TRAVEL REPORT

MEMBER FOR NEWLAND

HON. DOROTHY KOTZ MP JP

TRAVEL DESTINATION; ADELAIDE/DARWIN/ADELAIDE

DATES; 03-August-03 to 07-August-03.
As Shadow Minister for Racing the objectives relating to my travel to Darwin were;

To seek information on any innovative schemes or management practices that support the growth and development of the Thoroughbred Horse Racing Industry.

To expand my knowledge of the Industry by networking with the various groups affiliated with the Industry.

To study the means by which successful events in the Racing Industry remain sustainable.

During the three days available to me I met with a variety of people in the Racing Industry;

Shadow Minister for Recreation & Sport

Members of various Racing Clubs from other States.

Owners, Trainors and Sponsors.

Documents/Publications;

Australian Racing Board – Annual Report

Australian Equine Veterinary Association Executive Minutes – 2003

BACKGROUND

Size and Scope of the Australian Thoroughbred Racing Industry

In December 2002 the Australian Racing Board released a major report profiling the industry, entitled *The Size and Scope of the Australian Thoroughbred Racing Industry*. This major study has reported that:

allowing for the successive rounds of spending in the economy which follow from expenditure by the racing industry, direct plus indirect income and employment due to the racing industry in Australia totals some $7.7 billion and 240,000 Australians (or 77,000 full time equivalents) respectively.

breeding and racing are amongst the most labour-intensive of all Australian industries, and provide jobs in a diverse range of callings. Much of this employment consists of jobs in regional areas where genuine local employment opportunities are scarce.

measured by attendances, racing is Australia’s second most popular sport. It is estimated that 1.7m people attend a race meeting at least once a year. This is second only in popularity to Australian Rules football. For most rural communities their Cup race day and the agricultural show are the two social highlights of the year – and for those not large enough to have an agricultural show the annual race day is their major opportunity to socialise as a community.

Australian racing spans both the calendar and the continent. A total of 22,000 races are held each year, staged in Australia and equating to an average of 60 races a day.

Australian Racing is a significant contributor to both the economy and way of life in regional Australia. Almost half ($3.8 billion) of the gross economic impact from the thoroughbred racing industry is generated in non-metropolitan regions.

per capita Australia is the world’s leading country in ownership of thoroughbred racehorses. Australia also has more race clubs and racecourses than any other country in the world. Moreover Australia’s 454 race clubs have over 150,000 members.

Drug Testing Programs

The Australian Racing Board (ARC) report on this issue in 2002 advises Australia’s drug testing program has two enviable features. First, it is one of the most rigorous programs of any country in the world – some 30,000 tests are undertaken each year. Second, it demonstrates unequivocally that Australian racing is drug-free – only a fifth of one percent of all tests return positive to prohibited substances.
The ARC has adopted amendments to the Australian Rules of Racing, widening the powers of the Stewards to take and analyse blood, urine and other samples from horses in training. Previously the industry’s drug testing program has concentrated exclusively on race day and pre-trial testing. After extensive industry consultation the Board has decided to broaden this to allow out-of-competition testing of horses for those drugs such as peptide hormones (EPO and others) and amphetamines that have no place in racing.

The Board has made it clear that out-of-competition testing will not apply to legitimate veterinary therapeutic medications that have an acceptable role in maintaining the health and welfare of horses in training.

The Board’s decision to introduce out-of-competition testing is squarely intended to ensure that our internationally recognised reputation is maintained. It has been supported by the Australian Trainers Association, the Australian Equine Veterinary Association and state owners’ groups, which say loudly and clearly that the overwhelming majority of the industry believes that racing must continue to be a drug-free sport.

Cross-Border Remote Betting by Bookmakers

Unlike most other mainstream Australian sports, racing is heavily reliant upon consistent revenue flows from wagering turnover, to the extent that at present over 70% of the Racing Industry’s total revenue is derived from wagering. Without this revenue there would be a severe reduction in the income and employment opportunities of race clubs, breeders, owners, trainers, jockeys and other industry workers.

The Industry has been concerned about what they see as a grave threat to the Racing Industry’s revenues that emerged as the established wagering environment was changed by new operators who take a free ride and bet on Australian racing without making any compensating payments.

It is the view of the ARC that, for the continuation of this nation’s racing industry, a number of basic principles should be observed across Australia. The cornerstone of these basic principles is the proposition that where a remote bookmaker takes a bet with someone (i.e., a bet placed by any other means other than a face-to-face transaction with a punter) then certain conditions must apply to ensure that the Racing Industry is treated with commercial fairness. At the same time it is also important that this area of wagering complies with accepted community standards and that responsible wagering arrangements are in place to govern these operations.

The Racing Industry supported the decision by the Australasian Racing Ministers’ Conference to establish a Cross-Border Betting Taskforce to examine these issues. Working together with Industry the Racing Ministers have the capacity to ensure that the Australian wagering environment continues to provide a fair return to the Racing Industry that generates the product.
The Racing Ministers met in November 2002 to consider the report from the cross-border taskforce. These are critical matters requiring urgent redress and I am unaware of any outcomes yet being pursued by the Ministerial Council.
The promotion and marketing for the Darwin Cup claim this Carnival the Melbourne Cup of the North with the cup carnival a nationally recognised event attracting thousands of tourists the Top End in July and August.

The biggest party of the year starts early July and doesn’t stop until early August a full five weeks of celebrations with spectacular cocktail parties, luncheons, sponsor events, fashion parades, Calcuttas, Gala Ball and plenty of racing.

Over $1 million in prize money is there to be won over the festival of racing. 26,000 people attended the Darwin Cup day alone. Entrance fees charged on the day amounted to an approximate revenue of some $650,000.

The Cup attracted well known trainers and jockeys such as;


Other Carnival guests included Prime Minister John Howard, South Australian winemaker Wolf Blass, TV personality Ben Dark, past and present cricketers like Simon O’Donnell and many visiting southern racing trainers.

The Gala Ball held at the MGM Grand Hotel attracted 1600 patrons at $240 per person.

Another main event leading up to the cup, Breakfast with the Stars”, was attended by more than 200 racing enthusiasts.

Friday August 1st Qantas added an extra 217 seats for the Darwin Cup. That same day Qantas upgraded the Sydney to Darwin flight from a 205 seat 767 to a 422 seat 747.

Punters wagered over $500,000 on UNiTAB on the Cup. Early estimates suggested that there was approximately $1.7million bet on the entire nine-race program.

The Darwin Cup Carnival was pronounced most successful, with the economic benefits flowing throughout business and industry, the hospitality trade including tourism were all financially rejuvenated because of the success of this carnival.

The Promotional team and the Marketing Manager are already organising the 2004 Darwin Cup Carnival, promising it will be bigger and better than 2003.

The Racing Industry is filled with very generous and committed individuals I am pleased to have had the opportunity to meet many of them and to have had the opportunity to learn a great deal more about the Industry and its many facets.
PURPOSE

To consider the establishment of a revised Principal Club structure to represent the Territory racing industry.

The Principal Club will oversee racing throughout the Territory, and represent the Territory on the Australian Racing Board (ARB). It is expected that the Chairperson of the Principal Club would be a full member of the ARB. The Chief Executive Officer (Secretary) of the Principal Club would be appointed as an Executive Member of the ARB (as per the ARB's constitution).

BACKGROUND

By virtue of section 42(1) of the Racing and Betting Act, the Darwin Turf Club Inc is the Principal Club for the Northern Territory and, as such, is a member of the Australian Racing Board.

Section 42(2) provides that the Minister may appoint the Racing Commission or an association to be a Principal Club, or declare that an association (including the Darwin Turf Club) is no longer a Principal Club.

Section 43 provides that a Principal Club shall have the control and general supervision of the race clubs within its jurisdiction, and

\[ \text{To the extent necessary to give effect to this Act, its functions are:} \]
\[ \text{(a) to control, supervise, regulate and promote horse-racing; and} \]
\[ \text{(b) to initiate, develop and implement such policies as it considers conducive to the development and welfare of the horse-racing industry and the protection of the public interest in the locality in respect of which it has jurisdiction.} \]

The powers of a Principal Club are set out in section 44 and are quite extensive. It would also be fully responsible for the Northern Territory Racing Industry Agreement in relation to thoroughbreds.

Prior to 1995 the Territory had two Principal Clubs – these were the Darwin Turf Club and the now, Alice Springs Turf Club. Both were members of the Australian Conference of Principal Clubs (now the Australian Racing Board).

In 1995 the ARB, as a result of a review of membership and voting rights, determined that only one Principal Club could represent the Territory.
By agreement with the industry the Darwin Turf Club was appointed the sole Principal Club in the Territory. The Darwin Turf Club delegated its Principal Club powers to the Alice Springs Turf Club in respect to racing conducted from Tennant Creek and below. This allowed the Alice Springs Turf Club to oversee clubs and meetings in the southern region only, but removed its representation at the national level.

Over the years many concerns have been expressed by various sections of the racing industry regarding the lack of overall representation on the Principal Club by some industry organisations and the Territory generally. Whether or not those concerns are justified, it must be conceded that the present setup tends to create a perception of bias towards the northern region.

PROPOSAL

It is proposed that consideration be given to establishing a representative association to be the Principal Club to oversee the Territory’s racing industry. The Darwin and Alice Springs Turf Clubs would revert to normal race clubs. They would only be responsible for the conduct of their local racing activities and assist the activities of race clubs in their locale.

Structure:

A number of States have established statutory bodies as their Principal Clubs. While that has some advantages, it would likely require a more formal system of administration and thus impose additional costs on the industry and government.

A new Principal Club for the Territory could be established under existing legislation, perhaps as a body incorporated under the Associations Incorporation Act. This would appear to be the more expedient way to proceed.

It is suggested that membership of the Principal Club could be as follows:

- one representative from Darwin Turf Club.
- one representative from Alice Springs Turf Club.
- two Owners & Trainers representatives (one each from Darwin and Alice Springs).
- a “country” representative (areas outside Darwin and Alice Springs).
- An ‘independent’ Chair with knowledge of the Australian racing industry, and suitable qualifications perhaps in law or accounting.

The Minister would make all appointments. It is expected that all general members would be nominated by the industry to the Minister, while Expressions of Interest would be sought for the position of Chair.

It is proposed that the term of appointments be for a period of three years.
It is likely that the position of Executive Officer would be advertised, with the appointment to be dealt with by either the Minister or the committee of the Principal Club.

Responsibilities:
The powers of the Principal Club are detailed in section 44 of the *Racing and Betting Act*. It is expected that the powers under sub-sections (e), (j) and (k) would be delegated to the respective clubs (these sub-sections relate to registration or refusal to register owners, trainers, horses etc). The Principal Club would also administer the Northern Territory Racing Industry Agreement and have responsibilities as a member of the ARB.

It has been suggested that the new Principal Club could become the employer of the Chief Stewards of the Darwin & Alice Springs Turf Clubs. This would clearly demonstrate that the stewards are undertaking their duties independently. There could be no suggestion that members of an employing committee may have influenced their actions or decisions. If it is considered appropriate for the Principal Club to employ the Chief Stewards, funding aspects will need to be considered in liaison with the current employers.

However, it is noted that the Chief Stewards undertake far broader duties within their current Club environment and a change of employer may not be practicable.

Administrative support & staffing
Depending on any additional duties required of the Principal Club, including employment of stewards, it is estimated that administration could involve the equivalent of one person on a full time basis.

It is proposed that the Executive Officer would head the administrative arm of the Principal Club. If day to day administrative tasks of the Principal Club could be undertaken by staff of one of the Turf Clubs, the Executive Officer may be only a part time position.

Office accommodation, furnishings and computing equipment would be required for the Chair, the Executive Officer and any administrative support. Provision would also need to be made for a meeting facility.

Meetings
The ARB meets quarterly, with sub-boards also meeting on a regular basis.

Within the Territory, it is expected that the Principal Club would have full meetings quarterly (two per year in Darwin and Alice Springs), to occur a short time before each meeting of the ARB. Any additional meetings in the Territory could be conducted possibly by teleconference.

The ARB sub-boards or committees would also include Territory representation from the Principal Club.
Costs

Members of the Principal Club would be paid appropriate “sitting” fees, plus travel, accommodation and expenses as necessary. This would include attendance at ARB meetings and sub-meetings.

The Executive Officer’s salary, office accommodation and furnishings, and additional administrative costs would be incurred.

Legislative changes

As indicated, providing the new Principal Club was set up as an incorporated body, the establishment can be undertaken within the current legislative framework (s 42).

Response to the discussion paper

This discussion paper is circulated to enable feedback from all sections of the NT Racing Industry and any interested persons. Your comments and suggestions are invited. If there are any aspects of the matter that you would like to clarify or discuss, please contact:

Malcolm Richardson
Deputy Director of Licensing
Telephone: 8999 1326

Responses are to be in writing, marked for the attention of Malcolm Richardson, and delivered to the following address no later than 24 October 2003.

Deputy Director of Licensing
Racing, Gaming and Licensing Commission
GPO Box 1154
DARWIN NT 0801

OR to be hand delivered to the RGL offices located at:

DARWIN: 1st Floor, Enterprise House, Cnr Woods and Knuckey Streets.

ALICE SPRINGS: Peter Sitzler Building, North Stuart Highway.

OR email to: Malcolm.Richardson@nt.gov.au