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BY: _____



ACT Racing Industry Joint Submission

The ACT racing industry comprising the Canberra Racing Club (Thoroughbred's), Canberra Harness Racing Club (Harness) and Canberra Greyhound Racing Club (Greyhound's) have prepared a joint submission in response to the Independent Competition and Regulatory Commission (ICRC) draft report "Investigation into the ACT Racing Industry".

Economic analysis

The industry strongly disagrees with the ICRC's estimate of the gross value added of \$5.3 - \$8.6 million which signifies limited multiplier effects for the funding provided through the Budget by the ACT Government.

The belief that wagering and racing can be separated is overly simplistic. Racing and wagering exist in the same eco system and one cannot survive without the other. The Gentleman's Agreement which allows one state or territory to wager on another's product has not broken down with traditional home based funding of the racing industry still in place throughout Australia. The introduction of Race Fields Legislation (RFL) has been grafted onto these traditional funding mechanisms to combat the emergence of Betting Exchanges and Corporate Bookmakers which have reduced the level of wagering through TAB's and ultimately the flow on funding provided to the racing industry.

To assert the position of the ACT racing industry as a valid and important contributor to the ACT Economy the three codes engaged The Allen Consulting Group to prepare a report detailing the economic value of the racing industry in the ACT. The value of the ACT Racing industry arrived at through the modeling in this submission is significant, reflecting its important contributions to the ACT economy. The impacts on the ACT for 2009-10 ranges from:

- \$25 million, if only direct value add (using the ICRC definition) is applied using the ABS input-output tables;
- A \$50 million reduction in GSP, using an economy wide modeling without including any impacts on gambling; and
- A \$90 million reduction in GSP, or \$720 reduction in annual reduction of household income, using economy wide modeling and including the gambling on ACT racing by residents and non-residents.

As is shown by The Allen Consulting Group report the ACT Racing Industry creates significant multiplier effects from the funding provided by the ACT Government through its annual budget.

Independent body

The industry does not agree with the view of the ICRC that the ACT Government and the ACT racing industry should establish an independent body that oversees the three different racing codes. The ICRC supports its view on the basis that the integrity and allocation of resources across the industry would be improved.

The basis of ICRC's integrity concerns for the industry stem from a race held by the Canberra Greyhound Racing Club. Greyhound Racing NSW completed a preliminary investigation regarding the running of this race (race 3) at the Greyhound meeting on 6 December 2009. Based on this investigation, Greyhound Racing NSW do not intend to proceed to a formal enquiry. No other integrity issues have been raised by the ICRC.

Without formal findings regarding this particular race and no other integrity concerns surrounding any code it is difficult for the ICRC to raise integrity as a reason for the creation of an independent body overseeing the codes.

A further reasoning behind the creation of the independent body is a more efficient allocation of resources across the industry. At a time when the industries level of funding is being questioned and the industry is being encouraged to become less reliant on their main source of funding it is difficult to imagine how another layer of administration and indeed costs would lead to a more efficient running of the industry.

Allocation of budget funding

The draft report and the ongoing funding discussions has led to uncertainty throughout the industry. Without certainty it is difficult to attract investment into an industry. In order to eliminate one source of uncertainty in this process and the ultimate decision by the ACT Government it has been agreed by the three racing codes in the industry to maintain the existing distribution split of 75% Canberra Racing Club, 12.5% Canberra Harness Racing Club and 12.5% Canberra Greyhound Racing Club for the next two financial years, namely 2011 / 2012 and 2012 / 2013. Upon completion of these two years it is further agreed that the methodology behind a funding split between the three codes should include in its calculation a component for the level of wagering generated upon a codes product.

Three code venue – Greenfield site or Thoroughbred Park

The ICRC have recommended that the ACT Government and the three racing codes should investigate the possibility of co-locating the codes at the one venue be it either a Greenfield site or Thoroughbred Park.

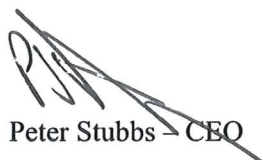
The industry supports this recommendation should a thorough investigation into co-location including a cost / benefit analysis point to a successful outcome for the industry.

Thursday 17 February 2011

Canberra Racing Club



Tim Olive – Chairman

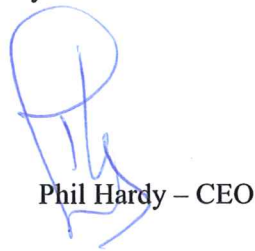


Peter Stubbs – CEO

Canberra Harness Racing
Club

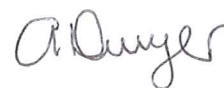


Ray Redman – Chairman



Phil Hardy – CEO

Canberra Greyhound Racing
Club



Ashley Dwyer – Chairman



Mike Brady – CEO