



CHAIRMAN'S REPORT - MR GEOFF WANT

HRA ANNUAL GENERAL MEETING 18 OCTOBER 2010

It has been an interesting but frustrating year in Australian harness racing. Whilst there has been much to celebrate there are still several significant issues which demand the continued focus of administrators and regulators.

There has been an abundance of exciting racing with established stars such as Blacks A Fake, Monkey King and Sundon's Gift rising to even greater heights and the emergence of some outstanding juvenile pacers and trotters. Monkey King was the Barastoc Grand Circuit champion with a raft of exceptional performances, but he could not hold out Blacks A Fake in the Watpac Inter Dominion Pacing championship at Tabcorp Park Menangle.

The 15,000 spectators at Menangle that March Sunday knew they were watching a very special moment in Australian sport as Natalie Rasmussen urged "Blackie" to a record 4th win in the championship, with Monkey King a gallant runner-up.

A month earlier, Chris Lang guided Sundon's Gift to his second Inter Dominion Trotting championship at Moonee Valley. There was a big crowd on hand for the occasion and plenty of nostalgia for what was the final night of harness racing at the popular Melbourne venue.

Our industry is also blessed with some fabulous drivers and trainers, many of them young men and women making their mark in the sport.

Any celebration of the wonderful year of racing is however tinged with sadness over the horrific head injuries suffered by Danielle Hill in a race fall at Globe Derby Park in Adelaide in May. Dani, the 2009 Australasian Young Drivers Champion, is on the mend but will require further

treatment. Unfortunately, her driving days are over but it is my understanding she wants to stay involved with harness racing and I'm sure everyone in the industry wishes her well.

Critical Issues

Off the track, much of HRA's focus has been on the critical issues of industry funding and animal welfare.

At the time of writing this report final figures were not available, but it appeared national wagering turnover on harness racing in the 2009-2010 season through "official" channels would exceed \$2-billion, a marginal increase on the previous year. Conservative estimates are that leakage to corporate bookmakers was in excess of 30% of the "official" figure – more than \$600-million!

This remains a festering sore for the Australian racing industry and little has been done to treat it. The NSW race fields legislation, providing for a payment of 1.5% of turnover by any operator betting on the state's racing, has been regarded by many as the model for dealing, at least in part, with the problem. The validity of the legislation was upheld by the court in a complex judgement handed down in June, but the judge was concerned with what he felt was discriminatory application of the charges. Appeals are before the court and the matter is not expected to be resolved until late 2010.

Regardless of the final outcome of the NSW case, the racing industry must become more aggressive in promoting and protecting revenue streams. We need to be more involved with the wagering operators and insist on being consulted on marketing plans and product development opportunities.

The TABs are partly responsible for the emergence of the corporate bookmakers as they failed to keep pace with technological change or to provide improved customer service. The industry did little to address this situation.

There is nothing to be achieved by playing the "blame game" but the racing product belongs to our industry and we need to ensure the interests of our participants are protected by all parties, including those responsible for retail marketing of wagering services. Similarly, we need to ensure the industry's regulators provide the best possible legislative framework to protect the industry's funding.

The Australian Productivity Commission Inquiry into Gambling, released in July, attempted to address some of these issues and agreed that “in the absence of regulation, free-riding by wagering providers would undermine the racing industry and harm consumers of wagering and racing products”.

HRA spent considerable effort on submissions to the Inquiry and appeared at the public hearings, but was disappointed with many of the final recommendations. We felt these showed a general lack of understanding of the racing industry by the Commission, but it did demonstrate that we need to be more active in ensuring decision-makers clearly understand the value of our industry to the economy and the community at large.

This was also evident in another time consuming project, campaigning against a move by a group of thoroughbred breeders for federal government approval for voluntary vaccination of horses against equine influenza.

Despite two federal inquiries in the past three years recommending that vigilant quarantine measures remained the best protection from equine influenza, it became apparent in early 2010 that the federal government would agree to allow voluntary vaccination. This in part was due to the government's concern that the equine industry had not become a signatory to the Emergency Animal Disease Response Agreement (EADRA).

Harness Racing Australia has been prepared to sign the EADRA since before the 2007 outbreak of equine influenza. HRA has also consistently advocated that any proposal to introduce routine vaccination as a risk mitigation measure while EI is not present in Australia is scientifically flawed, is of no benefit from an economic standpoint and has serious implications from a trade perspective.

After hearing of the possible government decision, HRA organised a massive lobbying campaign, with all state controlling bodies and member clubs writing to members of state and federal parliaments explaining the ramifications for harness racing, and other equine bodies, if voluntary vaccination was allowed.

This ultimately resulted in the government delaying any decision and the matter is now the subject of a Senate inquiry. It is hoped this will all be satisfactorily resolved and the equine industry become a signatory to EADRA in late 2010.

Some of the other positives of the past year included:-

- maintaining a strong focus on integrity
- further refinement of the handicapping rules
- a substantial review of prohibited substance rules
- the introduction of new whip rules.

The new whip rules, introduced in January 2010 as a animal welfare measure and to improve the image of harness racing, were widely applauded but opposed by a group of drivers, primarily from NSW. Following a submission by the National Trainers and Drivers Association on safety concerns, the HRA Executive recommended a minor change in the whip rules for the next season to allow drivers to cross the reins when driving their horses out in the final 200 metres of a race, provided they maintained full control of the horse.

It is disappointing that Harness Racing Victoria decided not to adopt the change, but that is their right.

Far more disappointing however is the time taken up by the debate over whips. This was an operational issue which most sensible people realised was inevitable from both an animal welfare and image perspective. Admittedly, it was an important issue which affected a significant number of participants. Nonetheless, it is ludicrous that it consumed so much administrative time and attracted so much negative publicity for our industry.

Much of this time would have been better spent on more critical matters such as the threats to industry funding, how wagering turnover can be increased and how we can grow the fan base. I have no doubt our competitors for the leisure dollar and corporate bookmakers would not be distracted by such issues. Furthermore, I trust that those commentators and participants who were so vocal during the whips debate can make a positive contribution towards resolution of other major issues affecting our industry.

The Winds of Change (Acknowledgments)

Just as rules are changing, the winds of change are blowing through the senior administrative ranks of harness racing.

Neil Busse stepped down in 2010 after ten extremely productive years as chairman of Harness Racing Victoria, including the development of the magnificent Melton complex. Neil spent nine years on the HRA Executive, including a year as Deputy Chairman. A hearty welcome to Ken Latta, whom I'm sure will be an able replacement, both as chairman of HRV and as a member of the HRA Executive.

Bob Lette, who has represented Queensland Harness Racing on the HRA Executive since 2003 and has been Deputy Chairman for the past six years, is departing the national body. Similarly, Grant Goodall, who has been on the HRA Executive since March 2009, has announced he is vacating the chair at Harness Racing South Australia early in 2011.

All three gentlemen have made an outstanding contribution to the well being of harness racing in Australia and I wish them well in their future endeavours.

I must also acknowledge Andrew Kelly for his outstanding work as chief executive of HRA. Andrew has a passion for harness racing, an admirable work ethic, a pragmatic and responsible approach to resolving issues and a pleasant personality. My thanks to him and his staff at HRA, who are dedicated to serving our industry. We are grateful for your efforts on our behalf.

My thanks also go to the members of the HRA Executive for their support, wise counsel and robust debate of issues and to the many industry figures who serve on the various HRA committees.

The Road Ahead

The road ahead is paved with opportunity, not littered with the debris of shattered dreams. Senior administrators have an obligation to make the most of the opportunity!

The Australian harness racing industry has a challenge to compete more aggressively for the leisure dollar. We need to work together – and with our wagering partners – to make our product more attractive, to grow the fan base and increase wagering turnover. We need to work with the wagering operators to improve customer service. Importantly, we need to increase returns to our participants.

The battle must continue to address issues pertaining to industry funding. We need to work with regulators to ensure the legislative framework is in place to enable us to get a fair return for our product from anyone who attempts to use it for commercial activities.

Our marketers need to concentrate on improving the relevance of our product in an increasingly competitive market. Hot Shots – One Lap, One Shot At Victory - should be implemented as a matter of priority, along with innovative broadcast presentation and new bet types.

We need to consider the relevance of existing broadcast agreements. Sky Channel has been a valued industry partner for many years and should continue to be so, but technological change has brought new challenges. The Sky contracts prevent our industry from taking advantage of these, particularly the Internet and social media such as Facebook and Twitter.

The focus on integrity and animal welfare must continue unabated.

The campaign to sign EADRA must continue and HRA must determine how best to capitalise on the positives which emerged from the lobbying campaign with politicians against voluntary vaccination.

The industry will be deciding in the first few months of the new season what to do with the future of the Inter Dominion pacing and trotting championships. Whatever the outcome, we must provide the utmost support to what is our flagship event and the best prospect for getting broader community understanding of all that is good about harness racing.

HRA has four other projects which it will be advancing in the years ahead...

- a proposal for introduction of an industry card for all harness racing participants
- a submission to federal authorities for reform of taxation legislation
- a proposal to simplify the registration and naming of foals, and
- a review of the ownership and breeding of standardbred horses.

The latter project is particularly significant, as breeding numbers have been eroded by the prolonged drought of recent years and the global financial crisis. The **Australian Standardbred Breeding Panel** has been established to determine the current health and trends of the

standardbred breeding industry and to develop a plan to stimulate future growth of breeding and ownership of broodmares and racehorses. All industry participants are invited to contribute to the development of this plan by way of a formal survey and submission process.

Also in the year ahead we will see the continued development of the twin Tabcorp Parks, Melton and Menangle. Both have proved in a short time that they are fantastic venues for harness racing.

HRV has entered into a partnership agreement with the Shire of Melton to develop the remaining 81 hectares, while the NSW Harness Racing Club has ambitious plans for Menangle. These plans are based on the sale of Harold Park, which at the time of writing was imminent. The club has determined the final harness race meeting at the iconic Harold Park track will be on Friday December 17.

Perhaps we can all channel some of the past glory and massive support for harness racing, which we witnessed so often at the Glebe track, into our deliberations for the issues now confronting us.

Geoff Want
Chairman