

Submission by  
Canberra Thoroughbred Racing Trainers  
to  
the Independent Competition and Regulatory Commission  
on  
Investigation into the ACT Racing Industry

23 November 2010

## **Introduction**

This submission is presented by the registered Canberra thoroughbred racehorse trainers whose livelihood primarily depends on the thoroughbred racing industry in the ACT being continuously viable. The submission should be read in conjunction with those made by the Canberra Racing Club and Access Economics Pty Limited which provide the argument for a new funding model and the relevant data which supports this model.

Thoroughbred racing in Canberra is a large business that provides significant employment and supports associated industries. It makes a large contribution to the ACT economy and much of the revenue is generated from owners outside the ACT.

The relationship between the ACT Government and the Canberra thoroughbred racing industry is unique in that it is the only single club jurisdiction in Australia. All other jurisdictions have many clubs and therefore risks are spread across a wider range. In the ACT, Thoroughbred Park and the Canberra Racing Club is the single hub of thoroughbred racing activities. Therefore, the circumstances are quite different from the other jurisdictions.

The thoroughbred industry is heavily dependent on receiving a fair product fee for the use of its product by the wagering industry. To continue to survive, the thoroughbred racing industry requires a more equitable distribution from ACTTAB and the race field legislation revenue and its share should more accurately reflect its contribution to the ACT economy.

In the other two codes, pacing and dog racing, the operation is much smaller and more commonly operates on a part time or hobby basis. Consequently, its contribution to the ACT economy is less than thoroughbred racing and this difference should be reflected in the distribution of product fees.

## **Submission**

There are 21 thoroughbred-horse trainers in the Canberra district, 18 of whom have their racing stables at the Thoroughbred Park complex managed by the Canberra Racing Club. The training of horses in the Canberra district provides employment for some 2,000 people and around 450 FTE jobs. These include direct jobs for stable-hands, jockeys, track-work riders and administrative staff.

It also provides direct jobs for associated support industries such as veterinary staff, horse dentists and chiropractors, farriers, feed and equipment suppliers and horse transport companies. These activities are all ACT based and the salaries generated are primarily spent in the ACT making a significant contribution to the ACT economy as detailed in the Access Economics submission.

There is also a significant indirect benefit to the ACT in that other equine activities are effectively supported by racing. The veterinary and support industries are much stronger, and offer better facilities, due to the presence of a strong racing industry and this aids the large recreational horse activities in the ACT.

The Canberra Racing Club has been particularly innovative and forward looking in developing high class facilities including the very successful all weather synthetic ACTON track used for training and for racing during the winter. The value of this track was well illustrated this winter where the high rainfall and wet tracks resulted in the transfer of six meetings from neighbouring country tracks to the Canberra ACTON track.

The Canberra track currently offers very good training facilities but these will not be maintained if funding is reduced and would lead to a decline of the local industry. The club is fully responsible for the maintenance of facilities which can only be funded from revenue from product fees. In contrast, the pacing industry gets a considerable subsidy as it only pays a relatively nominal fee for the use of the track at EPIC and most of the costs of this track are met by ACT taxpayers.

Because of the good facilities and the strength of Canberra based trainers, up to 75% of the revenue generated by Canberra based trainers comes from owners outside the ACT resulting in a considerable inflow of funds to the ACT. These funds are then spent here and flow through the ACT economy.

The trainers are self-employed people who invest a significant amount of capital and labour into their businesses. Each stable block involves a capital investment of approximately \$400,000 and there are 15 blocks at the racecourse. The risks are high and the financial rewards for trainers based in the ACT are not great.

The income of a training business is generated from:

- fees paid by the owners for the day-to-day training and upkeep of their horses, and
- 10% of the prize-money earned by the horses under their care

There is little profit margin in the training fees as they are largely based on cost recovery. Trainers rely very heavily on the percentage of prize-money to make a decent living. The owners of the horses also rely heavily on prize-money in order to partially recoup the capital cost of buying a horse and the day-to-day costs of having the horse trained.

In order to sustain a continuously viable thoroughbred racing industry in the ACT, a minimum of 26 meetings per annum at Thoroughbred Park is required and the

prize-money needs to be maintained at a level to compete with the NSW provincial clubs. These clubs have the advantage of an owners' bonus scheme for 2YO and 3YO winners and also for older horses that race over 1600 metres or more. Owners and trainers will obviously seek to race their horses where they can maximize the prize-money for the equivalent grade of race. Also, with Racing NSW last week winning its court case against corporate bookmakers and confirming the validity of race fields legislation, prize money for NSW tracks will increase providing further competition to the ACT.

The two feature race meetings of the year, the Canberra Cup and the Black Opal Stakes, provide significant national and even international exposure for Canberra. This is enhanced by the new and very distinctively Canberran finish post depicting Parliament House. The profile of these events depends on maintaining prize money levels.

These events are genuine tourist attractions and bring many people to Canberra for the Carnivals. Unfortunately, little interest has been shown by Australian Capital Tourism in promoting racing. These events should play a significant role in the upcoming Canberra Centenary celebrations and Australian Capital Tourism and the ACT Government should be pro-active in seeking the Canberra racing industry's direct involvement.

### **Conclusion**

If the product fee is not increased to the level recommended by the Canberra Racing Club, and supported by Access Economics and the Australian Racing Board, thoroughbred racing in the ACT will not be able to compete in its market and will decline and eventually fail. This will mean that trainers will either have to relocate to NSW or close their business. The subsequent loss of jobs and revenue will be felt by the ACT Government and the ACT economy.

Other sports, such as football codes, receive their product fees through television rights but Canberra racing gets its fees traditionally from ACTTAB. The return from ACTTAB, as shown by the Access Economics submission, is the lowest in the country. TABs have been facing a rising challenge with the growth of corporate bookmakers and this has been more marked in the ACT. Unfortunately, ACTTAB has lagged significantly behind in the range of wagering offered by other TABs, especially with respect to flexi betting. The increased use of internet wagering allows ACT based punters to bet with other TABs offering a much better product. It is essential that the ACTTAB becomes more competitive in the national market. The Canberra racing industry has been penalised by the inefficiency of an operation over which it has no control, as until very recently the industry has not even been represented on the Board of ACTTAB.

To offset the loss of TAB revenue, all jurisdictions have introduced Race Field Legislation to collect a product fee from these new players who previously had

paid nothing. In all jurisdictions, apart from the ACT, this revenue has been passed on to race clubs but the ACT Government has not fully passed on this income. To allow the ACT to be competitive it is essential that the race fields' revenue is fully passed on.

The Canberra Thoroughbred Racing Trainers urge the Independent Competition and Regulatory Commission to recognize the significant contribution that the thoroughbred racing industry makes to the ACT economy and long term employment but also that it provides entertainment and recreational value to all Canberrans.

Signed by the registered Canberra thoroughbred trainers:

  
Rado Boljun

  
Matt Dale

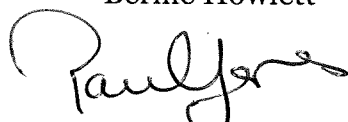
  
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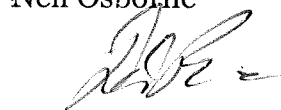
  
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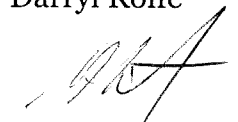
  
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