

**SPEECH NOTES**  
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Thank you for the opportunity of presenting today.

In keeping with the global theme of this Conference, it is fitting that there is a contribution from probably the most far flung racing nation of the world.

Whilst Australia may be geographically a very long way from the northern hemisphere, it has not prevented us from establishing a very significant racing industry.

Nor has it discouraged what has become an extremely healthy and exciting exchange of international competition, with the Melbourne Spring Racing Carnival annually attracting a field of high quality entries from across the globe.

Conversely, Australian racehorses such as our unbeaten champion mare *Black Caviar*, are regularly taking on the best in the world.

The progressive internationalisation of Australian racing has been one of two key strategies we have employed to adapt to the challenges and pressures that changing environments present.

The other key strategy in the 'grand plan' for Australian racing over the past decade has been to protect and grow our revenue.

The success of Australian racing is largely based on delivering high levels of prizemoney to our racehorse owners and other industry participants and this requires strong and sustainable sources of income.

I will return to both of these strategies later.

But firstly, I would like to give you a brief overview of the size and breadth of the Australian racing industry and to bring into focus just how much racing means to the Australian people.

- Across the nation, there are 379 racing clubs and 353 racecourses - which is more than any other country in the world
- We hold over 18,000 thoroughbred races at 2,600 race meetings held on every day of the year except Christmas Day and Good Friday
- Around 2 million Australians attend a race meeting every year – which adds up to some 10% of our population
- The racehorse population is in excess of 31,000 horses which are typically owned by partnerships of up to 20 people or syndicates with sometimes hundreds of members

- Australia hosts a total of 560 Group and Listed Races – which is second only to the USA – and they attract prizemoney of more than \$124 million
- Total annual prizemoney on offer throughout Australia exceeds \$430 million each year – which is the third highest prizemoney in the world, behind only the USA and Japan.
- Australian racing has a very broad and expansive participant base involving some 230,000 people – equating to 64,000 full time jobs
- Australian racing's best known event, the Melbourne Cup, is now a truly international spectacle viewed by an estimated 700 million people worldwide
- The Cup and the surrounding days of the Melbourne Spring Racing Carnival attract total attendances approaching 700,000.

- This ranks it as Australia's largest annual event of any kind and one of our hallmark tourism attractions. The Carnival also includes the Caulfield Cup and the Cox Plate.
- Our other capital cities host their own major racing carnivals and events which attract great crowds and national interest.
- These include –
  - the Sydney Autumn Racing Carnival featuring the Golden Slipper – the world's richest race for two-year-old thoroughbreds – and the AJC Australian Derby
  - the Brisbane Winter Carnival featuring the Doomben 10,000 and Stradbroke Handicap
  - and Cup meetings in Adelaide, Perth, Hobart, Darwin and Canberra.

- Australia's thoroughbred breeding sector is one of the largest and most successful breeding industries in the world making the second biggest contribution to the world's thoroughbred foal crop averaging around 17,000 foals per annum and exporting to some 24 countries.
- The sector comprises 9,000 breeders, 800 stallions and 26,000 broodmares
- Some of the best Northern Hemisphere stallions shuttle annually to Australia for the Southern Hemisphere breeding season offering Australian breeders and owners the choice of the best bloodlines in the world

As I previously mentioned, a key strategy has been to secure a strong and sustainable revenue stream which is essential to maintaining our industry's high level of economic activity.

Like most other racing jurisdictions, Australia is heavily reliant on wagering for its revenue. In the past, monopoly pari-mutuel (or totalisator) operators in each Australian State and Territory

comfortably serviced what was essentially a captive market and generated reliable income for their local racing industry business partners.

However, the widespread uptake of internet betting over the past decade has changed the wagering environment forever exposing the pari-mutuel operators to unprecedented levels of cross-border competition mostly from corporate bookmakers based in Australia and various off-shore havens within the Pacific region.

As a consequence, wagering revenue plateaued or in some cases declined and the jurisdictions missed out on receiving a fair share of the massive amounts being wagered across Australian and international borders.

The Australian racing industry's response to that challenge has proven to be very effective.

Australia is a Federation of six States each with their own Government. Racing is fortunate to have the bi-partisan support of all of these State Governments.

I expect it may be an Australian peculiarity, but every State has a Minister for Racing who serves as each local racing industry's primary advocate within Government.

The Racing Ministers were variously lobbied and engaged to ensure that wagering operators outside of State boundaries paid a fair fee for wagering on that State's racing.

Legislation was introduced in each State's jurisdiction to make it a statutory offence for any wagering service provider (be they based within or outside Australia) to publish or use thoroughbred race fields without the approval of the relevant thoroughbred racing controlling body and paying the appropriate product fee.

The legislation has been vigorously challenged over a period of several years by a number of wagering operators – culminating

in the cases of Sportsbet and Betfair against Racing NSW which were appealed to the High Court of Australia.

These operators raised various arguments that the race fields legislation and the product fees being charged contravened the free trade provisions of the Australian Constitution.

In a comprehensive victory to Racing NSW in March of this year, the High Court upheld the validity of the legislation and Racing NSW's product fee charging policies.

This landmark decision has provided a welcome degree of certainty to the Australian racing industry that the race fields approval and product fee model is a solid foundation for ensuring that anyone who bets on Australian racing will pay a reasonable commercial price to the industry.

As a result of this financial stability, the minimum level of prizemoney for every Saturday race in Sydney and Melbourne has been lifted to the equivalent of around €65,000 which has

greatly enhanced the attractiveness of racehorse ownership and the quality of our racing product.

In addition to traditional revenue sources such as corporate sponsorship, club membership, and race day gates and catering, the Australian racing industry has also concentrated on growing revenue from its broadcasting rights.

Packaged and delivered in the right format, race broadcasts can be a highly valuable commodity. We are currently pursuing a range of avenues for leveraging the maximum revenue from selling our broadcast rights to various free-to-air and subscription television services and online distribution channels.

At the same time, it is always in the best interests of racing to maximise our audiences so it is important to balance the price of our media rights with the extent of viewers we can reach.

I'd now like to return to the key strategy of internationalisation which I touched upon earlier.

Up until the 1990s, Australian racing was conducted in an insular fashion.

Fortunately, it was recognised by visionary racing administrators at the Victoria Racing Club that Australia needed to step onto the world stage, so to speak, by opening up our racing to international participation.

Irish trainer Dermot Weld pioneered the long journey to Flemington from the Northern Hemisphere in 1993 when he brought *Vintage Crop* and *Drum Taps* to compete in the Melbourne Cup.

*Vintage Crop's* subsequent victory lit the fuse on what has become a flood of international interest in what is locally known as 'The Race That Stops The Nation' – which it literally does with Parliaments, schools and businesses throughout the land

stopping what they are doing for the three and a bit minutes that it takes to travel the two mile journey.

Now the Melbourne Cup has created significant interest around the world. The last two winners, *Americain* and *Dunaden* were French trained following on from the success of Japanese horse *Delta Blues* in 2006 and Dermot Weld's second victory with *Media Puzzle* in 2002.

In 2011, 12 of the 23 starters were internationally-trained thoroughbreds with another five runners being internationally-bred.

However, it is far from one-way traffic with Australian racehorses performing extremely well in Europe and other parts of the world - the most recent example being *Black Caviar* successful defence of her unbeaten record at Royal Ascot by what proved to be the narrowest of margins in the Diamond Jubilee Stakes.

Other recent notable Australian performances include the successes of *Ortensia* in Dubai and the United Kingdom and the continuing Group One victories by the ex-patriot dual Cox Plate winner *So You Think*.

The internationalisation of racing has brought many benefits to Australian racing and breeding including raising our profile on the world stage and importantly, building productive relationships with racing authorities and participants across the globe.

Thoroughbred racing is deserving of an international spotlight and Australia is proud to be an active contributor in achieving that goal.

Our dual strategies of internationalisation and growing and protecting revenue are standing us in good stead in a changing environment, but as always it requires vigilance, innovation and above all perseverance to keep ahead in the race.

