

GAMBLING INQUIRY

Productivity Commission

Submission

by

Australian Racing Board

1. The Thoroughbred Racing Industry and Gambling

The Australian Thoroughbred Racing Industry is a gambling industry in the sense that off-course and on-course wagering on racing outcomes is the major revenue source for the Industry. However, in addition to wagering, the racing industry provides highly important sports and entertainment activities for the people of Australia. A survey undertaken by the Australian Bureau of Statistics found that attendance at race meetings is second only to Australian Rules football as a spectator event in Australia. (ABS, catalogue 4174.0)

In 1996 - 97 there were 459 Thoroughbred Race Clubs across the nation, which conducted in total 22,935 races. From the Melbourne Cup to the Birdsville Races to the Annual Cup Meeting at Noccundra, racing forms part of the social fabric of metropolitan, regional and rural Australia.

In this sense then the Australian Racing Industry can be significantly distinguished from other gambling industries.

2. Impact of the Australian Thoroughbred Racing Industry

Attachment 1. is a document outlining the extent and administration of the Australian Thoroughbred Racing Industry.

It is noted that the Issues Paper places employment in the gambling side of the Racing Industry at 14,000. The total employment provided by the Racing Industry is much greater with the Industry ranking as one of the foremost providers of jobs in the national economy. For example, it has recently been calculated that the NSW Thoroughbred Racing Industry employs directly and indirectly over 45,000 people. (NSW Thoroughbred Racing Board Strategic Plan 1998). It has been estimated that the activities of Queensland racing generated approximately 14,200 fulltime equivalent jobs in 1996/97. (KPMG, Queensland Racing: An assessment of its economic contribution to Queensland 1998).

The Issues Paper also makes reference to inter-relationships with other industries and in this regard it should be noted that the Racing Industry has a major impact upon other industries such as tourism, leisure, other entertainment and retailing. Attachment 2. identifies that the Victorian 1997 Spring Racing Carnival had an estimated economic impact of \$200.3M, attracting 530,000 people including more than 26,000 overseas visitors.

3. Implications of New Technologies

The information revolution is a significant agent of change in today's world and a major aspect of this is the disrespect for national boundaries which it may encourage.

It is evident that emerging technologies lend themselves almost too well to the gambling field and particularly to avoiding the traditional controls over, and taxation on, gambling operators. For example, modern communications technology provides far greater mass access to potential clients with greater privacy, and a combination of multi-media and funds transfer technology provides convenience and colour which enables the cyber operator to compete with bricks and mortar casinos, and traditional TABs and bookmakers.

In terms of the Australian Racing Industry, a significant proportion of the revenue earned from wagering on racing is returned to:

- The Industry to fund prizemoney, racetrack facilities and the major employment that is associated with the industry;
- Consolidated revenue to contribute to community obligations such as, hospitals, schools etc.

The erosion of this revenue lifeline would have serious consequences for the economy of the Racing Industry and the State Governments, as well as for the Australian economy in general. Accordingly, there is significant concern that unlawful Internet wagering operators should not be afforded the opportunity to establish themselves. Moreover, if such operators established a significant Australia subscriber base during these early days then it is considered that they will be that much more difficult to displace.

The Australian Racing Industry is already experiencing the effects of such a drain from domestic revenue through Australians betting on Australian races with Vanuatu operators. The Industry's concerns have already been expressed to the Racing Ministers of all Australian States and Territories in the letter which appears as attachment 3. to this submission. This is an ongoing problem which the Industry seeks to have addressed and, while not itself a feature of more recent technology, serves as a portent of the potential implications of Internet and other new technology.

3.

4. Further Information

The Australian Racing Board wishes to cooperate fully with the work of the Productivity Commission and will endeavour to provide whatever further information may be required.

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