



## **MEDIA STATEMENT**

# Support for Budget Funding of ACT Racing Industry

In response to a Terms of Reference issued on behalf of the Minister for Gaming and Racing, Andrew Barr MLA, the Independent Competition and Regulatory Commission today released a report in which it has recommended continuation of budget funding for the ACT racing industry should the ACT Government wish to continue its direct support beyond 2013-14.

‘The ACT racing industry is in a precarious position and faces a range of challenges not all of which can be resolved by the industry itself’, Senior Commissioner, Paul Baxter, said today.

‘The racing industry in the ACT is the smallest in the nation. ACT harness racing lacks a permanent home. There is a lack of bargaining power in terms of negotiating broadcasting of ACT races. And there is a real likelihood that the NSW racing industry will soon significantly raise its prize money and become more attractive to horse and greyhound owners’, according to the Senior Commissioner.

‘In addition to these challenges, the ACT industry is not in a position to set a price and determine a value for its own racing product. It is thus reliant upon mechanisms that have historically linked the ACT industry to the performance of the ACT totalisator, ACTTAB’, Mr Baxter said.

‘This is not a viable long term solution for the funding of the local industry, particularly at a time when major changes in the wagering sector nationally, including the emergence of corporate betting agencies, have cast doubt on the ability of a small jurisdictional totalisator such as ACTTAB to continue to provide the certainty of future revenues that the racing industry seeks’.

‘The Commission has recommended that direct budget funding would be the appropriate mechanism to address a market failure in the pricing and exchange of racing product until such time as a national funding approach is agreed by all jurisdictions’ Mr Baxter said.

‘The Commission does not favour the use of estimates of the ‘value added’ of the ACT racing industry as the basis upon which this funding would be provided, as these estimates have been shown to vary widely, and be open to considerable debate’, Mr Baxter said.

‘Rather, the Commission is proposing that the level of budget funding achieved in the last year of the current funding arrangement be continued, with an adjustment for inflation, but

discounted by an 'efficiency' factor in much the same way as public service funding attracts an efficiency adjustment each year'.

In terms of the determination of the level of product fees under the existing race fields legislation in the ACT, the Commission has recommended:

- the continued use of 'gross revenue' as the basis for calculating product fees, and
- retention of the current 10% rate for product fees, but potentially increasing this rate should any of the major jurisdictions increase their level of the product fee.

In response to industry changes across all jurisdictions, the Commission has proposed a process potentially leading to structural and governance changes for the ACT racing industry:

- The ACT Government, in conjunction with the three racing clubs in the ACT, should undertake a detailed investigation into the costs and benefits of replacing existing administrative structures and establishing a single independent administrative body to oversee the management of the three racing codes;
- Following an outcome from the proposed review of management and governance arrangements, the Government in conjunction with the ACT racing industry should undertake a detailed investigation into the feasibility of co-locating the three race codes at one ACT location.

'These are times of significant and far-reaching structural changes in the racing industry across Australia. If the ACT industry is to remain a viable and vibrant part of the industry, new models of governance and management need to be fully considered', Mr Baxter said.

'If an independent body is established to oversee ACT racing, the body should be provided with some discretion as to how funds are allocated across the three codes reflecting the attractiveness of the racing product and the need for investment in each of the codes', Mr Baxter said.

'However, until such a body can be created, government funding should be provided directly to the three codes on the basis of a sharing arrangement agreed between the codes, or if such an agreement is not possible, it should be shared on the basis of a three-year rolling average of the product payments received by the ACT racing clubs', Mr Baxter said.

The Commission's report has now been handed to the Minister for Gaming and Racing for appropriate consideration and action.

The Final Report is available on the Commission's website at [www.icrc.gov.au](http://www.icrc.gov.au)

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