



CHAIRMAN'S REPORT - MR GEOFF WANT

HRA ANNUAL GENERAL MEETING 11 DECEMBER 2015

The 2014-2015 season was a turbulent one in some respects, despite there being many positive signs for the future of the Australian harness racing industry.

Bushfires and violent storms caused havoc in several areas, there were some potentially damaging integrity issues and animal welfare concerns, triggered by some disgraceful behaviour in greyhound racing, cast a pall over the entire racing industry.

Nonetheless, there were many highlights during the year, including the hugely successful World Trotting Conference in Sydney and the World Driving Championship at various tracks in New South Wales. But the most enduring memory of the season will be the outstanding racing conducted at tracks throughout the nation, with wonderful standardbred horses prepared and driven by committed professionals.

Administrators have many competing priorities but our primary objective is to nurture and promote this great industry, despite the distractions, and I believe the clubs and controlling bodies which comprise the membership of Harness Racing Australia do this very well.

At the heart of everything we do, however, is what happens on the racetrack!

RACING HIGHLIGHTS - HORSES

Great racing occurs when there are several outstanding horses competing for the spoils, especially in the big, high pressure events. And this was the result in most of our feature races during the season.

Brilliant pacer Beautide won consecutive Australian Harness Horse of the Year awards after amassing five wins and three placings from ten starts during the season, including a stunning

victory in the TAB.com.au Inter Dominion Grand Final at Tabcorp Park Menangle. Trained and driven by James Rattray and owned by the Rattray Family from Tasmania, Beautide took his lifetime earnings to more than \$2-million.

Only one vote behind Beautide in the poll for Australian Harness Horse of the Year was the star three year old Menin Gate, trained in Victoria by Larry Eastman and driven by Chris Alford. The exciting young gelding amassed almost half a million dollars in prizemoney during the season from 12 wins and 5 placings in 18 starts.

Indeed, the juvenile ranks were awash with talent with Our Waikiki Beach - unbeaten in ten Australian starts for earnings of \$468,000 - the two year old pacing colt or gelding of the year.

The eight race Australian Pacing Gold Grand Circuit series again produced exciting racing with the classy New Zealand pacer Christen Me winning for the second straight year. Christen Me, trained by Cran Dalgety and driven by Dexter Dunn, saluted in three of the races in the series - the SEW Eurodrive Miracle Mile, the TAB Victoria Cup and the Auckland Cup.

Another New Zealander, Stent, took out the APG Trotting Master series after winning three of the five races, including the Seelite Windows and Doors Australian Trotting Grand Prix and the Pryde's Easifeed Great Southern Star, both at Melton.

Trained by Colin and Julie DeFilippi and driven by Colin, Stent won all five races he contested in Australia during the season and also was a deserved winner of the Australian Trotter of the Year award.

We are indebted to Australian Pacing Gold for continuing their sponsorship of the two elite pacing and trotting series on the Australasian calendar and the connections of both Christen Me and Stent, for the second straight year, get a \$20,000 bonus to be spent at the APG sales.

RACING HIGHLIGHTS - TRAINERS/OWNERS

Queenslanders Shane Graham and Grant Dixon achieved career best results in taking out the national driving and training awards for the season.

Shane Graham gained his first J.D. Watts Award as Australia's leading driver with 259 wins for the season, five ahead of the runner-up, Greg Sugars, of Victoria.

Grant Dixon had another stellar season, finishing fifth in the drivers' championship with 215 winners and taking his fourth consecutive J.D. Watts Award as the nation's leading trainer. He prepared 282 winners for the season, 62 more than his nearest rival, the West Australian partnership of Greg and Skye Bond.

In a further example of the gender equality in harness racing, five of the top ten trainers and two of the top ten drivers, Lauren Panella and Amanda Turnbull, were female. Lauren was the leading driver in NSW with 167 winners, despite missing the last ten weeks of the season because of a wrist injury suffered in a race.

Queensland's Peter McMullen finished 8th in the national standings but had the distinction of winning the inaugural Australian Driving Championship conducted over six races at Globe Derby Park in Adelaide. The championship was an excellent promotion and is to be conducted annually, alternating between South Australia and Tasmania.

RACING HIGHLIGHTS - BREEDING

The Globe Derby Awards for breeding excellence, sponsored by IRT, continue to be dominated by popular stallions Bettors Delight, Art Major and Sundon.

Bettors Delight was Leading Sire by Stake money for the 4th time, with his progeny winning 897 races and \$10,320,057.

Art Major was the Leading Sire of Winners for the 4th time, with 368 of his progeny winning 937 races.

Sundon was the Leading Sire of Trotters by Stake money for the 13th time, his progeny winning 109 races for \$878,349.

INTEGRITY

Integrity is a costly and time consuming, but very necessary, task for HRA's Members. Ensuring a level playing field is essential for the well being of our participants and the image of our racing among both punters and the broader community.

Someone once remarked to me that there are people in the racing industry who believe "*ethics is a county in England*" and self interest is their only motivation. One definition of integrity is "*adherence to moral and ethical principles*" while "*honesty*" is often mentioned, along with "*doing the right thing*".

Regardless of one's view, our Members are heavily focused on integrity and are committed to identifying and penalising anyone breaching the Australian Rules of Harness Racing, to ensuring the safety of our participants and to managing a first class equine welfare program.

In the past year several states have considered changing the structure of the regulatory regime in racing, merging integrity departments from the three codes into a single unit. I am not a fan of this approach and believe it is a knee jerk political reaction to the exposure of horrific live baiting behaviour in the greyhound racing industry. Self regulation, properly managed by dedicated officers - as it is in harness racing - provides for far more effective control.

Some of the state governments would be providing a greater service to the integrity battle if they reviewed the legal processes in their jurisdictions which regularly allow cheats to successfully appeal convictions or to have penalties reduced, despite damning evidence.

The national rules of harness racing are consistently enforced across borders but appeal structures and processes of the various states can be vastly different, which has resulted in a disparity in appeal costs, timing and penalties. HRA firmly believes that uniformity of appeals structures and processes across the nation will deliver significantly enhanced outcomes for industry participants, fans and the wagering public.

Harness racing integrity officers are constantly meeting the challenges presented by people prepared to engage in illegal activities and this was well illustrated by the fight against cobalt, which has attracted much comment in both mainstream and social media.

HRA Members were at the forefront of this battle, with the Chief Operations Officer for Harness Racing New South Wales, Reid Sanders, leading the charge. It is always difficult to single out people for mention when many have done a sterling job, but Reid is deserving of special praise for the determined way in which he pursued the cobalt issue.

More than a dozen participants have been charged with cobalt related offences in the past year and it never ceases to amaze that people are prepared to risk suspension or disqualification by challenging the regulatory regime.

In the last annual report I paid tribute to Victorian trainer and driver Shane Cramp for his feat in July 2014 of training all eight winners on the program at Mildura, his home track. His world record setting achievement was even more remarkable as he drove three of the eight winners and trained a trifecta and three quinellas.

Fast forward a few months to early 2015 and 31 year old Shayne and his father, Greg Cramp, 58, were arrested and charged in relation to race fixing, after an operation involving HRV stewards and Victoria Police. In early September they pleaded guilty in court in Melbourne to one count of engaging in conduct that corrupts a betting outcome and were sentenced to community corrections orders.

Both were suspended by HRV pending the court appearances and at the time of writing this report HRV was investigating what other action might be taken against them.

Apart from the sheer folly of their illegal activity, it is difficult to understand why two very competent participants - one of them a role model of his generation - would risk their careers and credibility. Indeed, it is extremely disappointing that such high profile figures would engage in such activity.

Information sharing among international racing jurisdictions has been vastly improved by the International Racing Information and Intelligence Service (IRIIS), launched by HRA last year in partnership with Standardbred Canada.

The value of IRIIS has grown in the past year with more racing jurisdictions signing up. The IRIIS Members now include harness and thoroughbred bodies in Australia and Canada as well as New Zealand, the United States, Great Britain, Ireland, Europe and Scandinavia.

INDUSTRY FUNDING

Wagering turnover on Australian harness racing in the 2014-2015 financial year was up by 2% on the prior year, but the pressure continued to be applied to the industry's traditional funding source, TAB distributions.

Turnover from all licensed wagering operators was up by \$48-million to just over \$2.4-billion (\$2,404,442,318) which was reasonable given the uncertain economic climate. The increase all came however from fixed odds betting with the TABs and from corporate bookmakers.

Total TAB turnover at just over \$1.6-billion (\$1,618,000,662) was down by 4%, or \$74-million, on the previous year. The pari mutuel component was down by 14%, or \$180-million, at \$1.11-billion, whereas fixed odds betting with the TABs was \$508-million, up 26%.

The growth of turnover with corporate bookmakers continued with an increase of 23% on the prior year, or \$122-million, to just under \$650-million. The corporate bookmakers' share of total turnover was just over 27%.

The major betting exchange operator, Betfair, had net customer winnings - the criteria used to determine commission payments to the industry - of just under \$133-million, up 1% on the prior year.

There was a further significant fall in the wagering with on course bookmakers and totalisators of about 23%, to just under \$29-million.

Several Members have also received welcome returns from the export of their racing to international wagering markets by Sky Racing. Whilst New Zealand is the major offshore market there was significant growth in the past year through expanded coverage of trotting, much of it from Victoria, in France and Scandinavia.

Coverage of international product is strictly controlled in France but HRA and Sky were able to negotiate an increase in the quota with French authorities for the past year and will continue to seek expanded opportunities in this and other markets.

There was good news for the industry in NSW in June 2015 when the state government announced that it would reduce the tax on wagering to the same level as that imposed in Victoria. It was a significant victory by Harness Racing NSW and the other two codes, which had been lobbying the government for several years for tax parity. The reduction will be phased in over five years but it will eventually provide significant new funds for the industry.

The HRA Wagering Working Party, appointed to examine a range of wagering issues and to make recommendations as to how turnover could be boosted, with a resultant increase in industry funding, delivered its findings in early 2015.

It was a major undertaking. To assist in its deliberations the Working Party undertook an exhaustive survey which attracted 1,000 respondents, which helped in determining why and how people bet, and what factors influenced their wagering decisions.

There were 30 recommendations in the final report, supported by a further 25 sub-recommendations, falling within six general headings - Integrity, Drivers, Racing Presentation, Wagering Operators, Ownership Promotion and Access to Wagering Information.

Many of the recommendations have been implemented with others being worked through by Members.

LOBBYING CAMPAIGN

HRA continued to lobby politicians on a range of matters during the year. As has been the case for the past few years, the key focus has been lobbying for the framing of national legislation to govern the funding of the racing industry, and for the Interactive Gambling Act (2001) to be strengthened to prevent exploitation by wagering operators who are not approved by Australian regulators.

National legislation was recommended by the Productivity Commission Inquiry into Gambling in 2011 and has been endorsed by the past three Australasian Racing Ministers' conferences. Unfortunately a late change of plans by some ministers caused the 2015 conference scheduled for Brisbane in May to be called off, but HRA still presented a comprehensive report to ministerial and departmental officers who met without the ministers.

It was extremely pleasing when the federal government in early September 2015 issued terms of reference for a review into the Interactive Gambling Act, which will look at the regulation and taxation of illegal overseas betting operators as well as how to deal with emerging methods of live sports betting.

The Social Services Minister (now Treasurer) Scott Morrison said there was serious concern that in-play wagering could compromise the integrity of Australia's sports and racing industry and have consequences for problem gamblers.

Mr Morrison indicated overseas wagering generated \$1-billion in illegal revenue each year, but it is difficult to assess what proportion of this could be on harness racing.

The review will seek to estimate the size and economic impacts of illegal overseas wagering ... international regulatory regimes that could provide a template for Australia ... new technological and legislative options to mitigate the costs of illegal wagering ... and whether consumer protections could be strengthened.

HRA has addressed all these issues in previous submissions to federal bodies, including a review by the Department of Communications in 2012, but is heartened that this seems a far more serious attempt to address a problem that is impacting on the broader Australian sporting community. We will certainly be making a comprehensive submission to the review, which will be chaired by former NSW premier Barry O'Farrell and is due to be completed by December 18.

BROADCASTING

In 2012 HRA was appointed by all Members, except those in Queensland, to negotiate with Sky Racing on their behalf on all broadcasting issues, the most significant of which were broadcast rights payments, race scheduling and digital (or new media) rights.

To facilitate this Members signed Deeds of Agency appointing HRA as their agent and an application was made to the Australian Competition and Consumer Commission (ACCC) to engage in collective bargaining. Sky/Tabcorp strenuously opposed this but it was eventually approved by the ACCC.

Despite the ACCC ruling, Sky/Tabcorp executives virtually ignored HRA's approaches for meetings. Only two were held in the three years despite our regular attempts by telephone, email and in person to make appointments.

It is only possible to have negotiations with another party if they are prepared to talk, and it was reluctantly decided in mid-2015 that Sky was treating HRA and the harness racing industry with

contempt. Both Sky/Tabcorp and the ACCC were advised that HRA was withdrawing from the collective bargaining arrangement and the reasons this action had been taken.

Sky was urged to enter into meaningful negotiations with our Members on any issues.

The ACCC subsequently requested further information from HRA on the decision to abandon the collective bargaining arrangement.

The sorry saga has done nothing to improve commercial relations between Sky and Members, which is extremely disappointing given the importance of the broadcaster to our industry's funding. There was further evidence of this during the year when Sky moved the Globe Derby meeting on Saturday night from the main channel to Sky2, which Harness Racing South Australia estimates caused a 40% drop in wagering turnover.

It is important our Members continue to explore ways to broaden exposure of the racing product beyond Sky, in an attempt to provide a better service to existing fans and to attract new ones. This can be done without harming Sky or their owners, Tabcorp.

The advances in technology in recent years provide marvellous scope for this and it is pleasing our Members, to varying degrees, are utilising social media and developing digital strategies. It is imperative however that we develop a national digital media strategy, which has been discussed for the past two years, to ensure our industry is able to respond effectively to the opportunities provided by existing and emerging technology.

There is a good relationship with Sky on operational matters and they are deserving of praise for some of the coverage of major events in the past year.

INTER DOMINION

This was particularly so with the Inter Dominion heats and grand final. The special coverage of the heats held in Brisbane, Sydney, Melbourne, Perth and Christchurch gave excellent exposure to the racing.

Sky's coverage of a magnificent programme of Group One races on grand final day in March was comprehensive, while the industry received further great exposure with the broadcast on the Nine Network of Beautide's second Inter Dominion victory in as many years.

Congratulations to the New South Wales Harness Racing Club and Harness Racing NSW for the outstanding promotion of the Inter Dominion over the three years it was conducted at Tabcorp Park Menangle under the innovative format they devised. The format was not embraced by all but it was a genuine attempt to reinvigorate the ailing series and won widespread acceptance, despite the detractors.

The rebuilding of the Inter Dominion brand continues for the next three years in Western Australia. Racing and Wagering Western Australia and the Gloucester Park Harness Racing Club have reverted to the traditional format of three heats and a final and are strongly promoting the series as harness racing's flagship event.

Record prizemoney and a Sunday afternoon final on national free to air television augers well for another good promotion.

WORLD TROTTING CONERENCE

HRA was the host in February of the 24th World Trotting Conference, the 4th time it had been held in Australia. Delegates from most member countries of the International Trotting Association visited Sydney for the five day conference, which had an extensive agenda covering the major issues confronting our industry globally.

There were many fascinating presentations and robust debate in committee sessions on subjects such as integrity, marketing, wagering, animal welfare, breeding and ownership. Despite the obvious differences brought about by different cultures or the size of the industry in the various ITA jurisdictions, we all have similar problems.

One of the most absorbing presentations was given by a distinguished Australian who is well qualified to speak on integrity - John Fahey, the former president of the World Anti-Doping Agency.

There was a fascinating session on digital media with insightful presentations by American guru Rob Keys, who's company Converseon is working on projects with the USTA, and the Melbourne based head of Sportsgeek, Sean Callanan. A recurring theme was the need for an integrated social media strategy for the industry.

Of particular interest also was a presentation by ATG in Sweden, where there has been significant improvement in broadcast technology to enhance the presentation of the harness racing product, including positions in running software and considerable visual enhancements and statistical data.

Every presentation was informative and challenging and delegates agreed on a number of matters to progress as industry initiatives prior to the next world conference, to be held in Canada in 2017.

WORLD DRIVING CHAMPIONSHIP

The World Driving Championship was held in conjunction with the conference, with ten of the world's best drivers competing in a 20-race series around NSW.

New Zealand ace Dexter Dunn dominated the series, amassing a record points score for the competition. Chris Alford was a worthy Australian representative and won much praise from his fellow drivers for the ambassadorial role he undertook, while Peter McMullen was appreciative of the opportunity his travelling reserve role presented for him to mix with and learn from some of the world's best drivers.

There was a strong following for the championship and good crowds turned out to watch the races at Menangle, Newcastle, Wagga, Bathurst and Penrith. All the host clubs are to be commended for treating the drivers like royalty and for making the most of the promotional opportunities the series presented.

The final race was staged at Menangle on Inter Dominion grand final day and attended by world conference delegates. Both the delegates and the drivers were fullsome in their praise of the race meeting, the Menangle track and the organisation of both the conference and the driving championship.

EQUINE WELFARE

The world conference followed only days after the ABC Four Corners expose on live baiting in the greyhound industry which sickened most viewers.

RSPCA chief executive Heather Neill, who has worked closely with HRA on our changes to whip rules and other animal welfare matters, gave a timely presentation reminding all delegates

of their animal welfare responsibilities. She said we should all use a litmus test when considering the effectiveness of our animal welfare policies and procedures - is it ethically acceptable?

The horrific images on Four Corners caused widespread ramifications for the greyhound industry, but also were a stain on the reputation of all three codes of racing.

Whilst HRA Members were confident in the equine welfare guidelines and practices observed in our industry, the program was a stark reminder that we can never be complacent.

HRA Member chief executives immediately began a review of our industry's equine welfare culture and practices with the aim of providing a contemporary approach to understanding, communicating, regulating and monitoring the welfare of standardbreds throughout the industry.

There has been consultation with the RSPCA as part of this process and a group of acclaimed experts in the field of animal health and welfare has been assembled as the Standardbred Welfare Advisory Group to provide on-going advice for HRA Members on equine welfare and integrity matters.

There has been further development during the year of the Standardbreds Unharnessed program and related undertakings, and a number of media reports on the life after racing being enjoyed by many retired horses.

BREEDING

The breeding industry remains a concern, although it is not all bleak news.

The 2014/15 stallion service number of 5918 was 103 down on the previous year. While a decline of any size is disappointing, this was an improvement on the trend and far better than industry forecasts. Strong yearling sales prices and clearance rates provided some good news for the breeding sector, which also received of a direct injection of \$630,000 from HRA for breeding subsidies spread across all States.

Foal numbers continue to be a concern despite record prizemoney and a plethora of racing opportunities, including race programs designed specifically for fillies and mares. This issue is not unique to Australia, but a problem that bothers administrators from around the world.

The major breeding jurisdictions are all experiencing significant foal crop declines, with the exception of France where the foal crop has been fairly static - at just over 11,000 - in recent years.

In Australia the foal crop was 4,116 - down about 1,200 in the past four years - with a drop of 400 in the same period in New Zealand to 2,051 last year.

There is no simple or single answer to this issue, but HRA's decision to partner in stallion fertility research with the University of Newcastle two years ago will soon provide assistance and productivity gains for breeders and studs in a number of ways. These include improvements in semen storage and early pregnancy detection for mares.

This research is in the final phase of fertility trials, after which commercialisation options will be considered with a number of parties who have already shown great interest.

TRIBUTES

As in any industry, each year there is sadness at the death of people who are much admired, have contributed in varying ways to the industry, or have passed well before their time. There have been a number in our business this year, all of whom are worthy of mention, but I propose to focus on just two in this report.

On September 15, 2014, at the Cranbourne Harness Racing Training Centre in Victoria, there was a stark reminder of the frailty of life and the danger that our participants face daily when a young woman was killed in a tragic accident. Danielle Lewis, a popular 28 year old trainer-driver loved horses and harness racing and was trying to establish herself in the business. The circumstances of her death are still being investigated by the coroner.

On August 26, 2015, many people in racing were shocked by the sudden death of respected administrator Brian Speers, chairman of Tasracing - and a member of the HRA Executive - for the past six years. Brian, who was 69, was involved in racing as a participant and administrator for more than 40 years and has been lauded as a strong, passionate and committed leader. He was also a highly accomplished businessman and well regarded in Tasmania for his community work.

Brian was a proud Tasmanian and always considered the best interests of his state, but he made a valuable contribution to HRA during his time on the Executive.

On a less sombre note, it is also appropriate that I acknowledge the great contribution to racing in general, and harness racing in particular, of John Tapp.

After half a century in the media, Tappy decided to retire from Sky Racing in mid-2015, calling it a day on a career of high achievements as a race caller, interviewer, host and commentator.

John is a devotee of harness racing and, although his media career may be over, he will continue training standardbreds. We wish him well in his pursuit of more winners.

ACKNOWLEDGEMENTS

One of the strengths of HRA is the committee structure and special thanks to the many people who serve our industry on these committees and working parties.

I'd also like to record my gratitude to the Members of the HRA Executive Committee – deputy chairman Ken Latta, Treasurer Mark Carey, Rex Horne, Matthew Benson, Ian Hall and the late Brian Speers - for their support and valuable contribution.

We have an excellent, dedicated chief executive in Andrew Kelly, and his small team in the HRA Melbourne office do a fabulous job. This was a particularly difficult year with the added burden of the world conference and the driving championship but they responded magnificently.

The outstanding success of the conference and the driving championship was due in no small part to the hard work of Andrew and his team - your efforts are much appreciated.

Before moving on from the world conference it is appropriate I record my appreciation of the support given by Harness Racing NSW and the NSW Harness Racing Club for their contributions to the success of the event and the driving championship, and to Harness Racing New Zealand for assisting with staff resources.

HRA works closely with HRNZ on many issues and our thanks go to chairman Gary Allen and chief executive Edward Rennell and their colleagues for maintaining such a positive relationship.

Many thanks also to HRA's legal counsel, Dean Cooper for his endeavours during the past year - we are fortunate to have him as part of the team.

CONCLUSION

In the wake of the world conference, a number of people felt it would have been beneficial for many local administrators to witness the presentations. The Executive has considered the merits of expanding the HRA annual conference to two days, incorporating presentations on relevant industry topics and broadening attendance to the wider harness racing community.

In this way officials of clubs and kindred bodies could attend the conference and workshops, with eligible HRA delegates attending a trimmed down annual general meeting. A national awards function could be included as part of this event.

This would provide an ideal platform to educate, inform and discuss as well as communicate with like minded individuals. A proposal is being prepared for consideration by Members.

In closing, best wishes to RWWA and Gloucester Park for a hugely successful Inter Dominion championship.

Geoff Want
Chairman