



Australian Racing Board



**Australian Harness Racing
Council Inc**



FEDERAL RACING POLICY

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Introduction

This paper has been prepared by the Australian Racing Board, Australian Harness Racing Council and Greyhounds Australasia (being the three peak national racing bodies) –

- (i) to inform political parties of the economic and social value of the Australian Racing Industry; and
- (ii) to highlight the top ten priority opportunities for Federal policy to contribute to the Industry's long term growth and sustainability.

On behalf of the Industry, we look forward to reviewing the policy statements of all political parties in the lead up to the forthcoming Federal election and trust that the needs of Australian racing will be granted due recognition.

Value of the Australian Racing Industry

The Australian Racing Industry is one of the nation's largest enterprises and generates significant economic, employment and social benefits for the Australian community.

A size and scope study of the thoroughbred racing industry undertaken in 2001 estimated that thoroughbred racing creates a gross economic impact of \$8 billion per annum, employs 250,000 people in 80,000 full-time equivalent jobs and raises \$1.6 billion in Federal and State taxes.

About half of racing's impact is generated in rural and regional Australia including the world's second largest bloodstock industry which annually produces a crop of some 20,000 high quality foals.

Thoroughbred racing is also one of Australia's most popular sports with over 450 racing clubs conducting more than 3000 race meetings every year attracting crowds totalling around 2 million. Race meetings have provided a cornerstone of city and country community life for nearly two centuries and continue to play an integral role in Australia's social fabric.

Thoroughbred racing is a proven drawcard for international and domestic tourism underpinned by the global interest in the sport.

The Victorian Spring Racing Carnival of 2003 recorded an estimated economic impact of \$388.5 million and attracted a total attendance of 658,675. A major factor of the Carnival's success is its tourist appeal. The 2003 Carnival drew 27,168 international visitations and 93,400 interstate visitations. The continuing prominence of international competitors has further enhanced global interest in the "race that stops a nation".

The Sydney Autumn Carnival is another successful racing event. A study of the 2000 Carnival identified a very high international tourism component with nearly 10% of the 160,000 total attendances coming from overseas. The Carnival also attracted 36,000 interstate and 14,000 intrastate visitations. The overall economic impact of the 2000 Carnival was \$132 million.

Other landmark racing carnivals include the Brisbane Winter Carnival, Gold Coast Magic Millions, Oakbank, Birdsville Cup, Warrnambool May Carnival, Darwin Cup, Perth Cup, Adelaide Cup and Hobart Cup.

The harness and greyhound racing codes are also significant elements of the Australian racing industry. Both codes have a strong presence throughout the nation and collectively hold around one quarter of the racing industry's market share and economic value. Australian standardbred and greyhound breeding enjoy world leadership reputations and constitute a growing export trade.

The annual harness racing Inter Dominion Carnival, which rotates across Australian cities and New Zealand, draws significant tourist interest and in recent years, the greyhound racing code has begun to encourage international competition from Ireland, England and the USA to enhance the local racing product.

These codes add considerable breadth and interest to the Australian racing scene and need to be factored into industry development strategies.

Priority Policy Opportunities

1 *Formal Recognition of Racing Within a Federal Portfolio*

While the administration of Australian racing has been traditionally regulated and supported by State and Territory governments, there is an emerging need for a national approach to address a number of key issues set out in the remainder of this document. Federal Government leadership is considered to be essential to overcome certain inefficiencies and duplications created by a State based regime and to generally enable the sport to reach its full competitive potential on the global stage.

In the past, Federal Sport portfolios have only granted marginal recognition of Australian racing within the national sporting sector. As a result, Australian racing has gained negligible support from Sport funding and assistance programs and lacked an effective advocate and interface with other portfolios such as Tourism, Trade, Education & Training, Agriculture and Communications.

Although racing is a complex and multi-faceted industry, it is essentially a sport that extends from elite level sporting prowess down to widespread grass roots participation. Proper recognition within the Federal Sport portfolio is long overdue.

Federal Policy should expand the Sport portfolio's brief to incorporate a strong commitment to supporting the Australian Racing Industry and enhancing its economic and social value.

2 *Betting Exchanges*

A betting exchange is a type of wagering services that matches offers to bet on a horse to win a race against bets that the horse will lose a race. This has for the first time created an easy opportunity for people with inside knowledge that a horse is not expected to win to unfairly profit from that knowledge. Betting exchanges are unlawful in Australia, but in the past two years, the UK licensed betting exchange operator, Betfair, has been trading on Australian racing with Australian customers via the internet.

Australian racing authorities are totally convinced that betting exchanges pose an unacceptable risk to the integrity and reputation of racing. In turn, there is a very real and serious potential for betting exchange related corruption to undermine punter confidence and impact on the racing industry and government revenue streams generated by legitimate TAB and bookmaker wagering.

The experience of the betting exchange phenomenon in the United Kingdom has cast an appalling cloud over British racing in the wake of a steady stream of incidents involving large betting exchange transactions and horses not being raced on their merit.

Legislative controls at a State and Territory level are insufficient to bring a halt to the growing trade of betting exchanges and the ongoing leakage of revenue to off-shore bookmakers free riding on Australian racing.

Federal intervention is required to act at an international level and to control the telecommunication and financial industry services that these unlawful wagering operators require to conduct business with Australians.

The recent review of the Commonwealth *Interactive Gambling Act 2001* was an ideal opportunity to address the problem, but unfortunately, no action was taken.

Federal Policy should commit to working with State and Territory Governments and the Australian Racing Industry to implement an effective ban on the operation of betting exchanges and other off-shore wagering operators 'free riding' on Australian racing.

3 Tourism and Major Event Promotion

As described earlier in this paper, Australian racing is an important component of the Australian international and domestic tourism industry. Hosting a year round calendar of major events, racing warrants greater recognition and support as a bona fide tourism product.

Submissions to last year's Federal Tourism Green Paper proposed the commissioning of a national racing tourism strategic plan with the objectives of –

- Providing a blueprint for the promotion of the racing tourism product in target markets - particularly in Asia.
- Developing strategies for improving the quality of specialist racing tourism packages to attract greater numbers of overseas racing fans.
- Ensuring racing is incorporated into general Australian tourist packages particularly where they have a sports and event theme.
- Stimulating greater interstate and intrastate tourism through greater levels of support for city and country racing carnivals and other major racing events.
- Exploring the scope for synergies with the plans for other sports and event based tourism.

Federal Policy should recognise the valuable role Australian racing plays in international and domestic tourism and undertake to commission a national racing tourism strategic plan.

4 Education and Training

Over the past decade, the Australian Racing Industry has taken great steps to increase the professionalism of industry occupations including jockeys, trainers, stablehands, stewards and racing administrators.

In partnership with Federal and State Government Education and Training agencies, racing has been progressively integrated into the national training curriculum which has markedly improved the quality and availability of training and the capability and mobility of the industry's workforce. Most recently been one of the sectors that has come together to create the Agri – Food Skills Council.

Greater levels of assistance are required to complete this process and position Australian racing to enter the substantial foreign training market. Asian racing has enormous growth potential and is expected to look to the expertise of Australia to meet many of its training needs.

Federal Policy should commit to supporting the educational and training needs of the Australian Racing Industry with a particular emphasis on entry to the foreign training market.

5 Horse Industry Research

The Australian Horse Industry is the only major Australian industry operating without the benefit of a dedicated Cooperative Research Centre. In order to address this deficiency, the Australian Racing Industry has taken a leading role in formulating a bid for an Australian Horse Industry CRC.

The proposed CRC will strategically network Australia's leading universities and major commercial partners in the bloodstock and veterinary pharmaceutical industries to deliver improved research outcomes for the overall benefit of the Horse Industry.

Key programs for the CRC's research program will be guarding against the risk and cost of infectious disease; improving equine reproduction, growth and performance; and promoting greater equine and rider safety, health and welfare wherever possible.

Projects that include benefits for the greyhound sector would also receive the support of the horse sectors.

The Australian Horse Industry CRC has reached Stage 2 of the Federal Department of Education, Science and Training's CRC Program and the bid is seeking to match \$37 million of industry and commercial research funding with an additional \$19.5 million of Federal funding over the next 7 years. If the bid is successful, the CRC will generate major improvements in the operation of the Horse Industry as well as substantial new economic value through the national and international commercialisation of key research projects.

Federal Policy should support the establishment of an Australian Horse Industry Cooperative Research Centre.

6 Trade

In addition to the trade opportunities discussed elsewhere in this paper, the Australian Racing Industry has a wider trade growth potential. At present, Australia is an active player in bloodstock trade as well as in a number of niche racing related businesses such as the manufacture of running rails, horseshoes, safety equipment and wagering technology.

It is timely, that the Federal Trade portfolio and Austrade take a proactive role in assisting Australian racing to systematically develop its export opportunities.

Federal Policy should recognise the significant trade potential of the Australian Racing Industry and undertake to commission a national racing export strategic plan.

7 Regional and Rural Development

Australian racing is primarily a regional and rural industry with the vast majority of racing, training and breeding taking place outside of the major cities.

Maintaining extensive racecourse infrastructure is becoming an increasingly challenging task especially in an era of increasing club volunteer liability for occupational and public health and safety.

While the Australian Racing Industry is committed to preserving and growing the economic and social value of country racing to local communities, there is an increasing risk that some tracks will be forced to close due to lack of finances.

Federal funding for regional and rural development is an important prospective avenue of assistance that could prevent racing clubs from joining the lengthy list of community institutions that have disappeared from so many country towns.

Clubs are particularly open to sharing facilities with other community, educational and business groups and the concept of multi-purpose racecourse centres needs to be promoted throughout regional and rural Australia.

Federal Policy should recognise the important role that local racecourses play in Regional and Rural Australia and assistance programs should be developed to secure their long term viability.

8 Water Resource Management

The maintenance of racing and training tracks and breeding farms are high water consumption activities and make Australian racing vulnerable to drought driven water restrictions. The temporary closure of some country racecourses over summer and autumn is becoming a disturbingly regular occurrence in recent years.

As a responsible corporate and community citizen, the Australian Racing Industry is looking to take a leadership role in improving water resource management by way of conservation strategies and greater use of recycled water and other non-potable water sources. Racing's aspirational goal is to 'drought-proof' the industry and significantly reduce its demands on Australia's finite water resources.

In many cases, enhancing water management at a racecourse will benefit other water users both at the racecourse and in the surrounding town. Innovative conservation and recycled water technologies may also present potential export applications to other dry country racing markets such as the Republic of South Africa and the United Arab Emirates.

There is a very significant cost in planning and implementing alternative water solutions and in that regard, the Australian Racing Industry seeks direct Federal funding support.

Federal Policy should support the Australian Racing Industry's water management aspirations and provide assistance to enable the Industry to meet its long term objective of drought-proofing racing.

9 Emergency Horse Disease Prevention and Control

Past experience both in Australia and overseas has proven that exotic horse diseases pose a most serious threat to Australian racing particularly if an outbreak occurred amidst a major event such as the Victorian Spring Racing Carnival.

The risk of an industry shutdown needs to be managed by a comprehensive prevention program and an effective emergency response plan. The AHRC and ARB have a demonstrated commitment to working with Animal Health Australia and DAFFA to progress this issue.

While a number of Australian jurisdictions are actively advancing disease prevention and preparedness programs, national coordination and support is required.

More specifically, there is a need to execute an Emergency Animal Disease (EAD) Response Agreement between the Federal Government and the many organisations within the Australian Horse Industry.

The agreement is regarded to be essential to secure an effective response from the Federal Government in the event of an emergency horse disease outbreak. Central to the agreement is an obligation by the Australian Horse Industry to repay the Commonwealth the cost of the response.

Coordinating an agreed position across the non-racing sectors of the Horse Industry has proven to be a very difficult task.

Frustrated at the lack of resolution, the Australian Racing Board and the Australian Harness Racing Council have recently submitted to the Federal Government that an EAD response agreement be entered into to provide protection for Australian racing.

While the Federal Government is attempting to assist the non-racing sectors of the Horse Industry to reach agreement on their obligations under the EAD, progress is slow and Australian racing remains at risk.

Federal Policy should seek to expedite the execution of the Emergency Animal Disease (EAD) Response Agreement for the Australian Horse Industry and to commit to supporting and coordinating a national program of horse disease prevention and preparedness programs.

10 Quarantine Controls on Horse Movement

The current regime of quarantine controls on the movement of horses between Australia and a number of countries is having a serious impact on the internationalisation of events such as the Melbourne Cup and the growth of the bloodstock export market.

Long running delays in finalising the import risk analysis (IRA) of horses from the Republic of South Africa, United Arab Emirates, Macau and South Korea and reviewing the quarantine withholding periods in relation to Japan, Hong Kong and Singapore are collectively impeding the Australian Racing Industry. The restrictions are also viewed by a number of foreign racing and bloodstock industries as a deliberate trade barrier which in turn is damaging Australia's reputation as a trading partner.

International competition in feature Australian racing events is repeatedly proving itself as the key to the successful development of international racing related tourism, bloodstock and breeding. Indeed the long term viability of the Australian Racing Industry and its rurally based breeding sector is reliant on a strong export trade and a high international profile.

Not only are resources required to ensure the timely review of quarantine protocols, but it is also essential that quarantine services are adequately resourced to guarantee the integrity of horse quarantine stations.

Federal Policy should seek to expedite the improvement of quarantine controls on horse movements to enable the Australian Racing Industry to maximise trade and international competition opportunities.