

**AUSTRALIAN GOVERNMENT**

**PRODUCTIVITY COMMISSION**

**PUBLIC INQUIRY INTO GAMBLING**

**SUBMISSION OF  
HARNESS RACING AUSTRALIA**

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Harness Racing Australia (HRA) welcomes the opportunity to contribute to the Australian Government Productivity Commission public inquiry into gambling in Australia.

HRA recognise the Australian Racing Board (ARB) submission on behalf of the Australian Thoroughbred Racing Industry (ATRI) to the Commission's Inquiry, as many of the issues identified deeply affect each of the racing industry codes. But, rather than simply offer a letter in support of the ARB submission, the approach of this submission is to ensure that the Commission is acutely aware of the harness racing industry position on specific issues.

As the peak national body for the harness racing code of racing in Australia, this submission is made on behalf of HRA Members, consisting of harness racing Control Bodies and Principal Clubs in the States of New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia; each of whom operate within the various *Racing Acts* of their respective States to regulate, nurture, foster and promote harness racing at all levels within the industry.

Harness racing in Australia enjoys not only a rich heritage, but continues to provide significant cultural and economic contributions to the community on a daily basis. This is evidenced in the 2006/07 racing season where the harness racing industry's 114 Clubs conducted 1,921 race meetings and 15,588 races for 15,027 individual horses competing on behalf of 40,000 owners, 4,484 trainers and 3,173 drivers in search of \$90,252,834 in prizemoney.

The resultant economic contribution of the harness racing industry is further illustrated with a contribution of \$310,317,379 in State taxes during the same period, generated from \$1,950,218,567 of TAB wagering activity - the equivalent to 16% of the Australian racing wagering market.

This level of wagering activity also provided the harness racing industry with \$136,625,321 in product fees from TABs, accounting for 88% of Control Body revenue, highlighting the traditional dependence of Control Bodies on TABs as the financial cornerstone of the industry.

This long-established link between pari-mutuel operators and the harness racing industry has become increasingly exposed in recent years with the proliferation and competition of new wagering operators in the form of Corporate Bookmakers and Betting Exchanges operating in the same wagering space.

While the current wagering environment can be viewed as either a threat or an opportunity for the harness racing industry, there is considerable evidence that in some jurisdictions, over 30% of harness racing wagering activity has been diverted to alternate wagering operators, weakening control of industry owned intellectual property and intensifying pressures on racing industry revenue.

What started as a trickle of money from the TABs when the first corporate operators started in the Northern Territory has become a flood in recent times, as the services offered by them have become more accessible through new and emerging technologies across state borders. State based TABs have struggled to address this problem while state governments, already highlighted as major beneficiaries through wagering taxes for many decades, have been unable to stem the flow.

The only weapon used in this battle to date has been race fields legislation, introduced as an instrument intended to impose commercial and integrity requirements upon all wagering operators in return the authority to use Control Body racing product and publish race fields information.

Currently, while all States have introduced race fields legislation, the product fee formula and implementation options available to the respective racing Control Bodies varies from State to State.

This situation highlights the difficulties faced not only by racing Control Bodies, but also State based regulators looking for a local solution to what is increasingly a national wagering market through the provision of wagering services via internet, telephone, interactive television and the mobility of wireless handset technology.

In response to this issue, during a speech to the Australasian Racing Ministers Conference in December 2008, HRA Chairman, Mr Geoff Want, urged Australia's racing ministers to liaise on framing legislation in each State which will be effective in extracting the equivalent of a 1.5% turnover fee from corporate bookmakers and betting exchanges, but which does not cannibalise racing industry wagering revenue from the licensed off course operators (TABs) in each state.

The imposition of interstate product fees on TABs will lead to state racing Control Bodies who are net exporters of racing product benefiting financially from those states which are net importers, even though all contribute to the national good of the overall racing product.

If this cooperation is not achievable, then HRA encourage leadership from the Commonwealth Government to act collectively with State and Territory Governments to ensure a workable, harmonised race fields model.

HRA therefore supports ARB submission point 8.3A which proposes the national endorsement of, and if needed, supporting legislation directed to the following:

- Strong and enforceable race fields legislation that receives recognition and enforcement across State and Territory borders
- An appropriate licensing regime to promote integrity and probity of the wagering operator and to enable the Controlling Bodies of racing to access wagering data to fulfill industry integrity functions

Furthermore, HRA also requested at the 2008 Australasian Racing Ministers Conference that the ministers investigate, as a matter of urgency, approving the merging of all totalisator wagering pools throughout Australia.

It is HRA's firm view that this would not only result in an increase in wagering turnover with the TABs, providing the much needed knock on effect of increased Control Body revenue, but it would also effectively remove one of the greatest attractions of several corporate operators – best tote price.

Therefore, HRA also endorses ARB submission point 8.3D that totalisator odds betting should only be permitted to be undertaken by totalisators. The IGA (Interactive Gambling Act 2001) should be amended so that totalisator odds betting is only able to be conducted online or by phone by a totalisator licensed in one of the 6 Australian States, the ACT or the NT.

HRA also submits that all forms of wagering must ensure responsible gambling by their customers. HRA joins the ATRI in registering support for:

- Consistency among jurisdictions and channels relating to the provision of credit betting
- Nationally consistent limits on the offering of inducements and rebates
- A national set of advertising regulations

In light of the future funding burden and the dynamic wagering environment in which the racing industry now finds itself, the time and need for a national regulatory framework has arrived – through either harmonising the State and Territory approach, or by national supervision.

If the issues raised in this submission are not tackled and the trends reversed, it is inevitable that there will be a reduction in funding which will lead to considerable cuts to prizemoney and administrative overheads, Clubs will close and jobs will be lost, accelerating the demise of the racing industry and the resultant economic and social consequences this will bring – particularly to regional Australia.

**SUBMISSION ENDS.**