

Les Boag

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Independent Competition and Regulatory Commission
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Submitted by email to: icrc@act.gov.au

Submission to ICRC Investigation into the ACT racing industry

Thank you for allowing me adequate time to provide a submission to your inquiry. I am sorry I have not been able to provide this submission sooner.

I have a significant involvement in the Canberra Racing industry as:

- I own stables at Thoroughbred Park that I lease to trainers;
- I am a breeder and race thoroughbred horses;
- I enjoy the social and responsible gambling aspects of the ACT horse racing industry;
- I am a Member of the Canberra Racing Club (CRC);
- I am a registered stablehand and enjoy helping train horses when I can spare the time

As such, I trust you will accept I am a significant stakeholder and entitled under your terms of reference to comment upon the matters listed and further matters I consider to be relevant.

I have been impressed with the visionary approach of the CRC who have sought to create a quality facility at Thoroughbred Park for the training and racing of thoroughbred horses. However, I have been increasingly concerned with the poor product offered by ACTTAB Ltd resulting in the ACT Government not providing a just and adequate compensation for the CRC product.

My major concern is with the current system of product payments and changing to an appropriate funding outcome for the ACT racing industry in the future. I trust the CRC and other submissions have adequately explained the current funding model in Australia for the racing industry is that the majority of funding for prizemoney is provided via Governments from a percentage of the TAB turnover in their state.

The ACT has a high average income and from the gambling figures available, it appears the people of the ACT are among the highest gamblers in the nation and the ACT has a large number of the population who enjoy a social event like a day at the races. Thus, we should expect that horse racing would have at least as bright a future in the Canberra as in other capitals. Unfortunately, that is not the case as the prizemoney for most races is so small we are not attracting the better horses

and only a few races each year are held on the weekend. In the current financial year there are no Saturday races and only five races on Sunday out of 26 races for the year. Most ACT thoroughbred races recently have been held on Fridays when people not working in the racing industry are generally unable to attend unless they are retired.

Importantly, the recent Government allocation of Racing product funds from the TAB income will not allow the prizemoney to stay competitive with surrounding country racecourses, let alone any other capital racecourse. Not only is the NSW prizemoney scheduled to increase but Racing NSW pays a significant bonus to many winners under a Breeders and Owners Bonus Scheme (BOBS) and that is also forecast to increase but ACT Racing has not received sufficient funding to contribute so is ineligible to participate.

Funding arrangements are generally complex but in the ACT the problem is as obvious as an elephant in a room. The ACT Government is not paying an adequate amount for the ACT Racing product. The two most obvious reasons why the ACT Government is not paying an adequate amount are:

1. Racing is dependant upon the success of the TAB and the ACTTAB Ltd product is so bad that increasingly people who like to have a bet on the races bet with the NSW TAB or bookmakers, which has resulted in a small funding base; and
2. The Government has not been supportive and only allocated 4% of TAB turnover which is the smallest allocation in the nation and does not compare with Victoria allocating over 6%.

The major problem with the current arrangement is the failure of ACTTAB Ltd to provide a competitive product. While the figures are not publically available the anecdotal evidence is compelling and so strong that it warrants a formal investigation by the ICRC to establish, as best as possible, the exact extent of the problem. It would appear from anecdotal evidence that over 50% of the betting on horses by ACT citizens is now through the NSW TAB or bookmakers with ACT betting less than \$200M with ACTTAB Ltd. I have conducted a survey of a number of friends and acquaintances and found that they place more than 50% of their bets with NSW TAB rather than ACTTAB. Many refuse to bet with ACTTAB due to their product being so poor. Some of the main reasons for this appear to be ACTTAB Ltd does not provide:

- Flexibet;
- First Four;
- Big Six; and
- access to funds at all other NSW racecourses.

While there is public evidence of this problem with the TAB turnover at EagleHawk being one of the largest in NSW, the move to electronic betting means that only the NSW TAB could advise the real extent of the betting with them by ACT citizens, which could be far more than 50% of total ACT betting on horses. Although ACTTAB Ltd has been promising for years to improve their product to the standard of other states it has repeatedly failed to do so and now appears beyond recovery and unlikely to be able to win back lost customers without major changes.

If ACTAB Ltd had remained competitive and not lost over 50% of bets to others and the ACT Government had paid 6% instead of only 4%, the income to ACT racing would be three times more than current levels. CRC would be able to provide prizemoney that would enable Saturday and Sunday racing able to attract competitive horses and a significant boost to the ACT racing industry which is struggling to survive while other states are flourishing.

While the problem is obvious, the solution is not as obvious and will need a change of policy and attitude by the ACT Government.

As the core problem is the failure of ACTTAB Ltd to attract the betting of the ACT public the ACT Government must take action to rectify this situation. It would appear that there are two major alternatives:

- Come to an arrangement with the NSW TAB to sell ACTTAB Ltd rights to them in return for 6% of all racing bets by ACT citizens going to the relevant ACT sporting industry and 2% going to the Government. This would result in an increase to Government and about a threefold increase to the ACT Racing industry.
- Change the ACT management of ACTTAB Ltd from a Board to a Director reporting directly to the Government with a mandate to quickly implement competitive betting facilities and a promotion campaign to try to recover the income leakage.

In the Interim, it is vital that the ACT Government take immediate action to increase the percentage of the TAB income allocated to ACT Racing for their product. It is the Government's poor control of the TAB which has caused the main funding source, the TAB turnover, to have dropped so low. Thus, the Government must immediately increase the percentage to a fairer amount. I consider a fairer percentage would be 8% until an alternative solution can be arranged to recover from the loss of funding due to the poor ACTTAB Ltd performance. The immediate percentage should not be less than matching the 6.35 percent allocated by the Victorian Government to their racing industry.

I offer the following further views:

- I strongly support the ACT Government receiving the full value of race fields legislation revenue in addition to all other funding provided.
- If a national funding model is established then it is appropriate that the ACT racing industry be funded according to that agreement, and the ACT Government should support the ACT racing industry in those negotiations.
- The Government should recognise the large number of people in the ACT whose livelihood is racing and the large number who enjoy horse racing and appoint a Minister who is supportive and understanding of the racing industry importance.
- I support the CRC receiving 80% of the Racing funding split.
- I strongly believe that the ACT Government should grant the balance of the Development Loan to CRC and not require any further repayments.

Thank you,

Les Boag