



TOWARDS A LEVEL PLAYING FIELD.

**2019/20 SOUTH AUSTRALIAN
STATE BUDGET SUBMISSION
THOROUGHBRED RACING SA**

February 2019



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Terms

POC	Point of Consumption Tax (Betting Operations Tax)
BOC	Betting Operations Contributions (known in other jurisdictions as Race Fields Fees)
WSP	Wagering Service Providers
NWR	Net Wagering Revenue
TRSA	Thoroughbred Racing SA
RWA	Responsible Wagering Australia
WH	William Hill
FTE	Full Time Equivalent

Executive Summary

Thoroughbred racing is an important contributor to South Australia's economy and to its communities, with 2900 FTE employees, almost 11,000 industry participants and an estimated \$364 million in annual economic benefits generated for the State.¹

It is conducted by 25 clubs across South Australia, with the majority in regional areas. It is estimated that \$115.7 million of the economic impact is generated in regional areas where the racing club is often at the very heart of the local community.

As the governing body, Thoroughbred Racing SA (TRSA) is committed to growing and protecting the interests of thoroughbred racing jobs within a nationally-competitive marketplace.

In the years prior to the introduction of the 15% Point of Consumption (POC) tax on 1 July 2017, South Australia's thoroughbred industry had been on a trajectory of growth across jobs, prizemoney, revenue and infrastructure investment.

Prizemoney payments are effectively the industry's wages, starting with the owners, trainers and jockeys and flowing to associated staff and the many ancillary service providers. In simple terms, prizemoney equals jobs.

While TRSA cannot expect to compete with the weekend prizemoney levels on offer in the largest racing states of Victoria and New South Wales, TRSA had been able to sustain Metropolitan prizemoney levels above those of mid-week racing in Victoria and at competitive levels when compared with Saturday racing in Queensland and Western Australia.

This is now not the case due to the impacts of the POC tax on industry revenues and the resultant cuts TRSA has been forced to make. With prizemoney levels now completely out of step with our interstate rivals, there is far less incentive for local participants to stay in South Australia. Jobs have already been lost.

The reduction in revenues has also forced TRSA to dramatically cut infrastructure funding levels, a move that will hit regional clubs and regional jobs the hardest.

In addition, South Australia is the only jurisdiction where racing does not receive any redirection from government of POC tax revenues, further increasing the viability gap between SA and the other states.

The current situation is unsustainable. South Australian racing is being left behind because of underfunding and a high and uncompetitive tax that is costing jobs and threatening livelihoods.

Just as the State Government has reduced payroll tax to be in line with or better than other states, racing believes the same principle should apply to the POC tax. Why should our racing industry suffer the consequences of the equal highest POC tax rate in Australia?

¹ Thoroughbred Racing in South Australia, IER, April 2018

In this submission to the State Budget 2019/20, TRSA presents arguments and a business case for:

1. A reduction in the POC tax rate to 10% and a redirection of a proportion of POC tax revenues back to South Australian racing.

A reduction in the POC tax rate to 10% will generate wagering growth that will deliver a return to the State Government equal to or better than that which would be achieved at a 15% tax rate (\$158.03 million vs \$157.29 million over five years).

A subsequent redirection of 75% of POC tax revenues back to South Australian racing will generate significant and sustainable infrastructure expenditure and prizemoney increases, the latter being reinvested by TRSA exclusively at 'grass roots' levels across the State with overall annual prizemoney increasing from \$41.5 million (FY19) to \$52.4 million (FY24). This will inject an additional \$40.3 million over five years into South Australia's thoroughbred racing economy, with flow-on benefits for racing families, businesses and ancillary providers.

2. A reimbursement for losses incurred in FY19.

Reimbursement of losses incurred in Betting Operations Contributions as a result of the impact of the POC tax is sought for FY19. We anticipate this figure will be lower than the reimbursement provided by the State Government in FY18, for which we remain grateful.

TRSA produces an Annual Report each year, reporting on its operations for the Financial Year and including detailed audited Financial Statement, which is tabled with Government. With the provision of the redirection of a portion of the POC tax as requested within its Business Case to Government, TRSA would report further as required by Government, on; prizemoney, infrastructure, financial performance and employment, provided for through the implementation of TRSA's Business Case. TRSA would also commit to annual Industry Forums, to update on progress, and the ongoing development of the strategies implemented.

A reduction in the POC tax rate and return of tax revenue would enable TRSA to direct financial resources to address key areas vital to the industry's sustainability and growth as well as exploring aspirational initiatives.

Sustainability

Prizemoney

Prizemoney is the lifeblood of the industry and requires an immediate and significant injection to help retain SA's existing trainers and participants and to stop the exodus of participants and jobs interstate.

Reinvestment of the POC tax revenue with the racing industry will enable TRSA to make an immediate investment of \$5.2 million into prizemoney at grass roots levels where the majority of the prizemoney is retained in SA. TRSA has assessed that a boost of this magnitude is required to bring South Australian prizemoney back to the levels needed to sustain local participation.

Club viability

The current number and distribution of thoroughbred racing tracks across South Australia enables the industry to operate in an efficient and effective manner on behalf of participants, while also supporting regions and local communities.

However, clubs are under continued and sustained cost pressures, in particular from energy and water costs, and TRSA is required to assist them in meeting these costs. As an example of initiatives already implemented, TRSA has invested in 30KW solar systems at the larger clubs.

We have assessed that we need to provide a further \$400,000 per annum to assist clubs with their energy costs, including investigating suitable battery solutions to better leverage the solar infrastructure already installed at venues. The POC tax revenue reinvestment we are seeking will be pivotal in our ability to meet this demand.

Capital projects

It is one of TRSA's core responsibilities that it continues to invest in the capital works that provide the infrastructure necessary for the industry to operate and to ensure the clubs are viable in the long term. Investment is also critical in ensuring a safe working environment for all participants.

Our infrastructure audit demonstrates that much of South Australia's racing infrastructure requires updating including (but not limited to):

- An investment of \$1.155 million is required for the installation of three irrigation systems over the next two years at Penola, Naracoorte and Oakbank.
- New starting gates are required at various tracks to ensure rider safety and horse welfare. An investment of \$900,000 over three years is required in these facilities at Port Augusta, Naracoorte and Bordertown. The starting gates are all manufactured at Mount Barker by either Simtrack or Steriline Racing.
- An investment of \$375,000 is required in a new race caller, judging and broadcast tower at Bordertown.

These are all capital projects of immediate need that could be undertaken following the reinvestment of POC tax revenues.

Sinking fund

Over the past ten years, TRSA has redeveloped five of South Australia's race tracks and must continue to do so to underpin club and industry sustainability. To meet this challenge, we aim to create a sinking fund that, within five years, can provide \$5 million to be put toward further track redevelopment.

Growth

Prizemoney

Prizemoney requires continued annual increases made in a responsible and sustainable manner to maintain its real value and to make modest inroads into the prizemoney gap which now exists between South Australia and the other States (Victorian Metropolitan mid-week, WA and Queensland).

Further to the proposed initial increase in prizemoney of \$5.2 million, TRSA will provide a further 3% increase in prizemoney each year. This equates to an increase of approximately \$1.4 million per annum compounded for a total increase of \$14.3 million over the next four-year period.

As with our initial prizemoney boost, these subsequent annual increases would be directed at grass roots level to further stimulate the local racing industry.

Training Infrastructure

The industry requires continued investment in renewing and improving SA's training and racing facilities. The key training locations of Morphettville, Murray Bridge, Strathalbyn, Port Lincoln and Mount Gambier racecourses have been identified as requiring infrastructure improvements to provide our existing trainers with the appropriate facilities to compete and expand their operations, and to attract new trainers to South Australia.

TRSA has the capacity to fund part of the necessary investment; however, further funding is required to complete the projects to fully operational levels.

Items included within this are expanded horse stalls at Strathalbyn to provide for growth in horse numbers, additional uphill training tracks and a horse swimming pool at Murray Bridge.

Aspirational

The objectives we have outlined under Sustainability and Growth would be achievable through the reinvestment of the POC tax revenue into the racing industry as requested.

Below are projects which, with some additional assistance from government over and above the POC tax rate reduction and a reinvestment of revenue into the racing industry, could be undertaken to further grow and enhance the SA racing industry for the betterment of the State.

The South Australian High Performance Jockey Academy

It is TRSA's vision to develop an Australian centre of excellence in a three-way collaboration between the State Government, TRSA and the University of South Australia.

This centre of excellence would develop and assist jockeys and track riders to achieve excellence and success at a local, national and international level.

Importantly, it will:

1. Improve professional standards for jockeys as elite athletes;
2. Attract interstate and overseas jockeys; and
3. Establish potential avenues to export our services and programs.

A detailed paper on the centre is appended to this document.

The State Government investment required for this venture would be \$1.38 million in year one (establishment) and ongoing funding for a further two years of \$230,000 per annum, after which TRSA and UniSA believe the centre would become self-funding from the training courses delivered. TRSA and UniSA will fund three new PhD positions for the centre at \$140,000 per annum.

Trainer relocation

There is an opportunity to attract new trainers to the new Murray Bridge racecourse, both from interstate and for SA trainers to expand their operations.

If the State Government provided an additional \$1.5 million over two years, the industry would be able to develop horse boxes for trainers relocating from interstate, providing them at no charge as an incentive to relocate. This would generate further jobs as well as helping the local breeding industry by creating increased demand for horses. It would also strengthen the local industry by assisting to increase field sizes, generating increased turnover and revenue for the industry.

Under this initiative, we anticipate being able to build 100 new boxes and attract five new trainers, generating approximately 75 direct jobs.

The racing industry is a vital contributor to the South Australian economy. By adopting the recommendations made in this submission, the State Government can assist racing to not only reclaim sustainability but also grow for the future.

Frances Nelson QC
Chair

Jim Watters
CEO

Background

South Australia's former government introduced a Point of Consumption (POC) tax – known as the Betting Operations Tax – which took effect on 1 July 2017.

The POC tax is a tax on Wagering Service Providers (WSPs) based on their net wagering revenue from customers based in South Australia. The 15% tax is collected on all bets placed in South Australia regardless of where the race or event is conducted.

South Australia was the first State to introduce such a tax, and it was designed and announced without any consultation with the SA racing codes.

When the then Treasurer announced the POC tax, he reassured the SA racing industry that it would be financially no worse off because of the tax – a commitment he reiterated at various meetings. However, the mechanism to achieve this outcome was never made clear despite the industry's repeated requests and was not put in place prior to the change of government.

As soon as it learnt the details of the POC tax, the South Australian racing industry raised very serious concerns, which it provided in detail to the then Treasurer and Treasury officials. These concerns highlighted that:

- The government's revenue estimates from the POC tax were grossly underestimated;
- The WSPs would react to the tax by encouraging their customers by commercial offers not available on SA racing to wager in other jurisdictions, a move which would negatively impact SA's racing industry through reduced revenue;
- The POC tax was an additional cost to WSPs which would prevent the SA racing codes from appropriately pricing the charge for access to wagering rights. The introduction of the POC tax means we can't increase our charge on wagering under the betting operations contributions (BOC, known outside SA as Race Fields Fees); and
- The introduction of a POC tax would also significantly impact the racing industry's ability to maintain the significant and sustainable growth and jobs it had achieved over the preceding five years.

Thoroughbred SA (TRSA), on behalf of the racing industry, provided Treasury with a summary of the existing and projected revenue for each code under the existing BOC arrangements with the WSPs. The BOC is based on the greater of turnover and Net Wagering Revenue (NWR). The more wagering activity on SA events, the more money received by the SA codes.

The introduction of the POC tax means more money bet on interstate racing and less on SA racing exactly as Treasury was advised.

The summary identified that the collective revenue from the three racing codes was expected to be \$50 million in FY19.

Key Points

The Point of Consumption tax was introduced by the former government without any input from the racing industry.

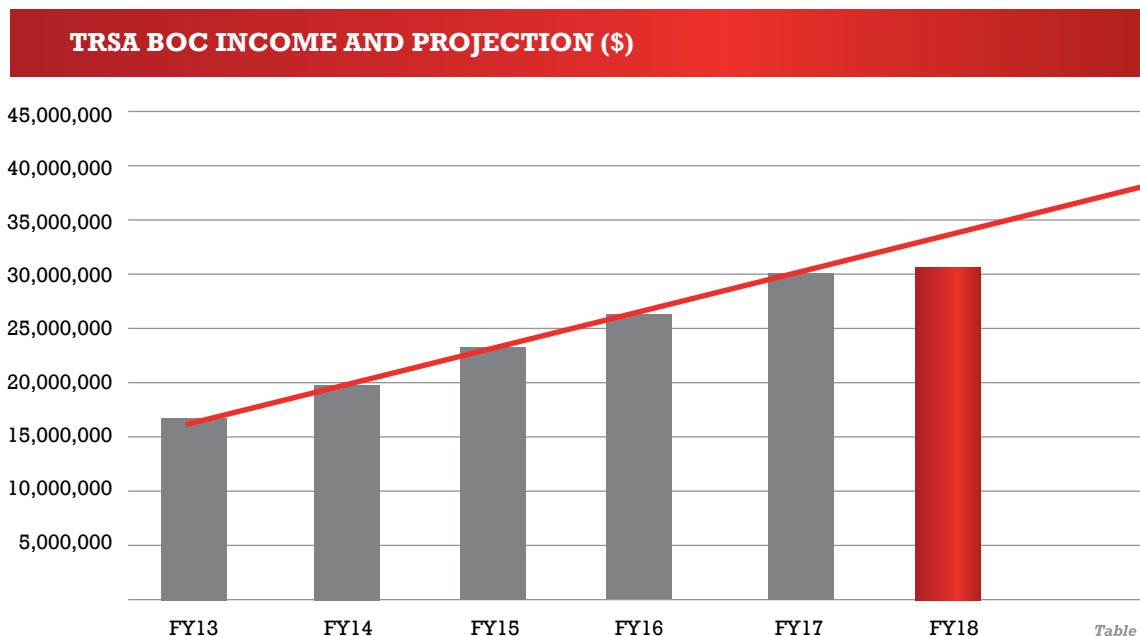
The impact has been less revenue for the racing industry and jobs have been lost.

SA racing besieged - less revenue, less jobs

From approximately September 2017, just two months after the POC tax took effect, the WSPs commenced their deliberate action against the SA racing industry with the obvious intent to reduce our BOC revenue.

Through a range of marketing tactics, the WSPs effectively dissuaded their customers from wagering on SA races and encouraged them to instead wager on interstate events. This was devastatingly effective and resulted in BOC income, which had been growing, to slow significantly in FY18 (see table below):

The impact was \$3.93 million in FY18.



Throughout that period, the racing codes continued to update Treasury on the impact the POC tax was having on the industry's BOC revenue. The industry also repeatedly requested that the government honour its promise that *the industry would be no worse off financially* - to no effect.

In March 2018, the new Government was elected and the racing industry immediately continued briefing the new Minister for Recreation, Sport and Racing, the Hon. Corey Wingard, the new Treasurer, the Hon. Rob Lucas as well as both their Chiefs of Staff and other advisors.

In June 2018 and to the relief of the racing industry, Treasurer Lucas acknowledged and accepted the case put forward by the racing industry and agreed to reimburse the racing codes for their lost BOC revenue for FY18.

In his correspondence to TRSA Chair Frances Nelson QC on 28 June 2018, the Treasurer noted the following:

"You have indicated that revenue received by the South Australian racing industry from corporate wagering providers through their Betting Operations Contributions arrangements and sale of media rights has been reduced as a result of specific actions taken by these providers in response to the introduction of the Betting Operations Tax in South Australia. You have indicated that this reduction in revenue will impact on the financial viability of the industry.

Based on your representation about the impact of these actions on revenue received in 2017-18, I am willing to provide Racing SA with a once-off grant to assist with the costs of staging races and race meetings (including the provision of prizes). This reflects that South Australia was the first jurisdiction to introduce the Betting Operations Tax."

This left future years unresolved.

In this June announcement, \$3.93 million was provided to all three codes as well as a further \$920,000 to TRSA for its lost digital rights revenue (also due to the POC tax impact). This brought the total reimbursement to \$4.85 million, for which the racing industry remains grateful.

During FY18, every other mainland state followed SA's lead and announced the introduction of a POC tax. However, each state had observed the negative impact on SA racing industry revenue and jobs as a consequence, and each state government also announced that funds from the POC tax would be directed to support their local racing industry. These funding arrangements were designed to ensure that not only would their racing industry be no worse off due to a POC tax but that they would receive extra assistance from government (from the POC tax) to grow their racing industry and jobs in the long term.

In the other key states, the racing industry is working with government on deliberate programs based on lower taxes, increased prizemoney and capital investment in the industry's infrastructure as a collaborative strategy to both sustain employment and increase jobs, encouraging further external investment by participants. While it is not the sole contribution to that strategy between government and the industry, the POC tax has been a key contributor.

A summary of the POC tax rates and subsequent state government support is provided below:

STATE	RATE	START	INDUSTRY SUPPORT PROVIDED BY GOVERNMENT FROM POC TAX RAISED
SA	15%	1/7/17	\$0
QLD	15%	1/10/18	\$26m Thoroughbred prizemoney (\$8m contestable) \$20m Greyhound & Harness (\$8m infrastructure & \$12m prizemoney) \$18m Government loan written off
WA	15%	1/1/19	30% of all POC
NSW	10%	1/1/19	40% of POC estimated at \$40m
VIC	8%	1/1/19	18.75% of POC tax plus an additional \$33m for thoroughbred prizemoney

Table 2

It must be noted that the support listed above is not the only form of financial assistance provided by the other states to their racing industries.

The racing industry in SA notes that the Queensland industry went on strike following the introduction of the POC tax.

Key Points

- **South Australia has the equal highest POC tax rate of all states, but is the only state where the racing industry receives no benefit from the POC tax.**
- **Every other state observed the negative impact on South Australian racing revenue and jobs following the introduction of the POC tax and provided funding packages for their industries to prevent repetition in their states.**

Negative impact of POC Tax

Until the introduction of the POC tax, TRSA was operating in a sustainable manner and delivering steady growth in revenue and jobs. The organisation was achieving consistent uplift in revenues, which enabled it to undertake significant capital projects, increase funding to clubs, grow prizemoney and jobs.

In the racing industry, prizemoney is vital - it is effectively the industry's wages. Prizemoney equals jobs.

As the tables below show, the steady growth in TRSA's revenue, prizemoney distributions and capital expenditure over the last four years was abruptly halted following the introduction of the POC tax. FY19 figures are forecast on best information.

TRSA Revenue

	FY15	FY16	FY17	FY18	FY19
Revenue	52,744,253	54,946,952	60,131,555	61,438,506	62,006,171
Inc on PY	3,883,700	2,202,699	5,184,603	1,306,951	567,665
% Inc on PY	7.9%	4.2%	9.4%	2.2%	0.9%

Prizemoney

	FY15	FY16	FY17	FY18	FY19
Prizemoney	35,233,053	37,860,035	39,916,340	41,518,853	41,492,892
Inc on PY	2,188,087	2,626,982	2,056,305	1,602,513	-25,961
% Inc on PY	6.6%	7.5%	5.4%	4.0%	-0.1%

Capital Expenditure

	FY15	FY16	FY17	FY18	FY19
Direct Club Grants	1,711,818	1,981,665	3,474,891	5,400,800	1,335,000
% Inc on PY	44%	15%	75%	55%	-75%

(These tables exclude any government funding or prizemoney paid arising from this funding.)

Table 3

Targeting BOC revenue

As previously outlined, the WSPs took action in FY18 in particular to try to discourage other states from introducing their own POC tax.

They directed their actions against the SA racing industry. The actions taken by the WSPs included:

- Placing SA racing down the list of wagering events so that it was not readily apparent to people wanting to wager on SA racing;
- Removing SA races from the “next to jump” carousel at the top of their websites;
- Removing promotional offerings for bettors available on other States’ racing, such as cash back and odds boost;
- Enhanced promotional offerings to SA based customers on interstate races, transferring wagering from SA races to interstate races; and
- In the case of the thoroughbred code, refusing to take up digital streaming rights or, where they did take up the rights, seeking a significantly lower rate than was achieved in Victoria to do so.

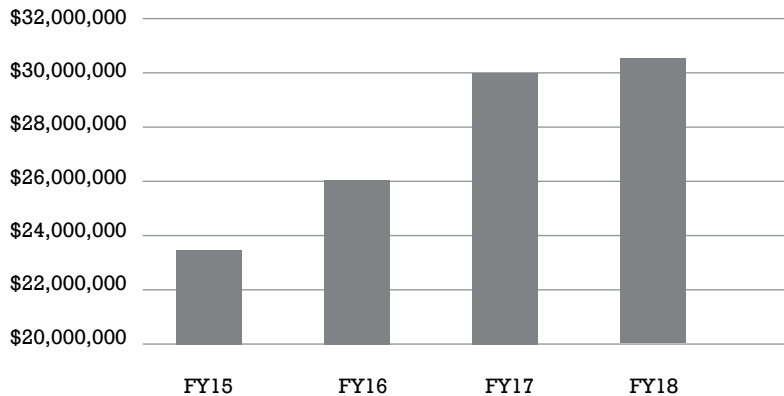
Wagering provides more than 90% of the racing industry’s revenue and all of the above actions were deliberately intended to drive customers’ wagering away from SA racing or suppress wagering activity by their SA customers so as to reduce SA racing’s revenue.

The strategy of encouraging SA customers to bet on interstate races left the State Government’s POC tax revenue unaffected, as the tax is levied regardless of whether the South Australian customer bets on a race here or interstate.

However, if SA customers wager on interstate racing (instead of SA racing), not only does the SA racing industry lose BOC revenue, but that lost revenue goes directly to interstate racing bodies through their race field income. In simple terms, SA racing gets less revenue and interstate racing gets more revenue.

Therefore, the gap between the SA racing industry and its interstate competitors is widened further. That means there is a direct incentive for SA participants to relocate interstate meaning a loss of jobs to SA and its racing industry.

The impact of the POC tax on the growth in thoroughbred's BOC revenue is clearly illustrated here:



FY	TOTAL	INC ON PRIOR YEAR	% INC ON PRIOR YEAR
FY15	\$23,423,302		
FY16	\$26,063,129	\$2,639,827	11.3%
FY17	\$29,978,167	\$3,915,038	15.0%
FY18	\$30,490,253	\$512,085	1.7%

Table 4

From 1 August 2017, TRSA commenced a Media Rights Agreement with the Racing.com/Seven West (C7) partnership under which all of SA's thoroughbred races are broadcast on free to air television, Channel 78 and Racing.com, as well as maintaining the traditional subscription-based Sky Racing coverage on Foxtel.

The motivation to establish this enhanced coverage, including live on-course hosting for all of SA's Saturday and Wednesday race meetings, was to drive increased wagering activity, leading to increased revenue and jobs and a greater public awareness of SA racing. While this hosting incurs additional costs (\$171,000 pa), the interstate experience provided a sound business case supporting this expenditure.

Based on the Victorian outcome when they adopted an identical model, TRSA considered that wagering growth in excess of 15% in FY18 was a realistic expectation. However as can be seen from the table above, growth of only 1.7% was achieved, due to the WSPs negative activity.

Understandably, the sharp decline in TRSA's revenue growth since the commencement of the POC tax has created considerable uncertainty within racing about the future of our industry.

Key Points

- **WSPs deliberately targeted the industry's BOC revenue, leaving the government's POC tax income untouched.**
- **This strategy reduced an expected 15% revenue increase to just 1.7%**
- **Furthermore, the WSPs' strategy siphons SA money to support interstate racing.**

Grave concerns for SA prizemoney and jobs

Prizemoney is vital to the racing industry. It is effectively the industry's wages. It also helps determine where horses are raced, and where they are trained.

Prizemoney drives the level of employment in the industry.

In interstate racing jurisdictions, particularly in Victoria, there have been significant prizemoney increases effective from 1 January 2019. These have been made possible due to the level of government investment via reinvestment of POC tax revenue and other funding mechanisms.

TRSA accepts that it cannot compete with the larger states (VIC/NSW) regarding the level of Saturday prizemoney. However, TRSA has always been able to offer an attractive proposition by making sure that SA prizemoney was on a par with both Western Australia and Queensland, and offering prizemoney at SA's metropolitan Saturday race meetings that was marginally higher than that on offer in Victoria at a metropolitan midweek meeting.

This is clearly now not the case as evidenced by the latest figures:

THOROUGHBREDS					
	SA (\$)	WA (\$)	QLD (\$)	VIC (\$)	NSW (\$)
Metro Ave	42,000	70,000	70,000	130,000	125,000
Midweek Ave	14,000	17,500	25,000	50,000	50,000
Provincial Ave	14,000	17,500	16,000	25,000	35,000

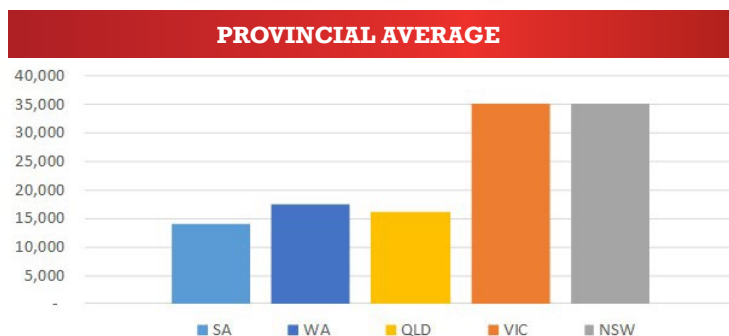
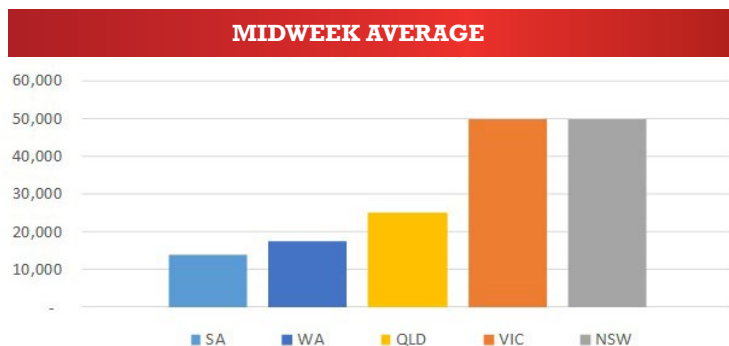
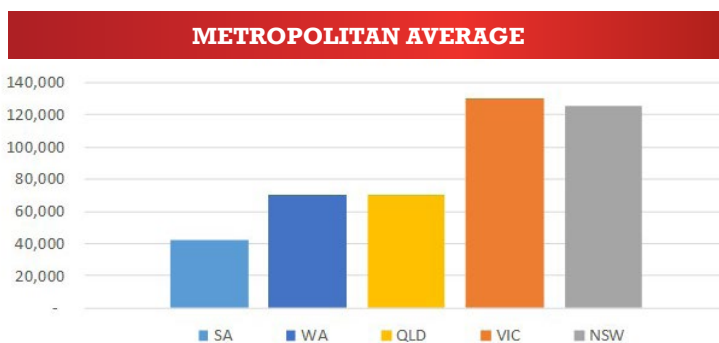


Table 5

SA racing participants have started to seriously review their operations as the prizemoney gap, between SA and Victoria in particular, has grown to the point that it is now becoming more attractive for a SA trainer to relocate to Victoria, knowing that success at even a midweek level would place them in a better position than winning a Saturday race in SA.

SA-based owners are continually pressuring their trainers to consider relocating interstate, or face having the horses transferred to an interstate trainer.

The SA industry has been extremely successful in attracting new owners to invest in racing. However, there is an increase in the number of SA owners having their horses trained and raced interstate.

INDIVIDUAL OWNERS WHO RACED A HORSE					
	SA	NSW	VIC	QLD	WA
FY15	5,326	20,836	22,715	14,192	8,657
FY16	5,579	21,829	23,673	14,254	8,432
FY17	5,710	22,359	23,884	14,274	8,120
FY18	5,838	23,572	24,985	14,602	8,186

Table 6

In the past, champion trainers such as Hayes and Cummings looked to expand interstate. Now, SA's young developing trainers are instead relocating interstate because of the prizemoney gap.

Lloyd Kennewell has relocated his entire operation to Victoria effective from 31 January 2019. Phillip Stokes has set up his main base at Pakenham in Victoria and halved his SA operation as he focusses on building his Victorian operation, spending \$4 million acquiring and developing his stable complex and farm in that state. Phillip and Lloyd were 5th and 7th respectively on the 2017/18 Trainers' Premiership. Another trainer, John Hyam, has announced he is taking up six boxes at Caulfield.

Trainers the size of Kennewell and Stokes would each account for at least 15-20 direct jobs being lost from the state. This is over and above the negative impact they have on ancillary service providers and participants in the industry.

Lloyd Kennewell was the purchaser of the highest priced horse at the Magic Millions Yearling sale on the Gold Coast in January 2019. \$1.7 million was spent on a horse that will now be trained in Melbourne and not Adelaide, compounding the lost investment in the SA racing industry.

“We are already well below the prizemoney levels compared to the eastern states, and our costs are not much different which really hurts the industry.”

**Lloyd Kennewell, Sydney
Morning Herald, 3 January 2019**

Jockeys Jamie Kah and Joe Bowditch, together with Apprentice Kayla Crowther, have also relocated to Victoria.

Jamie is SA's highest profile rider and one of the best jockeys this state has produced. In 2013 she was the first apprentice in almost 20 years to claim the Adelaide Jockeys' Premiership, and she has won the Adelaide premiership four times including in the 2017/18 season. She also finished third in the National Jockeys' Premiership for season 2017/18. Joe was sixth on the 2017/18 Jockey Premiership and Kayla third. Kayla was also the 2018 SA Young Sportsperson of the Year.

“(Jamie Kah is) ... the best young talent in the Australian racing industry...”

**Andrew Rule, Sunday Herald Sun,
25 January 2019**

Key Points

- **Prizemoney in SA is now lagging substantially behind even WA and Queensland.**
- **The racing industry operates nationally so people and jobs will go to where prizemoney is available.**
- **SA's best and brightest are moving to Victoria, and more will follow if they cannot sustain their businesses here.**

Action from WSPs remains a serious threat

TRSA has had significant discussions with the major WSPs regarding the damage their actions have had on the SA racing industry, and lobbied them not to continue their activities given all mainland states have since introduced a POC tax.

Around August 2018, 12 months after they first took action, the WSPs reverted to “normal business operations” in relation to SA racing. This is with the exception of their cash back and odds boost promotions and, in the case of thoroughbreds, one operator which still refuses to take up TRSA’s digital rights due to the POC tax cost. Unfortunately, all WSPs have negotiated lower rates for these digital rights than has been achieved in Victoria, due to the higher cost of doing business in SA.

The monthly BOC revenue data for the last two financial years and the year to December for FY19 is provided below:

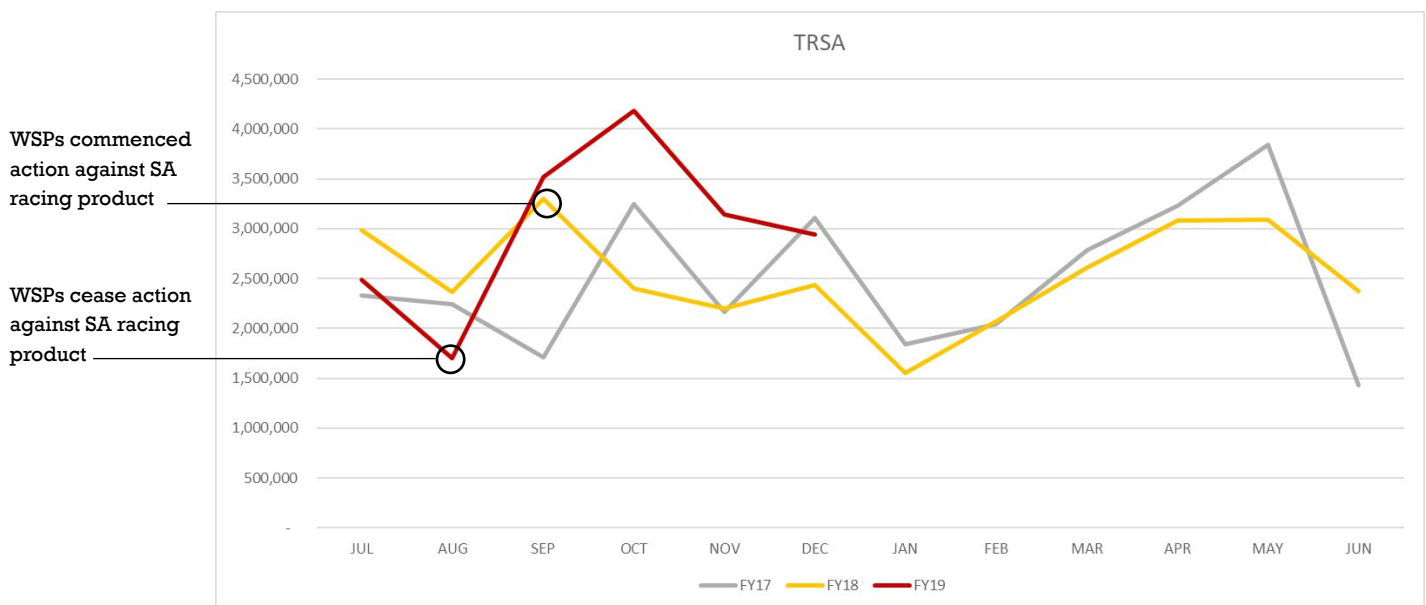


Table 7

As can be seen from the graph, since October 2018 revenue has returned to reasonable levels of growth experienced prior to the introduction of the POC tax due to the WSPs largely winding back their campaign.

However, there remains a significant level of uncertainty and risk to the industry in SA.

The WSPs have advised TRSA that now the POC tax is in place nationally, they will again deliberately target the states with the highest POC tax – SA, WA and Queensland – by again encouraging their customers to wager in jurisdictions that have the lowest POC tax rates (Victoria and NSW).

They have indicated that they will do this even though they know their actions will only impact the racing codes in the targeted states and not the governments.

Key Points

The WSPs are preparing for a second round of punitive action which will further erode the income of the SA industry, threatening more jobs and businesses.

Doing nothing will hurt racing jobs

Should the South Australian government continue with the POC tax at the uncompetitive rate of 15%, the WSPs will take action against SA racing and will again suppress the net wagering revenue and BOC generated in SA.

Further, if the Government does not provide financial support to the industry following action taken by the WSPs, the industry will be severely impacted from a financial perspective. In FY18, this cost the state \$4.85 million, the loss of two major trainers and three of our leading riders interstate, together with a further estimated 30-40 jobs lost.

With this additional revenue loss, TRSA will be left with no option but to further review its operations and possibly:

- Reduce the number of race meetings being conducted, particularly in regional areas;
- Further cut prizemoney by an amount necessary to sustain the industry; and/or
- Close one or more regional tracks across the State.

TRSA does not want to be forced to take the same approach as harness racing which has cut the number of meetings it conducts by 33% to try to ensure its survival.

In commencing work on its FY20 budget modelled on a status quo position, TRSA has already factored in a 3% reduction in the number of race meetings to be run, with all but one of those to be lost in regional areas. This will lead to a reduction in grass roots prizemoney across the State of more than \$590,000.

TRSA will also not be able to commit to any significant capital projects and will have to continue to ration club funding in this area.

TRSA conservatively estimates that even if only one, two or three trainers continued to leave the State each year, the following jobs will be lost in SA:

ESTIMATED JOBS LOST				
	TRAINERS LOST	JOBS LOST	AFTER LOSS*	CUMMULATIVE JOBS LOST
FY19	1	29	2,871	29
FY20	2	59	2,814	86
FY21	2	56	2,757	143
FY22	2	55	2,702	198
FY23	2	54	2,648	252
FY24	3	79	2,569	331

* Based on current direct employment level of 2,900 FTE in the thoroughbred industry

Table 8

The above are direct job losses with regards trainers' employees, and does not include the indirect job losses such as jockeys and ancillary services. The ancillary services supported by the racing industry include:

- Veterinary practices
- Feed merchants (plus growers)
- Farriers
- Saddlery business
- Horse transporters
- Pre-trainers
- Agistment farms
- Hospitality industry
- Stud staff (as primary producer)

However, TRSA forecasts show that should the Government announce it will reduce the POC tax rate to a competitive 10% and TRSA is successful in ensuring the WSPs do not take action ahead of the State Budget, racing should achieve a financial result better than budget.

This would enable it to rebuild some of the financial reserves it was required to use in FY18, sustain increases in prizemoney for the carnival period where SA participants are most successful, and provide minor capital grants for clubs.

KEY RECOMMENDATIONS

1

Immediately reduce South Australia's POC tax rate to 10% and reinvest POC tax revenue in South Australian racing.

POC tax rate reduction

Modelling provided to TRSA by Responsible Wagering Australia (RWA) – a collective representing the major WSPs of Sportsbet, Betfair, Ladbrokes, Beteasy, Bet 365 and Unibet – demonstrates the price elasticity of wagering.

The modelling provided over a three-year forecast period demonstrates that a 33% reduction of the POC tax rate from 15% to 10% will not equate to the same reduction in tax revenue. In fact, a reduction in the POC tax rate to 10% will generate wagering growth that will deliver a return to the State Government equal to or better than that which would be achieved at a 15% tax rate (\$158.03 million vs \$157.29 million over five years).

Furthermore, the modelling demonstrates that a reduction in the POC tax rate would result in increased activity on SA racing and have the flow-on effect of increasing the BOC revenue collected by the codes. Based on information provided by the RWA members, it is anticipated a 10% POC tax rate will drive an uplift in BOC revenue for the thoroughbred code of \$2.235 million per annum.

To ensure these forecasts remain solid, TRSA recommends that in return for any reduction to the POC tax rate the major WSPs should guarantee that they will not restrict wagering on SA racing by any means, and will in fact look to promote our racing.

A summary of the modelling is provided on page 21.

Reinvestment of POC tax revenue in SA racing

All mainland states have now introduced a POC tax and each – with the exception of SA – have also included an arrangement that returns a percentage or fixed amount of POC tax revenue back to their local racing industry (see Table 2, page 9).

It should be noted that this sharing of the POC tax revenue is not the only government funding the other mainland states receive. There are multiple other sources of funding provided by various state governments, which have enabled their racing industries to grow and improve.

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This is not the case in SA. The racing codes in SA do not currently receive any form of Government support. This is despite the fact that approximately 75% of the POC tax revenue collected by the SA government is generated by racing activities.

TRSA appreciates that the SA Government is not in the same financial position as enjoyed by the larger states. However, without some form of support, the racing industry in SA will become even less competitive and will continue to contract.

With Government support it can again become sustainable. It can stop the drain of its best participants interstate and provide the infrastructure and racing facilities that will allow the industry to grow and flourish.

Therefore, in addition to reducing the POC tax rate, we request the State Government commit to returning a percentage of the total POC tax revenue to the racing codes:

Year	Total POC tax revenue ¹	% POC tax returned	\$ Returned to entire racing industry	TRSA share ²
2019/20	\$12.8m	75%	\$9.6m	\$6.4m
2020/21	\$13.2m	75%	\$9.9m	\$6.6m
2021/22	\$13.6m	75%	\$10.2m	\$6.8m

¹ POC tax revenue growth estimated at 3% per annum

Table 9

² Calculated based on current market share of TRSA at 67% of total racing activity

The codes would allocate the funding provided based on the prior year's BOC revenue achieved by each code, as it has the same calculation base as the POC tax.

Funding at this level would allow the thoroughbred industry to:

- Make an immediate investment in prizemoney and jobs across the industry at Metropolitan, Provincial and Country grass roots racing to stop the drain of participants interstate;
- Provide further financial assistance to clubs struggling with crippling power and water costs, necessary in this industry to maintain turf racing surfaces;
- Prioritise our capital expenditure across the next five years on projects to be completed across the state using SA based companies to undertake this work;
- Compete at prizemoney levels with QLD, WA and mid-week Victoria; and
- Invest in and further improve our integrity and welfare.

An injection of \$5.2 million in prizemoney in FY20 would enable TRSA to make a significant impact at the grass roots level where 100% of the prizemoney increases would be allocated and the majority of the prizemoney is retained in SA.

These increases would be State wide and provide a meaningful boost to regional areas as well as the Metropolitan “grass roots” racing on Saturdays. It would aim to have Saturday top prizemoney levels above the current mid-week Victorian levels, thereby returning the industry to a competitive footing.

2 A reimbursement for losses incurred in FY19.

TRSA is seeking reimbursement of losses incurred in the racing industry’s Betting Operations Contributions as a result of the impact of the POC tax for FY19.

Due to limited action taken thus far by the WSPs so far in FY19 compared with that undertaken against South Australian racing the previous year, we anticipate this figure will be significantly lower than the reimbursement provided by the State Government in FY18.

Based on current projections, TRSA is currently forecasting a loss of \$1.9 million for FY19 for the thoroughbred code on the basis that the WSPs do not take further punitive action against the industry.

Key Points

- **Immediately reducing the POC tax rate to 10% will generate wagering growth that will deliver a return to the State Government equal to or better than that which would be achieved at a 15% tax rate (\$158.03 million vs \$157.29 million over five years)**
- **It would lead to growth in BOC revenue of \$2.235 million per annum, enabling the industry to inject funds into local jobs and businesses**
- **Reinvesting the POC tax revenue would reinstate a more level playing field that has been shattered over the past two years.**
- **It will allow the industry to become sustainable with increased prizemoney levels and be more competitive at a national level.**
- **It will see increased employment opportunities and arrest job losses in the State, contributing to economic growth.**
- **All infrastructure work would be carried out by local businesses, providing an additional fillip to regional centres.**

Summary of POC Tax Modelling

RWA members (incl WH)	FY20	FY21	FY22
15%	12.83	11.55	10.39
10%	10.42	11.46	12.61
8%	8.73	10.04	11.55
Govt POC revenue impact from RWA 15% to 10%	- 2.41	- 0.09	2.21

\$M

POC rate: **15.00%**

	H1/2018	H2/2018	FY18	H1/2019	H2/2019	FY19	FY20	FY21	FY22	5 years
POC paid/payable	Actual	Actual	Actual	Actual	Fcast	Fcast	Fcast	Fcast	Fcast	Fcast
RWA members (incl WH)	7.76	7.17	14.93	7.44	6.82	14.26	12.83	11.55	10.39	63.96
SA TAB	9.47	8.72	18.19	8.85	7.96	16.81	15.97	15.17	14.41	80.55
Other operators	1.49	1.38	2.88	1.49	1.38	2.88	2.59	2.33	2.10	12.77
Total POC	18.72	17.28	36.00	17.79	16.16	33.94	31.39	29.05	26.90	157.29
										36.00

Notes:

1. 15% POC declining growth rates are predicated on the SA racing industry declining due to lack of funding and lack of participants
2. SA TAB is forecast to return a stable \$14m p.a. under the POC for the forward estimates

POC rate: **10.00%**

	H1/2018	H2/2018	FY18	H1/2019	H2/2019	FY19	FY20	FY21	FY22	5 years
POC paid/payable	Actual	Actual	Actual	Actual	Fcast	Fcast	Fcast	Fcast	Fcast	Fcast
RWA members (incl WH)	7.76	7.17	14.93	7.44	4.69	12.13	10.42	11.46	12.61	61.55
SA TAB	9.47	8.72	18.19	8.85	7.96	16.81	16.81	16.81	16.81	85.43
Other TABs	1.49	1.38	2.88	1.49	0.92	2.42	1.92	1.92	1.92	11.05
Total POC	18.72	17.28	36.00	17.79	13.57	31.35	29.15	30.19	31.34	158.03

Notes:

1. 10% POC growth rates are predicated on the SA racing industry making gains in late FY19 and into FY20 and beyond due to a recovery of race fields payable to the SA racing industry due to lower POC taxes paid by punters/wagering operators
2. SA TAB is forecast to return a stable \$14m p.a. under the POC for the forward estimates

POC rate: **8.00%**

	H1/2018	H2/2018	FY18	H1/2019	H2/2019	FY19	FY20	FY21	FY22	5 years
POC paid/payable	Actual	Actual	Actual	Actual	Fcast	Fcast	Fcast	Fcast	Fcast	Fcast
RWA members (incl WH)	7.76	7.17	14.93	7.44	3.83	11.27	8.73	10.04	11.55	56.52
SA TAB	9.47	8.72	18.19	8.85	7.96	16.81	18.19	18.19	18.19	89.57
Other TABs	1.49	1.38	2.88	1.49	0.74	2.23	1.53	1.53	1.53	9.71
Total POC	18.72	17.28	36.00	17.79	12.52	30.31	28.45	29.76	31.27	155.80

Notes:

1. Refer to note regarding 10% POC growth rates. 8% POC will provide for stronger growth
2. SA TAB is forecast to return a stable \$14m p.a. under the POC for the forward estimates

Table 10

KEY OUTCOMES

In return for the State Government agreeing to a reduction in South Australia's POC tax rate to 10% and reinvestment of POC tax revenues in South Australian racing, TRSA would be able to address its priorities.

Investment in regional infrastructure

TRSA will be able to reinstate and prioritise its capital works program over the next five years on capital projects to be completed across the state using SA based companies to undertake this work.

Following on from the \$10.85 million in capital works undertaken and funded by the industry over the past three years, the industry would anticipate undertaking the following capital projects over the next five years if its request to Government in relation to the POC tax was agreed:

• Training facility improvements at major training centres Morphettville, Murray Bridge, Strathalbyn and Mt Gambier	\$1.85m
• Irrigation systems at Naracoorte and Penola	\$0.77m
• New Judges box and broadcast tower at Bordertown	\$0.38m
• New Starting gates – Pt Lincoln, Naracoorte, Penola and Bordertown	\$0.90m
• Establishment of a sinking fund for the redevelopment of another race track in FY24	\$5.00m
TOTAL	\$8.90m

Increased integrity commitment

TRSA will increase investment to further improve integrity resources and commitment to welfare.

Maintaining the highest levels of integrity in the racing industry is of paramount importance.

Implementing best practice standards and procedures to ensure a level playing field and to justify public confidence remains a significant and ongoing challenge for the industry.

The costs of maintaining appropriate integrity processes has grown with the increased focus on out-of-competition testing, stable inspections and surveillance. This includes monitoring and subsequent actions relating to all welfare matters.

TRSA already invests \$2.97 million per annum in its integrity functions and provision of the funding sought will enable TRSA to expand its non-raceday integrity unit to help meet these challenges. TRSA has identified this area of our business requires an immediate ongoing additional investment of \$220,000 per annum.

Investing prizemoney in grass roots racing

TRSA will commit to increasing prizemoney (this could be as high as \$40.3 million cumulatively over five years) exclusively at 'grass roots' levels across the State with overall annual prizemoney increasing from \$41.5 million (FY19) to \$52.4 million (FY24). This money will re-energize South Australia's thoroughbred racing economy, with flow-on benefits for racing families, businesses and ancillary providers.

In the past, increases in prizemoney have been allocated to major racing events (e.g. 2017/18 Adelaide Carnivals) as the government of the day tried to lift the state's profile and increase interstate tourism and directed where the prizemoney had to be expended.

TRSA notes the comments in regards to this approach and the arguments that this strategy may benefit interstate trainers more than the local industry.

TRSA proposes that 100% of prizemoney increases resulting from reinvestment of the POC tax revenue would be allocated at Metropolitan, Provincial and Country race meetings instead of increasing Black Type and Feature race prizemoney. This would ensure the majority of the prizemoney is retained in SA, paying the wages of people in the industry.

The majority of Saturday grass roots races would be increased from the current levels of \$45,000 and \$40,000 to \$60,000 and \$50,000, with mid-week and Provincial races rising from \$15,000 to \$25,000.

Based on a 10% POC tax rate and a reinvestment of POC tax revenue, TRSA's prizemoney targets over five years are presented on the following page.

"...writing those big cheques and seeing that big prizemoney going to the eastern seaboard isn't working..."

**Minister Corey Wingard ABC Radio
4 January 2019**

FIVE YEAR PRIZEMONEY STRATEGY

	RACES	FY19 BUDGET		FY24		% INCREASE
		PER RACE	TOTAL	PER RACE	TOTAL	
Black Type & ORC Features						
Goodwood	1	750,000	750,000	750,000	750,000	0%
Sangster	1	600,000	600,000	600,000	600,000	0%
Australasian Oaks, Derby	2	500,000	1,000,000	500,000	1,000,000	0%
Adelaide Cup	1	400,000	400,000	400,000	400,000	0%
Euclase	1	250,000	250,000	250,000	250,000	0%
Queen of South	1	200,000	200,000	200,000	200,000	0%
Great Eastern	1	160,000	160,000	160,000	160,000	0%
R A Lee	1	175,000	175,000	175,000	175,000	0%
Group 3 - Carnival	5	150,000	750,000	150,000	750,000	0%
Group 3 - Non Carnival	6	120,000	720,000	120,000	720,000	0%
Listed	28	100,000	2,800,000	100,000	2,800,000	0%
Total Group & Listed	48		7,805,000		7,805,000	0%
Other Metro incl ORC						
Prov Super Series Final, Prov Sprint Final & SABOIS 2&3YO only race, Spring Finals, Carnival & Lead In	30	100,000	3,000,000	100,000	3,000,000	0%
Adelaide Cup day	6	60,000	360,000	60,000	360,000	0%
Open	8	50,000	400,000	60,000	480,000	20%
BM71 & UP Racings Races	184	45,000	8,280,000	60,000	11,040,000	33%
BM70 Ratings Race	80	35,000	2,800,000	50,000	4,000,000	43%
BM69 & down plus Maiden Races	88	30,000	2,640,000	38,000	3,344,000	27%
Total Metro Other	396		17,480,000		22,224,000	27%
All Metro (G & L plus Other)	444		25,285,000		30,029,000	19%
Provincial						
MBRC / BRC Listed Cups	2	100,000	200,000	100,000	200,000	0%
Cups / Sprints MBRC & BRC	6	50,000	300,000	50,000	300,000	0%
Jumps ORC Sunday	2	45,000	90,000	45,000	90,000	0%
Sprint at non Listed Cups	6	25,000	150,000	25,000	150,000	0%
1 ea @ Pub Hol & M-Cup @ SAJC	18	20,000	360,000	25,000	450,000	25%
Cup Meetings non Maiden	25	17,500	437,500	25,000	625,000	43%
Non maiden	399	15,000	5,985,000	25,000	9,975,000	67%
Maiden	240	13,000	3,120,000	17,000	4,080,000	31%
Total Provincial	698		10,642,500		15,870,000	49%
Country						
Cups	8	20,000	160,000	20,000	160,000	0%
Features	3	15,000	45,000	15,000	45,000	0%
Cup Sprint	10	12,500	125,000	12,500	125,000	0%
Non Maidens	163	12,000	1,956,000	16,000	2,608,000	33%
Maidens	90	10,000	900,000	13,000	1,170,000	30%
Total Country	274		3,186,000		4,108,000	29%
Non TAB						
Cup	10	9,000	90,000	10,000	100,000	11%
Races	50	5,000	250,000	6,000	300,000	20%
Total Non TAB	60		340,000		400,000	18%
Total Non Metro	1416		39,113,500		50,007,000	28%
Total All Prizemoney Levels	1476		39,453,500	Full year 50,407,000		28%
Add Unplaced Subsidies			2,052,556		2,052,556	
Total Prizemoney & Subsidies			41,506,056		52,459,556	

Table 11

PRIZEMONEY WON BY SA v INTERSTATE TRAINERS AT SA RACES		
	SA	INTERSTATE
Saturday including Carnival/Adelaide Cup	60.5%	39.5%
Saturday no Carnival/Adelaide Cup	75.0%	25.0%
Wednesday	93.0%	7.0%
Sunday	89.8%	10.2%

Sundays are impacted by Victorian racing at South East meetings, the majority of which are conducted on Sundays. Table 12

As the above table demonstrates, TRSA’s prizemoney strategy will put the bulk of the prizemoney on race meetings that traditionally benefit SA racing participants.

It will also help restore SA’s place on the national stage and assist with jobs growth.

In addition, it will enable TRSA to lobby trainers interstate with confidence to try and reverse what has been occurring by encouraging major trainers to set up satellite stables in SA, or to attract the smaller up-and-coming trainers in Victoria to relocate to SA.

An estimate of the jobs growth based on the prizemoney targets are as follows:

ESTIMATED JOBS GROWTH				
	% GROWTH	JOBS*	AFTER GROWTH	CUMMULATIVE JOBS GROWTH
FY19	-1%	29	2,871	29
FY20	2%	57	2,928	28
FY21	1%	29	2,958	58
FY22	1%	30	2,987	87
FY23	2%	60	3,047	147
FY24	1%	30	3,077	177

*Based on current direct employment level of 2,900 FTE

Table 13

Key Points

- **TRSA’s prizemoney strategy will put the bulk of the prizemoney on race meetings that traditionally benefit SA racing participants rather than interstate competitors.**
- **Increases will help restore SA’s place on the national stage and assist with jobs growth.**

Summary

Prior to the introduction of the 15% Point of Consumption tax by the previous government in 2017, thoroughbred racing in South Australia had been recording strong growth across revenues, prizemoney and infrastructure spending, providing a competitive platform to the thousands who rely upon it for their livelihood.

However, the introduction by the former State Government of the POC tax combined with the lack of any reinvestment has had an extremely adverse impact that threatens to completely decimate the future of the industry.

In simple terms, growth has stalled, prizemoney has fallen, investment has been slashed, jobs are under threat and the industry's best and brightest are moving interstate.

To compound South Australia's issues, all the other mainland states have since introduced their own POC tax and all are redirecting significant amounts of revenue back into their local racing industries.

South Australia is the only state which is not. So, while racing in SA is going backwards, interstate racing is forging ahead. This is no more evident than in prizemoney levels, with South Australia now behind every other mainland state.

As previously noted in this document, we recognise that the current State Government did not cause this issue.

However, only the State Government can pull the policy levers that can reverse the dangerous trajectory on which racing finds itself, restoring us to a level playing field and enabling us to build a sustainable and growing future.

Appendices

Appendix A

MAJOR CAPITAL WORKS UNDERTAKEN OVER THE PAST THREE YEARS	
Starting Gates – Strathalbyn, Gawler, Balaklava	\$ 338,000
Plastic Running Rail Pt Augusta, Kangaroo Island, Clare	\$ 317,000
Judges, Race caller, Broadcast Tower Pt Augusta, Penola	\$ 570,000
Solar Installations all Provincial Clubs	\$ 398,000
Irrigation Systems, Balaklava, Strathalbyn, Clare, Bordertown	\$ 1,648,000
Power Upgrades Penola, Naracoorte, Bordertown	\$ 76,000
Fencing Upgrade Strathalbyn	\$ 53,000
Broadcast Infrastructure 21 venues	\$ 2,201,000
Club Directed Industry Funded projects	\$ 5,254,000
Total	\$ 10,855,000

Appendix B

The South Australian International Jockey Centre of Excellence

The Mission:

“The Centre of Excellence will develop and assist jockeys and track riders to achieve excellence and success at the national and international level.”

Importantly, it will:

1. Improve professional standards for jockey as elite athletes;
2. Attract interstate and overseas jockeys to our training centre of excellence; and
3. Set up potential avenues to export our services and programs internationally.

This will be achieved through the following:

- The Centre will build a successful high-performance culture with jockeys, finding the right balance between wellbeing, engagement in activities outside of training and competition and the requirements of elite sport. This will be achieved by high quality facilities that are specifically designed for jockeys, track riders and the racing industry.
- The Centre will conduct applied research and develop a centre of excellence reputation for research, focussed on jockey preparation, performance and assessment.
- The Centre will focus on 3 major areas of research; exercise physiology, sports nutrition and sports psychology
- This knowledge gained will be distribute to the community through media releases and journal publications.
- The research base will support masters and honours students and provide resources to our high-performance coaches.
- Commercial application of appropriate research projects will be made with benefits returned to the Centre and its partners.
- The provision of short courses and upskilling to interested national and international participants.

Key outcomes for the centre

1. New Knowledge / National and International Reputation:

The Centre will create a wave of opportunities for Australian post-graduate researchers and attract international researchers - who will no doubt want to visit South Australia to discover the secrets of our jockey excellence program. The centre will also promote our state to wealthy overseas stable owners, particularly in the middle-east, where the focus is now on the development and welfare of jockeys and track riders and not just the breeding and development of thoroughbreds.

2. Competitive Edge and Enhanced Servicing of Jockeys:

The Centre will conduct applied research and develop a centre of excellence reputation for research focussed on enhancing the preparation, performance and assessment of elite jockeys.

3. Partnerships and Funding:

Commercialisation of appropriate projects could be made with benefits both to the Centre, and to the individual partners, by the returning of some profits back to a central account. Future funding will be sought from the Federal Government and national and international investors already established in the racing industry, particularly the Middle East and Hong Kong.

4. Upskilled / Higher Educated South Australians:

The availability of PhD and Master's opportunities as well as the Certificate IV in jockey apprenticeship, and vocational qualifications as traineeships for Certificate III in Racing (Trackwork Rider) that is a prerequisite to a Certificate IV in Racing (Jockey) apprenticeship in South Australian. Also international students specifically the South East Asian region. Education with income from overseas students is now ranked 3rd in Australia GDP, and this initiative will assist to grow this income stream.

Research

- Mike Hartland has collated the data collected from the jockeys this year for a publication on the physiological profile of apprentice jockeys, with a clear distinction in the data between male and female jockeys. Data collected includes % body fat, VO2 max, power, flexibility, reaction time etc. Over 40 participants. Kevin Naughton will co-author.
- Completed a systematic review with the help of a student. The review is titled Elite Female Jockeys, what do we know?
- Will submit this month the ethics application for project comparing the bone density, nutrition and menstruation patterns of female jockeys and AFL women's players.
- Currently writing another ethics application for a project examining the impact on dehydration on lactate levels and recovery on race day in elite jockeys.
- Does a higher choice reaction time in female jockeys lead to more efficient track positioning?
- Heat training to facilitate improved aerobic capacity and reduce the reliance on wasting in apprentice female jockeys.
- Establishing mindfulness training parameters to enhance race focus in apprentice jockeys.
- The relationship between eye hand coordination and strength in whip proficiency.
- Is decreased bone density comparable between senior male and female jockeys?
- Injury recovery times, nutrition and wasting what is the relationship in senior jockeys.
- Is the Female Athlete Triad more serious in jockeys compared to gymnasts and ballet dancers?

INDICATIVE COSTS OVER THREE YEARS				
	Year 1	Year 2	Year 3	Total
Equipment	\$ 500,000	-	-	\$ 500,000
Buildings	\$ 650,000	-	-	\$ 650,000
PhD position physiology*	\$ 46,667	\$ 46,667	\$ 46,666	\$ 140,000
PhD position psychology*	\$ 46,667	\$ 46,667	\$ 46,666	\$ 140,000
PhD position nutrition*	\$ 46,667	\$ 46,667	\$ 46,667	\$ 140,000
Post Doctorate position	\$ 130,000	\$ 130,000	\$ 130,000	\$ 390,000
Rider trainer	\$ 100,000	\$ 100,000	\$ 100,000	\$ 300,000
Total	\$ 1,520,000	\$ 370,000	\$ 370,000	\$ 2,260,000

* Federal funding will be explored for these positions

Appendix C

TO: THE SOUTH AUSTRALIAN STATE GOVERNMENT

Memorandum of Endorsement

On behalf of the South Australian Racing Industry Group (SARIG) and the respective South Australian bodies we represent (Breeders, Jockeys, Trainers, Bookmakers and Owners) we would like to publicly endorse the key recommendations in the attached proposal.

Without a reduction in the Point of Consumption tax rate to 10%, coupled with a reinvestment of the POC income back into our industry, the viability of our industry going forward will be marginal at best.

The livelihoods of the several thousand South Australians that we represent are in a large part dependant on the aforementioned decisions in relation to this new POC tax.

We trust that establishing a sustainable business model for our industry will be looked upon favourably by the State Government.

Yours Sincerely



Sam Hayes (SARIG)
Richard Jolly (SATA)
Chris Watson (SATB)
Simon Price (SAJA)
Kenneth Cock (SAROA)
Warren Barrington (SABL)

*South Australian Racehorse Industry Group Inc
1 Park Terrace, Magic Millions Complex, Morphettville Racecourse.*



