



CHAIRMAN'S REPORT - MR GEOFF WANT

HRA MID-SEASON MEETING 27 FEBRUARY 2013

It is only a little over four months since the Harness Racing Australia annual general meeting in Melbourne, during which time there has been plenty of action both on and off the track.

Sadly, it has also been four months of extreme summer weather in Australia with many people devastated by natural disasters - heatwaves, bushfires, wild storms, cyclones and floods have caused widespread damage. Thankfully, the harness racing community seems to have been spared from some of the worst affects of this weather, but we extend our condolences to those who have been affected.

A number of the matters which have been dealt with by HRA in this time are covered in the agenda papers for today's meeting. Some of these matters are, by necessity, on-going ... others are new ... unfortunately some of them we've seen too often before!

Need for decisive action

It concerns me that we take so long to resolve some issues. Indeed, some never get resolved. This is not meant to be a criticism of individuals or organisations, who may be victims of the system in which we operate.

I realise there are some issues which will take considerable time to resolve because of the need for broad consultation with industry stakeholders, but I do believe there are times when we can be more proactive.

Several years ago when addressing members at one of these meetings on the problems of corporate bookmakers profiting from the racing industry but making no financial contribution, I pointed out that they enjoyed a significant advantage. While racing administrators had to

concern themselves with a vast range of tasks - such as maintaining facilities, conducting race meetings, integrity, animal welfare, broadcasting, marketing - the corporates could be focussed solely on promoting their services.

We needed to become just as single minded in meeting the threat to our revenue.

Thanks largely to Harness Racing New South Wales, significant progress has been made in that area, but there are other issues deserving of our focus.

As an example, it is almost 18 months since we received the final report of the Australian Standardbred Breeding Panel but most of the major recommendations have still to be progressed. I understand the issues but we need to get closure on these matters.

Significant issues

There also is a report on a proposed national marketing campaign, which most of you will be aware I have been advocating throughout my tenure. We do not have the marketing resources of the organisations with which we are competing for the leisure dollar, so it makes sense to combine our resources where possible to become more effective in promoting our brand.

Industry funding remains a critical issue and we need to continue to strive to both improve wagering turnover and grow the fan base. Neither will happen without concerted industry effort and a targeted brand awareness marketing campaign is a vital component of this.

A body of work which has been completed is the Harness Racing Industry Size and Scope Study. There is a great deal of valuable information in the report and it needs to be used effectively, whether that is in dealings with government, seeking sponsors or other areas.

We now have verifiable data to use in various ways, but with a single message to convey - the Australian harness racing industry is a significant sporting business. Apart from annual wagering turnover approaching \$3-billion dollars, the harness racing industry contributes more than \$1.42-billion in value added to gross national product.

The total number of industry participants is more than 48-thousand and more than 19-thousand people rely on harness racing for their livelihood.

These are only a few high level numbers resulting from this study and we must use the information to our advantage.

Lobbying campaign

One area on which we should focus is lobbying members of federal parliament on two vital matters - the effectiveness of harness racing's integrity regime and the need for legislative reform.

HRA supported the recommendation of the Productivity Commission Inquiry Into Gambling for a racing industry funding model underpinned by national legislation, to give the industry effective control over its product and who can use it. Nothing has happened to implement this recommendation.

Furthermore, we have staunchly advocated - at the last two conferences of Australian racing ministers and to the Joint Select Committee on Gambling Reform in 2011 - that the Interactive Gambling Act (2001) must be strengthened to prevent exploitation by wagering operators who are not approved by Australian regulators.

Taxation reform, to bring Australian laws into line with the changes made in New Zealand several years ago, is another subject we need to pursue with legislators.

HRA members undertook a highly successful lobbying campaign in the wake of the equine influenza outbreak to block moves for inoculation of horses, and to ensure we were satisfied with the terms of the Emergency Animal Disease Response Agreement. We have the capability to lobby effectively for change and we need to do so on these outstanding issues in the very near future.

At the annual meeting in October we were addressed by two influential and effective lobbyists on the federal political scene and advised to act well before the federal election. I suggest the situation in Canberra has recently become more volatile- - and not just because of political developments.

The Australian Crime Commission report on Organised Crime and Drugs In Sport, released earlier this month, has the potential to cause our industry much damage. This has only served

to strengthen my view that we need to lobby members of federal parliament on the effectiveness of harness racing's integrity regime.

We must not get caught up in the backwash of emotive reactions to the ACC report. We know harness racing's integrity regime works and we need to ensure politicians, state and federal, are aware of this fact.

Soon after the somewhat theatrical release of the ACC report, the Senate approved a motion from the Greens for the joint select committee on gambling reform to launch an inquiry into the advertising and promotion of gambling services in Australian sport. The new inquiry is expected to report in mid-May.

We were cautioned at the annual meeting that there could be further moves to restrict gambling, similar to the poker machine campaign which came unstuck last year, and this will almost certainly gain momentum following the crime commission report.

Sports betting growth

Apart from the need to ensure harness racing is not harmed by well meaning regulators, the ACC report has again highlighted what a serious threat racing faces from the rapid growth of sports betting. The respected firm, Merrill Lynch, recently forecast sports betting turnover would exceed \$4.5-billion this financial year, almost double the turnover of five years ago.

If anyone is doubting the necessity for a national marketing campaign, they need only look at numbers such as this, which have been driven to a large extent by massive advertising campaigns by wagering firms.

Merrill Lynch expects double digit growth with sports betting in the next two years, so the threat to our revenue will certainly not diminish.

Product innovation

Apart from developing and implementing a campaign to lobby politicians for regulatory change - and to remind them of the importance of our industry - we need to continue to seek innovation with the presentation of the racing product.

Hots Shots has now been on the drawing board for four years. Unfortunately, we are hamstrung by Sky Racing and cannot introduce the product, in any meaningful manner, until they have undertaken some technical development. The latest start date was "mid 2013", but we are endeavouring to get a firm commitment so we can finalise planning.

We are also waiting for Sky to meet with us to discuss the concerns of members on a range of issues, an update on which is provided in today's meeting papers. On a positive note, some progress has been made on the scheduling issues, with Sky Racing setting up formal monthly meetings with HRA.

Inter Dominion

I must congratulate Sky Racing however for co-operating with the NSW Harness Racing Club and Harness Racing NSW in promotion of the new look Inter Dominion championships.

The excellent coverage of the heats in Auckland, Perth, Melbourne and Sydney on February 16 was compelling viewing and I have no doubt viewers will have another outstanding program to watch from Tabcorp Park Menangle on Sunday.

Seven group one races on a ten event card, commencing with the final heat of the Australasian Young Drivers Championship and culminating with the running of the TAB.com.au Inter Dominion Pacers Championship. As a bonus, harness racing will make a return to free to air television after an absence of at least a quarter of a century when the Inter Dominion is covered live on the Nine Network's Wide World of Sports.

Much has been written and spoken about the new Inter Dominion format, which has already achieved a major objective - to get people talking about, and taking an interest in, the great race.

Critics of the new look series have conveniently ignored the real issues, such as the loss of relevance of the event in Australia and New Zealand and a reluctance of more than two or three clubs to host it past 2012. Several clubs no longer wanted to be part of the rotational roster under which the event had traditionally been staged, and without the funding this provided it made for prohibitive costs.

Heartiest congratulations to the chairmen of the NSW Harness Racing Club and Harness Racing NSW, Rex Horne and Graeme Campbell, and their respective boards and staff for taking on the critics with an innovative and exciting concept.

Most importantly, a big "well done" to the respective chief executives, John Dumesny and Sam Nati, who conceived the format and have worked tirelessly to see it come to fruition.

Everyone involved is deserving of praise and I wish you all fabulous weather, a massive crowd and safe and exciting racing on Sunday.

Acknowledgements

A special welcome to our meeting today to Harness Racing New Zealand chairman, Gary Allen and the chief executive, Edward Rennell. Our organisations have a very good relationship and co-operate on many issues.

Many thanks to the members of the HRA Executive for their support, as well as to all members of the various committees which operate so effectively on behalf of HRA and to our dedicated legal counsel, Dean Cooper.

Special thanks go to the hard working staff in HRA's Melbourne office and our excellent chief executive, Andrew Kelly.

Finally, best wishes to you all for a pleasant Inter Dominion championship week in Sydney - but if you have to head home, make sure you are in front of the television for a fantastic afternoon of harness racing from Tabcorp Park Menangle on Sunday.

Geoff Want
Chairman