to an ever increasing betting turnover of which cartoon horse racing and lucky numbers profits more than our industry. Exposure to more mainstream betting markets is essential with our tired and dated TOTE service becoming increasingly inadequate as attendances fall. Examination of the Australian model highlights how important revenue from betting media is and the success of Paddy Power Bookmakers displays clearly that, even in recessionary times, the market is there!!

Paddy Power : An Irish Gambling Success

Operating within the same financial environment as the Irish and British greyhound industries, **Paddy Power** has taken massive steps every year, making huge increases on profit year after year, proving that disposable income and the ‘leisure Euro’ is there for the taking – if the product is right

Since flotation in 2000, annual turnover at Paddy Power increased from €363m to **€3.8 BILLION** in 2010! An average growth rate of 27%.Paddy Power is not standing still. They have made massive investments in their online and technology capabilities. So much so that now a bet is struck via a mobile phone app every 3 seconds. They operate an aggressive advertising policy and their social media presence is very strong.

In 2013 we still cannot place bets on Irish racing via a mobile phone device, apart from Saturday nights at Shelbourne Park. Live streaming of racing on the IGB website is completely unreliable.

The board has gone to the dogs

By Conor Ryan, Investigative Correspondent

Tuesday, May 08, 2012

THE Irish Greyhound Board more than doubled its debt burden to replace one of its worst-performing dog tracks.

It did so after being warned that it stood to breach procurement rules and was failing to secure legal protection in a critical land deal.
In Apr 2009, the board's insistence on going ahead with construction saw the number of tracks it mortgaged raised to six.
The IGB receives €11m from taxpayers each year, but it has struggled to repay a development debt to Limerick City Council.
It has dramatically cut its wage bill from €9.7m to €7.3m and substantially reduced its prize money from €10.6m to €7.7m.
This is before it began paying back €13m in additional borrowing, which it drew down as part of a seven-year AIB term loan.

The debt situation emerged because of the decision to build a stadium and head office on a marshy corner of an old racecourse.
In 2000, a plan to develop the same site had a budget of €10m. It then hit a number of hurdles but was finished in 2010 when €23m had been spent over five years.

Recently, dog tracks, with the exception of Shelbourne Park, have been loss-makers, but the money the IGB receives from the State has been enough for it to turn a profit on a national basis. The IGB said it has continued to use this to improve lower-ranking tracks.
In Limerick, the IGB was losing €179,561 at the Markets Field. It was turning over just €261,357 and it clocked up losses of €1.9m.
A chance to redevelop this site, with a tract offered by Limerick City Council, was turned down in favour of two complicated alternatives on the outskirts of the city.

Mistakes and misunderstandings in the pursuit of these added almost €6m to the development.

This wiped out a lifeline thrown to the IGB when the recession saw builders dramatically cut costs.
It was also hit by an inadvertent failure to recoup €6.5m of €8m it expected to get from vacating properties to move to a new home.
The €13m in additional debt has been cited as a serious concern for the Department of Agriculture.
This was built up as the IGB was laying off 20 full-time and 200 part-time staff to cut its wage bill.
In Apr 2009, the economic argument in favour of the Limerick project held that the track would provide a €4m return to the IGB over 20 years, when interest and inflation were absorbed.
This business case assumed three key sites would be sold for at least €8m, generating €40,000 in annual interest savings, and that the new track would raise an extra €1.2m a year by 2016, compared with Markets Field.
However, just one site has been sold for €1.5m and the interest savings have not been realised.
The new track's performance was €500,000 behind in 2011.

By the time the building work was approved in Apr 2009, with a total budget of €19.8m, the estimates for the stadium had varied wildly. It started at €10m in 2001, had hit €14m in 2005, and rose above €22m in 2008.
However, heavy competition among builders in 2009 meant that substantial savings surfaced. Based on construction tenders, the track could have been built for €18m, including site costs.
However, extra costs surfaced because twice in three years the IGB embarked on building a stadium on a floodplain without planning to make it suitable for construction.
In particular, it relied on unwritten agreements by the company selling the Greenpark site to raise the land and provide a car park.
The IGB failed to get these commitments in writing. This was despite it entering into talks to buy the site on two occasions in the previous five years yet balking at its critical engineering issues.
Between the first two bids and the eventual purchase of the land, the IGB also bought the alternative site only to learn it could not access the road or sewerage systems.

The first plan to build at Greenpark had a €10m budget. A 2003 valuer's report scared it off because €1.5m needed to be spent raising the marsh. In 2005, it bid €1.4m for the plot. Soon after, it focused on a site in Meelick, Co Clare, where it spent €1.3m to learn it was not feasible.
The Limerick project went over its all-in €19.8m budget by €2m — aside from the €1.3m it spent in Meelick. However, the €19.8m figure was already above what it intended to spend on Limerick.
In 2005, the IGB expected to borrow €8.4m and raise €6m from land sales to build the stadium. Internal figures suggested the

capital cost would have hit €14m.

By 2010, when the stadium opened, it had spent €23m and raised €1.5m from land sales.
Despite the issues surrounding the Limerick project, the IGB has pointed to a national profit of €3.1m as evidence of its success.
The IGB said it was important not to just look at the cost of the work in Limerick but to also factor in the benefits to an area where there is a lot of greyhound owners.

"It should also be noted that [Limerick] was different to Cork in that a headquarters building has also been built. [Despite] a significantly different economic environment, Limerick generated an improved overall return of over €350,000 over the previous operation in the Markets Field," it said.
The IGB also said it has been in negotiations in a bid to make the debts, which it will start repaying from 2016, more manageable.

SITE FILLING

* The problem: The IGB believed the seller of its stadium site would fix its single biggest engineering flaw, but never wrote this down. The deal collapsed. The IGB had no fall-back.
* The money: €1.3m.
* What happened: In 2003, the IGB sought to buy 14 acres at Greenpark. It walked away as the land had to be raised to stop flooding. Its valuer said: "Should the extent and cost of the fill run to €1.5m or more, then 'warning bells' should begin to sound."
In 2005, it returned. The seller offered to remove key restrictions if the council fast-tracked roadworks to facilitate development on the rest of the campus. The IGB bid €1.4m. The sale did not go through. Soon afterwards, the IGB spent €1.3m on a speculative field in Meelick. And it refused an offer of free land to redevelop its old track.
In 2008, it returned to the Greenpark site to buy a smaller portion for €3.39m. It did so because it believed Limerick Racecourse Company (LRC) would pay to raise the land and provide a car park. The fill commitment was worth €1.9m to the IGB.
However, the deal faltered once work began, forcing the board to pay €2.5m to finish the job. Before this, the IGB had been warned it needed to have the fill commitment written down, and the financial risk was clear in the 2003 valuers' report. This was not done. In Apr 2008, LRC issued a warning. It said it was starting work but was not legally obliged to do so.
This was not heeded. The sale contract was signed two months later without any mention of the fill. A contractor was appointed by LRC and there was a dispute over the quality of material.
The LRC washed its hands of the deal. A week later, the IGB had to appoint and pay for its own contractor.

* What we discovered: The IGB board was told in June 2009 that the seller of the property, LRC, had "undertaken to fill the site" and "the value of this fill is €1.9m". Four months later, LRC said the deal was off. "LRC have now no control over the filling of the IGB site and take no responsibility for the fill being deposited," said ex-project manager John Keane, who was working for LRC.

The IGB said there was no legal agreement. This was despite warnings from its consultants that the cost and criteria should be spelled out. A separate contract was to be prepared. Instead the board relied on a "neighbourly" understanding that LRC would do it with its filling.
This broke down when suitable material was unavailable, due to the cessation of excavation activity. Soon afterwards the IGB engaged Roadbridge for €870,000. The filling work eventually cost €1.3m. Compaction cost another €1.1m.

* The IGB's response: "Filling the site was not part of the contract for sale agreed between IGB and LRC.
"LRC only committed to filling the site on a best-efforts basis that fill would becomes freely available. There would always have been a desire to put in a clear agreement regarding the fill being brought on the site."
* Other views: John Keane, of Freeman Keane Associates, the project manager appointed by LRC, said: "My understanding of the deal was LRC would fill the land only if the specification of fill was freely available. I don't think it was ever written down in contract terms… It was an unwritten agreement, a gentleman's agreement if you like."

WASTED SITE

* The problem: A marshy patch of farmland in Meelick on the Limerick/Clare border was bought as an alternative home for the stadium without a cost/benefit analysis or an effective way of accessing crucial infrastructure.

* The money: €1.3m was spent on the land, planning, and professionals.

* What happened: The plan to buy at Greenpark was abandoned in 2003. In 2005, the IGB turned to a similar site in Co Clare.

The land was zoned agricultural and bought from William and Jim O'Driscoll for €1.01m. Another €281,582 was spent on the plans. IGB spent €119,000 drilling to check foundations. In Feb 2006, it held a press event to unveil Meelick. Three months later, the IGB found major hitches.
There was no road access. A road builder made a written promise to fast-track a portion of the Limerick tunnel to facilitate the stadium. This was shot down by the National Roads Authority because the phases of work were fixed in a contract.
It could not pump sewerage off the site without bringing it into Limerick County Council. The cost of this was estimated at €500,000.
Another €500,000 would have to be spent to drain the site.
Then a neighbouring landowner asked for compensation from the IGB to use his road access. He wanted his farm rezoned for commercial use.
The access route would have cost €750,000.

The budget had to be raised from €14m to €18.5m. No cost/benefit analysis was done before the Meelick land was bought. The IGB balked before ever asking Clare County Council to make a decision.
So far, €238,000 related to planning costs has been written off. The IGB said €180,567 of its Meelick investment was absorbed into the Greenpark budget.

* What we discovered: The inflated €18.5m construction budget for Meelick was cheaper than what the IGB agreed to spend on its eventual home. This was despite it including its own car park. The entire Greenpark stadium was approved on the basis that the costs would be offset by land disposals, including €1.5m it thought it would get for Meelick.
In 2008, the IGB said it would be making a profit on it.
Chief executive Adrian Neilan has said he has spoken with the IGB's internal auditors about further write-offs.

* The IGB's response: "The IGB has an array of assets to support this specific [Meelick] asset which have values far exceeding the historic costs...Therefore a revaluation of the Meelick site downwards could be immaterial to an upward valuation of the other assets."

* Other views: Dick O'Sullivan, former chairman of the IGB: "One of the messes that I did inherit was a site for a dog track out in Limerick out in Meelick... The discussions that went on for about six months before I blew a head gasket and said 'what is going on here'?
"There was no planning... they were talking about pumping sewerage back into Limerick and back into Clare again and then finally, to break the camel's back, there was no access on to the main road. So I said 'listen lads, we are going to walk'."

GROUND COMPACTING

* The problem: After discovering it would have to pay €1.3m to raise the land levels, the IGB was hit with an unexpected bill to compact the sodden ground.
* The money: €1.1m.
* What happened: The original deal with Limerick Racecourse Company (LRC) included an unwritten agreement that the land would be handed to the IGB after it was raised and had its foundation compacted.

However, weeks after LRC began filling the site, the deal collapsed. The IGB had no legal fallback. And it had to bring in its own company to raise the land levels.
When this was completed problems with the ground emerged. The company building the stadium, John Sisk, was paid €1.1m to compact and solidify it.
This work was approved in Dec 2009. At this point, two storeys of the stadium were built.
The IGB has now said the compaction element was separate from the complex filling project.

Documentation from the IGB, Limerick City Council, and the Environmental Protection Agency questions this assertion.

* What we discovered: All of the pre-construction material described compaction as being part of the work to be covered by Limerick Racecourse Company.

A Limerick-based firm, Earthworks Profiling, was hired by LRC to do the filling and compaction.
Earthworks' contract described phase one of its job to be the filling and compacting of the IGB site "to be handed over on completion".
Earthworks' documentation specifically laid out the job at hand.
Its plan even detailed the amount of trucks that would be used, the staff involved, and the arrangements for supervising the work.
It said: "A tracked dozer will be used to spread the material... [and] vibrating rollers shall be used to compact the material in accordance with the engineer specifications."
Land surveys, prior to the submission of the planning application, also identified the need to compact the soil. In its environmental impact statement the IGB's engineers, Atkins, described the ground preparation work and pile driving the land.
This was two years before the €1.1m contingency charge for compaction appeared on the IGB's board minutes.

* The IGB's response: "€1.1m was paid direct to Sisk as part of ground improvement works. This activity is significantly different from the previous 'filling activity'.

"Filling means bringing site levels up to nominal levels per planning conditions. Ground improvement works related to a lower-cost alternative to actually piling the overall site."

CAR PARK DEAL

* The problem: The IGB paid over €1.2m for a car park it expected to use for nominal rent.
* The money: At least €1.2m.
* What happened: In June 2007, the IGB agreed to buy 11 acres at Greenpark. They thought a car park would be built next door and would be used for nominal rent plus an annual management contribution.

The IGB ended up having to pay a €1.2m licence fee, the annual management charge and, in addition, it is obliged to buy the car park outright if it cannot be used for planned commercial units.
The original pact assumed the Limerick Racecourse Company would build and share the facility.
The car park appeared as a €1.2m IGB budget saving. However, Limerick City Council prohibited its use for non-greyhound events. This thwarted LRC's plans.
So, the IGB decided to subsidise the construction. The IGB licensed the 450-car facility at €2,600 per space (€1.2m), plus the annual management contribution. However, it had problems incorporating this cost into its overall budget.
A licence agreement was signed between the IGB and LRC in Oct 2008, three months after the council's restrictive planning decision.
Despite the council's conditions, this contract still gave both the IGB and LRC rights to use the car park.

LRC had flagged "serious issues" with the restriction. It wanted to appeal to An Bord Pleanála. But then IGB chairman, Dick O'Sullivan, convinced his counterpart in LRC, Mark McMahon, not to.
Instead, the IGB made an extra promise to buy the car park if future planning applications did not reverse the caveat. This will be on top of the licence fee.

* What we discovered: The cost of the car park was deemed a saving until the IGB had to pay for it. In late 2007, surveyors drew up a budget but were not told about the cost.

In early 2008, IGB CEO Adrian Neilan was worried about the money involved. He asked project manager John Keane to keep the bill separate on the budgets.
"I want the costs that we are paying LRC for the car park build/finish [ie 450 spots by €2,600] to be kept separate from the overall project costings. In this way, we are just focused on pure IGB building costs."
This was nine months before the IGB made an additional commitment to buy the site outright, if LRC remained dissatisfied with planning.
The extra obligation was not mentioned in the licence documents.

In Feb 2009, a budget prepared by Mr Neilan and the IGB's internal auditor had the car park down as a €1.2m saving.

Two months later, when the board voted to approve construction, the cost was inserted.
The official cost benefit analysis said: "Car park saving removed due to the application of more stringent financial analysis."

* The IGB response: "In Jan 2008, the focus is on the 'development' budget and, as such, all land and car park costs were already decided and hence are 'sunk' costs… As the clear focus needed to be on the development of the site, all land costs would have been removed."

* Other views: The then IGB director who proposed buying the car park, Tony McKenna, said the car park cost came about midway through the process.

"What we would have hoped for is the [LRC] would have used our car park during the day… and we would have used it at night."

HENRY ST HQ

* The problem: The IGB is stuck with a headquarters it no longer occupies and has shelved plans to sell it now, hoping it will fetch a pre-crash sale price.
* The money: €5m it expects to get from the sale of the HQ has been delayed, incurring €40,000 in annual interest costs.
* What happened: The old IGB office at 104 Henry St was valued with high-rise potential in Limerick City. It was expected to sell in 2011 for €3.5m. This was €1.5m less than the prediction in 2009. But it was €1.5m more than it thought it would get in 2005.

The site has not been sold and, with the bank's permission, the IGB is waiting until the market improves.
The chief executive of the IGB expects this turnaround to be realised within five years when he feels it will generate between €4m and €5m.

* What we discovered: The profits anticipated from selling the old HQ have fluctuated greatly.

In 2005, when the IGB first considered borrowing €25m to fund a new stadium, it believed its HQ would sell for €2m.
Its expected value subsequently rose to €5m, in 2008, but fell to €3.5m before a final decision was made in 2009.
The asking price for the HQ was reduced, but the IGB still believes it will get close to pre-crash prices for the compound within five years.
The plan had been to sell it in 2011 and generate interest savings of €40,000 every year for seven years (€280,000).
Due to the collapse of property prices generally, and cessation of construction activity in Limerick city centre in particular, the project was postponed.

* The IGB's response: "[When] the old head office location, which includes a valuable option on development height in its vicinity, is sold then we will be able to determine a final cost. We are not planning to sell this facility under present market conditions but do expect that in 4 to 5 years this facility and option will sell for close to €4m."

PLANNING FEES

* The problem: The IGB surrendered the right to manage the first phase of its own stadium project. It also paid planning fees and covered unspecified professional costs that were supposed to be met by the company selling it the land.
* The money: €85,360.
* What happened: The IGB felt Limerick Racecourse Company had got annoyed when the plan to buy its site broke down in 2003. As a result, it gave LRC the right to manage the project until planning permission was in place.

This concession was never put in writing and was not dealt with in the sale contract. A clause was included that obliged LRC to pay for all bills associated with the planning application. This did not happen.
The IGB paid the planning fees and made an unvouched €53,000 contribution to help prepare the application. It also paid a €12,360 insurance premium for a bond required by Limerick City Council.
In turn, LRC appointed the initial engineers, Michael Punch Partners, and the project manager, Freeman Keane Associates, through

its own procurement process.

Seven months before the sale contract was signed, the IGB was advised to remove clauses that mentioned professional appointments because it was felt these were inappropriate. Under the Freedom of Information Act, the IGB did not provide a breakdown of these agreements.

* What we discovered: The IGB used an opaque payment method to cover the cost of key professionals involved in its stadium project and signed cheques for planning costs that the other party was contractually responsible for.
The contract for sale included a clause that said LRC should discharge "the fees, costs, and expenses [including professional fees] incurred by it in connection with the planning application [including the preparation of plans, drawings, submissions etc in connection therewith]".

In Dec 2007, the IGB paid €19,458 to cover the planning fee. In the email requesting the cheque, IGB CEO Adrian Neilan said: "I do need to show a bit of good will."

Separately, the deed of conveyance said the €3,399,000 paid to LRC to buy the site related solely to the development land. There was no mention of the built-in professional costs. Stamp duty was paid on the full amount.
The IGB has since said it paid €3,346,000 for the land and €53,000 was added as a token towards planning and professional fees. There was no reference to this deal in the contract or the deed.
The IGB had been advised of legal worries regarding this method of appointment, particularly as it related to public procurement issues.

* The IGB’s response: "It was a condition of sale which IGB accepted that LRC would take responsibility for securing planning permission... However, IGB made a contribution of €53,000 towards the planning application costs that LRC would incur as it took on the task of getting planning permission for IGB…
"Contracts for sale were not signed till June 2008 due to the complexity of the contract structure and hence, to keep the planning process on track, an earlier payment towards a Limerick City Council fee of €19,458 needed to be made directly by IGB in Dec 2007.
"In total IGB paid €73,000 to total costs and if IGB elected or had the option to do this themselves the fee would have been close to €150,000."

MARKETS FIELD

* The problem: The old home of greyhound racing in Limerick was supposed to effectively meet the cost of buying the alternative site, but it only paid for 37% of the deal.
* The money: €1.5m.
* What happened: The Markets Field in Limerick was one of three key sites the IGB hoped would significantly subsidise the construction work at Greenpark.

So far, it is the only one to find a buyer after it was off-loaded to Limerick FC for €1.5m in 2011. This represented a large writedown on the original value of the property.

When it was looking at alternative sites in 2005, the IGB spent €300,000 refurbishing the Markets Field. In Feb 2007, Limerick City Council offered to hand over 1.5 acres to facilitate the construction of a new track on the old site.
However, the board decided not to redevelop its old home.

* What we discovered: When the IGB was planning to vacate the traditional home of greyhound racing, the Markets Field, it expected to bring in €4m.

This figure was arrived in Feb 2009. Two months later, as the property market stumbled, the valuation was written down to €3m. This €3m figure was used to justify a cost/benefit analysis that ultimately informed the decision to close down the Markets Field. In total, this analysis told the board if it built a new stadium at Greenpark it would get a return of €4m by 2030, once property sales and increased income were delivered.

By the time the board voted on this proposition Limerick FC had already approached it looking to buy the site. There were no other viable offers and its value dwindled.

With the backing of financier JP McManus, Limerick Enterprise Partnership, on behalf of Limerick FC, offered to buy the land for €1.5m in 2011. This was accepted and the land changed hands in Oct 2011.

* The IGB's response: CEO Adrian Neilan said the €1.5m received for the Markets Field had already brought down the project costs.
* Other views: Tony McKenna, former director: "[Money was spent on other tracks and] the result was that the Markets Field became very dilapidated. We decided to do something with Limerick."

BUSINESS CASE

* The problem: The economic case for the new track miscalculated its likely profits and undermined its overall analysis.
* The money: €500,000 below its first year's revenue target.
* What happened: In its last year at the Markets Field Limerick greyhound track lost €179,533. This was two thirds of the total turnover for the facility.

It had accumulated losses of €1.9m at the end of 2010 and its bank overdraft had grown from €4,173 to €156,159 in 12 months.
In 2008, the former IGB chairman, Dick O'Sullivan, told the Dáil Public Accounts Committee that the Markets Field could not be sustained.

"The Limerick track, at this time, is losing €250,000 per year... The Cork track makes €750,000 a year and there is no reason the Limerick track will not be every bit as good, if it is developed."
The new track, with a substantial additional debt burden, failed to meet expectations in 2011.

* What we discovered: In 2009, the IGB expected the Limerick track to deliver an additional €850,000 in its first year. It fell €500,000 short. The uplift was to see a €550,000 pick up in betting and a €250,000 increase in ticket sales.

By the fifth full year of operation, the track was to bring in €1m more than what would have been expected of the old Markets Field.
The board went ahead with Limerick's redevelopment believing gate receipts would hit 85% of Cork's Curaheen Park by 2015. At the outset, the IGB's chief executive, Adrian Neilan, said Cork's track cost €16m and made an annual profit of €850,000. This represented a 5% return.

* The IGB's response: "I fundamentally believe in time, when this country recovers, when people are not scared out of their wits, people will come out to spend a lot of money," said Mr Neilan.

"If you were completely commercial in your focus you would probably only have three greyhound stadiums in Ireland. But we have a wider remit than that."

COUNCIL BILL

* The problem: A large charge by Limerick City Council blindsided the IGB and it has been unable to pay it.
* The money: €553,002.
* What happened: The commercial semi-state company had to restructure its development charge owed to Limerick City Council after twice failing to pay it.

After threatening enforcement action, the council agreed to settle a €453,000 debt over a longer period.

The IGB said it was surprised by the size of the €553,000 bill. The board had expected €360,000.
In July 2009 the board was told the council had looked for the money and the IGB agreed to pay the bill "on completion of the stadium".

In Mar 2010, Joan O'Brien at LCC told the IGB it had a week to pay or face enforcement.

A week later, the IGB chief executive, Adrian Neilan, committed to deliver €100,000 and the outstanding €453,002 in a post-dated cheque to be cashed in 2011.

When this fell due, the IGB was again unable to meet it. It asked to spread the payment out to 2014.

* What we discovered: Financial problems left the Irish Greyhound Board unable to pay debts linked to the new Limerick track. In a letter to the city council, its accountant, James Barry, asked for more time.

"Due to the severe economic downturn... combined with a severe reduction in our direct funding, we request that the outstanding amount be further phased out over the next five years," said Mr Barry.
Telephone negotiations followed and two weeks later the council confirmed to the IGB that a restructured plan would be possible over four years and not five.

* The IGB's response: "Similar to other organisations that reach agreements with council to allow planning fees to be paid over a time period, IGB too sought that comfort.

"It did not cost us any interest penalties and this arrangement saves us interest changes as well as giving us ability to absorb any cashflow deviations. Given the significance of this development, Limerick City Council were happy to accept this request."

Scathing report

On June 26, 2008, the then chairman of the Irish Greyhound Board, Dick O'Sullivan, and its chief executive, Adrian Neilan, sat in front of the Dáil Public Accounts Committee.
They were there to answer for controversy on how the organisation they inherited managed public money.
Its botched tendering and inadequate corporate governance were spelled out in a scathing report by the Comptroller and Auditor General.
In response, Mr Neilan promised the Dáil's spending watchdog that "key lessons" had been learned.
A day earlier, the IGB signed an agreement to buy a section of floodplain on the outskirts of Limerick City.
It was the second time in three years it did this without fully factoring-in multimillion-euro costs for making the land suitable for development.
The first site was bought for €1.3m before the IGB assessed the price of tapping into crucial infrastructure.
The second was bought for €3.39m with a parallel verbal understanding that over €2m in site work would be paid for by the company selling the land. This deal collapsed.
By the time the track opened in Oct 2010, the IGB had spent €23m on a project, despite recessionary construction prices. Building the stadium and track cost €12.7m before additional costs, land purchases, and unforeseen extras were factored in.

It had already surrendered the right to manage the first phase of the project to the landowner. It subsidised the cost of this in an unvouched contribution built into the sale.
In June 2008, the board was answering for two critical reports into its management structures and the manner in which it spent money.
The Comptroller and Auditor General criticised it for not properly defining the authorisation, funding, and procurement actions ahead of major building projects.
It said capital budgets should be fully scoped and monitored, and all alterations should be treated carefully.
It said projects should be planned early to identify foreseeable risks and to allow for the cost and benefits to be properly assessed.
It said the need for planning should not end once the initial scope was set out.
An earlier review by PricewaterhouseCoopers said all variations on plans should be minimised. It said these should all be negotiated by project managers and not on an ad hoc basis. PwC said to put an emphasis on the selection of supervisory staff.

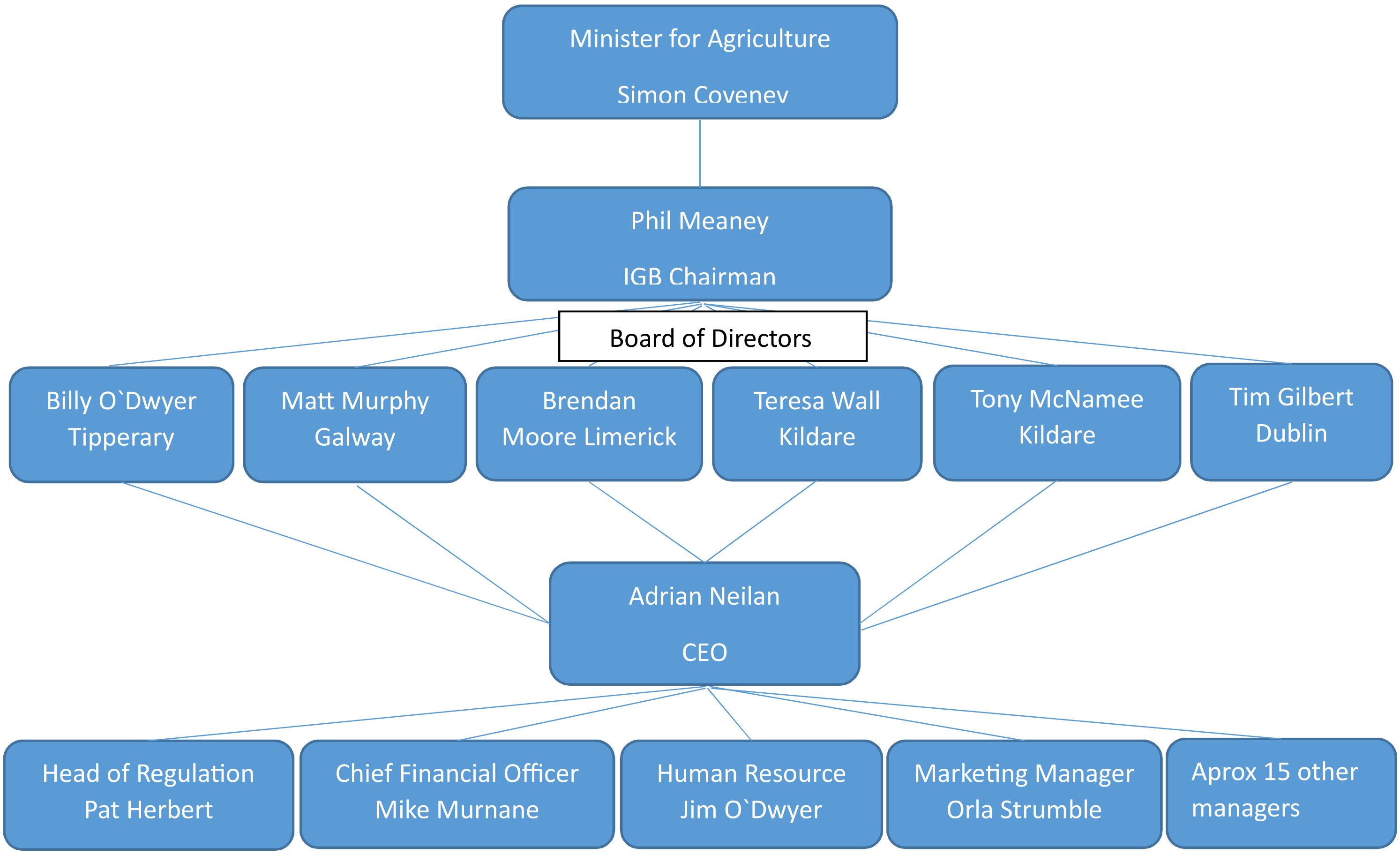
Separately, the Dalton report into its management criticised the failure of the Department of Sport — then responsible for greyhounds — to put one of its staff members to the board.

At the PAC meeting, the department said it would address the issue.Four years later, the Department of Agriculture, which is now responsible, confirmed no such move had been made since June 2008.

At the same meeting, Mr Neilan said a legal and procurement division had been set up. This was done, but the person responsible left last year during a company effort to reduce its wage bill and he was not replaced

Notes

The Greyhound Industry`s “Chain of Command”



These are the people charged with the running and regulation of YOUR industry. It is important that you know who they are and what their responsibilities are.

It is the intention of the I.G.O.B.F that at least one of these positions, particularly a place on the Executive Committee, be occupied by a representative of our organisation. This will give us, the “doggy men”, a voice at the highest level. It will ensure that our concerns are heard and addressed, affording us a permanent line of communication with the people directly responsible for ensuring a secure and prosperous future for Greyhound Racing in this country.

Involvement in your local G.O.B.A is essential if you are to have your say as we strive for a stronger and more influential organisation on a nationwide scale and begin to actively affect the way the sport is managed, regulated and financed in the future.