



CHAIRMAN'S REPORT - MR GEOFF WANT

HRA ANNUAL GENERAL MEETING 21 OCTOBER 2016

There are many events and issues to reflect upon when reviewing the 2015-16 harness racing season, including some wonderful performances by magnificent standardbred horses, outstanding driving and training feats and some positive developments off the racetrack.

Our industry continues to face challenges, but these are being dealt with in a positive manner and with a great deal of success on some fronts. Indeed, there will always be challenges in a vibrant industry such as ours which revolves around animals, people, entertainment and wagering.

This season however has seen the emergence of a grave new challenge, with dark storm clouds on the horizon for the dawn of a new season. The issue is equine welfare and it is the responsibility of everyone involved in harness racing to ensure the industry is not caught up in the maelstrom.

PROTECTING OUR SOCIAL LICENCE TO OPERATE

The members of Harness Racing Australia have a considerate and ethical equine welfare agenda and rules and are doing a great deal to enforce rigorous animal welfare protocols. It is critical however that these protocols are actually followed by all people involved with the industry.

The catalyst for this concern was the live baiting scandal which erupted around the greyhound racing industry in February 2015, resulting in administrative bodies in three eastern states being dismissed and dozens of participants charged with wrongdoing.

The NSW Government went further, appointing a Special Commission of Inquiry which handed down an 800 page report, finding that live baiting was rife and there was appalling "wastage" in the greyhound industry. It found as many as 68,000 greyhounds had been killed in NSW in the previous 12 years because of over-breeding or that they were too slow.

NSW Premier Mike Baird was appalled, describing the report as "chilling, confronting, horrific", and ordered the \$300m industry to be shut down from 1 July 2017.

The decision polarised public opinion. Many people were deeply concerned that a government could shut down an industry without the issue being broadly debated, at least in state parliament, and saw it as an abuse of executive power. They were concerned about the impact on 8,000 participants and the loss of 1,000 jobs in the NSW greyhound industry, as well as the fate of the dogs which could no longer race.

Opinion polls indicated that a clear majority of people, horrified by the findings of the commission, supported the decision.

Nonetheless, the outcry forced the government to relent, reversing the ban and instead giving the industry a chance to continue under strict welfare provisions.

Regardless of the developments in NSW, there are consequences for the entire racing industry and equine welfare will be the biggest challenge we will face in the next 5-10 years, especially

- satisfying community expectations
- overcoming public perceptions
- convincing politicians we are responsible and ethical
- countering the misinformation of animal activists.

HRA has strong equine welfare protocols and has worked closely with the RSPCA for several years, but we have greatly magnified our efforts, including more regular stable inspections to ensure the rules are being followed, established an advisory group of eminent veterinarians, revised our procedures to track horses until they are retired, developed a destruction of horse policy and further tightened whip rules. The measures are detailed more fully elsewhere in the annual report.

It appears inevitable that whips will be banned completely in Australian harness racing in the coming seasons.

There is no doubt the NSW ban will have an impact on wagering turnover, but it also provides an incentive to the extreme animal welfare groups to step up their pressure on the entire racing industry. These groups have been empowered by the decision and several

have already stated publicly they will be campaigning for the banning of greyhound racing Australia-wide, as well as harness and thoroughbred racing and equestrian sports.

Extremists want all racing banned. The RSPCA is a responsible and sensible organisation, but there are a lot of animal rights activists who are not - zealots do not understand logic or rational debate!

At the excellent Harness Racing NSW conference, Harnessing The Future, in June the RSPCA chief executive, Heather Neill, congratulated HRA for our industry's approach to welfare and praised our injury and incidents database.

But she stressed ...

- the racing industry must be aware it has a social licence to operate and cannot breach this
- our treatment of horses must be ethically acceptable, from conception to death
- we should ask "What is in it for the horse?" and is there moral justification for what we are doing with them (ie racing)?

Heather Neill also posed the question "Do people who work with horses understand how each piece of gear works and whether they are really necessary?"

HRA and our Members will continue to develop and enforce rigorous equine welfare protocols and maintain regular dialogue with responsible animal rights groups. We all must continue to be vigilant to ensure no-one breaches these protocols, but if they do, confront the issue.

The NSW inquiry was scathing of administrators who were aware of disgusting industry behaviour and either ignored it or "swept it under the carpet".

It is imperative that every administrator and every participant clearly understands and follows the protocols. There can be no exceptions, as the consequences could be extremely damaging for harness racing.

MICROCHIPPING

Equine welfare was a critical consideration when the decision was taken, after extensive research and much deliberation, to introduce microchipping from 1 September 2017. There

will be a phased implementation, with the new season's foal crop being microchipped each year.

Freeze branding will continue as well until the industry adapts to the new technology and work practices. Microchipping is embraced by the other two racing codes and in most equine pursuits, as well as being common place in livestock industries and with companion animals.

The industry wide benefits of linking microchip and database platforms could no longer be ignored, while increasingly vaccines require microchip recording and simple and accurate identification is important from an integrity standpoint.

INTEGRITY

HRA has bolstered integrity intelligence with a national bet monitoring program undertaken by an independent company, Global Sports Integrity. Every harness race in all states except Western Australia is examined in real time by experts who report any suspect betting activity to stewards, enabling them to take immediate action if deemed appropriate.

There is a strenuous integrity regime in Australian harness racing to ensure a level playing field for all participants and to protect the industry's image. Stewards are constantly alert to improper practices in races and there is rigorous testing to detect prohibited substances.

During the season the cobalt threshold was reduced from 200 micrograms per litre of urine to 100 micrograms, in line with thoroughbred racing. Furthermore, a threshold of 25 micrograms per litre of blood was set, after scientific evidence was obtained to support the accuracy of plasma testing.

There is no place in harness racing for people who cheat by administering prohibited substances, attempt to control the outcome of a race or engage in other illegal activities. Anyone found guilty of dishonest behaviour must receive the strongest possible penalties and their punishment publicised to demonstrate the effectiveness of our integrity regime.

It is disappointing that some participants continue to flaunt the rules, which inevitably damages our brand. The arrest of four participants at one of our biggest events of the season, the Breeders Crown meeting at Tabcorp Park Melton in late August, was a case in point, even though the investigation was still progressing as this report was prepared.

The front page of the Herald Sun the next morning, reporting on the arrests, was a black eye for our industry. All the positives from a great day of racing were lost in bold type implying corruption in our industry.

It is difficult to counter such negative publicity, as the result of inquiries seldom receive the same media exposure as the initial charges, but we must continue to promote the positive integrity message to maintain the confidence of our fans, punters and the vast majority of participants.

RACING HIGHLIGHTS - HORSES

It has been another outstanding season on our racetracks with a changing of the guard as new champions have emerged in the open class pacing and trotting ranks.

Lennytheshark fulfilled the promise of his juvenile years with a brilliant season, being placed in all 13 races he contested and winning eight of them. The impressive six year old stallion earned \$1,343,098 prizemoney during the season for his connections - owners Kevin and Martin Riseley, trainer David Aiken and driver Chris Alford.

Lennytheshark was a clear winner of the Lawn Derby Award as 2016 Australian Harness Horse of the Year and dead heated with the consistent New Zealand gelding Smolda as the 2016 Australian Pacing Gold Grand Circuit champion.

In only three Grand Circuit races, Lennytheshark won the Inter Dominion Championship at Gloucester Park and the Victoria Cup at Melton, and finished a nose second in a truly sensational Miracle Mile at Menangle. Smolda, prepared in Christchurch by Mark Purdon and Natalie Rasmussen, scored in the A.G. Hunter Cup at Melton and was placed in the New Zealand, Auckland and Victoria Cups.

Both horses finished the APG sponsored series with 260 points, 60 clear of another Purdon-Rasmussen pacer Have Faith In Me, which was responsible for arguably the performance of the season in a blistering Miracle Mile at Menangle, stopping the clock in the Australasian record time of 1.47.5.

Have Faith In Me was one of a select band of four year old pacers and trotters to stamp their authority on the top open class races during the season.

Three of the five legs of the APG Trotting Masters series were won by boom New Zealand four year olds Speeding Spur and Monbet, while seasoned campaigners Keystone Del and Master Lavros won the remaining races.

Speeding Spur took out the series while eight year old Keystone Del did enough at home to again receive the Vancleve Award as 2016 Australian Trotter of the Year.

Keystone Dell, owned by the Hall family and trained by Brent Lilley, was driven by Chris Alford and Anthony Butt during the season, when he started 14 times for 12 wins and a placing and \$288,195 in prizemoney.

Top class, exciting horses engaged in competitive racing add greatly to the appeal of harness racing for fans and punters and it is to be hoped some of the stars of the previous season - sidelined by injury or loss of form - return to the track in the coming months to meet the challenge of the talented newcomers to the open class ranks.

Thanks again to Australian Pacing Gold for continuing their sponsorship of the two elite pacing and trotting series on the Australasian calendar and the connections of the winners get a \$20,000 bonus to be spent at the APG sales.

RACING HIGHLIGHTS - TRAINERS/DRIVERS

Ace Victorian reinsman Chris Alford had another season to remember with a host of feature race victories, including the Inter Dominion behind Lennytheshark, and won his 10th J.D. Watts Award as the nation's leading driver. He first won the title in 1994.

Chris Alford drove 302 winners and 397 second and third placed horses - a win and place strike rate of almost 50 per cent - and amassed just over \$4-million in prizemoney. The previous year's top driver, Shane Graham of Queensland, finished second to Alford with 255 winners followed by Greg Sugars of Victoria and Danielle Hill of South Australia, with 241 and 211 wins respectively.

Queenslander Grant Dixon had another brilliant season, winning his fifth consecutive J.D. Watts Award as the nation's leading trainer. He prepared 246 winners for the season, 25 more than his nearest rival, the West Australian partnership of Greg and Skye Bond. Emma Stewart of Victoria was a close third, training 212 winners.

Grant Dixon also drove 167 winners and had the distinction of winning the 2nd Australian Driving Championship, conducted over six races in Launceston early in the season.

RACING PRODUCT

There was a great deal of fine racing during the season, but with continued pressure on wagering turnover and a declining fan base it must be asked whether the racing product is meeting market needs. Many people believe the handicapping system is in need of an overhaul, while others feel the answer lies in improving programming.

These issues were discussed at an extremely productive National Programming Summit held in August, with Members exploring various philosophies in a bid to find common ground. Aspects covered included competitive racing, full and balanced fields, prizemoney distribution, wagering and providing racing opportunities for horses of all ages, abilities and gaits.

Delegates were also of the view that the current handicapping system was no longer relevant, even though they could successfully program around the problems. There was a clear message that HRA should investigate and evaluate a new handicapping system based on rating points.

The export market for Australian racing continued to grow during the season, with more races being beamed into Europe and Scandinavia.

Among the outstanding promotions during the year was the Inter Dominion Championship staged by the Gloucester Park Harness Racing Club in Perth. The crowd for the final on a hot December Sunday afternoon was disappointing and the club has reverted to its usual Friday night timeslot for the 2016 and 2017 finals.

Another fabulous promotion was the NSW Harness Racing Club's "Super Sunday" meeting, featuring the Miracle Mile, at Tabcorp Park Menangle in February. The club, now known as Club Menangle, has decided to move the Miracle Mile and the support program of Group One races to a Saturday night.

In other feature race changes, the A.G. Hunter Cup at Tabcorp Park Melton in February is to start from the mobile barrier, following the decision by Harness Racing Victoria to cease standing starts for pacers in the state. The trotting feature, the Great Southern Star, is to be run on the same card as the Hunter Cup.

BREEDING

The progeny of the amazing sire Bettors Delight continued to perform admirably on Australian racetracks during the season. As a result the American sire again dominated the Globe Derby Awards for breeding excellence, sponsored by IRT.

Bettors Delight was Leading Sire by Stake money for the 5th time, with his progeny winning 949 races and \$11,082,471. Those races were won by 347 of his progeny, which also made him the Leading Sire of Winners.

Canadian stallion Majestic Son was the Leading Sire of Trotters by Stake money for the first time, his progeny winning 95 races and \$956,020. The 30 year old marvel Sundon narrowly failed to win the award for an amazing 14th season but still managed to sire the winners of 104 races and \$845,721 prizemoney.

The Australian Broodmare of the Year was Botswana, the dam of Lennytheshark and six other foals of racing age.

Breeding numbers, which have been in decline for many years, remain a concern, although it is not all bleak news.

The 2015-16 stallion service number was just over 5,800 - about 100 down on the prior season.

Strong yearling sales prices and clearance rates however provided heartening news for the sector. It is also expected there will be an upsurge in trotting numbers in the coming breeding season with scores of broodmares imported from Europe in the past year.

Whilst declining foal crops are disappointing, it is equally disturbing to note how many foals actually make it to the racetrack. Recent research shows only 50% of the standardbred foal crop race, although another 6-8% go on to breed without having raced. There are many and varied reasons for this but it is obvious that we need to determine how to improve this percentage to provide more racing stock.

After considerable debate and consultation over many months, it was decided during the past year to change the definition by which the age of a horse is determined. There will be no change in the breeding season but the age of the horse will be determined by the date the broodmare was served, not the foaling date.

The mare must be served on or after September 1, whereas previously a foal born in August was deemed to turn one at the start of the new season.

WAGERING REFORM

There were promising signs during the year that the long running campaign for wagering reform undertaken by HRA and other groups was to have positive results. HRA has undertaken extensive lobbying of state and federal politicians for reform for the past eight years and lodged eight submissions to parliamentary inquiries.

The federal government announced in April that 18 of the 19 recommendations from the review of illegal offshore wagering had been accepted in full or in principle. This review, conducted by former NSW premier Barry O'Farrell, investigated methods to strengthen enforcement of the Interactive Gambling Act 2001 (IGA).

It was expected that legislation would be introduced in the House of Representatives containing measures to block unlicensed overseas gambling providers from operating in Australia and to provide greater consumer protection by banning such things as online credit betting.

At about the same time, Senator Nick Xenophon introduced a bill in the Senate proposing amendments to the IGA which included a number of aspects supported by HRA. This was referred to the Senate Standing Committee on Environment and Communications for consideration.

Both initiatives were halted when the prime minister called the federal election and there was little progress in the early sittings of the new parliament. It is understood however that there is a strong desire in Canberra for the IGA to be amended to curb the activities of illegal offshore gambling companies.

INDUSTRY FUNDING

Final wagering turnover figures for the year just ended were not available when this report was prepared, but there were strong indications growth of two percent had been achieved nationally, similar to the previous two years.

Harness racing turnover from all licensed wagering operators was expected to be up by \$50-million to a record of almost \$2.5-billion, an achievement which should be cause for celebration.

It needs to be muted however as the sobering reality is that the product fees flowing to our industry from wagering service providers continue to tighten. The growing preference of wagering customers for fixed odds betting, the continued decline of pari-mutuel turnover (as much as 16% in some states) and fluctuating yields have combined to impact on finances.

Growth among corporate bookmakers reached levels not previously contemplated (14% growth and as much as 35% of total turnover in some states). Fortunately this was also true for TAB Fixed Odds, which combined with corporates, now accounts for as much as a staggering 60% of total wagering turnover in some states.

This trend shows no sign of abating as state controlling bodies look to maximise product fee agreements and improve TAB yields.

This will be no mean feat, but there are some encouraging signs, particularly with the continued growth and performance of international product offerings. The addition of one meeting per week from Mohawk in the USA in 2016/17, along with organic growth in existing product as customers become more familiar with tracks, horses, trainers and drivers, is welcomed. It is also hoped that leakage to illegal offshore wagering operators such as Citibet will be negated with the introduction of strong legislative measures by the federal government.

These are hard yards, with improvements to industry funding requiring strong leadership, robust integrity and an industry wide commitment from participants to provide an appealing product.

Harness Racing NSW delivered some different, but extremely welcome, funding news during the year when it announced how the money would be distributed following the state government's agreement to reduce wagering taxation to achieve parity with Victoria.

HRNSW is to inject an additional \$38-million into the industry in the five years the parity change is to be phased in, with \$5.7-million in the first year which commenced on July 1, 2016.

ACKNOWLEDGEMENTS

It has been a year of considerable change on the HRA Executive Committee.

Rex Horne stepped down when his term as chairman of HRNSW expired, to be replaced by his successor in that role, Graham Kelly.

Graham has since been elected deputy chair of HRA following the departure of Mark Carey. After four years representing South Australia, much of that time as HRA treasurer, Mark retired after losing his position on the state board.

After six years as the Victorian representative, Ken Latta retired when a new board was installed at Harness Racing Victoria. Dale Monteith, the new HRV chairman, replaced Ken on the executive.

Dale has since been elected treasurer in place of Matthew Benson, who has been replaced as Western Australia representative by Bob Fowler.

Margaret Reynolds joined the executive as the Queensland representative after being appointed the harness racing delegate to the new Queensland Racing board.

Dean Cooper represented Tasmania throughout the year and continued with his excellent work as HRA's legal counsel, for which we are grateful.

Many thanks to all who have served on the executive during the year and also to the numerous people who give up their time to sit on our committees and working parties.

Special thanks also to the staff of HRA, who work tirelessly under the direction of our very professional and dedicated chief executive, Andrew Kelly.

HRA has an excellent relationship with Harness Racing New Zealand, where there has also been a significant change in the past year. Gary Allan stepped down after four years as chairman, to be replaced by Ken Spicer. Thanks to both men, as well as HRNZ chief executive Edward Rennell, for their continuing co-operation.

There are numerous issues confronting our industry but, as I stated at the beginning of this report, there will always be challenges for a vibrant industry such as harness racing.

With a positive outlook, unity of purpose and confidence we will continue to meet these challenges. It is worth remembering as we move forward that we have a great industry and there is much to celebrate.

Geoff Want
Chairman