



CHAIRMAN'S REPORT - MR GEOFF WANT

HRA MID-SEASON MEETING 5 MARCH 2010

It is just over four months since we gathered at the annual general meeting in Adelaide but much has transpired over that period.

In the minds of some people the only thing to have happened in harness racing in recent times is the implementation of new whip rules. Indeed, it would be good if this was the only issue we had on our collective agenda.

The whip rules issue has certainly been time consuming, but much of HRA's focus in recent months has been on two other critical matters – the leakage of wagering revenue and its resultant impact on the financial well being of the industry, plus the on-going bio-security debate and the potential damage some of the outcomes could cause to Australian harness racing.

I have no desire to dismiss or ridicule the concerns of some participants over the whip rules – they are entitled to be heard, and will be during the review process. But I wish there was a similar level of public concern expressed about the other issues – wagering leakage and bio-security developments - which have far greater potential to cause crippling damage to our industry.

The leakage of wagering revenue was dealt with extensively in the draft report of the Australian Government Productivity Commission's Inquiry into Gambling, released just after the AGM last October.

Members were consulted on the HRA response to this report, which was lodged just before Christmas. Andrew Kelly and I also appeared before the Commission, at public hearings in Canberra in mid-December, to further convey the views of the HRA Executive and Members.

One of the key points we made to the Commissioners was that we did not believe the interests of the racing industry were properly considered in the draft report.

Of particular concern to HRA was the well-being of more than 40,000 owners, over 7000 trainers and drivers, and the many thousands of people employed within the harness racing industry and in ancillary industries reliant upon harness racing for their income.

We pointed out that HRA also had a keen interest in the well-being of the many tens of thousands of punters who follow harness racing, given their importance to the industry, but we could not agree with the Commission's bias towards punters in the draft report.

The HRA response has been made available to all Members but it is worthwhile summarising the key points:-

- HRA strongly supported the Commission's recommendation to develop a national funding model for the racing industry, underpinned by national legislation.
- HRA supported the Commission's statement 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 opposed a levy on wagering operators which was universally paid on a gross revenue basis. We proposed a more flexible approach which allowed each state racing authority to determine the type and amount of the levy it considered appropriate for the use of its racing product.
- HRA opposed the establishment of an independent, three person racing and wagering tribunal to set and review any levy, arguing that as the producer of the racing product, the racing industry was best placed to determine the levy.
- HRA disagreed with the Commission's finding that the arguments for renewing TAB retail exclusivity were not compelling.
- We reiterated the HRA view that tote-odds betting by corporate operators should be banned, despite the Commission's opposition to this activity being prohibited.

HRA submitted that in order for the Australian harness racing industry to thrive and provide a high quality product which was attractive to all consumers, it was imperative that the industry could charge a fair price for its racing product.

The end result must balance the needs of punters with increased returns for industry participants, more stakesmoney for owners and a more self-sufficient and productive industry capable of making an even greater contribution to the Australian economy.

Solutions needed to strengthen, not weaken, the racing industry which the Commission agreed in its draft report was facing increasing challenges from offshore wagering and competition for the entertainment dollar, along with a changing economic and social environment.

Corporate bookmakers made predictable submissions to the Commission.

HRA pointed out that the corporate bookmakers had ignored “cost of product” in their business plans, but now expected the racing industry to continue to subsidise their operations because their business model was not sustainable if they had to pay for the product. And, because of that, racing would continue to be disadvantaged as the corporates enticed punters from the wagering retailers who were paying for the product, using their lower margins as their primary weapon.

The Commissioners gave us a fair hearing and did comment later they had not expected their draft report on wagering to attract so much interest.

It is my understanding that it is unusual for the Productivity Commission to make major changes to draft reports, but we can only hope there is a departure from normal practise with the final report on gambling, or specifically in relation to wagering.

The release of this report is imminent. We will then need to carefully consider the findings and determine how we move forward as an industry.

There has been little progress in recent months on a related wagering issue, the race fields legislation in the various state jurisdictions, most likely due to matters before the New South Wales courts. We all await the outcome with great interest – Graeme Campbell is to provide an update on this critical matter during today’s meeting.

Also scheduled for discussion at today’s meeting is “Equine Influenza and Related Topics”.

The HRA Executive held a series of meetings at Parliament House in Canberra in November with various federal officials and, most importantly, the Minister for Agriculture, Fisheries and Forestry, Mr Tony Burke.

We emerged from those meetings with the very clear view that the government was frustrated at the inability of the equine industry to sign the Emergency Animal Disease Response Agreement (EADRA). This was primarily due to the opposition defeating the enabling legislation, the Horse Disease Levy Bills, in the Senate earlier in the year.

It now appears that political expediency and bureaucratic frustration may result in a significant change in Australia's approach to equine bio-security, with potentially serious consequences for harness racing.

Two federal inquiries following the equine influenza outbreak – Callinan and Beale – stressed the need for constant vigilance at Australia's borders and effective quarantine measures. Notwithstanding those recommendations, the Equine Influenza Expert Review Panel set up by the Primary Industry Ministerial Council looks set to recommend vaccination as the nation's weapon against EI.

In the past week Andrew Kelly – whom I must commend for his outstanding efforts on HRA's behalf on this issue – has lodged our response to this Panel's recommendations.

HRA strongly believes 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.

The scientific, economic and trade costs associated with introducing a vaccination program into an EI-free Australia must not be ignored. To short sightedly allow vaccination, just to satisfy the vigorous lobbying efforts of some commercial thoroughbred interests, is inequitable.

It betrays the majority of Australian horse owners and will result in a financial burden as EI inevitably becomes endemic, resulting in annual vaccination for all horses.

HRA acknowledges and shares the concerns of government animal health authorities and non-equine livestock commodity groups regarding the failure of the horse industry to sign the

EADRA. We recognise the unacceptable uncertainty this situation brings to an emergency response to any future EI incursion or any other EADRA scheduled disease.

HRA is committed to signing the EADRA - indeed, this has been our position since 2006 – and will continue to seek a solution to the current impasse that is suitable to all parties. We urge the government and the coalition parties to co-operate in this process.

This is an issue which should concern every harness racing participant. We need to lobby our political leaders in every state and federal electorate where our participants reside to ensure we are not burdened with this outrageous measure. I hope that we can agree on a lobbying campaign of this nature at today's meeting.

I mentioned earlier the outcry in some quarters over the new whip rules. I have no problem with constructive criticism or informed comment, but I do take exception to ill informed and inflammatory remarks.

Most commentators have taken a responsible approach to coverage of the issue, but a couple have shown considerable bias.

As you all know, this was an exhaustive consultative process undertaken in a responsible manner. It was never going to be a popular decision but it was necessary in the interests of animal welfare.

Anyone who believes it is acceptable to flog a horse, for even a small portion of a race, is out of touch with reality. Not only will this inflame animal welfare activists but it is not helpful as we attempt to attract new fans, particularly families.

The outcome of the review into the whip rules, with submissions due at the end of the month and hearings to be held in Melbourne, will be interesting.

This is a democratic process and all parties will be given a fair hearing. I trust all the coverage of the issue from now on will be equally fair.

It has been suggested to me that part of the problem with the whip rules is that harness racing participants do not like change. Indeed, that could apply to most of us on many issues in life!

It is interesting that “change” has been in the news again lately, with reports from a couple of different quarters that harness racing needs to change, to move with the times. HRA Members and Harness Racing New Zealand also have to consider in the coming months whether to change the conduct and format of the Inter Dominion championships beyond the current roster.

Change is often advocated by people who are unhappy with the performance of a product. In my experience, when this has happened in a commercial environment, there is a predictable reaction within the company...

- The Sales department claims the product is not performing because it is too expensive and they need more sales representatives
- The Marketing department demands a bigger budget for advertising and promotions to drive brand awareness – and advocates getting an expensive consultant to give the packaging a makeover
- The Production department maintains the product is great, the problem is that the over paid “show ponies” in the Sales and Marketing departments don’t know how to do their jobs.

They might all have a point, but any review of the product must start with its relevance in the target market. If the product is no good, nothing else matters.

Good sales and marketing can make a product seem better than it really is, but not if it has serious shortcomings.

In harness racing, I believe we have a great product, but there are some serious issues we need to address if we are to expand our fan base, grow wagering turnover and provide better returns for our participants.

To do this, we will all need to embrace change. I trust we can do so in a spirit of goodwill, co-operation and confidence for the future.

As part of this process, I commend to you the HRA Strategic Plan, which is scheduled for discussion today.

The winds of change are also blowing at Sky Channel and I'm sure we are all hoping it is not an "ill wind". Brendan Parnell's presentation later in the meeting will no doubt be highly informative.

There has been an "icy wind" of change blowing in New Zealand in recent months with HRNZ chairman Pat O'Brien leading the charge for a fair deal for harness racing. I'm sure HRNZ chief executive Edward Rennell will cover this in his report to the meeting today.

It is an interesting agenda with several other important topics, including the Prohibited Substance Review, to be discussed.

It was at the mid-season meeting on the Gold Coast a year ago that Members approved the expanded Executive and I believe it has worked extremely well. I would like to thank all the Executive members for their efforts, and a special thank you also to all the people who serve on the various HRA committees.

Andrew Kelly and his staff in Melbourne are deserving of special mention for their untiring efforts on our behalf.

At the AGM in October I paid tribute to Neil Busse for his contribution to the industry in almost a decade as chairman of Harness Racing Victoria. This was in the belief that Neil was stepping down at the end of the year, but he did a "Melba" and continued on.

I'm assured he is definitely moving on next month, even though no successor has yet been announced. Once again, Neil, thanks for your efforts over many years and all the best in your future endeavours.

On a sadder note I must record HRA's condolences to Dean Cooper, following the death of his wife, Wendy, last month. Dean has continued to act as HRA's legal counsel in recent years whilst caring for Wendy and we are all most appreciative of his dedication and sound advice, despite his difficulties.

Dean, sincere condolences from all within HRA.

It would be remiss of me not to thank John Dumesny and the staff of the NSW Harness Racing Club, along with Rex Horne and the directors, for allowing us to use this facility at Harold Park today.

They are always generous and gracious hosts and we certainly appreciate the gesture. And so to ID10.

Firstly, congratulations to HRV for staging the Inter Dominion Trotting Championship this year, won so brilliantly by Sundon's Gift and Chris Lang at Moonee Valley last month, for the second time.

It was a marvellous Inter Dom trot, an outstanding Hunter Cup program, and a bumper crowd for the last meeting held at the Valley.

Congratulations to Rex Horne, Ray Sharman and all the directors of the NSW Harness Racing Club, as well as John Dumesny and his staff, for a fabulous Watpac Inter Dominion Pacing Championship. It was a unique three-venue concept, which I believe has been highly successful.

It was great racing and an even better atmosphere at both Harold Park and Newcastle and I have no doubt we'll see something special at Tabcorp Park Menangle on Sunday.

Thanks to Kevin Seymour and Watpac, as well as all the other sponsors, and best wishes to Rex, Ray, John and all at the club for a sensational day on Sunday – you deserve perfect weather, a record crowd, massive turnover and great racing.

Thank you – and best wishes for a productive mid-season meeting.

Geoff Want
Chairman