

The Minister for Racing

Dear Mr Wingard

The South Australian Racehorse Owners Association, as the representative body for racehorse owners in this state, believes that a continued healthy racing industry is imperative for the future growth of the SA economy.

The Thoroughbred Racing Industry.

Horse racing in SA directly employs 2,900 people with 10,900 indirect participants most of whom are in rural areas. Many of those employed in racing are relatively young and/or unskilled thus any loss of employment opportunities in racing is likely to mean these participants will find it quite difficult to obtain other employment.

There are more than 180 race meetings held in this state each year ranging across the state from Penong in the west to Roxby Downs in the North to Mount Gambier in the South East.

Thoroughbred racing generates in excess of \$346 million in revenue each year.

The Impact of the Introduction of Point of Consumption Tax.

However, many of the benefits generated by the racing industry are now in danger of being drastically decreased due to the introduction of the Point of Consumption tax (POC). Prior to the introduction of this tax racing in SA was doing quite well with consistent increases in revenue, infrastructure and prizemoney. Since the introduction of the POC the racing industry is going backwards and its future looks bleak.

This is largely due to the fact that SA has the equal highest tax rate applied by any of the mainland states. This has resulted in the corporate bookmakers who are affected by this tax taking punitive action against SA by no longer promoting SA racing. This has led to dramatic fall in revenue to the industry.

The Importance of Prizemoney.

Prizemoney is the lifeblood of the industry and it pays the wages of those employed by the industry. It is not a matter of owners wanting to line their pockets as it costs far more for owners to race horses than is returned to them in prizemoney. In SA in the 2017/2018 season prizemoney totalled \$41,002,500 and there were 2843 horses that raced at least once in SA during that season (Racing Australia Fact Book 2017/2018).

The average cost to race a horse in SA is \$30,000 per annum (this figure does not include the initial purchase price of the horse). Based on the number of horses racing in the state, owners are contributing approximately \$85 million per annum to race their horses. Thus they are subsidising the industry over half of the annual costs.

There is currently a marked trend within horse ownership by South Australians to race horses interstate rather than in SA. This is largely due to the greater potential returns from racing interstate, where even if training fees are higher, the prizemoney differential is greater. Every time a SA owner decides to race horses based interstate, jobs in SA are lost.

How Can our Government Revive the Racing Industry?

So what needs to happen to return our local industry to its former healthy state? The Principle Racing body in SA – Thoroughbred Racing South Australia (TRSA) has presented a business case to the Government asking for support to help revive an ailing industry. What TRSA and industry participants in general believe is that a two-fold approach needs to be taken.

Reduce the Rate of the POC.

When the POC was introduced by the Labor Government, SA was the first state to introduce it and a level of 15% was decided upon. While all the other mainland states have followed suit with an introduction of their own versions of POC the levels vary from 15% in WA and Queensland down to 10% in NSW and 8% in Victoria. This has led to the corporate bookmakers taking action against the states with the higher tax levels and pushing punters towards betting on NSW and Victorian racing where they get the higher returns.

To overcome this TRSA has asked the SA government to reduce the tax level to 10% and has provided modelling that shows that this will not cause a decrease in net POC receipts by the government due to a reversal in the negative actions of the corporate bookmakers.

Return a Percentage of the POC to Racing.

While governments in the other states have agreed to return some of the proceeds of the POC to their racing bodies, SA is now the only state that takes all of this tax windfall and provides no financial support to a vital industry.

The TRSA business case asks for a return to SA racing of a substantial proportion of the POC so that racing in this state can return to a healthier situation.

Racing is not asking for special treatment rather we are asking for a level playing field when compared to the rest of Australia.

We urge you to support racing in South Australia by adding your voice to those of 10,900 direct participants in racing and the 2900 direct employees of racing in this state.

Yours faithfully,



Kenneth Cock

President

0409677239

kennethcock@gmail.com



Richard Stafford

Secretary

0432664824

secretary@saroc.com.au