



## **CHAIRMAN'S REPORT - MR GEOFF WANT HRA MID-SEASON MEETING 1 MARCH 2012**

It is only a little more than four months since the annual general meeting of Harness Racing Australia in Melbourne and there has been plenty of exciting action on the nation's racetracks.

The exploits of the grand circuit stars and emerging champions, along with the build up to the V75 ATG Inter Dominion at Gloucester Park, has provided plenty to talk about and presented harness racing in a positive light.

Unfortunately, the integrity situation in New South Wales and the on-going uncertainty about funding continue to cast a pall over the industry.

### **Integrity**

Concern at the adverse publicity generated by the allegations that swab testing information had been leaked by two stewards to the connections of some horses prior to races in NSW was, understandably, felt by all who care about the integrity of harness racing. The fallout was not confined to NSW.

Harness Racing New South Wales reacted swiftly and effectively and the persons charged over the matter are being dealt with at industry inquiries and in the state's law courts. It is to be hoped that the penalties imposed on any persons found guilty of wrongdoing will be effective deterrents for anyone considering such behaviour in the future.

Stiff penalties will also send a clear message to the punting public that harness racing will not tolerate fraudulent behaviour.

It is important also that we undertake a marketing campaign in the near future to promote harness racing as an entertainment and wagering medium, and to reassure participants,

punters and fans on the effectiveness of our integrity measures. We need to focus on the positive results to arise from this disgraceful episode.

### **Industry Funding**

Nothing has happened in recent months to ease the fears of most administrators about funding of the racing industry. Totalisator turnover has been ravaged in recent years by corporate bookmakers, as well as economic uncertainty.

All administrators are waiting for the results of two court cases which will have a significant bearing on industry funding, the most critical being the High Court judgement in the NSW race fields legislation challenge. The High Court heard an appeal in August by Betfair and Sportsbet against a ruling by the full bench of the Federal Court, in favour of Harness Racing NSW and Racing NSW in November 2010, upholding the validity of the NSW legislation.

Sportsbet was involved in another case over race fields legislation, challenging in the Federal Court the validity of both the Victorian Act and the 1.5 per cent turnover fee imposed by Harness Racing Victoria. The case was finalised in August when the judge reserved his decision.

The results of the court cases will have a critical bearing on our ability to charge a fair price to anyone utilising our product in a commercial undertaking, but are only part of the solution.

Regardless of the High Court decision, we must continue to lobby state and federal politicians to develop a national funding model for the racing industry, underpinned by federal legislation, as recommended by the Productivity Commission Inquiry Into Gambling in 2010.

HRA advocated federal legislation as the only effective means of dealing with the critical funding issue in our submission to the Joint Select Committee On Gambling Reform last July and in our presentation to the Australasian Racing Ministers' Conference in September.

HRA declared that wagering must continue to be exempt from the Interactive Gambling Act 2001, but that the Act should be strengthened to prevent exploitation by wagering operators who were not approved by Australian regulators. This would include forcing Internet Service Providers to block access to the sites operated by unapproved operators and prohibiting financial institutions from processing transactions from such sites.

The HRA submission also supported the establishment of a national gambling regulator, with powers to license betting providers and ensure adherence to strict integrity, problem gambling, harm minimisation and financial measures. Racing bodies however must retain the right to determine which wagering providers are permitted to bet on their product and what product fee they pay the industry in return.

We must continue to push for these reforms at every opportunity.

### **Wagering**

HRA has long advocated the creation of a single national TAB pool and it is indeed pleasing to see that the racing ministers have appointed a working party to consider this matter. As a first step the working party has sought the views of the national racing bodies and the major totalisator operators, Tatts Group and Tabcorp.

We will be providing a submission in the next few weeks and applaud the ministers for their initiative, but I caution that there is much to be done before we will see a national pool become a reality.

It was disturbing to read a fortnight ago that Tabcorp expects its returns from pari-mutuel wagering to continue to decline as punters increase their spend on fixed odds betting and the Trackside simulated racing game.

Tabcorp's wagering revenues increased 2.8 per cent in the six months to the end of December, but totalisator revenues fell by 5.5 per cent in Victoria and 7.2 per cent in NSW. The falls were offset by the growth in fixed odds betting and Trackside.

The company expected the totalisator to remain a dominant part of the business but predicted further gains for the fixed odds business.

I understand that fixed odds has helped the industry's wagering partners such as Tabcorp meet the threat posed by corporate bookmakers, but the return to racing is considerably less than from pari-mutuel wagering. There are signs that the returns to racing are improving, but the wagering operators need to continue to work to ensure this trend continues - racing must receive a similar return from both fixed odds and pari mutuel if we are not to suffer a further revenue downturn.

## Marketing

A recurring theme in these reports in recent years has been a call for administrators to explore ways to make the harness racing product more appealing from a wagering perspective, and to consider how to grow the fan base.

Some of these matters were canvassed in the last annual report, including a comment that marketing would benefit considerably from a co-ordinated national approach. Harness racing has few marketing resources and it was suggested we try and make the most of the very good and enthusiastic people we do have to develop a national marketing plan.

With this objective, a meeting has been organised for later this month, but despite plenty of notice it is disturbing that not all HRA members will be represented.

In preparing for this meeting, I reviewed the minutes from the last mid-season conference which was held in Perth, almost exactly five years ago. Not surprisingly, there was a call at that same gathering for members to support the national marketing committee.

I believe HRA members do an excellent job for our industry at so many levels, but there are times when I wonder whether we want to tackle the tough issues such as how to deal with harness racing's loss of relevance or how to become more adept at competing for the leisure dollar. I'm aware that our industry is particularly sensitive to change.

Nonetheless, change we must! To paraphrase the famous naturalist, Charles Darwin...  
*Successful businesses adapt to change and evolve ... those that don't become extinct.*  
Even when we want to embrace change, however, it can be difficult making progress.

I preface my next remarks by stating that I have high regard for the staff at Sky Racing and the job they do, and I believe it is an outstanding organisation. But it is not perfect!

On several occasions we have had representatives of Sky and Tabcorp at HRA meetings discussing the shortcomings of harness racing and encouraging us to make it more attractive as an entertainment and wagering medium.

Their views were partly responsible for a group of us developing the Hot Shots concept three years ago. Despite a great deal of work, representations to Sky over three years and staff of

both Sky and Tabcorp expressing their support for the concept, we still do not have a launch date for a trial.

Sky staff have indicated that there is considerable work to be done before Hot Shots can be launched and it may be another year before we can commence the trial. Four years to launch a product trial, which could benefit all parties involved, is ridiculous!

This is not meant to embarrass Sky but to illustrate the problems we have with the current business partnerships, such as the broadcast rights agreements.

### **Inter Dominion**

Sky does many things very well. Indeed, they have done a fantastic job covering the V75 ATG Inter Dominion series at Gloucester Park.

Congratulations to John Burt, Rob Bovell and everyone at Gloucester Park Harness Racing for a wonderful promotion and an excellent Inter Dominion carnival. I'm sure everyone is looking forward to a great final tomorrow night and I wish you all the best for perfect weather, a bumper crowd and exciting racing.

Thanks also to Gloucester Park and Racing and Wagering Western Australia for your hospitality during the carnival.

Whilst acknowledging our hosts, I must also thank a number of other people for their efforts on behalf of HRA.

Andrew Kelly and the staff of HRA are deserving of high praise for their continuing efforts on behalf of our industry, and I must also thank HRA's legal counsel, Dean Cooper and integrity consultant, John Shreck.

Many thanks also to the members of the Executive for their contribution and support and to all those people who give so generously of their time to serve on the various HRA committees. And while acknowledging the Executive, I must congratulate Graeme Campbell who has just been re-elected as chair of Harness Racing NSW.

HRA enjoys a strong working relationship with Harness Racing New Zealand and I thank chairman Pat O'Brien and chief Executive Edward Rennell for making the effort to join us here today.

### **A Positive Outlook**

There are a number of other topics I could discuss today, such as the on-going work with the Australian Standardbred Breeding Panel's report, but these will be dealt with during the meeting. There will also be a presentation on the 2013 Inter Dominion series in New South Wales, which I believe provides a tremendous opportunity for us to showcase all that is good about harness racing.

I spoke earlier about the apparent resistance to change from many in our industry, and this has certainly been demonstrated with both the Breeding Panel's report and the exciting Inter Dominion changes being introduced in Sydney. It seems some people – and it is only a small, but vocal, minority – have an amazing ability to ignore reality.

The Breeding Panel was established to deal with serious issues impacting on both the ownership of standardbreds and the well-being of the breeding industry in Australia, while it was widely acknowledged that the Inter Dominion had lost relevance in the Australian sporting landscape.

There are exciting proposals to address the issues on both these matters and I urge everyone in the industry to take a positive approach and be supportive of these proposals. Who knows, you might be pleasantly surprised with the outcomes!

Again, best wishes to John Burt and all at Gloucester Park for a fitting finale to the V75 ATG Inter Dominion series tomorrow night – and to you all for your endeavours in the months ahead.

Thanks,  
Geoff Want  
Chairman