

# CORRECTED VERSION

## ECONOMIC DEVELOPMENT COMMITTEE

### Inquiry into the Viability of the Victorian Thoroughbred/Standardbred Breeding Industries

Melbourne — 15 August 2005

#### Members

Mr R. H. Bowden

Mr N. F. Pullen

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#### Witness

Mr R. Pollock, Chief Executive, Australian Harness Racing Council.

**The CHAIR** — Welcome to the public hearings of the Economic Development Committee. As you know, we are inquiring into the viability of the Victorian thoroughbred and standardbred breeding industries. You have already made a submission, which we are very grateful for. You have been in touch with the Committee and have been able to assist us in a number of regards so far. We are very appreciative of your assistance today. As a public hearing, the comments you make today are recorded by Hansard and we will ensure you are given a transcript for correction purposes within two to three weeks. The transcript is a very important resource for us as we write our report. It is a very informal proceeding. I think you sat through a lot of the previous contributions so you are aware of the way in which we are going to run this. However, I do need to say to you that in this public hearing your evidence is covered by parliamentary privilege so anything you say here cannot be used against you, but privilege only extends to the time you are with us — it does not extend beyond the door. We received a submission from you in your position as Chief Executive of the Australian Harness Racing Council. Would you like to make a few opening remarks with regard to the comments you have already given to us, and then we will just have questions and answers.

**Mr POLLOCK** — Firstly, I would like to apologise for my chairman, John Bagshaw, not being here. He sends his regards to the committee. He is a very senior person in New South Wales. He is Chairman of Lotteries, as well as Chairman of the Australian Harness Racing Council. As such he is also intimately involved in standardbred breeding and has taken positions with our leading nursery, Alabar Farms, in the past. He is also a breeder of note and he is a commercial seller. He was committed to other commercial things already, so that was a timing question. He has contributed quite extensively to this area, and I value his opinion. I work to an Executive as well as a council, but I also work directly for the Chairman. I value his opinion, I respect his opinion, and in this area he is very strong. We have taken a number of areas in the comments and we have added them to the paper.

By way of preface, the Australian Harness Racing Council is a forum whereby all Members, whether they be rich or poor, contribute. They thrash out issues. Victoria is amongst the strongest — there is Victoria and New South Wales, and that is the strength of our Australian industry. You talked earlier about benchmarking and other areas. A lot of the normal benchmarking areas that you talked about that are in other corporate governance areas do not necessarily apply in racing. Return on investment, all those criteria, it is nice to know they are indicators, but if you were going to put them up you would not do many projects. I have an ex-Telstra background. I am sorry that I am an alumni of Melbourne University, but I can live with that, having been in a few faculties. I also shandy it out with RMIT and Footscray Institute of Technology, in the days gone by.

The important thing about it is that all the things you talked about regarding indicators of herd, horses, races — everywhere — I have just been to the International Trotting Association's World Conference in Italy. We match every one of the major countries in the world in all of those indicators with one exception — revenue. Victoria is our strongest and has a revenue base of approximately \$50 million. The French have 300 million euros. I have provided to Kirsten that information on Italy and those other European Countries and the economic part of trotting. When you think about that, they are the predominant racing sport, with centuries of racing in Europe. We, in Australia, are locked in by agreements and our tote privatisation has dictated the revenue that comes to us. John Anderson spent time giving you a feel for that.

Being the junior partner in equine racing, we get about 15 per cent nationally. Racing gets about 70 per cent. I can say that we are innovative; we are quite creative in a lot of areas that we tackle. Our resources are not significant — in fact, they are of the petty cash tin type. The revenue we are getting is less, because 15 per cent does not sustain what 70 per cent does. Our organisations are very lean by comparison to racing. Those things are in there. There was another aspect you put in terms of what makes a good area for breeding and everything like that — I reckon it is water. If you have got water, you have got grass; if you have got irrigation, you have got water. That is a very interesting value-added chain.

Those indicators aside, Victoria is No. 1 in just about every corporate indicator that you would want including resources and staffing of 50 or 60 people. The use of volunteer resources across this state is quite outstanding for their amount — and it is not only this Board: They have refined the corporate governance to a higher level than the others but the Board is a product of their time. Importantly, from where we are looking at it Victoria is our strength; our nursery is actually New Zealand, so we complement that because we need product for racing. Victoria stands alone in “the strength and the viability question” of keeping enterprises in our industry. You ask why people would invest in an industry which does not indicate a commercial return: there is only one word for it, and that is ‘passion’. In all of your other talks you will have found that to be a critical factor.

My chairman has looked at the thing because he has imported stallions from overseas and he looks on our greater reliance because we mirror America and Canada; we do not mirror Europe where trotting, not pacing, is no. 1. Trotting predominates as France's no. 1, Italy is no. 2 and Scandinavian countries as no. 3. There is pacing in the United Kingdom, Wales, Ireland and Scotland but it is only minor; it is non-professional. They race on grass tracks with other facilities and things like that: it is very minor. In France they are the greatest regulators in the world. They are committed to the French horse — 'Cheval Français' — stunning. The Chairman Dominique de Bellaigue is an hereditary baron who wants to hand on his horses to his children. I asked him whether he had had a good year and he said, 'Yes, I sold one stallion to the Italians'. He received a substantial sum; it was a trotter. We cannot afford that amount but by innovative use of frozen semen transportation to the world, we can. Our export of horses to America and Canada are pacers — rarely does a trotter go across there and they are not big numbers.

We are not a primary industry — and I have had that out with Senator Rod Kemp and other people — and when we go and talk to the recent drought inquiry, you can have a look at our discussion and research papers on the AHRC part of the web site. That is an academic approach in an industry that is not noted for its learning and where we try and put our best minds into what we do. Those exported horses, when they go out of this country, their stake money earnings are exchange varied. The Americans get a discount because they exchange vary our currency. A horse that has won \$100 000 suddenly goes down to about \$60 000 and drops in class, but in terms of times it runs faster. That helps it.

We have looked at the stallions that are coming in. Australian breeders have gone for world-class stallions, and those horses — those shuttle stallions — do not need to come to Australia but the thoroughbreds do. It is an important factor. In France they do not transport semen internally — the mare goes to the stallion; that is how they breed. I asked their Chairman, 'But you export frozen semen to Australia?' He said, 'That is money'. A very pragmatic approach to the world. So we do that. I am told there are 26 stallions coming into New Zealand and Australia this coming season. They are coming here because it is fashion. If they do not go fast or if now they do not go 1.49 or 1.48, because we are a speed-performance racing industry; our Stud Book is a performance Stud Book. As Anne Jacobson has said, 'If you deliver on speed you will get them there', but we have also a very alert, key group of breeders. They might give a stallion one or two tries, (unless they have shares in the stallion which our studmasters syndicate), and then they move on. They will have a look two years downstream to see whether that horse has performed, because it is taking us two years to get a foal on the ground and another 18 months to have a look-see if we are going to participate in those bonuses and all those other things. Racing is the most interesting sport where people can look at a yearling, lift up its legs and tell you with about a 15 out of 20 chance whether that horse will go on and race — just by its conformation. That is irrespective of standardbred or thoroughbred.

We have been very innovative and, by the way, artificial insemination breeding has been in America since the early 1920s. It happened in Victoria a long time ago. The old guys will talk to you about it. At Shepparton there is a great old man up there Chris Howe who started the Mooropna trotting club. They commemorated him with a major race down here in Melbourne and Bruce Skeggs (former MLC) used to go along and present the trophy. Bruce is not as well as he could be now. We have been innovative and because of the availability of transportation have been able to get chilled and frozen semen from New Zealand. The best example is Fake Left, a predominant stallion out of Queensland; it served 450-mares in one season as a sire in Australia and New Zealand. It is really putting the rubber on the road now: It is now going to take over from Windshield Wiper for Victoria as the broodmare sire. Victoria is integrated in every way in council. This is a relationship that works where they lead, and they lead from the front. They are producing initiatives at the moment which are tremendous for breeders and everybody else. Mind you, we have the breeders who want to change the definition of breeding so that the foal is not owned by the broodmare owner at the time of foaling but owned at the time of insemination. This is a smart move. If there is extra money in it — what does Eric Dunshea (ex Dunlop Olympic) say? — 'You go where the cash is'. They would like to do that too. We are resisting that and we have for a long time. It is not on because registry systems mean that the broodmare owner in our systems is the owner of the foal at foaling down.

The National Rules of Harness Racing are done by Council by consultation: the breeding rules, the handicapping rules — they are all on our website. They are very visible. Council maintains about between 1700 and 2000 pages on that web site. That national web site gets about 90 million hits a year. It is very informative. It is free with one exception on the breeders areas. By comparison with a lot of international Bodies it is not a lot of money. Have Victorian breeders in harness racing gone on and been integrated into the international best practice? We go overseas. The artificial breeding is there, the regulations are there and the stallions are there. We have people bringing out the stallion Life Signs and others which are predominant and stunning stallions in the American

continent, and I mean Canada as well as America. The slots — which are predominant in Canada are used to subsidise racing — are private tracks. We do not have the luxury of private tracks in Australia.

Imported semen has gone into our breeding and is not a problem. It is in, it is supervised by our vets like Anne and with the predominant stallions the 80-20 rule applies. The major studs have the major lot of broodmares. The smaller guys do one or two. As an example, a farmer has a diversified income so it is a positive thing. Brian Healy from up Stawell way, with Somethingaboutmaori, said the farm went terribly last year because the drought hit him and took him out. Guess what, he had in the backblocks? He sold off a few of his prime breeding stock, got terrific prices for them, produced Somethingaboutmaori and went on the warpath and took in a couple of hundred thousand dollars. The farm was saved. There are stories like this all over Australia where you can get it. We deregulated the stallion serving Stud Book's limits because of trade practices, we could not sustain it, and the free trade agreement between Australia and New Zealand.

**The CHAIR** — Just explain what you mean by deregulated it?

**Mr POLLOCK** — We had a limit of 125.

**The CHAIR** — As in the cap on services.

**Mr POLLOCK** — We had a cap in the past and we took that out. I had a former Prime Minister of New Zealand sitting on the other side of the table who is a Queen's Counsel saying, 'You will take the limit off'. We said, 'Aren't you lucky, your timing is right because we are taking it off so you do not have to 'blow the bugle and knock the walls over'. But the same sort of thing applies: we have gone out of that. America at the moment is thinking of putting those stallion limits back. One of the papers I provided to you is the current USTA paper from the World Conference and they are concerned about "inbreeding". Because it is so fashionable, certain lines in the Hambletonian 10, which most of our breeding stock come from as opposed to the real progenitors back to the Orloff trotter, when you go right back. Those Hambletonian 10 are very predominant in their sires. Australia is a good place to have progeny that are outside of that. They can move back into Australia or Europe.

**The CHAIR** — We are not geneticists. What is your view on this question on the extent to which AI has encouraged overbreeding? It is said by the thoroughbred line that we only go back to the three or four foundation stallions, that Northern Dancer is overrepresented now, and that if we had AI, it would be made a lot worse.

**Mr POLLOCK** — I do not have the money to throw away like people in the thoroughbred industry. Breeding is the only game where every time you make a mistake the horse pays. It is quite an interesting exercise. Everybody wants to breed a horse to win a particular race or a particular series of races. We do not have that problem. We have a problem in terms of the product because in terms of product supply for our industry, we look at the three key areas— and AI really supports us. We have a transition of an industry that is getting older in terms of its population. Some of our best stud masters are very adept at AI. The vets tell me that they are all experts in AI but they do not have an accreditation process. We have had a look at that exercise with the AEVA. When you look at the three indicators on the supply of product you look at services to foals. Anne is quite right. We want expertise; we want education and we want professional decisions and accreditation. We have wastage through break-in and education. You have been given an embargoed paper from the Royal Society for the Prevention of Cruelty to Animals in terms of wastage of standardbreds. The value cost of standardbreds is not as high as thoroughbreds.

We have imports from New Zealand with handicapping facilitation. New Zealand is our nursery. AI pervades us. It is here and we use it. I would be very interested to know how many of the sales of AI equipment go into thoroughbreds, and whether what they say and do is another matter. I have had some interesting conversations with the Keeper of the Stud Book, John Digby. It is a role that I perform in harness racing, and we could have a look at that later on.

**The CHAIR** — A number of people in the standardbred industry have asked us to raise this question. No-one in the thoroughbred industry has been keen to ask the question.

**Mr POLLOCK** — It is amazing. We have a couple of State Controlling Bodies at the moment who want to compress the three racing codes together, because they are all the same, they are not — thoroughbreds, standardbreds and greyhounds? So the rules should be uniform. I think that 'vive la difference' helps occasionally. We could look at other areas like prioritisation. AI is here, we use it and it is a matter of course. So artificial breeding and rules are in place. We have to keep up with it. The important thing is that we will not allow genetic

engineering, and that is critical. Let's face it, in New Zealand for \$2000 you can change the sex of a foal. That is commercially available — —

**The CHAIR** — Sorry?

**Mr POLLOCK** — Some people do not like to breed fillies or colts.

**The CHAIR** — So it is available in standardbreds at the moment?

**Mr POLLOCK** — I do not know if it is available for thoroughbreds. You will have to ask the commercial question.

**The CHAIR** — It is a good question about the uptake of science and where that is leading.

**Mr POLLOCK** — Yes.

**The CHAIR** — So you are saying that the move in Australia is not to allow it?

**Mr POLLOCK** — No, it is prohibited by our rules.

**The CHAIR** — It is prohibited in Australia?

**Mr POLLOCK** — We do not want cloning; we do not want anything like that.

**The CHAIR** — So if a yearling is produced in that way in New Zealand, it is not eligible to run in Australia?

**Mr POLLOCK** — No, that is not genetic engineering. That is a manipulation of gender. It is a different thing. The ethicists tell me it is a fine line.

**The CHAIR** — Right.

**Mr POLLOCK** — We have areas that run ahead of the rules, and this is one of those areas, when you try and tie down specific things. For example, there is a firm in Victoria that wants to use stem cell research to repair tendons in horses for racing. They have already been in contact with my office. I told them that it was a veterinary-type area and they should pursue it through the recognised veterinary associations. So science has some most interesting benefits to provide us in the future.

**The CHAIR** — And some challenges.

**Mr POLLOCK** — One of the key things is about the integrity of the Stud Book applies. Australia does now comprehensively use genotyping of its herd. Norman Woolworth from America told me at one stage that until we do, we will not have the integrity for the export of our horses thoroughly into the American environment. We were charged about \$110 to do DNA samples using blood, but blood has become unacceptable to send through the mail for a range of reasons. We have gone to hair follicle testing. We have taken our genotyping testing from the Victorian Government Body (which has now vacated this area), and taken it to Maxims Analytics in Canada. That cut our costs in half. We did not take that decision lightly because it verifies our herd and our horses. We have given that amount back to our breeders, so our money goes back to our breeders. We could have joined with the thoroughbred code and gone to the University of Queensland and picked up a share of the costs, but it would have been more. We did not do that. We did not join with New Zealand that has a local university doing it. We went to Canada. The key genetics of our industry and its stallions come from the American continent. So the USTA, Standardbred Canada and we now have a common genetic database, and all the research things that apply.

**The CHAIR** — This is an interesting point, Rod, because Saturday's *Age* had a story about a chap who had imported a thoroughbred stallion from Europe.

**Mr POLLOCK** — They have a bit of fun, don't they? I read it in the Sydney paper.

**The CHAIR** — It might have been a standardbred, actually.

**Mr POLLOCK** — No, I am sorry to disappoint you, it was a thoroughbred.

**The CHAIR** — And now they are trying to find out what the horse is?

**Mr POLLOCK** — I am a bit cynical. When I buy horses I do not believe in, ‘Trust me’.

**The CHAIR** — Has that arisen from time to time on the standardbred scene?

**Mr POLLOCK** — In all systems there are people who do not have the same scruples, or who take commercial advantage. The normal thing in Victoria if you sell a standardbred is to have a sales certification by a vet on a recognised form which the AEVA produces. You have a genetic profile of that horse. In standardbreds we have alpha-angle branding along the mane of the horse, and at the moment that is the superior branding system. We are not contemplating going to microchipping identification. It is necessary for thoroughbreds because their branding on the shoulder of a horse is ineffectual at the moment because it duplicates across every state and can be sighted; it is highly visible. So our identification is below the mane of the horse. It is on the side and is quite discreet.

**The CHAIR** — And that is different to thoroughbred marking?

**Mr POLLOCK** — It is a distinguishing identification mark. John Digby, the ex-Keeper of the thoroughbred Stud Book who is now retired, tells me that our system is good. Tony Britt from Natural Resources Dept. in Bendigo is on the microchip committee of Standards Australia with me and he has said that we have no reason to go there. We do not need to put in that sort of identification system, with its cost of implementation. Remember, the implantation of a microchip is an act of veterinary science, and there are costs that go with that. We do not wish to put that on our industry. Until the power sources in microchips become far more extensive, we do not want that to go in there and be raised. You can have multiple microchips in a horse.

We have worked with “The Namer of Names” — the Registrar of Names of Thoroughbreds in New South Wales — and provided both the Thoroughbred Stud Book and the Namer of Names with our ideas in respect to the security, the type of microchips and everything, because at the national level Andrew Harding (Chief Executive, Australian Racing Board) and my office work seamlessly. The person who bought a horse the England should have had that horse DNA tested and had a sample of its blood taken. If I was paying hundreds of thousands of pounds, which he obviously has, and then spent the blunt end of \$25 000 to get the horse here, I would want every check I could have. He has brought out that horse for breeding. I will be very interested in the next part of the story. It is going to be a saga. You have seen the identical areas that we have. I would like to talk a bit about education and training because my background is to do that with Racing Training Australia. You need to check the areas you have got. The Australian Trotting Stud Book as such is a performance Stud Book. In one of the World’s Trotting Conference papers on breeding we provided you with a copy of what harness racing is doing across the world on stud books.

It is unusual in a computer-driven system that we are maintaining both a mature product called a Stud Book with small numbers and limited editions, yet at the same time we are building up an online system for everybody else — that is what we are doing. I was with Telstra’s Value-Added Services, which is now Bigpond, on its Board. It is difficult to have those two products where you are maintaining one and building another. We have been quite successful at that. The electronic database is the way to go, but the lack of information from the 1970s backwards is very difficult to overcome whereas the Stud Book in the thoroughbreds has that.

John Bagshaw has drawn a number of conclusions from the current trends that you need to be aware of. They are valid in our industry — the numbers, the first season’s stallions, the amount of money exiting Australia going back to the American industry. Remember, the trotters, the key stallions go to Europe. The pacers come here. New Zealand and Australia are their only outlet other than internally within America. They only stay for a little while because they are fashion conscious and they move them on with their emphasis on two-year-olds and three-year-olds. One of the things you have seen in Victoria in breeding and racing is a growing emphasis on four-year-olds. That is to be greatly commended because no state in Australia does that. It is significant.

John considers the number of stallions is going to diminish. I reckon with 26 of them coming, why would you buy a stallion? I would rather do some bargain buying and shop around. They are not known as horse traders for good reason. The same applies when they go breeding. They shop around. The ones who are naive go to the closest geographical stallion and they may even ask two stallions in the same area. But the serious breeder will match up his stallion and look at what he thinks works. Council for its part in the subscription service in the next 12 months is going to do greater electronic software programming on broodmare sires so we can improve that part. Our office is

in St Kilda Road. That is where we are doing those things in cooperation with the computer development team from Harness Racing Victoria and Harness Racing New South Wales.

The big question you have to decide in all of this is commercial breeders breed to sell and others breed to race. I am in the latter group. The commercial breeders, studmasters and stallions are in the former. The entry levels are significantly less. We are not talking telephone numbers which you are in the thoroughbred code. These are pragmatic people who look, test, see. They go out and try to make a living out of that. If you are talking about an economic return on the horse, it is not there. I did a survey using SPSS — the statistical package — and the papers on ownership are sitting on our web site as are a number of others. I sampled the top 20 breeders across Australia. Have a look at what makes them tick — it is there. Others have taken that further because it is a question of priorities.

**The CHAIR** — Thanks very much, Rod. You have given us a lot to think about. The Stud Book — the point of contention that was raised with us on thoroughbreds with some people we have spoken to — in harness racing, the Stud Book is effectively owned by the Harness Racing Council, is that right? That is not unlike the situation in New Zealand where it is owned by Harness Racing New Zealand. Do you benchmark the costs of that against the Australian Stud Book on the thoroughbred side? Is that a measuring stick for you?

**Mr POLLOCK** — I would not want to do that. I am in the “low-rent” district.

**The CHAIR** — If you benchmarked against, you are much cheaper than them.

**Mr POLLOCK** — We are much cheaper.

**The CHAIR** — Why is that?

**Mr POLLOCK** — We have a different product. We regard it as a value-added product. Our Stud Book goes out with two differentiations. We have a limited edition Stud Book, which is 200 out of the 500 we produce and that is our fixed-cost area and we put that out at \$140 including GST and postage. We put out a normal standard edition at \$120. It contains a significant amount of information. We utilise a firm called Gillinghams (Adelaide), which is a specialist in racing catalogues and Stud Books. We drive a pretty hard bargain with them in terms of everything from size of character, gsm of paper, opacity — everything like that. Our Stud Book is subsidised because it is an incremental product to what Council does, which is the registration and naming of horses. When you compare the staff of our office we have four full-timers, one casual and a computer-project manager. When you look at the thoroughbreds, you have the Registrar of Names, the Keeper of the Stud Book and the ARB office and you find there are 50 to 60 people there. We do not carry the same level of overheads.

The other significant thing is we have excellent computerisation. Let's face it — this is a mature product which is going away. Out of the \$165 that Victoria charges to notify a foal as opposed to \$198 in a Vicbred program, Council gets some \$5. In one of my past commercial lives if I was looking at a directory I would want a signing-on, lodgment, registration and annual listing fees et cetera. We do not. We get only one go. We also provide in that portfolio of products — and it is on the Internet — something called Australian Breeding. We put out all the things a breeder needs to know — amount, location, vet, transport expenses — we provide that as a free service to all of our studmasters. Our breeders and stud masters get a lot of value out of our AHRC On-Line and Stud Books. Over the period of a rolling three years we sell the Stud Book out — those 500 to 600 annual copies. New Zealand has made a conscious decision to drop back to printing every second year. We have had a look at the dynamics of their data management system and it is not compatible with ours.

**The CHAIR** — Ultimately would there be just the one book — the Australasian version?

**Mr POLLOCK** — No.

**The CHAIR** — Why not?

**Mr POLLOCK** — It has been tried. We are two separate countries with different cultures.

**The CHAIR** — What is different in the format?

**Mr POLLOCK** — It is considerable. It is the underlying data in your system. Our industry did not do a significant upgrade between 1978 and about 1999. We could not put together the money to upgrade the computer systems and then do the upgrade of the AHRC. My budget included estimating our revenues, expenditures and building reserves and then our council committed funding to it. We put about three-quarters of \$1 million to upgrade that system. We now produce a Stud Book and all that electronic information.

**The CHAIR** — I want to be sure I understand the point. Is it more a cultural than technical difference?

**Mr POLLOCK** — No, it is technical and cultural.

**The CHAIR** — On the thoroughbred side I thought all the 52 or so number of Stud Books around were all of the same standard and more or less interchangeable. Is that not the case?

**Mr POLLOCK** — No. Ours includes the horse, the foal, the performance of the horse, whether it is a black-type horse, the time it went, the number of foals and their names. The one demand we have at the moment, but it is insignificant, is foals produced by embryo transfer. That is the difference.

**Mr DELAHUNTY** — You are very experienced in this area, Rod. Are there any key differences in the way standardbred breeders operate in Victoria as compared to other states and New Zealand? Why are we better than other states and how do we keep it?

**Mr POLLOCK** — There are more of us and we have the fully professional Alabar with the laboratory services, monitoring and veterinary services on tap. We go right through to the one-man studs where you have a guy out the back of Edenhope, for example, with a stallion that has just produced what I think is the emerging grand circuit horse in New Zealand — Mi Muchacho by Wilcos Kosby. Each stallion gets one good one. Victoria also have semen stations, and the studs are starting to do that. We have a trailer service like everybody else. Victoria are just bigger. The area of wastage does sit in there so Anne Jacobson's remarks were quite appropriate.

**Mr DELAHUNTY** — Can I just touch on another one because I raised it with the previous group. It was about education and skills development. I note from your submission that you are involved with the AgriFood Skills Council. In relation to that is there any comment you would like to make about training in artificial breeding or insemination techniques that we need to do to improve the skill development of people working in that area?

**Mr POLLOCK** — We do, because we take it further than the thoroughbred code. Importantly, what you need to appreciate is that you cannot do all things with a limited amount of money. Our emphasis has been, firstly, on jockeys, drivers, trainers and the commonality between them — all the products, how do you handle a horse, where do you stable it, all those sorts of areas. I revised the curriculum with Racing Training Australia and the group under it — Chris Watson, for example. They have done a sensationally good job; John Anstey, for example, when he was there before he went to the VRC. They got the money out of the Australian National Training Authority to be able to run these things and we did it ourselves. We did not get lost in arts and entertainment — they do not love us anyway and they think everybody in racing is rich when the reality of the world is they are not. Our next area is stewards, administrators and the breeding area, which needs to come along with accreditation, knowing that a fair swag of veterinary professionalism is in there as well. We have animal husbandry parts of the TAFE courses because TAFE is our key provider across Australia. We are putting those things into those courses. In racing as such a lot of our participants are not educated people. They have, in many cases now, higher school certificates. They do not have other advanced courses in particular skill levels. We are addressing that and we are making that component part of licensing. However, we cannot change the people who have been in our industry for 40 or 45 years. We can transition them through and grandfather them with skills and use them as mentors in that licensing and training process like Bendigo Harness Racing Training Centre does, and like Gippsland Training Centre does. These things are important.

With us it is a question of priorities and putting our money into the areas where we have greater need. Peter Bourke's Equine Breeding Council Committee has identified that we have to put the expertise into there to minimise wastage and inefficiency. We are addressing that. I have put in a supplementary submission on artificial breeding and given you the Glenormiston course information so you can see that. They run one course in February when you can get access to semen so that it does not take us outside our breeding times. Otherwise, a horse can be a year old and another one can be two months old and you do not want that — you will lose a year and you can never catch it up.



**Mr BOWDEN** — This is an observation of mine; I am not close to the industry. I mean this kindly, but as an observer it seems to me that harness racing seems to be by far the poor cousin to other forms of racing. If that is an indication, could you suggest some ways that the profile and the community or general public's interest in harness racing could be enhanced? I believe there is a closed loop between community participation, visibility, prize money, investment and so forth — the money goes round and round, there are jobs and there is economic activity. I was just wondering whether you had any thoughts as to how we could consider receiving and looking at some ways of increasing the popularity and the community interest in harness racing.

**The CHAIR** — Other than bringing back the Penthouse Club on Saturday nights?

**Mr POLLOCK** — I actually thought watching that on television from the showgrounds was a very attractive night. I met my wife and took her to the trots. You are going to have to change our past, unfortunately, because we have gone down the road of privatising TABs and totalisators and we only have 15 per cent of that cut. In Victoria that agreement stops in 2012 unless you front-end it and buy it out. Look at what South Australia did with the money. The government of the day over there sold the TAB for \$32 million and then had to pay Tabcorp \$12 million-plus to get out of the deal. Look at the South Australian industry at the moment: TVN is dropping their wagering turnover right down.

I used to go to the trots at the Showgrounds. I was there with a lot of metropolitan people, but this Board and prior Boards have recognised that a lot of our businesspeople, horses and things are rural and regional. I do not know of a country town in the 160 clubs in harness racing across Australia that does not have a trotting track, or a racing track. If you think there is pain going on in Victoria, have a look at Queensland where Bill Bentley has been ruthless in terms of how he has taken non-TAB thoroughbred meetings out. Now we have TABs which are highly corporate and they are conscious of shareholder returns. They are very conscious of their share price; it is a critical element. We have become a part of entertainment which can focus only on events.

We had the Chief Executives meeting in Sydney last week. We had a guy called Andrew Kelly, the marketing person from Harness Racing Victoria, showing areas of owner incentive, like Racer Pacer. Like you, I breed trotters. I could not understand why he would choose 'Racer Pacer' because I like trotters for their predominant gait. Our horses are there. They announced ownership initiatives and he talked about the strategy that is behind them. They talked about "The Events" because we put up the Auckland Inter Dominion as a marketing event, which exceeded every benchmark and every standard in New Zealand to run Inter Dominion. Unfortunately it was won by a New Zealand horse.

Those sorts of things aside — that perception of marketing and generics — Victoria is putting together a concept which can be generically marketed, but we cannot go out and splash it all over the various forms of media to attract people. We have to go and put our best foot forward, maintain our existing industry — both metropolitan and country — and bring people into the fold. We are ageing. Our participants are getting older. They had a Girls' Night Out and called it 'pamper night' at Moonee Valley. My wife thought it was terrific. She went along, could have got her hair done, the cosmetic face touch-up and everything like that. Those sorts of things are attracting young people. Let us face it, if you are in the early part of a Friday night they are at the parking station before they go off nightclubbing.

We have had to change our whole approach to entertainment. We have an argument going about when horses should race and what happens in 30, 25 or 40 minutes so that we can get that slot in Sky Channel. What do you do? How do you entertain people? We are in a mature entertainment industry and we are competing against the rest. I live in Melbourne. Take a ride down to Crown Casino on a Friday or Saturday night — you want the competition? There is something happening there all the time. I think the icon of a horse is something magic. To go down and practise with a finger on a poker machine to me — I hear old people talk to me about going and having \$1 each way, but they are precluded from doing that in this State at the moment. How do you win back the people who have always gone to our industry? I am out there. You have to make acquaintance and awareness of the younger people in our community and at the same time get the baby boomers back through the gate because they have disposable income and everything now.

I hope that answers what you need to do as a community because a community works around a whole string of events in the country. I have been at the Traralgon Harness Racing Club, all my family are Gippslanders. I used to go to Traralgon harness racing late at night after work and come home at 1 o'clock in the morning because that is a country town and country towns are great places to be. They have addressed that as an event in their town. We have

to do the same. It is a lot of little things anchored to major events which can shadow us back into those areas. We are stunning in Victoria on events management. Everybody does not like it because we keep pinching their events. In harness racing we have solved that. We have a Grand Circuit, we have a feature race program, and we cooperate across Australasia. All those things are evident and in place.

**The CHAIR** — Thanks very much for your time. We will have to go because we have a schedule to keep.

**Mr POLLOCK** — I was worried about filling the hour for you, but we have not had a problem there.

**The CHAIR** — Thank you for the advice you have been giving us. We will stay in touch. I think you heard earlier when I mentioned that the committee's view is probably — we have not finally made this decision — that we will split the report and do thoroughbreds first and then standardbreds so our standardbred report will be the second of two. That is the thinking at this stage, but it is only because we want to make sure we give it as an industry the attention it deserves in its own report rather than mixing them all up.

**Mr POLLOCK** — I think that is a judicious choice. The environmental characteristics both of our industries display are not common. The funding and revenue side plays a significant role. Harness Racing Victoria has a \$50 million business and has 60 people. You put that out to private industry and you will have a lot more people and the same sort of revenue and cost constraints. That is the measure, and that is the biggest and best of our state organisations.

**The CHAIR** — We will make sure a transcript of today's proceedings come to you in two or three weeks.

**Mr POLLOCK** — As a good chairman am I allowed to rewrite the minutes?

**The CHAIR** — You can make the appropriate changes and we will think about them.

**Mr POLLOCK** — Thank you very much.

**The CHAIR** — Thanks very much.

Witness withdrew.