
Media Release

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SA RACING HIT BY DOUBLE-WHAMMY FUNDING CUT

Regional racing clubs will miss out on critical infrastructure projects while South Australia will become the only mainland State without a \$1m thoroughbred race following a multi-million dollar funding cut by the State Government.

Thoroughbred Racing SA has announced a \$2.25 million cut in infrastructure funding for its 25 clubs due to the impact of a consumption tax imposed on the Industry's operations, which nets the State Government around \$16 million per annum.

In addition, the removal of \$3 million in annual funding for the Adelaide Carnival has forced Thoroughbred Racing SA to cut prizemoney across the three-week event, including losing the \$1m prizemoney offered for both the Darley Goodwood and Robert Sangster Stakes.

South Australia was the first state in the country to introduce a Point of Consumption (POC) tax on bets made by SA racing and sports fans.

Because South Australia's POC tax rate of 15% is significantly higher than Australia's two largest States (New South Wales at 10% and Victoria at 8%), there is far less incentive for bookmakers to promote SA racing. Instead, they actively promote other states' racing ahead of SA due to the higher POC tax rate, resulting in a significant downturn in the local industry's revenues.

In June 2018, the State Government announced a one-off return of \$4.85 million to South Australia's racing industry *"to protect local jobs and help offset losses incurred"* reimbursing the industry for its direct revenue loss, which effectively went to the Government as a result of the point of consumption tax.

However, despite repeated lobbying of Treasurer Rob Lucas, Minister for Racing Corey Wingard and other members of the Liberal Government, racing has received no assurances as to current financial year and/or future years' reimbursement of the industry's losses as a direct impact of the POC tax, nor any assurances of support in next year's budget.

Frances Nelson QC, Chair of Racing SA and Thoroughbred Racing SA, described the cuts forced on the industry as "deeply regrettable but unavoidable".

"With the exclusion of Tasmania, every other State has now introduced a consumption tax. Each has recognised that it is money generated by the racing industry, and all have

Media Release

returned funding to the industry – but not in South Australia,” Ms Nelson said

“Thoroughbred Racing SA works to grow racing on behalf of the entire racing community in South Australia – an industry that supports the full-time employment of more than 3600 people and generates \$400 million every year in economic benefits for the State,” she said.

“It is also an industry where participants depend on prizemoney, which drives involvement and helps pay the wages of every participant at every level, while also stimulating external investment in the industry.

“We have had no choice but to announce these significant cuts to infrastructure grants for clubs and reductions in prizemoney because of the way racing is being underfunded and unfairly taxed by the State Government.

“It’s an extremely disappointing decision for our Board to have to make because we know the hurt it will cause across the entire racing community – particularly in regional areas where the infrastructure funding reductions will cut the deepest.

“The prizemoney cuts will also have a direct impact on the national standing of South Australia’s major racing Carnival, and our ability to attract trainers from New South Wales, Victoria and NZ as we have in the past. More importantly, it will also inhibit our ability to keep our trainers in South Australia, some of whom are already moving their operations interstate, with the resultant loss of jobs in SA.

“The cuts we have announced are the initial steps, and we will also have to consider removing some race dates as part of a longer-term strategy, and this will hit our regional areas hardest.

“While other States receive tens of millions from their governments to grow their industries, we receive none while also being forced to compete with one hand tied behind our back.

“All we want is a level playing field to ensure the South Australian racing industry can compete sustainably on its own terms and protect its own future.

“We remain hopeful that the Treasurer will listen to the very real concerns of the industry.”

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