



TITHE AN OIREACHTAIS

An Comchoiste um Thalmhaíocht, Bia agus Muir

**Tuarascáil maidir le Scéim Ghinearálta an mBille um
Rásaíocht Capall Éireann (Leasú)**

HOUSES OF THE OIREACHTAS

**Joint Committee on Agriculture, Food and the Marine
Report on the General Scheme of the Horse Racing
Ireland (Amendment) Bill 2014**

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Chairman's Foreword



The aim of the of the Horse Racing Ireland (Amendment) Bill (2014) as set out in the General Scheme is to strengthen governance and transparency within horseracing, to clarify the respective roles of Horse Racing Ireland (HRI) and the Racing Regulatory Body (RRB) and improve accountability and control over State funding and to streamline the administrative functions of the two bodies.

The Minister for Agriculture, Food and the Marine, Mr. Simon Coveney TD, referred the General Scheme of the Bill to the Joint Committee and requested that they consider undertaking pre-legislative scrutiny (PLS) of the General Scheme. The Joint Committee considered and acceded to this request. The Joint Committee subsequently held a series of meetings with a wide and representative range of stakeholders – the first of which was with Department officials. Following the meetings with stakeholders, and having considered secondary research carried out by the Houses of the Oireachtas Library & Research Service (L&RS) on the policy background to the General Scheme, the Joint Committee held a second and final meeting with Department officials to clarify certain issues and concerns which had come to the fore during PLS. The Joint Committee then prepared this report identifying key issues which they felt merited further consideration.

The Joint Committee is pleased to have had this opportunity to feed into this significant piece of proposed legislation. This pre-legislative scrutiny (PLS) has allowed Members of the Joint Committee to be more informed of the policy issues involved and has enabled us to provide meaningful input into the proposed legislation before its content and approach has been finalised. It has also given an opportunity and a public parliamentary committee forum for interested stakeholders to contribute to the drafting of this proposed Bill.

We believe that our intensive scrutiny of this subject over the last number of months, culminating in the publication of this Report, will assist the Minister for Agriculture, Food and the Marine and the Government in their further consideration and formulation of this legislation.

It should be noted that the PLS process and the accompanying secondary research was carried out before the Budget delivered on 14 October 2014. Therefore the Joint Committee would also like to acknowledge the allocation of additional Exchequer funding provided in Budget 2015 to the horse and greyhound racing industry. The Joint Committee considers this budgetary initiative to be important for the potential development of the horse racing industry in Ireland which already makes a significant contribution to employment and the rural economy.

I would like to record our appreciation to all the stakeholders who made oral and written submissions to the Joint Committee in its preparation of this parliamentary Committee pre-legislative scrutiny report.

The Joint Committee now presents this report to the Minister for Agriculture, Food and the Marine as its contribution to the formulation of this important legislation.

A handwritten signature in purple ink, reading "Andrew Doyle", with a stylized flourish at the end.

Andrew Doyle T.D.
Chairman
Joint Committee on Agriculture, Food and the Marine

22 October 2014

Membership of Joint Committee

Deputies: Tom Barry (FG)
Pat Deering (FG) [Vice-Chairman]
Andrew Doyle (FG) [Chairman]
Martin Ferris (SF)
Martin Heydon (FG)
Willie Penrose (LAB)
Michael McNamara (LAB)
Éamon Ó Cuív (FF)
Thomas Pringle (IND)

Senators: Michael Comiskey (FG)
Denis Landy (LAB)
Paschal Mooney (FF)
Mary Ann O'Brien (IND)
Brian Ó Domhnaill (FF)
Pat O'Neill (FG)

1. Introduction

On 13th June 2014,¹ the Minister for the for Agriculture, Food & the Marine, Mr Simon Coveney T.D. published the General Scheme of a Horse Racing Ireland (Amendment) Bill 2014 (hereafter the ‘General Scheme’) on his Department’s website. It should be noted that the General Scheme has no legal effect and its proposals may change as the legislative process progresses. More detail on General Schemes of Bills, in the context of pre-legislative scrutiny (PLS), is included in Section 3.

The General Scheme is the first step towards a Bill, which if enacted, would build on recommendations of the Indecon report and is intended to strengthen governance and transparency within the administration of horse racing, to clarify the respective roles of HRI and the Turf Club and the Irish National Hunt Steeplechase Committee (which are known jointly in the existing legislation and the General Scheme as the Racing Regulatory Body (RRB)), to improve accountability and control over State funding and to streamline the administrative functions of the two bodies.²

The publication of the General Scheme followed a review of the Irish horse racing industry. Specifically, in December 2011, the Minister for Agriculture, Food and the Marine invited tenders for an independent review of the horse racing industry in Ireland. Indecon International Economic Consultants were subsequently awarded the contract to conduct a review of certain aspects of the Irish horse racing industry following a competitive tender process. Their report was published in July 2012 and contained a number of recommendations covering five broad areas:

1. Funding of the industry;
2. Structure, size and nomination process of the Board of Horse Racing Ireland (HRI);
3. Opportunities for streamlining the functions of HRI and the Racing Regulatory Authorities (Irish Turf Club/Irish National Hunt Steeplechase Committee);
4. Legislative changes regarding appropriate governance for the sector; and
5. Strategies to optimise the marketing and competitiveness of the sector.

¹ This date has been confirmed by the Department of Agriculture, Food and the Marine.

² Mr. Brendan Gleeson presentation to the Joint Committee on 1 July 2014. Available at [http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/WebAttachments.nsf/\(\\$vLookupByConstructedKey\)/committees~20140701~AGJ/\\$File/Daily%20Book%20Unrevised.pdf?openelement](http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/WebAttachments.nsf/($vLookupByConstructedKey)/committees~20140701~AGJ/$File/Daily%20Book%20Unrevised.pdf?openelement)

Text Box 1: Terms of reference for the Indecon review as set by the Department of Agriculture, Food and the Marine

1. Review the legislation governing the Irish horse racing industry, in particular the Irish Horseracing Industry Act 1994, the Horse and Greyhound Racing (Betting Charges and Levies) Act, 1999, Horse and Greyhound Racing Act 2001 and the Horse Racing Ireland (Membership) Act 2001, and assess whether they provide the most appropriate governance structures for the horseracing industry.
2. Evaluate whether the Horse Racing Ireland Board structure, size and nomination process is appropriate and effective. Make recommendations for change, if necessary.
3. Consider the scope for streamlining all of the functions assigned under the legislation having regard to efficiency, effectiveness, economy and independence of regulatory decisions and make recommendations accordingly.
4. Review the current funding arrangements for the industry having regard to funding systems in place in other major racing competitor countries and recommend an appropriate funding structure for the long term development of the sector.

Source: Department for Agriculture, Food and the Marine (2012) press release, *Coveney publishes Indecon Report*. 31 July 2012. Available at <http://www.agriculture.gov.ie/press/pressreleases/2012/july/title,66033,en.html>

In October 2012, the Minister announced his intention to “bring forward the legislative changes where necessary to implement the recommendations [of the Indecon *Review of certain aspects of the Irish Horse Racing Industry*] and update the Horse Racing legislation”.³

Following the publication of the General Scheme, the Joint Committee on Agriculture, Food and the Marine (hereafter the ‘Joint Committee’) was asked to review and consider the General Scheme, and submit a report to the Minister. Accordingly, the Joint Committee hosted public hearings with stakeholders on 1 July, 10 July, 15 July,

³ Department for Agriculture, Food and the Marine (2012) press release, *Coveney to proceed with Implementation of Indecon Report Recommendations*. 19 October 2012. Available at <http://www.agriculture.gov.ie/press/pressreleases/2012/october/title,67077,en.html>

17 July , 16 September and 8 October 2014 (a thematic treatment of stakeholder concerns is provided in Section 9).

2. Report- key issues

Key issues are listed mostly in the order in which they occur in the body of the Report

The form which PLS takes differs from legislature to legislature.⁴ The approach taken by the Joint Committee, is not to examine every Head within the General Scheme – rather, the approach employed is to identify the most pertinent themes treated by the General Scheme and to focus on these.

The identification of key issues is based on an analysis of stakeholders' evidence and published secondary sources.

Key Issue 1 – Choice of models for the operation of racing industries (sections 6.2 and 6.8 of this Report refers)

Decisions about the legislative and regulatory framework for this important Irish industry are taken in the context of there being two existing primary bodies with statutory responsibilities regarding the industry, those being Horse Racing Ireland and the Racing Regulatory Body (RRB) (the collective term for the Turf Club / INHSC). HRI is a commercial State body and is the national authority for horse racing in Ireland. The RRB is a private body which receives funding for integrity services from HRI which in turn is funded by the Government amongst other sources.

The detailed proposals set out in the General Scheme have been characterised by the RRB as ones that would result in HRI having an "excessive level of control over the Racing Regulatory Body (and the industry as a whole) which would in effect mean that the Racing Regulatory Body could no longer operate as an independent entity".⁵

A number of other countries have opted for a different approach in that a single overall organisational structure is responsible for the regulation and rules function, governance, commercial matters and promotion. However, it is important to separate the promotion and integrity aspects of HRI and the RRB, while maintaining the distinctive role of each body. However, it is accepted that there is a continuing role for both RRB and HRI. In this regard, it is important that the respective roles of HRI and the RRB, and also the relationship between them, are to the fore when legislating or amending legislation in this area.

Key Issue 2 – Corporate Governance (including board) of HRI (sections 6.4 and 9.1 refer)

The Indecon report made a number of recommendations in relation to legislation and governance of the Irish horse racing industry. These included the introduction of legislative changes to facilitate greater Government accountability in the decisions on the membership of HRI Board, to reflect proposed changes to size and structure of HRI Board and to facilitate the establishment of proposed changes to new statutory sub-committees of the HRI Board. As a representative board it is appropriate for there to be a broad perspective on the industry, albeit within the confines of an effective size and

⁴ For a recent discussion (published 9 April 2010) of some of the issues involved in PLS, in the context of the UK's experience, see for example the House of Commons Library *Pre-legislative scrutiny Standard Note:SN/PC/2822* at: www.parliament.uk/briefing-papers/SN02822.pdf. For a description as to how the *Raad van State* in the Kingdom of the Netherlands carries out PLS please see their website (English-language page) at: <http://www.raadvanstate.nl/the-council-of-state.html>.

⁵ RRB submission to the Joint Committee

structure for the board.

Consideration may therefore be merited as to whether the proposed reduction in the number of ordinary board members from 13 to 12 is optimal, especially given the many different and diverging interests which the board aims to facilitate. In this context, the arguments in favour of a larger board could be reviewed again, albeit weighed against the objective of securing the most efficient board composition in terms of both size and range of representation. In particular, the composition of the Board could be reviewed in order to allow two representatives from the industry services committee on the board, one of these being the Chair and one from the stable staff.

Key Issue 3 – General functions of HRI (section 9.1.2 refers)

Any amendments to the general functions of HRI should provide clarity regarding responsibility for the governance and administration of horseracing in Ireland. In consolidating the administrative and financial management of all aspects of Irish horseracing, processes should be put in place to ensure that all services provided to racegoers are to an agreed standard. If those standards could be upheld at all racecourses it may incentivise consistent and increased racegoer attendance at track meetings, which would ultimately be to the benefit of all stakeholders in the industry.

Key Issue 4 – Committees of HRI (section 9.1.3 refers)

The committees of HRI make a very significant contribution to its overall work and provide a vital forum for different stakeholders to engage on specific issues. As such, any amendments to the roles and composition of committees should be carefully considered. For example, efforts to ensure adequate representation of interests should be balanced with the objective of providing for efficient committees and overall structures for the horse racing industry. Membership of committees of HRI might be considered in conjunction with membership of the HRI board, in that whilst not all groups have a full seat on the board of HRI, having representation on certain committees could give them a voice on matters of most relevance to them.

The Joint Committee is satisfied with the proposed term of office of 4 years and no more than 2 consecutive terms of an ordinary member of the industry services committee and the betting committee as set out in the General Scheme.

Key Issue 5 – Maintaining integrity of the industry (section 9.2.1 refers)

The integrity of the industry is of the utmost importance including for Ireland's reputation as a major horse racing country. Independence of regulation is essential to the success of Irish racing and should not be compromised in any way. Maintaining the highest standards of integrity is in all stakeholders' interests, as reflected by the number of contributions which touched on this key issue during the Joint Committee's scrutiny of the General Scheme. There should be a clear division between the functions of the HRI and RRB so that there is no grey area and the responsibilities of each body do not impinge upon one another.

Key Issue 6 – Point to point racing (section 9.2.1 refers)

Point to point racing is an amateur sport and is run predominately on a voluntary basis by local Hunts and Committees. Point to point racing is a very successful and well-functioning side of the horse racing in Ireland to date, representing what some during the Committee meetings referred to as the "vital grass roots" of the industry. It is important in terms of both breeding and developing racing capabilities. It is in this overall context

that any legislative changes that would impact on this aspect of racing should be very carefully considered.

Key Issue 7 – Rules of racing function and imposition of sanctions (sections 9.2.2 and 9.2.3 refer)

The Joint Committee welcomes the inclusion of this new section as set out in the General Scheme.

For the avoidance of any potential confusion, there may be merit in amending the General Scheme in order to clarify the guiding principles for the RRB when making and amending the rules of racing. Likewise, to bring greater clarity to the issue of imposing sanctions, the legislation could potentially specify standards, goals and factors to be taken into account by the RRB in the imposition of sanctions (if appropriate).

When establishing and publishing procedures with regard to the granting of racecourse licences, the process might be enhanced by the RRB consulting with racecourses in advance of establishing and publishing any such procedures.

Key issue 8 – Negotiation of income from media rights (section 9.4 refers)

The importance of the media rights committee is recognised and the fact that it is proposed to increase the membership from 3 to 5 is welcomed. It is essential that at least one member of the HRI would be nominated to the committee and also that an authorised racecourse nominee should be represented. It is important that a proper reporting structure be put in place to ensure that the media rights committee report back to the HRI.

The Joint Committee is also of the view that, in relation to HRI being empowered to negotiate income from rights owned by a third party (i.e. race courses), that this issue could be explored in more detail in order to identify any potential issues that may arise.

Key Issue 9 - Liability for the Foal Levy (section 9.5 refers)

The possibility that the General Scheme may create a loophole whereby British breeders could register their Irish born foals in the UK should be addressed, if possible. Therefore the words “born in the State”, if they would eliminate this loophole should be included in the proposed amendment to Section 38A(2).

Key Issue 10 - The Horse and Greyhound Fund (section 9.6 refers)

The introduction of the possibility for the Minister to withhold any or all of the instalments paid to HRI or Bord na gCon from the Fund, including in cases where he/she is dissatisfied with their strategic plans or progress on their implementation of same, would appear to be in keeping with standards of good governance and control of public monies.

Key Issue 11 – Prize money (section 9.7 refers)

Some specific concerns were expressed by the stakeholders in relation to Head 7. In particular, the request that the restriction on HRI amending the relevant Directive should apply to the IJPT (a pension trust) as well as the (IJT) charitable trust could be further explored.

While not a matter for primary legislation, the Joint Committee feel that it would be

beneficial to consider the suggestion that race track managers have more input with regard to setting prize money at their meetings. The publication of minimum and maximum amounts as guidelines by HRI could help in this regard.

Key Issue 12 – Industry funding and betting tax (sections 8 and 9.8 refers)

Whilst acknowledging that this General Scheme is not intended to deal with the long-term funding of the industry, and cognisant of the fact that separate legislation is currently going through the Houses with regard to betting duty, the concerns of many stakeholders about securing an adequate and appropriate funding mechanism for horse racing in Ireland are noteworthy.

Such a mechanism would appear to be in the interests of all associated with the industry. The passage of the *Betting (Amendment) Bill*, the main purpose of which is to bring betting intermediaries (i.e. betting exchanges) and remote bookmakers (i.e. internet and mobile betting providers) within the scope of the existing licensing regime, while extending the existing 1% turnover tax on land-based bookmaker's activities to online and mobile bookmakers, will be significant in this context. It would appear appropriate for all relevant measures to be adopted to be aimed at achieving a level of funding that can maximise the full potential of the industry, ideally, to achieve an outcome which is cost neutral to the Exchequer.

3. The General Scheme of the Bill and Pre-legislative Scrutiny

On 13th June 2014, the Government published the General Scheme of a Horse Racing Ireland (Amendment) Bill 2014. **The General Scheme is the first step towards a Bill, which if enacted, would build on recommendations of the Indecon report and is intended to strengthen governance and transparency within the administration of horse racing, to clarify the respective roles of HRI and the Racing Regulatory Body (RRB),⁶ to improve accountability and control over State funding and to streamline the administrative functions of the two bodies.⁷**

The General Scheme is comprised of 19 Heads over 34 pages, and may evolve over time as it is amended and re-drafted.

It is important to draw a distinction between the General Scheme of a Bill and the Bill as it will be presented at first stage in the parliamentary legislative process (which is known as “initiation”, i.e. publication). Most Government departments have their legislation drafted by the Office of the Parliamentary Counsel (OPC)⁸ by supplying Heads of a Bill which broadly set out policy objectives. Typically, a General Scheme can be considered to be in draft format and as such is still subject to the legal advice of the Office of the Attorney General. It may include an explanatory note to accompany each Head unless the Heads are self-explanatory (see Appendix 1 for further details on the preparation of legislation).

It is important to note that the General Scheme has no legal effect and the proposals it contains may well evolve over time as the legislative process progresses. Draft legislation will be prepared on the basis of these proposals, for presentation to the Houses of the Oireachtas and, ultimately, enactment.

The publication of the General Scheme presents an important opportunity for interested stakeholders to comment on the general principles and themes at an early stage in the Bill’s development. In this case, the Joint Committee have formally invited written submissions, have held public hearings in relation to the Heads of the Bill and

⁶ The Turf Club (flat racing) and the Irish National Hunt Steeplechase Committee (national hunt racing) are known jointly in the existing legislation and the General Scheme as the Racing Regulatory Body.

⁷ Mr. Brendan Gleeson presentation to the Joint Committee on 1 July 2014. Available at [http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/WebAttachments.nsf/\(\\$vLookupByConstructedKey\)/committees~20140701~AGJ/\\$File/Daily%20Book%20Unrevised.pdf?openelement](http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/WebAttachments.nsf/($vLookupByConstructedKey)/committees~20140701~AGJ/$File/Daily%20Book%20Unrevised.pdf?openelement)

⁸ The Office of Parliamentary Counsel to the Government is one of three offices that make up the Office of the Attorney General. The OPC comprises the Parliamentary Counsel who draft legislation and have responsibilities in the area of statute law revision.

requested secondary research from the Oireachtas Library & Research Service (L&RS) in order to carry out pre-legislative scrutiny (PLS) of the General Scheme.

The process which has been followed in Ireland, to date, in respect of pre-legislative scrutiny (PLS) can be summarised as being composed of the following steps:

- The relevant Minister may write to the Joint Committee requesting that it undertake PLS of the General Scheme;
- The Committee will then decide whether or not to carry out PLS;
- The Committee will decide how PLS will be carried out - whether submissions will be sought; whether public hearings will be held etc;
- The Committee will publish a PLS report or otherwise convey the result of their scrutiny to the Minister;
- If there has been a pre-legislative stage, the Chairman, Vice Chairman or a member of the relevant committee will have a right equal to that of the Minister and the Opposition spokespersons to speak in the Dáil (at second stage) to outline the committee's work.⁹

An essential component of the work of Oireachtas Committees is the opportunity their hearings give to stakeholders to provide Members with the benefit of their experience, to bring the most pertinent research to the attention of Members and to propose strategies which they believe can address the challenges faced by various sectors. When combined with Members' own experience and research and through constructive dialogue with stakeholders, valuable contributions can be made by Committees to Government policy-making.¹⁰

⁹ The Government Chief Whip speaking in a Dáil debate on 11 March 2014:
<http://www.kildarestreet.com/debates/?id=2014-03-11a.171>

¹⁰ Public Affairs Ireland, Issue 85 of June 2012 (Ó Cléirigh, Niall), *Supporting the Oireachtas Committees: The role of the Oireachtas Library & Research Service* available online at
<http://www.publicaffairsireland.com/journal/archive/92-issue-85-june-2012/articles/1234-supporting-the-oireachtas-committees-the-role-of-the-oireachtas-library-research-service>

4. Key aspects of the new proposals

The main features of the General Scheme are as follows:

1. A reduction in the number of ordinary members of the HRI board from 13 to 12.

The number of Ministerial (ordinary board member) appointees will increase from one to three (in the past the one Ministerial appointee represented the interests of horse racing in Northern Ireland – see section 6.4 for an overview of the current board composition and nomination/appointment procedure). The Minister will continue to nominate the chairman of the board.

Another feature in the General Scheme is the reduction in the board representation of the Racing Regulatory Body from five to three members, which the Department explained is being done to accommodate the increase in the number of Ministerial appointees while reducing the size of the board overall. One member will now be nominated by jockeys, stable staff and persons employed in the racing industry.

Head 4 specifies the composition of HRI as follows below (see Table 1):

No. of members	Role
1	Independent chairperson nominated by the Minister.
3	Nominated by the Racing Regulatory Body.
1	Representative of authorised racecourses.
1	Representative of racehorse breeders.
1	Representative of racehorse owners.
1	Representative of racehorse trainers.
1	Nominated by jockeys, stable employees and persons employed in the horseracing industry being the chairman of the industry services committee.
1	Nominated by the betting industry being the chairman of the betting committee.
3	Chosen by the Minister for their specific skill and competencies with at least one to be representative of the horseracing industry in Northern Ireland.

Head 4 also explicitly requires that HRI shall have regard to Government policy, the code of practice for the governance of State agencies and other public pay policy in determining the remuneration of the chairman and board members.

2. The consolidation and clarification of the general functions of HRI and provision for streamlining administrative and payment processing functions (Head 5).¹¹ Responsibility for the governance and administration of horse racing in the State is assigned to HRI, which will have the power to issue directives setting rules and procedures to achieve its obligations.

Certain registration functions (the registration of hunter certificates and participants in point to point steeplechases) will now be carried out by HRI rather than the RRB. The Department, in its presentation to the Joint Committee, explained the rationale for this as being the fact that HRI already performs such functions in respect of horse racing. Certain other functions (such as the issuing of hunter certificates) will continue to be carried out by local hunt clubs.

Head 5 also provides for HRI to carry out the processing of all payments relating to the horse racing sector, including charges relating to licensing, with the exception of the issuing of hunter certificates, the acceptance of horse racing entries and declarations for point to point steeplechases. The creation of a statutory basis to allow HRI to carry out the processing of payments relating to the horse racing sector will include some functions currently performed by the RRB. The Department, in its presentation to the Joint Committee, explained that where such payments relate to functions carried out by the Turf Club, the money will have to be returned to it in order to protect its property rights (see also bullet number 5 overleaf).

3. The establishment of two new board committees in Head 6 – the Industry services committee and the Betting committee. This development reflects the view of the Indecon report that none of the 26 existing board committees focused adequately on the particular needs of the betting sector or on employee requirements. The General Scheme (in Head 6) also provides for a standard five person membership for all four statutory committees - those being the Race fixtures committee, the Industry services committee, the Betting committee and the Media rights committee. The chairman of the Race fixtures committee will now be appointed by HRI.

¹¹ Both the Indecon report and Smith and Williamson report made recommendations on the streamlining of certain administrative functions. The latter estimated potential annual cost savings of €1.8m of which €537m related to areas identified for streamlining (see page 34 for a further breakdown of the potential cost savings).

4. In Head 9, the owner of a thoroughbred foal must pay the levy in advance of registering the foal in the stud-book of the State. Those who maintain the stud-book can refuse to register a foal if the owner or keeper cannot provide proof that the levy has been paid.
5. The role of the RRB is recast in Head 11. The RRB must now consult with HRI when making the rules of racing. It is intended that this will allow for cost and administrative burdens to be considered in advance. There is also provision that HRI refund to the RRB any payments it receives for licensing, registrations and fines which are currently received by the RRB, as a result of administrative streamlining.
6. Head 12 requires that the Racing Regulatory Body maintain proper accounts and submit them to the Comptroller and Auditor General for audit. The Chief Executive will give evidence to the Public Accounts Committee when requested.
7. The explicit provision for the Minister to withhold funding instalments or parts of instalments to HRI or Bord na gCon in certain circumstances, such as if the Minister is not satisfied with their strategic plans (Head 15). The Department explained that this fills a gap in the current legislation in relation to the Horse and Greyhound Fund and funding of HRI as it had previously not been clear in current legislation if this possibility to refuse to pay instalments was open to the Minister.
8. There is a possible provision (Head 16) on data sharing between HRI and the RRB which may be included if required “to facilitate administrative streamlining”, as explained in the explanatory note to this Head.
9. Head 17, which is an amendment to the *Animal Remedies Act 1993*, is an enabling provision permitting the Minister to authorise such persons as he/she considers appropriate to carry out functions under the *Animal Remedies Act, 1993*.
10. The *Horse Racing Ireland (Membership) Act 2001* is repealed in Head 18 as all of its provisions will be re-enacted in this proposed legislation.

5. Overview of the horse racing industry in Ireland

5.1 Introduction

The Irish horse racing sector makes a significant contribution to Irish agriculture and the economy generally. This can be measured including in terms of the economic value, employment and tourism it generates. The horse and greyhound racing industries receive Government support which is provided under the Horse and Greyhound Racing Fund (see section 8 for a more detailed discussion of the Fund).

5.2 Economic contribution

The direct contribution of the thoroughbred industry to the Irish economy was approximately €1.1 bn in 2012 (see Table 2 below). Racecourses and festivals accounted for the biggest share of the overall figure. Table 2 also demonstrates, however, that the total contribution of the sector has been falling since 2008. In recent years, there have been declines in racecourse attendance (down 15% from peak to 2011, on-course betting turnover per racecourse attendee (down 46% from peak to 2011) and annual aggregate value of horses sold in Irish sales (down 58% from peak to 2011) (see Table 3 overleaf).

	2008	2009	2010	2011	2012
Racecourses and festivals	426,130	377,929	371,929	375,088	361,283
Training fees	289,810	254,667	238,869	221,634	208,244
Stock keep fees	225,300	213,382	179,107	160,071	154,162
Irish coverings	205,156	155,917	416,781	146,266	144,464
Exports	182,449	174,406	146,948	156,493	174,339
Irish domestic public sales	56,715	38,475	38,760	46,170	53,295
Total	1,385,560	1,214,776	1,122,394	1,105,722	1,095,786

Source: Irish Thoroughbred Breeders' Association (2013) *Analysis of the Economic Impact of the Irish Thoroughbred Industry*, page 8. Available at <http://www.itba.info/wp-content/uploads/2013/07/Dukes-Report-II-October-2013-Update.pdf>

Table 3: The Irish horse racing and betting industries in numbers, 2006-2012									
		2006	2007	2008	2009	2010	2011	2012	% change from peak to 2011
Betting and Exchequer Funding									
Total Betting	€ m.	3,667	3,926	3,903	3,281	3,257	2,858		-27%
Total On-Course Betting	€ m.	262	282	237	182	164	153		-46%
Total Off-Course Betting	€ m.	3,405	3,644	3,666	3,099	3,093	2,705		-26%
Previous Year's Betting Duty (HRI 80%)	€ m.	36.7	43.4	29.1	29.3	24.8	24.7	21.6	-43%
Further Government Funding of HRI	€ m.	19.4	15.1	31.9	25.2	22.6	21.1	23.4	-34%
Total Government Funding of HRI	€ m.	56.0	58.5	61.0	54.5	47.4	45.8	45.0	-25%
Prize Money									
Total Irish Horse racing Prize Money	€ m.	55.1	59.6	60.4	52.9	46.0	44.4		-26%
HRI Funding of Prize Money	€ m.	30.6	32.3	34.0	30.3	28.3	28.1		-18%
Commercial and Other Funding of Prize Money	€ m.	8.6	9.6	9.2	7.9	5.4	5.2		-54%
Owners' Funding of Prize Money	€ m.	15.9	17.7	17.2	14.7	12.3	11.1		-37%
Attendance, Fixtures, Races and Entries									
Total Racecourse Attendance	'000	1,447	1,461	1,392	1,237	1,198	1,238		-15%
No. of Fixtures		319	333	342	345	334	336		-3%
No. of Races		2,268	2,397	2,454	2,444	2,381	2,397		-2%
No. of Race Entries	'000	87.4	105.4	96.5	94.7	72.5	65.9		-38%
Racehorse Numbers and Sales									
No. of Stallions, Mares and Foals in Ireland	'000	31.7	33.7	32.8	29.3	23.2	21.5		-36%
of which Foals Born	'000	12.0	12.6	12.4	10.2	7.6	7.6		-40%
No. of Irish Foaled Horses Exported		n/a	n/a	5,016	5,315	5,181	4,987		-6%
Aggregate Value of Horses Sold in Irish Sales	€ m.	192	179	100	68	68	81		-58%
No. of Horses in Training		6,585	6,742	6,817	6,483	5,769	5,030		-26%
Owners									
No. of Racehorse Owners		5,207	5,588	5,641	5,107	4,667	4,278		-24%

Source: Indecon (2012) *Review of Certain Aspects of the Irish Horse Racing Industry*, page 15.

More recent information suggests that the Irish horseracing industry continues to make a significant contribution to employment and the Irish economy generally. In its presentation to the Joint Committee, the Department of Agriculture, Food and the Marine stated that the industry is estimated to underpin 14,000 jobs, €1.1 billion in economic output and exports to the value of €205 million to 37 countries worldwide in

2013. Of particular note is the performance of bloodstock sales last year, which Horse Racing Ireland have described as being “once again the star performer of the Irish thoroughbred industry”, with turnover up 43% to €133.4m. HRI further states that:

“this is an accelerating trend which is very good news for the industry as a whole and confirms that the reputation of Irish bloodstock is creating vibrant demand internationally. The quality of horses in training in Ireland remains high and Irish-bred horses are sought-after in world markets, with exports to 37 countries at a value of €205.4m, up 17.8% on the previous year.”¹²

A response provided by the Minister in response to a PQ on “Horse Racing Industry Development” including the most recent annual facts and figures on the industry:

“- The Irish bloodstock breeding and racing industry is of major national importance in terms of employment (especially in rural areas), exports and tourism. Approximately 14,000 people are employed in the thoroughbred industry in Ireland, mostly in rural areas and it attracts significant inward investment to the country. The value of the industry is estimated at almost €1.1bn annually. *“Analysis of the Economic Impact of the Irish Thoroughbred Industry”*, ITBA (2013) and HRI Factbook 2012, HRI (2013);

- Ireland remains the biggest producer of thoroughbred foals in Europe and is the fourth largest producer in the world (behind USA, Australia and Argentina); and

- Approximately 40% of the EU output of thoroughbreds and 11% of the total worldwide are produced in Ireland.

“Analysis of the Economic Impact of the Irish Thoroughbred Industry”, ITBA (2013) and HRI Factbook 2012, HRI (2013)

http://www.ifhaonline.org/resources/Annual_Report_2012.pdf

HRI report that growth has returned to key areas in 2013 compared to 2012 HRI Press Release 15th January, 2013:

- Value of bloodstock sales sold through public auction, up 43% to €133.4m;

- Attendances at racecourses 1.24m, up 4%;

- Tote betting up 6.5%, but on-course betting down 4.6%;

- Prize money up 2.5% to €46m and commercial sponsorship increased by 1.6%;

- Numbers of horses in training down 0.4% to 9,119; and

- Number of owners decreased by 5.7% to 3,966.

HRI announced 5% increase in prize money to €48.5m in 2014 and a reduction of 10% in administration charges to owners and trainers in an effort to encourage new owners. HRI Press release 13th December 2013.

The sales companies in Ireland have all seen significant increases in their annual sales aggregates in 2013 with clearance rates increasing significantly, a sure indication of increasing market confidence. These very encouraging figures are testament to the regard in which Irish bloodstock is held internationally.

http://www.ifhaonline.org/resources/Annual_Report_2012.pdf

¹² HRI (2014) *Horse Racing Ireland Factbook 2013*. Available at <http://www.goracing.ie/hri/pics/2014/Factbook2013.pdf>

HRI Press Release 15th January, 2013

HRI Press release 13th December 2013

<http://www.goffs.com/> and <http://www.tattersalls.ie/>¹³

5.3 Employment

The 2013 study undertaken by Alan Dukes for the Irish Thoroughbred Breeders' Association (ITBA) puts the number of full time equivalent staff employed directly in the thoroughbred industry at approximately 14,000.¹⁴ Mr Dukes also highlights the “essential role” of the equine sector in rural development.

Table 4: Total employment, 2008-2012					
Sector	2008	2009	2010	2011	2012
Breeding	6,107	4,738	3,982	3,923	3,888
Racing	3,920	3,469	3,080	3,034	3,007
Betting	6,998	6,528	6,034	5,944	5,891
Other	2,509	2,196	1,846	1,819	1,802
Racecourse	996	950	935	921	913
Licensed Trainers	775	774	738	707	704
Jockeys	619	591	570	562	556
Educational	151	126	119	117	116
Total employment	22,075	19,372	17,304	17,027	16,877

Source: Irish Thoroughbred Breeders' Association (2013) *Analysis of the Economic Impact of the Irish Thoroughbred Industry*, page 9.

5.4 Tourism

The Dukes report for the ITBA states that an estimated 80,000 people travel to Ireland annually for racing activities.

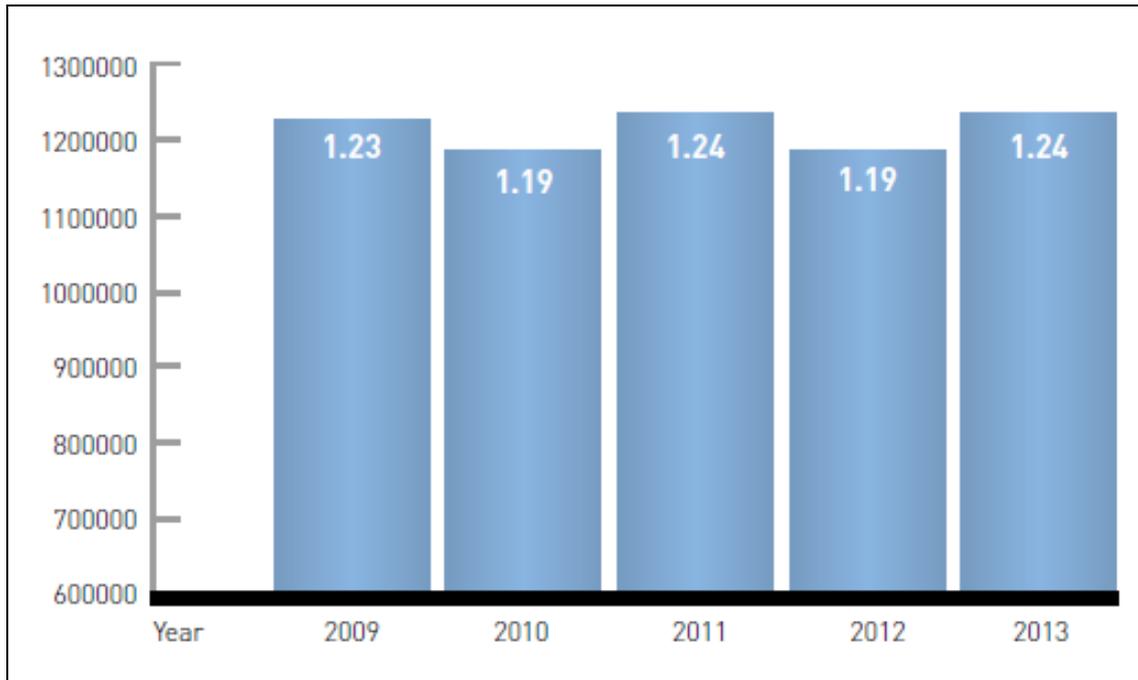
¹³ Source: Minister for Agriculture, Food and the Marine (Deputy Simon Coveney), Written Answers Nos. 562-587, *Horse Racing Industry Development*, 25 February 2014. Available at [http://oireachtasdebates.oireachtas.ie/debates%20authoring/debateswebpack.nsf/\(indexlookupdail\)/20140225~WRU?opendocument#WRU02350](http://oireachtasdebates.oireachtas.ie/debates%20authoring/debateswebpack.nsf/(indexlookupdail)/20140225~WRU?opendocument#WRU02350)

¹⁴ Mr Dukes explains, in a footnote, that “50% of total turnover in this industry derives from horse racing and so only one half of the 6,000 employees can be directly attributed to the Irish thoroughbred industry”.

5.5 Attendance and on-course betting

Attendance at race meetings is an important aspect of the industry. Attendance growth of 4% was recorded for total attendances and average attendance per meeting in 2013 (see figure 1 overleaf). This return to growth is encouraging following a challenging economic environment in recent years.

Figure 1: Total attendance, 2009-2013



Source: HRI (2014) *Horse Racing Ireland Factbook 2013*, page 8. Available at <http://www.goracing.ie/hri/pics/2014/Factbook2013.pdf>

On-course/ Tote bets have no betting duty applied to them. In its 2013 Factbook (on page 2), HRI notes the following in relation to Tote betting and also the potential impact of forthcoming betting legislation:

“Tote betting showed a return to growth following re-structuring and it is particularly encouraging to see on-course Tote gains in a very challenging market. The bookmakers’ on-course decline continued with a fall of 6.9% adding to a cumulative drop in turnover of €134.5m since 2007, which is a real concern for the future of the sector. It must be hoped that imminent betting legislation will create a more level playing field in the betting market”.

Table 5 overleaf presents annual on-course betting figures for the years 2009 to 2013 including a breakdown by category.

Table 5: Total On-Course Betting*, 2009 - 2013					
Year	Bookmakers €	SP Shop €	Tote €	Total €	% +/-
2009	127,152,321	12,040,300	40,482,053	179,674,674	-21.9%
2010	111,897,873	10,313,005	39,135,425	161,346,303	-10.2%
2011	101,831,002	9,885,098	44,334,505	156,050,605	-3.3%
2012	80,050,078	8,291,372	46,044,886	134,386,336	-13.9%
2013	73,942,626	8,699,162	48,955,168	131,596,956	-2.1%

Source: HRI (2014) *Horse Racing Ireland Factbook 2013*, page 12.

Notes: *Including Point-To-Point & Co-mingling in and excluding Northern Ireland and Co-mingling Out.

5.6 Economic potential of the sector

The Indecon report discussed the economic potential of the sector and highlighted its global nature and also its further economic potential under the right circumstances:

“The Irish horse racing sector operates on a global scale. The sector has a reputation for the highest standards and quality internationally. There is potential to build on the inherent strengths to sector to expand in Ireland. An example of positive new markets is the recent announcement concerning the Chinese market. In April 2012, it was announced that Ireland has been chosen to be involved in the first national equine centre in China. Following on from this, it was also announced that Irish firm Connolly’s Redmills from Kilkenny will become the first foreign horse feed manufacturer to gain access to the Chinese market. These first steps into the Chinese market have the potential to expand the Irish horse racing sector.

Indecon believes that a competitive horse racing sector in Ireland which is effectively developed and marketed internationally has positive potential for increased employment and economic activity in Ireland”.¹⁵

5.7 Relevant legislation

The *Horse and Greyhound Racing Act, 2001*, and related *Horse Racing Ireland (Membership) Act, 2001*, and the previous *Irish Horseracing Industry Act, 1994*, represent the key governance structures for the industry in Ireland.¹⁶ The enactment of the *Horse & Greyhound Racing Act, 2001* led to the formal establishment of Horse Racing Ireland by the then Minister for Agriculture, Food and Rural Development. HRI succeeded the Irish Horseracing Authority (founded in 1994) and its predecessor, the

¹⁵ Indecon (2012) *Review of Certain Aspects of the Irish Horse Racing Industry*, page 12.

¹⁶ Indecon (2012) *Review of Certain Aspects of the Irish Horse Racing Industry*.

Racing Board (founded in 1945).¹⁷

These Acts define the composition of, and process of nomination and appointment of HRI Board members. They also define the functions of the Authority and of the Racing Regulatory Body (the Turf Club/INHSC) within this context.¹⁸ The *Horse and Greyhound Racing Act, 2001* also establishes the Horse and Greyhound Racing Fund, which plays a central role in relation to funding of the industry.

The *Horse and Greyhound Racing (Betting Charges and Levies) Act, 1999* sets out a number of important provisions in relation to charges and levies on bookmakers and on betting, which the Indecon report describes as also having implications for the funding arrangements for industry.

See Figure 2 overleaf for more information on the key features of legislation governing the Irish horse racing industry.

¹⁷ See Horse Racing Ireland website at <http://www.goracing.ie/HRI/Resource-Centre/About-HRI/>

¹⁸ Indecon (2012) *Review of Certain Aspects of the Irish Horse Racing Industry*.

Figure 2: Summary of key features of legislation governing the Irish horse racing industry

Legislation	Key Features
Irish Horseracing Industry Act, 1994	<p><i>Act inter alia:</i></p> <ul style="list-style-type: none"> (a) Establishes Irish Horseracing Authority (b) Defines composition of, and process of nomination and appointment to, Board of IHA (c) Identifies Functions of IHA and role of Racing Regulatory Body in this context
Horse and Greyhound Racing Act, 2001	<p><i>Act inter alia:</i></p> <ul style="list-style-type: none"> (a) Establishes Horse Racing Ireland (to replace Irish Horseracing Authority) (b) Identifies General Functions of HRI and role of Racing Regulatory Body (Turf Club/INHSC) in this context (c) Establishes Racegoers Consultative Forum and Media Rights Committee (d) Establishes Horse and Greyhound Racing Fund
Horse Racing Ireland (Membership) Act, 2001	<p>Act amends Horseracing Industry Act, 1994 and supercedes Horse and Greyhound Racing Act, 2001, to make provision in respect of membership of Board of HRI, <i>inter alia:</i></p> <ul style="list-style-type: none"> (a) Defines composition of, and process of nomination and appointment to, Board of HRI (except for Chairman, which is defined under 1994 Act) (b) Defines terms of office of Chairman and Members of Board of HRI
Horse and Greyhound Racing (Betting Charges and Levies) Act, 1999	<p>Act amends Horseracing Industry Act, 1994, and Section 8 of Betting Act, 1931, and <i>inter alia:</i></p> <ul style="list-style-type: none"> (a) Provides for turnover charge on authorised bookmakers on course bets payable to HRI (b) Provides for levy by HRI of flat charges on authorised bookmakers (c) Provides for annual charges on registered premises (d) Provide for zero rate of duty on bookmakers for on-course bets (d) Provides for Thoroughbred Foal Levy

Source: Indecon (2012) *Review of Certain Aspects of the Irish Horse Racing Industry*, page 39. Available at <http://www.agriculture.gov.ie/media/migration/publications/2012/IndeconFinalReport300712.pdf>

The specific recommendations the Indecon report made in relation to legislation and governance of Irish horse racing industry are reproduced in Text Box 2 overleaf.

Text Box 2: Indecon report - Recommendations on legislation and governance of Irish horse racing industry

1. Legislative changes should be introduced to facilitate greater Government accountability in the decisions on the membership of HRI Board.
2. Legislative changes to be introduced to reflect proposed changes to size and structure of HRI Board.
3. Comptroller and Auditor General to continue to audit HRI expenditure.
4. Department of Agriculture Food and the Marine to undertake a value for money review of HRI.
5. Framework Agreement to be introduced between Department of Agriculture, Food and the Marine and HRI and to cover integrity functions of Turf Club/INHSC.
6. Legislation to be modified to facilitate the establishment of proposed changes to new statutory Sub-Committees of HRI Board.
7. Issue of Ownership by HRI of Tote/Racecourses to be reviewed.

Source: Indecon (2012) *Review of Certain Aspects of the Irish Horse Racing Industry*, page viii.

6. Horse Racing Ireland (HRI)

6.1 Introduction to HRI

Horse Racing Ireland (HRI) was established under the *Horse and Greyhound Racing Act 2001*, replacing the Irish Horse Racing Authority.¹⁹ It is a commercial State body and is the national authority for horse racing in Ireland, responsible for the overall administration, promotion and development of the industry. Its mission statement is “to develop and promote Ireland as a world centre of excellence for horse racing and breeding”.²⁰ HRI operates under the remit of the Department of Agriculture, Food and the Marine.

6.2 Distinction between HRI and the Turf Club (and INHSC)

The Turf Club (and INHSC) is the regulatory body for horse racing in Ireland; the organisation that for over 200 years has been responsible for the integrity and the reputation of Irish racing both in Ireland and internationally.²¹ Founded in 1790, the Turf Club incorporates the Irish National Hunt Steeplechase Committee (INHSC) and is thus, responsible for both flat and national hunt racing in Ireland. Through the INHSC, the Turf Club is also responsible for Point to Point racing. It has been an all-Ireland body since its foundation. The Turf Club (and the INHSC) is:

- solely and independently responsible for making and enforcing the Rules of Racing in Ireland;
- established to perform any act which is for the well-being and/or improvement of horse racing in Ireland; and
- the proprietor of the Curragh Racecourse, which it administers.

6.2.1 HRI funding of the RRB

In its presentation to the Joint Committee, the Department stated that HRI has provided between €5.5 million and €7 million per annum to the Turf Club in respect of integrity services over the past five years. HRI further explained to the Committee the funding received for point to point races:

¹⁹ The website of Horse Racing Ireland is available at www.goracing.ie

²⁰ See “About HRI” on its website at <http://www.goracing.ie/HRI/Resource-Centre/About-HRI/>

²¹ The text in this paragraph on the Turf Club is extracted from its website at http://www.turfclub.ie/web/index.php?option=com_content&view=article&id=113&Itemid=126

“Horse Racing Ireland provides funding of approximately €1.5 million per year to point-to-point races. Approximately €800,000 of this goes to the hunt clubs for prize money. They run the point-to-point races throughout the country. Approximately €200,000 goes in grants to the hunt clubs to support their costs in running point-to-point races. Approximately half a million euro or €450,000 goes to the national hunt committee of the Turf Club to provide stewards and regulation at the point-to-point races. Clearly, there is a spend on the part of Horse Racing Ireland in this area”.²²

6.3 Functions of HRI

The mission statement of HRI is reproduced on page 30 of this paper. Text box 3 overleaf offers a summary of the functions of HRI.

Text Box 3: Summary of HRI functions

- The overall administration of Irish horseracing, other than services operated by the Racing Regulatory Body, as set out in the *Horse and Greyhound Racing Act, 2001*.
- The development and promotion of the Irish horseracing industry, including the development of authorised racecourses, the guaranteeing of prize money at race fixtures and the costs of integrity services.
- The control of the operation of authorised bookmakers.
- The allocation of race fixtures and the setting of race programmes.
- The operation of racecourses which are owned by the Authority.
- The operation of a totalisator at race meetings.
- The promotion of the Irish thoroughbred horse.
- The making of grants, loans or other disbursements to authorised racecourses and to any subsidiary of the Authority.
- The representation of horse racing internationally.
- The operation of the Registry Office.
- The negotiation of income from media and broadcasting rights.

Source: HRI website available at <http://www.goracing.ie/HRI/Resource-Centre/About-HRI/>

²² HRI presentation to the Joint Committee on 17 July 2014. Available at [http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/WebAttachments.nsf/\(\\$vLookupByConstructedKey\)/committees~20140717~AGJ/\\$File/Daily%20Book%20Unrevised.pdf?openelement](http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/WebAttachments.nsf/($vLookupByConstructedKey)/committees~20140717~AGJ/$File/Daily%20Book%20Unrevised.pdf?openelement)

6.4 Governance and structure of HRI

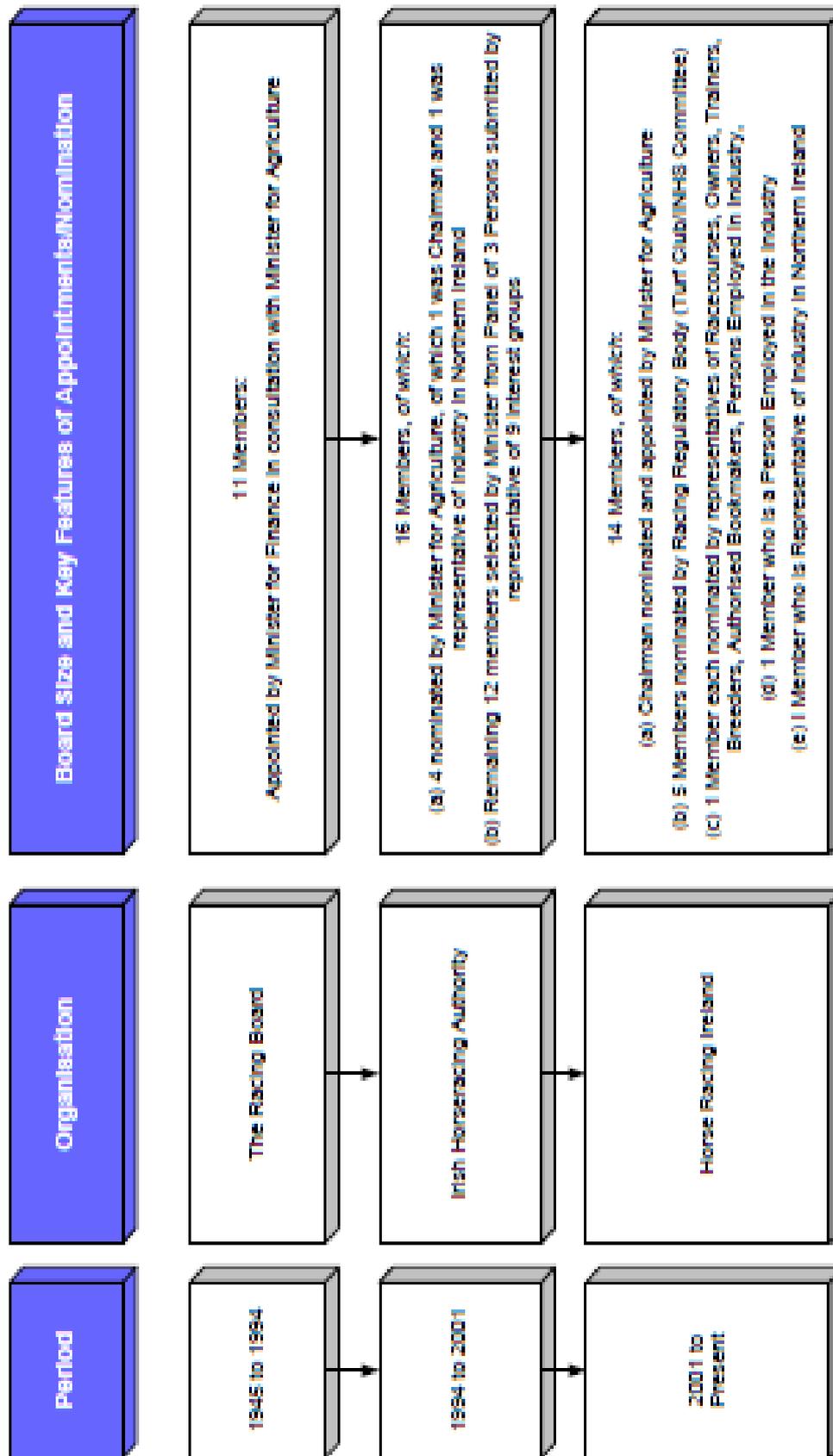
The Indecon report provides an in-depth discussion on the HRI board structure and governance in chapter 4 of its report. Text Box 2 on page 29 reproduces the Indecon report recommendations on legislation and governance of the Irish horse racing industry whilst Figure 2 illustrates the historical evolution of governance structures for Irish horse racing industry. The latter shows how the industry governing body has evolved from an 11-member board to a 16-member board and more recently to a 14-member board (including a chairman). It also demonstrates changes in the appointments/nomination procedure since 1945.

Table 6: Current composition of HRI board and appointment and nomination process for Board members			
No. of members	Role	Appointed by:	Nominated by:
1	Chairperson	Minister	Minister
5	Racing Regulatory Body*	Minister	Racing Regulatory Body*
1	Representative of racehorse owners	Minister	Persons representative of interest group
1	Representative of racehorse trainers	Minister	Persons representative of interest group
1	Representative of racehorse breeders	Minister	Persons representative of interest group
1	Representative of authorised racecourses	Minister	Persons representative of interest group
1	Representative of authorised on-course bookmakers	Minister	Persons representative of interest group
1	Representative of persons employed in the horse racing industry	Minister	Persons representative of interest group
1	Person employed directly in the horse racing industry	Minister	Appointed, as the Minister decides, from persons employed directly in the horse racing industry
1	Representative of horse racing industry in Northern Ireland	Minister	Appointed, as the Minister decides, from persons or representatives of persons in the horse racing industry in Northern Ireland, after consultation with such persons as the Minister considers appropriate

Source: Indecon (2012), page 44.

* The Turf Club/Irish National Hunt Steeplechase Committee.

Figure 3: Historical evolution of governance structures for Irish horse racing industry



Source: Indecon (2012) *Review of Certain Aspects of the Irish Horse Racing Industry*, page 40.

The Indecon report points to the role of the Minister in appointing board members under the current legislation:

“A key feature of the Board appointments process concerns the extent of accountability and direct involvement of the Government/Minister for Agriculture, Food and the Marine in decisions on individuals appointed. As it stands, under the existing (2001) legislation, while the Minister officially appoints the entire Board, he/she only effectively nominates the Chairman in terms of freedom to appoint individuals other than individuals representing in some way specified interests. The legislation does not prescribe what organisations (other than the regulatory body) should be deemed as representing any of the interest groups or what role any representative organisations would play in any decisions on such individuals. However with the exception of a representative of horse racing in Northern Ireland a situation has arisen whereby specific organisations decide on the nominees which are then appointed by the Minister. Whether this has arisen as a result of history, practice or formal agreement is not clear” (Indecon (2012, p. 44).

The report also highlights (on page 45) concerns regarding the “low level of government/ministerial control over the process of decisions on membership appointment of the HRI Board, particularly given the implications of the existing approach in ensuring accountability in the utilisation of taxpayer funds”.

The approach in relation to Board selection in the case of HRI is described as being also unusual in terms of governance of State bodies more widely. Indecon examined the position in other non-commercial State sponsored bodies and found that, based on a sample of 30 non-commercial bodies, the Minister appoints all or a majority of the board in over 86% of cases. In 33.3% of the boards examined, the Minister/Government has direct control over the nomination and appointment of all members of each board. The average number of board members in the examination is 13 and the median²³ size is 12.

In the case of commercial state sponsored bodies, Indecon found that, based on a sample of 32, the Minister appoints all or a majority of the board in 97% of cases. In 63% of the boards examined, the Minister/Government has direct control over the nomination and appointment of all members of each board. The average number of board members in the examination is 10 and the median size is 9.

6.5 Committees of HRI

The HRI board has a large number of board committees which support the work of the main board. The Fixtures Committee, Media Rights Committee, Programme

²³ i.e. the middle number in a given sequence of numbers, taken as the average of the two middle numbers when the sequence has an even number of numbers.

Committee and Audit Committee are statutory board sub-committees whilst others are advisory committees or representative separate organisations.

Table 7: HRI Board – Role and composition of Board Committees		
	Role/function	Appointment/nomination of Committee members
1	Audit Committee	Statutory
2	Fixtures Committee	Statutory
3	Media Rights Committee	Statutory
4	Programmes Committee	Statutory
5	Appointments & Remuneration	Board Sub-Committee
6	Bookmakers	Board Sub-Committee
7	Finance	Board Sub-Committee
8	Foal Levy	Advisory Committee
9	Irish Thoroughbred Marketing	Advisory Committee
10	Racegoers Consultative Forum	Advisory Committee established under statute
11	Strategic Marketing Review Group	Advisory Committee
12	Tote Ireland Committee	Advisory Committee
13	HRI Racecourses Board	Racecourses Board/Committees
14	Leopardstown	Racecourses Board/Committees
15	Fairyhouse	Racecourses Board/Committees
16	Navan	Racecourses Board/Committees
17	Tipperary	Racecourses Board/Committees
18	Cork Racecourse	HRI Nomination/Appointment
19	Dundalk Racecourse	HRI Nomination/Appointment
20	Gowran Park Racecourse	HRI Nomination/Appointment
21	Limerick Racecourse	HRI Nomination/Appointment
22	Punchestown Racecourse	HRI Nomination/Appointment
23	Irish Equine Centre	HRI Nomination/Appointment
24	Race	HRI Nomination/Appointment
25	HRI Pension Trustees	HRI Nomination/Appointment
26	Bookmakers Appeals Committee	Independently Appointed by Minister established under statute

Source: Indecon (2012) *Review of Certain Aspects of the Irish Horse Racing Industry*, page 43.

6.6 Funding arrangements

HRI is financed by profits from the Tote, funding from the on-course and off-course bookmakers and a statutory-based direct grant from Government. Government support for the horse and greyhound racing industries is provided under the Horse and Greyhound Racing Fund, established under section 12 of the *Horse and Greyhound Racing Act, 2001*. In accordance with the Act, 80% and 20% of the monies paid into the Fund each year are distributed between Horse Racing Ireland and Bord na gCon respectively. In 2013, €44,016,000 was paid from the Fund to HRI. Financial issues

relevant to the horse racing sector, including the Horse and Greyhound Racing Fund, are discussed in more detail in section 8 of the Briefing paper.

6.7 Review of potential areas for streamlining the operations of HRI and Turf Club / INHSC

A joint HRI /Turf Club Implementation Task Force, established by them following the July 2012 Indecon report, commissioned Smith & Williamson (S&W) to identify potential areas for streamlining the operations of HRI and Turf Club / INHSC. The resulting Smith & Williamson report was published in February 2013 and identified potential cost savings of €1.8m per annum as reproduced and detailed in table 8 below.

Table 8: Potential cost savings identified by the Smith & Williamson report

Potential annual cost savings	Estimated per annum €000's
Areas identified for streamlining	537
Items to move to racecourses*	413
Other areas considered	850
Total	1,800

* These items need to be discussed and agreed with the Association of Irish Racecourses ("AIR").

Source: Smith & Williamson (2013) *Review of potential streamlining of operations of the Turf Club/INHSC and Horse Racing Ireland*, page 9.

6.8 Models for the operation of racing industries

Following on from the information presented in section 6.7 above and from a review of the secondary literature and available sources, it is apparent that different models exist for the horse racing industry. A number of countries, including major horse racing countries (such as the UK, France and Japan) have opted for the regulation and rules function being accommodated within a single overall structure which also deals with governance, commercial matters and promotion (see Appendix 3).

Key Issue 1 – Choice of models for the operation of racing industries (sections 6.2 and 6.8 of this Report refers)

Decisions about the legislative and regulatory framework for this important Irish industry are taken in the context of there being two existing primary bodies with statutory responsibilities regarding the industry, those being Horse Racing Ireland and

the Racing Regulatory Body (RRB) (the collective term for the Turf Club / INHSC). HRI is a commercial State body and is the national authority for horse racing in Ireland. The RRB is a private body which receives funding for integrity services from HRI which in turn is funded by the Government amongst other sources.

The detailed proposals set out in the General Scheme have been characterised by the RRB as ones that would result in HRI having an "excessive level of control over the Racing Regulatory Body (and the industry as a whole) which would in effect mean that the Racing Regulatory Body could no longer operate as an independent entity".²⁴

A number of other countries have opted for a different approach in that a single overall organisational structure is responsible for the regulation and rules function, governance, commercial matters and promotion. However, it is important to separate the promotion and integrity aspects of HRI and the RRB, while maintaining the distinctive role of each body. However, it is accepted that there is a continuing role for both RRB and HRI. In this regard, it is important that the respective roles of HRI and the RRB, and also the relationship between them, are to the fore when legislating or amending legislation in this area.

²⁴ RRB submission to the Joint Committee

7. Brief overview of Bord na gCon

Bord na gCon (the Irish Greyhound Board) is a commercial semi-state body, which is responsible for the control and development of the greyhound industry in Ireland. Its mission statement has been developed and agreed as follows:

“To deliver a commercial, well regulated Greyhound Racing and Breeding Industry whilst enabling the delivery of a customer centred, highly exciting and value led entertainment experience”.²⁵

The board was established pursuant to the *Greyhound Industry Act (1958)* which gives the Board wide powers to regulate all aspects of greyhound racing, from licensing of tracks to the issue of permits to officials, bookmakers and trainers.²⁶ The main board is comprised of a Chairperson and six ordinary members. In this context, Indecon consultants in its *Review of Certain Matters Relating to Bord na gCon* noted the following regarding the composition of the board:

“it is a small board and while this has potential advantages it raises the issue of whether there is a sufficient mix of resources and skills to ensure governance objectives are met and to ensure an adequately functioning committee structure”.²⁷

A total of 17 tracks licensed by Bord na gCon operated during the year 2012. Eight of the tracks licensed are owned and operated by private enterprise.

The greyhound racing industry has been estimated to support 10,000 jobs and €0.5bn in economic output.²⁸

Funding for Bord na gCon is sourced by admission fees to their stadia, concession fees generated from restaurant facilities, by a percentage deduction from totalisator pools, by a turnover charge on the on-course bookmaker betting, and Exchequer funding. Receipts from these sources are used to augment prize money, to grant-aid development at stadia to enable them to improve spectator facilities, to develop public

²⁵ Irish Greyhound Board (2013) *Strategic Business Plan Report*, September 2013. Available at <http://www.igb.ie/globalassets/report-pdfs/strategy-plan/igbstrategyplan.pdf>

²⁶ Irish Greyhound Board Bord na gCon (2013) Annual Report 2012. Available at <https://www.igb.ie/globalassets/report-pdfs/annual-reports/annualreport2012.pdf>

²⁷ Indecon (2014) *Review of Certain Matters Relating to Bord na gCon*. Available at <http://www.agriculture.gov.ie/media/migration/farmingsectors/greyhounds/BordnagConfinalreport7July2014.pdf>

²⁸ Minister for Agriculture, the Marine and Food (2014) *Written answers – Bord na gCon Administration*. 15 July 2014. Available at <https://www.kildarestreet.com/wrans/?id=2014-07-15a.1352>

auction sales, to advertise greyhound racing, to promote greyhound welfare and regulate the industry including the operation of the national drug testing laboratory.²⁹

The Minister for Agriculture, Food and the Marine, Mr Simon Coveney T.D. in response to a question on the profits from the greyhound tote in recent years provided the following information:

“Bord na gCon, a commercial state body, established under the Greyhound Industry Act, 1958, operates a totalisator on greyhound racing in accordance with the terms and conditions of a licence granted by the Minister for Finance under the Totalisator Act, 1929. Bord na gCon does not operate the totalisator as a separate company. The financial transactions associated with the Bord na gCon totalisator are included in the Annual Report and Accounts of Bord na gCon, accordingly it is not possible to provide the details sought by the Deputy. However the published accounts of Bord na gCon show the following:”

Table 9: Information on the greyhound tote provided by Minister for Agriculture, Food and the Marine			
Year	2009	2010	2011
Amount	€	€	€
Tote Receipts	32,884,036	24,464,543	23,868,379
Tote Payout	25,942,281	19,036,435	18,626,868

Source: Minister for Agriculture, the Marine and Food (2014) *Written answers – Bord na gCon Operations*. 5 February 2014. Available at <https://www.kildarestreet.com/wrans/?id=2014-02-05a.441&s=%22Bord+na+gCon%22+section%3Awrans>

²⁹ Information in this paragraph is extracted from the Annual Report 2012 available at <http://www.igb.ie/globalassets/report-pdfs/annual-reports/annualreport2012.pdf>

8. Financial issues

8.1 Betting duty in Ireland

At present in Ireland, the Government levies a tax of 1% on licenced off-course betting income.³⁰ The Exchequer transfers an amount equivalent to the revenue raised from the tax to the Horse and Greyhound Racing Fund, which disperses funds to develop the sports of horse racing and greyhound racing. These funds have been used to develop racecourses, provide prize money, pay for regulatory services etc.

Since 2001, all betting duty income has gone (with an additional subsidy from 2003) to the Horse and Greyhound Racing Fund. The State therefore facilitates, through the tax system, the part-funding of the horse and greyhound racing industries by the bookmaking industry. The bookmaking industry in turn derives a substantial proportion of its revenue from the horse and greyhound racing industries.

Since the 1990s, Ireland has progressively reduced the amount raised in Betting Duty from 0.33% of net revenue receipts in 1994 to 0.1% in 2010, a drop of over two-thirds. The advent of online betting has also had an effect as online betting is not currently subject to Irish betting tax although the *Betting Amendment Bill* aims to change that (see section 8.5 for more information).

The Irish system, however, has some anomalies. Betting Duty is on all betting income not just income on horse or greyhound racing. Thus, betting on other sports is funding the horseracing and greyhound racing industry. In addition, in Ireland, the additional subsidy that the State provides means that the State is co-funding the horse and greyhound racing industries along with the bookmaking industry, race goers, owners, sponsors etc.

8.2 The Horse and Greyhound Racing Fund

The Horse and Greyhound Racing Fund was set up by the *Horse and Greyhound Racing Act, 2001*. The State transfers an equivalent to the revenue from excise duty on off-course betting paid into the Exchequer in the preceding year or the year 2000 increased by reference to the Consumer Price Index, whichever is the greater to the Fund. Horse Racing Ireland receives 80% of this revenue and Bord na gCon receives the other 20%. The aggregate limit of the Fund can be increased pursuant to the

³⁰ Off-course betting takes place in registered bookmaker's offices. On-course betting takes place with licensed bookmakers and/or the Totalizer companies at horse or greyhound racing events. On-course/Tote bets have no betting duty applied to them.

provisions of section 12(5) of the *Horse and Greyhound Racing Act 2001* (see below).

The *Report of the Casino Committee* in 2008 discussed the funding of the Irish racing sector:

“The fortunes of the sector have always been intimately linked to betting. This link is formalised under the Horse and Greyhound Racing Act 2001.

The 2001 Act guarantees the horse and greyhound racing sector a level of investment related to the revenue from excise duty on off-course betting paid into the Exchequer in the preceding year or the year 2000 increased by reference to the consumer price index, whichever is the greater. In other words, there is a guaranteed minimum level of annual funding for the racing sector.

Under the Act, 80% and 20% of the monies paid into the Horse and Greyhound Racing Fund are distributed to Horse Racing Ireland and Bord na gCon respectively. Funding allocated to the two bodies is not earmarked for a specific purpose and has been used over the years to increase prize money levels, meet administration and regulatory costs alongside a major programme of capital investment which has underpinned growth in the industry.

In 2004, the Government put in place regulations to increase the limit of the Fund from €254 million to €550 million and to continue the Fund for a further four years to 2008. The current arrangement is to be reviewed with a view to a further possible extension for a four year period in 2008.

Any shortfall in the amount generated by the excise duty is to be made up by direct Exchequer subvention. The accumulated shortfall in the Fund met from Exchequer sources amounted to €67.53 million over the period 2001-2005 and is expected to rise to €82.84 million by 2006.

From 2001 to 2006, the Fund has yielded a total of €396.46 million: €317.18 million for horses and €79.28 million for greyhounds”.³¹

The intention of the *Horse and Greyhound Act* was to support the horse and greyhound industries through the betting levy. Initially, as stated above, there was a limit of €200 million on the fund but that was increased to €550 million in 2004. The aggregate limit on the Horse and Greyhound Racing Fund was increased again in 2009, 2010, 2011 and 2012.³² Under the Horse and Greyhound Racing Fund Regulations 2013, the amount of €895,991,713 is specified for the purposes of section 12(5) of the *Horse and Greyhound Racing Act 2001*.³³

Revenue from betting duty has not kept pace with consumer price inflation over recent years, thus the Exchequer has made not insubstantial contributions in recent years

³¹ Report of the Casino Committee (2008, p. 65) *Regulating Gaming in Ireland*. Available at [http://www.justice.ie/en/JELR/Casino%20\(Eng\)%20for%20Web.pdf/Files/Casino%20\(Eng\)%20for%20Web.pdf](http://www.justice.ie/en/JELR/Casino%20(Eng)%20for%20Web.pdf/Files/Casino%20(Eng)%20for%20Web.pdf)

³² See Seanad Éireann Debate on Horse and Greyhound Racing Fund Regulations 2013: Motion, 4 December 2013. Available at <http://oireachtasdebates.oireachtas.ie/debates%20authoring/debateswebpack.nsf/takes/seanad2013120400009>

³³ See S.I. No. 509 of 2013 available at <http://www.irishstatutebook.ie/pdf/2013/en.si.2013.0509.pdf>

(see section 8.3). This is mainly due to the reductions in betting duty which was 5% from July 1999 to April 2002, 2% between May 2002 and June 2006 and 1% subsequently. It was increased in Budget 2009 (presented in October 2008) to 2% but this rise had not been implemented pending a review of the industry.³⁴ It was announced in Budget 2011 that:

“the necessary arrangements are being made to ensure that bets placed on the internet by domestic punters are subject to the same level of betting duty as applies to high street betting shops [...] The tax changes provided for in the Finance Act can only be implemented once the Betting (Amendment) Bill is enacted.”³⁵

8.3 Funding of the industry and Exchequer contribution to the Horse and Greyhound Racing Fund

Between 2001 and 2009, €613.9m was paid out of the fund to support horse and greyhound racing, with HRI getting 80% of the funding (€491.12 m) and Bord na gCon getting the remaining 20% (€122.78m).³⁶ A reduction in betting duties collected since 2001 has increased the requirement on the Exchequer to provide additional funding to HRI.³⁷ During this time, betting duty collected decreased from €68.1m in 2001 to €27.1m in 2011 (the rate of betting duty was reduced from 2% to 1% on 1 July 2006). Table 10 overleaf illustrates these trends, including the noticeable fall in the level of funding coming from betting duty and the related increases in further Government subvention. The Government has invested €727.9m into the racing sector between 2002 and 2012. Betting duties contributed €462.3m and further Exchequer subvention amounted to €265.6m over that period.

³⁴ Mary Regan (2008) *Review of gambling industry to delay betting tax rise*. Irish Examiner, 1 Decemeber 2008. Available at <http://www.irishexaminer.com/ireland/review-of-gambling-industry-to-delay-betting-tax-rise-79747.html>

³⁵ Minister for Finance (2013) *Written Answers - Tax Collection Forecasts*. 2 October 2013. Available at <http://oireachtasdebates.oireachtas.ie/debates%20authoring/debateswebpack.nsf/takes/dail2013100200074#WRO00850>

³⁶ The Labour Party (2010) *Raising the Stakes*, Labour Proposals to Tax Remote Betting and Reform the Funding of the Horse and Greyhound Fund. Available at <http://www.labour.ie/download/pdf/doc.pdf>

³⁷ Indecon report (2012, p. 19)

€m	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Funding provided to HRI and Bord na gCon	68.0	64.2	66.9	68.4	70.1	73.1	76.3	68.1	59.3	57.3	56.3	727.9
Betting duty (from previous year)	68.1	48.0	38.4	45.6	45.8	54.3	36.4	36.7	31.0	30.9	27.1	462.3
Shortfall made up by further Govt subvention	-0.1	16.2	28.5	22.8	24.2	18.8	39.8	31.5	28.3	26.4	29.2	265.6

Source: Indecon report (2012) page 20.

The Indecon report has summarised these figures in the following terms (on page 20):

“The Government has invested €727.9 million into the racing sector since 2002. Betting duties contributed €462.3 million and further Exchequer subvention amounted to €265.6 million.

By legislation, the Horse and Greyhound Racing Fund is shared between HRI and Bord na gCon on an 80:20 basis. HRI’s 80% share of the €727.9 million of total funding over the 11 year period has been €582.3 million, equivalent to an average of approximately €53 million per annum”.

The Department of Arts, Sport and Tourism (as the Department was then configured) commissioned FGS Consulting to review the Fund, and the outcome of that review was published in 2009.³⁸ The report concluded that “the existence and operation of the Fund to date has met the overall objective of helping to grow and develop vibrant horse and greyhound racing industries making meaningful contributions to the economy” but that the future financing of the Fund is an issue that needs to be addressed (FGS Consulting, 2009, p. 14):

“A sudden sharp decline in the overall level of the Fund and uncertainty as to size of the Fund in the short term would, we believe, have serious detrimental consequences for the horse and greyhound industries and, therefore, would likely lead to product deterioration, employment loss and to a serious curtailment of associated economic activity. The considerable progress made under the Fund mechanism since 2001 would be put at significant risk and Exchequer investment to date could easily be undermined.

However, over-reliance by these industries in the medium to longer term on a net exchequer contribution to the Fund is not a sustainable proposition. The key

³⁸ The FGS Consulting report was previously available on the Department of Arts, Sport and Tourism website at http://www.arts-sporttourism.gov.ie/pdfs/DAST_%20Review_of_H%20_GFund%20_FGS_Final_May%2009.pdf

policy issues which need to be addressed in that regard include:

- The extent and growth of internet/online-based betting which is untaxed.
- The contribution to funding of the industries from betting levies.
- The need to ensure that Exchequer investment and support through the Fund to date is leveraged through the progressive migration of these industries to a greater level of self-sustainability over time” (FGS Consulting, 2009, pp. 31-32).

The Indecon report noted that a detailed value-for-money assessment of Government support was beyond the scope of its review but it stated its belief that “such a review would be desirable”. In the Seanad debate on the Horse and Greyhound Racing Fund Regulations 2013 Motion (in December 2013) a number of Senators queried whether the subsidy to the industry offers the best value for money. In this context, Senator Sean Barrett stated the following:

“I also wish to pose serious questions about why the online betting tax should be earmarked for this sector. That will add another €10 to the existing €36 subsidy to go to the races, and an extra €2 or €3 to go to a dog track. I do not think such subsidies are worth it in social terms, particularly in view of the expenditures we already have”.³⁹

A comparison was also made with other sports in the country in that it was stated that the Irish Sports Council⁴⁰, which represents 57 national sports, including the GAA, 32 local sports partnerships and 18 high-performance sports, will receive €25 million this year. Other contributors, however, stressed the economic value of the horse and greyhound industry and rebutted the description of it as a sport rather than as an industry and characterised it as one which also has an international dimension.

The amounts paid from the Fund to HRI in 2013 and the amount to be paid in 2014 is outlined in Table 11 overleaf (as opposed to the total amounts paid to both HRI and Bord na gCon).

³⁹ Seanad Éireann Official Report Vol. 228 No. 2. 4th December 2013. Available at [http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/WebAttachments.nsf/\(\\$vLookupByConstructedKey\)/seanad~20131204/\\$File/Daily%20Book%20Unrevised.pdf?openelement](http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/WebAttachments.nsf/($vLookupByConstructedKey)/seanad~20131204/$File/Daily%20Book%20Unrevised.pdf?openelement)

⁴⁰ The Irish Sports Council is to be dissolved by way of the *Sport Ireland Bill 2014* and Sport Ireland is to take over its functions.

Table 11: Contributions to Horse Racing Ireland from the Horse and Greyhound Racing Fund	
2011	€45,830,000
2012	€45,032,000
2013	€44,016,000
2014	€43,376,000

Source: Minister for Agriculture, Food and the Marine (Deputy Simon Coveney), Written Answers Nos. 161 – 167, *Horse Racing Industry Funding*, 29 January 2014. Available at <http://oireachtasdebates.oireachtas.ie/debates%20authoring/debateswebpack.nsf/takes/dail2014012900085> and Minister for Agriculture, Food and the Marine (Deputy Simon Coveney), Written Answers Nos. 148-170, *Horse Racing Industry Funding*, 12 February 2013. Available at <http://oireachtasdebates.oireachtas.ie/debates%20authoring/debateswebpack.nsf/takes/dail2013021200054>

Text Box 4: Indecon Report - Recommendations on Funding of Irish Horse Racing Sector

1. Measures should be introduced to secure a significant increase in taxation from the Betting Sector.
2. A multi-annual commitment of funds should be considered to support the development of the sector.
3. Greater funding certainty should be introduced to support medium term planning for the integrity services in Irish racing.
4. As betting revenues increase there should be potential to significantly reduce general Exchequer expenditure other than funds raised from betting taxation.
5. The merits of replacing the Horse and Greyhound Racing Fund should be considered.
6. All betting operators should be required to obtain a Licence.
7. Taxation should be levied on the same basis on Betting Exchanges and on Remote as well as on Traditional Bookmakers.
8. Licence Fees for All Offshore and other Bookmakers should be increased.
9. Taxation on betting should be on place of consumption basis.
10. Rate of betting duty should initially be set at 1%.
11. Rate of Duty should be reviewed after one year.
12. Duty on betting intermediaries should be divided between layers and backers.
13. Effective compliance measures should be introduced.

Source: Indecon (2012) *Review of Certain Aspects of the Irish Horse Racing Industry*, page v.

8.4 ESRI assessment of State financial support for horse racing in Ireland

Fahey and Delaney, in a 2006 paper for the ESRI, outline the background to and major features of the Horse and Greyhound Racing Fund and open up a number of questions to be examined in considering what should happen after the then current round of

funding expired in 2008.⁴¹ In their paper, the authors provide an analysis of horse racing post the transition to a new funding and regulatory regime (on page 44):

“The Horse and Greyhound Racing Fund as originally set up was a direct response by the state to a demand from the Irish racing industry that it be allotted a share of the proceeds of gambling (for a statement of the racing industry’s case in this regard, see the Strategic Plan of the Irish Horseracing Authority published in 1996 – IHA, 1996). The grants to the industry that the Fund provided for were initially intended to be financed primarily by a tax on betting, which at the outset took the form of the 5 per cent excise on off-course betting already in place when the legislation was introduced. No attempt was made to distinguish between off-course betting on horse or dog racing and other types of gambling that occurred with off-course bookmakers. The annual value of the Fund was fixed at the level equivalent to the revenue from the excise on off-course betting for the year 2000, adjusted in subsequent years for inflation as measured by the consumer price index. Measures to increase the yield to racing from on-course betting were also taken at the same time, particularly in regard to modernisation of the Tote. However, the legislation of 2001 went a crucial step further, in that it also made provision for top-up financing from general Exchequer sources to be provided to the Horse and Greyhound Racing Fund should the betting levy prove to be an insufficient funding source on its own. This top-up provision was subsequently brought very much into play, as the levy on off-course betting was reduced to 2 per cent in 2002 and to 1 per cent in 2006. This meant in effect that the horse and greyhound racing industries were insulated from the consequences of any fall in revenue from the excise on off-course betting, irrespective of whether that fall occurred either because of a decline in the level of off-course betting (for whatever reason) or a reduction in the rate of excise levied on betting”.

They note that with the reduction in the excise rate from 5% to 2% in 2002, excise income fell to 75% of the Fund’s requirement in 2003 and to 57% in 2004 (100% had been provided by Excise in both 2001 and 2002). They further state (on page 45):

“The outcome by 2006, therefore, was that the original function of the Horse and Greyhound Racing Fund as a means to capture some of the return from off-course gambling for the racing industry had declined in significance and had been supplemented with a new and largely unheralded function as a channel of direct state aid to the industry. At the same time, the level of taxes and levies on gambling had been sharply reduced. The 10 per cent excise on off-course betting, which went into general state revenue, and 5 per cent levy on on-course betting imposed for the benefit of the racing industry which had existed in 1995 were replaced in 2006 with a 1 per cent excise on off-course betting, which was ear-marked for the Horse and Greyhound Racing Fund, and zero taxes or levies on on-course betting. The tax burden on betting had thus become extremely light by 2006. The racing and gambling industries had been a net contributor to state finances in 1995 – state revenue from gambling exceeded the value of state grants to racing fivefold, as the IHA pointed out at that time (IHA, 1996, p. 14). Today, the racing and gambling industries combined are a net drain on public finances, since as just outlined the sole state revenue stream from these sources

⁴¹ Tony Fahey and Liam Delaney (2006) *State Financial Support For Horse Racing In Ireland*. ESRI Budget Perspectives 2007. Available at http://www.esri.ie/news_events/press_releases_archive/2006/budget_perspectives_2007/index.xml

– the excise on off-course betting – is insufficient to meet the state’s commitment to the Horse and Greyhound Racing Fund”.

In their conclusions, Fahey and Delaney raise a number of points (on pages 48-49) in relation to State funding of Irish horse racing and some implications for considering policy in the future:

“Thus state funding for horse racing in Ireland now goes beyond the role of securing a benefit from gambling for the industry as it includes subvention from general taxation. This intensifies the questions that arise about the justification for state funding, particularly at the high levels that have been in place in recent years. These doubts arise, for example, in the context of wider sports policy, where other claims on state funding could equally be made (e.g. in connection with the facilities deficit that exists for children’s sport – see Fahey et al., 2005), apart from other priorities for state expenditure that might arise outside the sports arena. At a minimum, future policy in this area will have to assess carefully the public benefit that is served by state support for horse racing and the priority it should be accorded in public expenditure decisions.

Two other more general issues need also to be considered as part of this assessment. First, public policy should take greater account of the role of horse racing in promoting gambling and in the possible social costs of gambling that may arise as a result. Second, in many countries, gambling is a significant part of the public revenue base, either through taxation on gambling or the returns of state monopolies on gambling. Apart from Lotto revenue, gambling in Ireland makes little contribution in that context and the question should be considered as to whether this should continue in the future, even in view of the rise of internet gambling and the difficulties that poses for collecting tax revenue from gambling”.

8.5 Related proposed legislation on betting and gambling

For the avoidance of confusion, it should be noted that there are (at the time of writing) currently two other bills on the legislative programme that relate to betting and gambling – the *Betting (Amendment) Bill 2013* and the *Gambling Control Bill* – and which are to varying degrees of relevance to this General Scheme. The purposes of these respective Bills is briefly outlined in this section in order to provide some background to the wider policy debate on betting and gambling legislation that is currently taking place in Ireland and also to put in context how the Bills relate to each other.

Betting (Amendment) Bill 2013

On 19 July 2013, the Government published a revised draft of the *Betting (Amendment) Bill 2013*.⁴² The main purpose of the Bill is to bring betting intermediaries (i.e. betting exchanges) and remote bookmakers (i.e. internet and mobile betting providers) within the scope of the existing licensing regime, while it will extend the existing 1% turnover tax on land-based bookmaker's activities to online and mobile bookmakers. The Bill will also introduce a new 15% commission tax on betting exchanges. The interaction between the *Betting (Amendment) Bill 2013* and the industry was discussed in a PQ:

"The Minister for Finance, has introduced the Betting (Amendment) Bill 2013 earlier this year which will bring remote and on-line betting within the tax net. This is consistent with the Indecon recommendation which advocated "Measures should be introduced to secure a significant increase in taxation from the Betting Sector."

The increased revenues from receipts in excise duty on betting will create the potential "to significantly reduce general Exchequer expenditure other than funds raised from betting taxation" as recommended in the Indecon Report (page 64).

1 "*Review of Certain Aspects of the Irish Horse Racing Industry*", Indecon 2012

I expect that the new betting legislation combined with actions by the industry aimed at growing commercial income and sponsorship and increasing efficiency through the streamlining of functions will ensure that the funding provided to the horse and greyhound racing industries is sustainable into the future. These industries together are estimated to contribute approximately €1.6 billion per annum in economic output and support in the region of 24,000 jobs principally in rural Ireland."⁴³

Horse Racing Ireland has itself commented on the potential of the betting legislation to develop the funding system and the economic potential of the industry:

"While there are many positives in the 2013 figures, we remain acutely aware of the underlying threats to the future of the industry. With overall funding cuts of almost 30% since 2008, we are constrained in our ability to capitalise on the potential for growth in domestic and international markets. Competing racing nations are better resourced and challenging our position. Bloodstock is highly mobile and if we are to attract foreign owners to breed, train and race in Ireland, we must have a racing infrastructure that will stand up to international comparison. Thankfully, the new betting legislation, set to progress early in 2014, represents the first step to a sustainable funding system, which will ensure that racing continues to produce an economic return to the country and that we can

⁴² The Bill is available on the Oireachtas website at <http://www.oireachtas.ie/viewdoc.asp?fn=/documents/bills28/bills/2013/8613/b8613d.pdf>

Second stage of the Bill commenced on 15th January 2014.

⁴³ Minister for Agriculture, Food and the Marine (Deputy Simon Coveney), Written Answers Nos. 186-193, *Horse Racing Industry*, 21 November 2013. Available at [http://oireachtasdebates.oireachtas.ie/debates%20authoring/debateswebpack.nsf/\(indexlookupdail\)/20131121~WRW?opendocument](http://oireachtasdebates.oireachtas.ie/debates%20authoring/debateswebpack.nsf/(indexlookupdail)/20131121~WRW?opendocument)

re-build employment levels in an industry in which Ireland has great national advantages".⁴⁴

Gambling Control Bill

On 15 July 2013, the Government published the *General Scheme of a Gambling Control Bill*. The General Scheme is the first step towards a Bill, which if enacted, would modernise Ireland's legislative framework for all types of online and land-based gambling.⁴⁵ Those Heads are extensive (90 pages in total) and will likely evolve over time.

The Department of Justice and Equality provides an overview of the new proposals in the accompanying press release to the publication of the General Scheme.⁴⁶ It explains that the new legislation will provide a legal basis for the regulation of gambling, including licensing and compliance powers in Ireland. It will repeal and replace current legislation in the areas of betting, gaming and amusements. The new licensing system will cover, as before, land-based betting and gaming but will extend to casinos and remote gaming. The new Bill will not concern itself with taxation. Section 49 of the *Finance Act 2011*, however, makes arrangement for the extension of the current Betting Levy to online bets.

As noted above, the *Gambling Control Bill 2013* will repeal and replace all existing arrangements for the regulation of betting, gaming, bingo and lotteries (except for the National Lottery). It extends the licensing regime to include on-line and electronic gambling. The Bill also sets out the arrangements for the licensing and supervision of casinos.

How do these Bills relate to this General Scheme?

In terms of betting, it should be noted that off-course betting is covered by different proposed legislation - the *Betting Amendment Bill* - which is discussed above and comes under the remit of the Minister for Finance. HRI has regulatory functions in terms of premises it operates - it is not responsible for off course betting: "The only function of Horse Racing Ireland in respect of betting is only license operators at tracks. That is the extent of its functions in terms of the betting sector".⁴⁷

⁴⁴ Horse Racing Ireland (2014, p.2) *Horse Racing Ireland Factbook 2013*. Available at <http://www.goracing.ie/hri/pics/2014/Factbook2013.pdf>

⁴⁵ Arthur Cox (2013) *Irish Government Publishes General Scheme for a Gambling Control Bill*. Available at http://www.arthurcox.com/uploadedFiles/Publications/Publication_List/Arthur%20Cox%20-%20Gambling%20Control%20Bill,%20July%202013.pdf

⁴⁶ Department of Justice and Equality (2013) *Minister Shatter publishes General Scheme of the Gambling Control Bill 2013*. 15 July 2013. Available at <http://www.justice.ie/en/JELR/Pages/PR13000297>

⁴⁷ Mr. Brendan Gleeson presentation to the Joint Committee on 1 July 2014.

9. Key themes in the submissions

A selection of the key themes which emerged during analysis of stakeholder submissions is presented below. It is not within the scope of this Report to address every issue raised by each stakeholder or to address each Head of the General Scheme individually. Submissions are instead addressed thematically.

The Joint Committee held public hearings on 1 July, 10 July, 15 July, 17 July and 16 September 2014 with representatives of 11 stakeholders in addition to the Department.

Table 12: Joint Committee public hearings, stakeholder and representative list

Date	Stakeholder	Representatives
1 July	Department of Agriculture, Food and the Marine	Brendan Gleeson Dermot Ryan Gerry Greally Emer McGeogh
10 July	Association of Irish Racehorse Owners	John Weld Aiden Burns
	Irish Stablestaff Association	Bernard Caldwell Paddy Curran Paddy Doyle
15 July	Irish Thoroughbred Breeders Association	Derek Icteton Shane O'Dwyer
	Irish Racehorse Trainers Association	Noel Meade Michael Grassick Dermot Weld
	Irish Jockeys Association Limited	Andrew Coonan Ruby Walsh Michael Kinane
	Irish Bookmakers Association	Sharon Byrne Mike O'Kane
17 July	Horse Racing Ireland	Joe Keeling Brian Kavanagh
16 September	Bord na gCon	Phil Meaney Geraldine Larkin
	Association of Irish Racecourses	John Moloney Paddy Walshe
	Racegoers Consultative Forum	Jimmy Cox Joan Widger Jack Nagle
	Turf Club / Irish National Hunt Steeplechase Committee	Denis Egan Neville O'Byrne / Michael Hickey
08 October	Department of Agriculture, Food and the Marine	Brendan Gleeson Dermot Ryan Gerry Greally Emer McGeogh Jane Dempsey

9.1 Horse Racing Ireland

9.1.1 Membership of the board of Horse Racing Ireland

Head 4 provides for the membership of the HRI board, which is reduced from 13 to 12 ordinary members. The composition of the board will also change, including in terms of the representation of the Minister and also that of the Racing Regulatory Body (i.e. the Turf Club/Irish National Hunt Steeplechase Committee). In a strengthening of the representation of the Minister, there will now be three Ministerial appointees (increased from one), at least one of which must be representative of the horseracing industry in Northern Ireland. The Racing Regulatory Body had been the body with the largest representation on the board but its nominees will be reduced from five to three.

The composition of the membership of the HRI board was raised by a number of stakeholders, particularly in relation to their proportionate representation on the board with a number of them requesting that their representation be increased. The proposed sharing of one board seat between three associations also generated a number of comments. On this issue, the General Scheme provides that “one shall be nominated by jockeys, stable employees and persons employed in the horseracing industry being the chairman of the industry services committee”.

The Irish Stablestaff Association argued that its seat on the board of HRI should be retained. Otherwise it believes it will be more difficult to address issues relating to staff such as terms and conditions of employment. It also queried why other bodies such as the Turf Club or the Ministerial representatives should have more than one seat.

The Irish Jockeys Association Limited submitted that it is “absolutely crucial” that one member of HRI be nominated by jockeys alone. It further stated:

“Having regard to the fact that other stakeholders in the industry are and have at all times been fully represented by members of HRI, the Irish Jockeys Association Limited respectfully submits that it is patently unfair that the disparate interests of jockeys, stable employees and other persons employed in the horseracing industry should be represented by one voice. There is no reason why racehorse owners, racehorse trainers and racehorse breeders should be separately represented in HRI but that jockeys should not”.

The Association of Irish Racecourses (AIR) expressed the view that it should have at least one seat on the board due to “the significance of their contribution to the industry”. In the event of only having one representative on the board, the AIR suggested that consideration should be given to allowing for a substitute/proxy to

attend HRI board meetings where the nominated representative is not available to attend.

The General Scheme proposes that the betting industry will nominate one member to the HRI board. The Irish Bookmakers Association argued for a second seat on the board. It believes bookmakers would ultimately “bring commercial expertise and a fresh insight to the board, along with new ideas for ensuring a commercially astute body which reduces the need for annual exchequer assistance”.

The Association Of Irish Racehorse Owners (AIRO) expressed a view that, in relation to Head 4 7(1)d, owners should have at least 3 seats on the HRI Board as “they are providing and paying for the horses which are the raw material of Irish racing”. In its submission, the AIRO also stated that the CEO of HRI should also be restricted to two consecutive terms of four years for the same reasons as the other members of the HRI Board are.

The Racegoers Consultative Forum (RCF), a statutory committee established under the *Horse and Greyhound Racing Act 2001* to represent the views of racegoers to the HRI board, also commented on the board membership of HRI as proposed by the General Scheme in its written submission:

“Given the pivotal importance that racegoers have on the economics and viability of the industry, the RCF strongly recommend that there should be a place for a racegoers’ representative on the HRI Board. This representative would be selected from among the members of the Forum, by the members of the forum, for appointment by the Minister in accordance with Head 4 appropriately amended. This would provide a stronger voice for racegoers on the board of HRI than at present”.

The Irish Thoroughbred Breeders' Association (ITBA) argued that under Head 4 para 7. (1) C should make specific reference to the ITBA as the nominating body for racehorse breeders.

Key Issue 2 – Corporate Governance (including board) of HRI (sections 6.4 and 9.1 refer)

The Indecon report made a number of recommendations in relation to legislation and governance of the Irish horse racing industry. These included the introduction of legislative changes to facilitate greater Government accountability in the decisions on the membership of HRI Board, to reflect proposed changes to size and structure of HRI Board and to facilitate the establishment of proposed changes to new statutory

sub-committees of the HRI Board. As a representative board it is appropriate for there to be a broad perspective on the industry, albeit within the confines of an effective size and structure for the board.

Consideration may therefore be merited as to whether the proposed reduction in the number of ordinary board members from 13 to 12 is optimal, especially given the many different and diverging interests which the board aims to facilitate. In this context, the arguments in favour of a larger board could be reviewed again, albeit weighed against the objective of securing the most efficient board composition in terms of both size and range of representation. In particular, the composition of the Board could be reviewed in order to allow two representatives from the industry services committee on the board, one of these being the Chair and one from stable staff.

9.1.2 Functions of HRI

A number of issues arose during the course of the Committee's work in relation to the functions of HRI and amendments to same. Some of these are discussed below.

The Irish Racehorse Trainers Association wanted the licensing of racecourse trainers (under Head 11(1)(c)) to be included in the responsibilities of HRI rather than the Racing Regulatory Body.

The Association of Irish Racehorse Owners, in its submission, stated that "all grants and development of racecourses should be subject to the provision of proper facilities for owners, trainers and racing staff" (emphasis in the original). The AIRO also cautioned that (in Head 5 (2)) HRI having all such powers....including the power to issue directives setting rules and procedures seems "too authoritarian". In its view, any single entity should have very limited power to issue directives without full consultation and explanation, as this could ensure that directives are not issued which are contrary to the prevailing rules.

The Irish Bookmakers Association recommended that the section on the function of HRI to "make grants, loans or other disbursements to authorised racecourses", like so many others are be subject to consent from the Minister and the Minister for Public Expenditure and Reform, after receiving a business case and proposal for same.

The Association of Irish Racecourses (AIR) suggested that there be clarity that some or all aspects of the independent finances of racecourses are explicitly excluded from the HRI functions set out under Head 5 (specifically "the financial management of all aspects of Irish horseracing").

The Racegoers Consultative Forum expressed a view that “In consolidating the administrative and financial management of all aspects of Irish horseracing appropriate steps and measures should be put in place to ensure that all services provided to racegoers are to an agreed standard. These standards to be upheld at all racecourses so as to promote and develop racegoers attendance at track meetings”.

Key Issue 3 – General functions of HRI (section 9.1.2 refers)

Any amendments to the general functions of HRI should provide clarity regarding responsibility for the governance and administration of horseracing in Ireland. In consolidating the administrative and financial management of all aspects of Irish horseracing, processes should be put in place to ensure that all services provided to racegoers are to an agreed standard. If those standards could be upheld at all racecourses it may incentivise consistent and increased racegoer attendance at track meetings, which would ultimately be to the benefit of all stakeholders in the industry.

9.1.3 Committees of HRI

Whilst HRI has a large number of committees (26 in total), stakeholders primarily focused in on three of these in their submissions and/or presentations to the Joint Committee.

The **Race-fixtures committee** currently has a chairman and six members, two of whom are representatives of authorised racecourses. Under Head 6, the Race-fixtures committee shall have no more than 5 members and shall include at least one representative from the Racing Regulatory Body and one from authorised racecourses with such other members that HRI considers appropriate. The membership of the Race-fixtures committee shall be limited to members of HRI. It will now be specified that HRI shall not be bound by any recommendation of the Race-fixture committee and the final decision as to a race-fixture shall be taken by HRI.

The Association of Irish Racecourses (AIR), noting that racecourses would have a reduction in their representation on this committee under the proposed legislation and citing concerns about what it sees as a possible further dilution in the influence of racecourses in the annual allocation of fixtures with the final decision on fixtures now being made by the HRI board rather than the Race-fixtures committee (as was provided for in the 1994 Act), called for the representation of racecourses on this committee to, at a minimum, be retained at current levels.

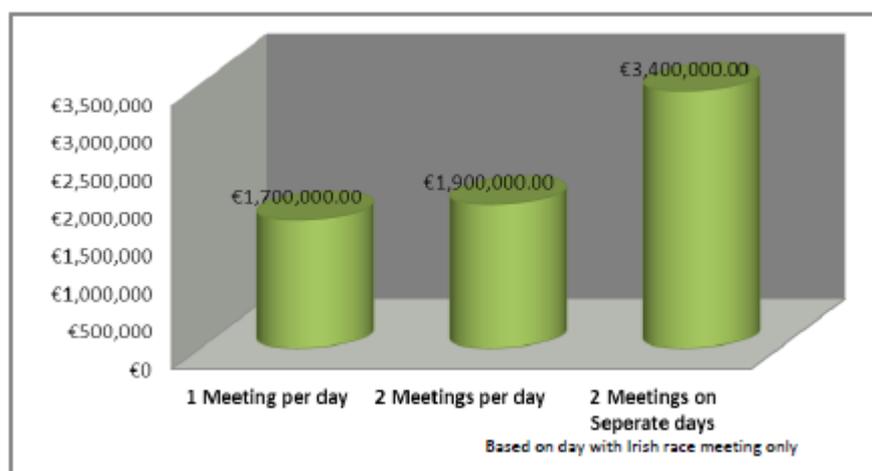
The Irish Racehorse Trainers Association wanted it specified that the trainer representative member of HRI also be a member of the Race-fixtures committee (discussed in Head 6). As it stands and as noted above, the Race-fixtures committee is to have a maximum of five members and include at least one representative from the RRB and one from authorised racecourses with such other members that HRI consider appropriate. In this context, the Irish Racehorse Trainers Association stated, in its submission:

“The trainer representative must be added to this requirement as proper allocation of fixtures will lead to a better balance of programmes and is a fundamental and critical component of our members’ businesses”.

Under Head 6, the ITBA argued that the proposed Race-fixtures committee should have some independence from HRI and therefore not be limited to members of HRI board. In its view, it should include members from both the Authority, and other individuals from the industry. The ITBA also recommended that the existing Race Programme Committee remain (see overleaf on the Race Programme Committee including comments by the Association of Irish Racecourse).

The Irish Bookmakers Association requested that a retail bookmaker representative be a member of the Race-fixtures committee. In this context, it flagged potential increases in revenue/turnover from rearranging of double fixture days as outlined in Figure 4 overleaf.

Figure 4: IBA analysis of turnover from 1 to 2 meetings per day versus 2 meetings on separate days



- *An Irish Racing Fixture on average is worth in excess of €1.35m turnover to the retail industry.*
- *Further Uplift in Turnover of €350k on other content will be generated on days with an Irish meeting taking place.*
- *When 2 Irish meetings are scheduled, the 2nd meeting adds very little to overall turnover - our estimate is just €200k. Therefore two meetings equate to €1.9m as opposed to €1.7m with single fixture or €3.4 if held on separate days*
- *With slight remodelling of scheduling, we believe Turnover would grow by €1.5m for every blank day that is filled.*
- *The potential here is possibly worth €100m in Turnover.*
- *There is no cost to HRI with this proposal - in fact savings could be generated.*

Source: IBA written submission to the Joint Committee.

The Irish Bookmakers Association requested that the section on HRI not being bound by recommendations of the Race-fixtures committee and that the former take the final decision on a fixture (Head 6) be reviewed. In its submission, the Irish Bookmakers Association stated:

“We would like to request that this section be reviewed as surely the whole point of a select committee is to make the best recommendation to the board, and if this can be overturned by the board, and they have final say, there is no need for such a committee in the first instance. We request that this be removed, and that the Board have fair representation on the committee and have input at the planning stage”.

The Association of Irish Racehorse Owners contended that owners should have two members on the Race-fixtures committee, who would not necessarily be members of HRI. They also stated that the Race-fixtures committee should be able to reallocate fixtures where a course does not meet performance criteria as established by HRI.

The Association of Irish Racecourses suggested that the proposed substitution of section 20 of the 1994 Act (in Head 6) may result, whether intended or otherwise, in the **race programme committee** established by the 1994 Act ceasing to exist. In its view this committee has worked well and the AIR expressed its desire to see that committee continue to be provided for in the legislation. The ITBA also commented on this issue in its written submission:

“The explanatory note states that subhead 2 removes the programmes committee which is, in our opinion, a retrograde step unless the functions of the Programmes Committee are being taken over by the Fixtures Committee.

If this is the case it should be stated, the committee should be renamed and its size increased as currently the (separate) Programmes and Fixtures Committees have a heavy workload. Programming has a broader remit in terms of the Pattern as its work has implications both nationally and internationally. If it is subsumed into the Fixtures Committee, whose decisions can be overturned by the HRI board there is no external oversight as has previously been in place”.

Membership of the **media rights committee** is to be increased from three to not more than five members, who will be appointed by HRI and may include members who are not members of HRI. The Association of Irish Racecourses requested it maintain its percentage representation on that committee (it currently has one representative, who is the chairman of that three-man committee). It duly proposed that in addition to the racecourse representative on the HRI board being the chairman of this committee as provided for in Section 10(3) of the *Horse and Greyhound Racing Act, 2001*), one of the other members of the committee should also be representative of racecourses.

The Irish Jockeys Association advocated that the media rights committee include at least one member nominated by jockeys and qualified riders.

Key Issue 4 – Committees of HRI (section 9.1.3 refers)

The committees of HRI make a very significant contribution to its overall work and provide a vital forum for different stakeholders to engage on specific issues. As such, any amendments to the roles and composition of committees should be carefully considered. For example, efforts to ensure adequate representation of interests should be balanced with the objective of providing for efficient committees and overall structures for the horse racing industry. Membership of committees of HRI might be considered in conjunction with membership of the HRI board, in that whilst not all groups have a full seat on the board of HRI, having representation on certain committees could give them a voice on matters of most relevance to them.

The Joint Committee is satisfied with the proposed term of office of 4 years and no more than 2 consecutive terms, of an ordinary member of the industry services committee and the betting committee as set out in the General Scheme.

9.2 Racing Regulatory Body

9.2.1 Integrity function, independence of the RRB and Point to point racing

The role of the Racing Regulatory Body is addressed in the General Scheme. A number of stakeholders stressed the need for the integrity of racing to be paramount, and also the importance of the RRB being truly independent. In the letter accompanying its written submission, the Association of Irish Racecourses stated:

“... a significant amount of the proposed legislation relates to the Racing Regulatory Body and, while not wishing to comment specifically on such proposals, we would like to stress the importance to the overall funding of racing for the integrity of racing to be, and to be seen to be, both independent and meeting the highest international standards”.

The ITBA raised its concerns about any potential impact on the independence of the Racing Regulatory Body and any knock-on effects this might have on the integrity of the industry as a whole:

“It has been acknowledged in all previous acts that an independent regulatory body is essential for the integrity of Irish racing. Heretofore licencing income came directly into the RRB, now it is proposed that it be routed via HRI which in effect leaves the RRB fully financially dependent on HRI (in effect, a subsidiary and thus cannot be a truly independent regulator).

Any compromise to RRB independence has serious implications for integrity which is the cornerstone of Irish Racing internationally.

In Section 11(1)(d) the requirement to consult with HRI before the RRB sets licencing charges is new, and so is clearly not in keeping with requirements to have an independent regulatory body.

All previous Acts did not include Point To Point racing and we contend it should not be included in this amendment at this time. The INHSC has very successfully administered and regulated Point to Point racing heretofore, a sport which is primarily organised voluntarily throughout the country”.

In its written submission, the Association of Irish Racehorse Owners (AIRO) notes that in relation to Head 11 (Racing Regulatory Body):

“11, (1) a: The Racing Regulatory body continues.....to solely and independently be responsible for the making (following consultation with HRI) and enforcing the rules of racing. They ARE NOT solely and independently responsible for anything if they can only do so AFTER consultation with HRI. HRI can always override or prevent enforcement with a “Directive”

Also this would have the net effect of making HRI and by extension the Minister jointly and severally liable in the case of a legal challenge against the Regulatory Body”.

Whilst stating it welcomes some aspects of the proposed legislation the Racing Regulatory Body expressed concern at certain contents of the General Scheme in its

written submission to the Joint Committee. The RRB requested that any new legislation affecting the horseracing industry in Ireland “would unequivocally endorse the need for fully independent regulation of the industry”. In its view:

“The General Scheme is fundamentally flawed and has the potential to significantly undermine the integrity of Irish racing and to damage its reputation worldwide.

[...]

Savings identified in the Indecon Report and Smith and Williamson review are not dependent on the implementation of this legislation. The rationale for HRI appropriating income of the Racing Regulatory Body and then giving it back to the Racing Regulatory Body is "streamlining". It has been suggested that the General Scheme eliminates duplication and increases efficiencies. Funnelling licensing fees into HRI and then back out to the Racing Body Regulatory does not eliminate duplication – quite the opposite”.

It identified a number of issues with the proposed legislation including the following which are reproduced below:

- “HRI will have unfettered power to make directives to (i) provide for the "overall governance" of the horseracing industry and (ii) to provide a single structure for the administration and financial management of all aspects of the Irish horseracing industry. There cannot be two rule-making bodies and two regulators for a sport and the concept of directives is misguided.
- HRI would be given an excessive level of control over the Racing Regulatory Body (and the industry as a whole) which would in effect mean that the Racing Regulatory Body could no longer operate as an independent entity.
- The Racing Regulatory Body is a private, not-for-profit organisation with income other than funding it receives from HRI for the provision of integrity services. The General Scheme proposes that licensing income of the Racing Regulatory Body will be appropriated by HRI and "taken into account" by HRI when it determines the funding of integrity services. It is difficult to take this to mean anything other than the funding for the crucial integrity services provided by the Racing Regulatory Body will be reduced.
- The sport of point-to-point racing has thrived under the stewardship of the INHS Committee and is run on a very low cost base due to huge levels of volunteerism. Point-to-point racing was not covered by the Indecon Report nor mentioned in existing legislation. The General Scheme will require its participants to register with HRI and seems to allow HRI to negotiate media rights income from point-to-point racing. This is an unwarranted interference in the running of an amateur sport which is run very successfully by the INHS Committee and will irreparably damage point-to-point racing”.

Key Issue 5 – Maintaining integrity of the industry (section 9.2.1 refers)

The integrity of the industry is of the utmost importance including for Ireland’s reputation as a major horse racing country. Independence of regulation is essential to the success of Irish racing and should not be compromised in any way. Maintaining

the highest standards of integrity is in all stakeholders' interests, as reflected by the number of contributions which touched on this key issue during the Joint Committee's scrutiny of the General Scheme. There should be a clear division between the functions of the HRI and the RRB so that there is no grey area and the responsibilities of each body do not impinge upon one another.

Key Issue 6 – Point to point racing (section 9.2.1 refers)

Point to point racing is an amateur sport and is run predominately on a voluntary basis by local Hunts and Committees. Point to point racing is a very successful and well-functioning side of the horse racing in Ireland to date, representing what some during the Committee meetings referred to as the “vital grass roots” of the industry. It is important in terms of both breeding and developing racing capabilities. It is in this overall context that any legislative changes that would impact on this aspect of racing should be very carefully considered.

9.2.2 Rules of racing function

Regarding the RRB's role in relation to the rules of racing, the Irish Jockeys Association Limited submitted that the Bill should be amended in order to clarify the guiding principles for the RRB when making and amending the rules. In this context, it stated:

“The Racing Regulatory Body enjoys unfettered discretion in this regard and its powers are not subject to supervision by the Oireachtas or by any other body at this time. The only provision in the Bill that constitutes a proposed check or balance on the Racing Regulatory Body's power to make the Rules of Racing is that it must consult with HRI pursuant to the terms of Head 11 of the Bill. The Irish Jockeys Association Limited submits that the Bill should be amended in order to set out principles and policies to direct, inform and guide the Racing Regulatory Body as to the matters to be taken into account in making and amending the Rules of Racing”.

9.2.3 Imposition of sanctions

The Irish Jockeys Association Limited called for greater clarity around the issue of imposing sanctions, in particular that the Bill should set standards, goals and factors to be taken into account by the RRB in the imposition of sanctions. The Irish Jockeys Association Limited further noted in its written submission:

“The Stewards of the Governing Bodies are given extensive powers pursuant to Rule 20 of the Rules of Racing including the power to grant, withdraw or suspend licences to jockeys and racehorse trainers and to “issue and publish in the Irish Racing Calendar from time to time such Rules ... as they may think fit”. The broad nature of these powers clearly calls for guidance from the Oireachtas in relation to the imposition of sanctions: the purpose of the imposition of sanctions by the Racing Regulatory Body and the matters to be taken into account by the

Racing Regulatory Body should be clearly identified in the Bill so that appropriate guidance is given to the Racing Regulatory Body in this sphere. It is also submitted that appropriate limits on the sanctions that may be imposed by the Racing Regulatory Body for different types of breaches of the Rules of Racing should be set out in the Bill”.

Head 14 refers to the rules of racing, and sub-head 14(8) states that the Racing Regulatory Body shall establish and publish procedures with regard to the granting of racecourse licences. The Association of Irish Racecourses, appreciating the increased transparency in this provision, suggested that it might be helpful “to the overall process if the Racing Regulatory Body were required to consult with racecourses in advance of establishing and publishing any such procedures” as that might “help in the overall scheme of things”.

Key Issue 7 – Rules of racing function and imposition of sanctions (sections 9.2.2 and 9.2.3 refer)

The Joint Committee welcome the inclusion of this new section as set out in the General Scheme.

For the avoidance of any potential confusion, there may be merit in amending the General Scheme in order to clarify the guiding principles for the RRB when making and amending the rules of racing. Likewise, to bring greater clarity to the issue of imposing sanctions, the legislation could potentially specify standards, goals and factors to be taken into account by the RRB in the imposition of sanctions (if appropriate).

When establishing and publishing procedures with regard to the granting of racecourse licences, the process might be enhanced by the RRB consulting with racecourses in advance of establishing and publishing any such procedures.

9.3 Improving facilities at tracks

From the outset in outlining its perspective on any proposed amendments to legislation, the Association of Irish Racecourses Limited (AIR) highlighted that “despite significant increases in media rights income in recent years, racecourses cannot afford to take any further cuts in income or increases in costs without some negative effect on the level/quality of services that it currently provides to the wider racing industry”.

A representative of the Racegoers Consultative Forum spoke on the issue of facilities at tracks during the Committee meeting on 16 September:

“As a young person, I grew up with racing and it is second nature for me to go racing every weekend. At racecourses, significant headway has been made through the packages provided - one can get a free beverage, sometimes a free bet, included in the price of admission. Ladies’ day, for example, could be more interactive with actual racing so the social racegoer could learn more about the horses involved. A person might follow a horse that wins on ladies’ day throughout the year. That person might make a point of attending the next race meeting at which such a horse is running. It would be useful if the race day was more about racing than other things.

Student days have become popular over the years but, again, such ideas could focus more on racing than social aspects. Tours could be conducted of the weigh room and a mechanical horse competition on a race day could help students remember the racing and the horses, rather than the fun at the bar. Students should be encouraged to continue attending race meetings after they finish college.

Some tracks are making great headway on facilities but others are being left behind. When my friends attend a small track with an uncomfortable bar on a winter’s day they tend not to return to racing. Significant investment has been made in other sports and they may offer more comfort to spectators than racing”.⁴⁸

Also relevant are comments made by the RCF in relation to the Head 15 in relation to the Horse and Greyhound Fund (on page 70 of this Briefing paper), which also relate to the issue of improving facilities at tracks.

Text Box 5: Improving facilities at tracks

Cognisant of the fact that attendance at race meetings and betting tax has fallen in recent years, the provision of high quality facilities at race tracks would appear to be an important aspect of attracting increasing numbers of race goers to Irish race courses, given it could enhance the overall racing experience.

In particular, it would be beneficial if more young people could be encouraged to attend race meetings and develop a lifelong passion for same. In this context, measures to improve facilities at tracks and the overall race going experience should be explored with a view to maximising attendance.

These could include measures to make events more interactive including through use of social media, to encourage race goers to focus more on the actual racing rather than purely the social aspect of their attendance and in doing so hopefully cultivate a

⁴⁸ Racegoers Consultative Forum presentation to the Joint Committee on 16 September 2014. Available at [http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/WebAttachments.nsf/\(\\$vLookupByConstruct edKey\)/committees~20140916~AGJ/\\$File/Daily%20Book%20Unrevised.pdf?openelement](http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/WebAttachments.nsf/($vLookupByConstruct edKey)/committees~20140916~AGJ/$File/Daily%20Book%20Unrevised.pdf?openelement)

long-term interest in the sport and attending fixtures, and also measures to ensure that race goers have comfortable bar and refreshment areas which they can avail of and enjoy as part of their attendance at race meetings.

9.4 Media rights

Under Head 5 (Amendment of general functions of HRI), negotiating all income from media rights is listed as one of the general functions of HRI. Under section 10 (1) of the *Horse and Greyhound Racing Act, 2001* HRI was empowered to do the following:

“HRI shall establish a committee (“media rights committee”) to negotiate on and from the establishment day in relation to all contracts or arrangements made on or after that day with any person in relation to the transmission or relaying of any broadcast (within the meaning of the Broadcasting and Wireless Telegraphy Act, 1988) or the photographing, filming or sound recording for commercial purposes of a race-fixture or any part thereof (“media rights”).⁴⁹

On the issue of media rights, some concerns were raised about the legality of HRI negotiating income from rights owned by a third party (i.e. race courses), as distinct from the negotiation of income from media rights belonging to HRI.⁵⁰ In its written submission, the Association of Irish Racecourses explained that:

“Section 61(2) of the IHA Act 1994 states that the property rights in relation to any broadcast of a race fixture or any photograph of it or sound recording taken or made for commercial purpose at a race fixture shall vest in the executive of the authorised racecourse concerned”.

The Irish Jockeys Association (IJA) raised concerns that the Bill fails to address what it perceives to be a lack of fairness in the question of media rights. It proposed that the function of negotiating all income from media rights be amended to include the following:

“and to distribute same among race-courses and jockeys and other parties having regard to the value of the contributions made by race-courses and jockeys and other parties”.

In detail, the Irish Jockeys Association’s written submission outlined its view on this matter in the following terms:

⁴⁹ Irish Statute Book, *Horse and Greyhound Racing Act, 2001*. Available at <http://www.irishstatutebook.ie/2001/en/act/pub/0020/sec0010.html#sec10>

⁵⁰ HRI owns the data rights while pictures are owned by racecourses. The AIR explained in its presentation to the Joint Committee, that it has “always had some concern over the legality of Horse Racing Ireland being empowered to negotiate income from rights that are clearly owned by a third party, namely, the racecourses themselves, but in practice, to date the negotiation of such rights has been jointly done by representatives of both HRI and the AIR on behalf of its racecourses”.

“25. It is the view of the IJA that the existing legislation fails to address the question of media rights in a manner which is fair or indeed in accordance with the Constitution; and that failure has not been addressed by the 2014 Bill.

26. The background is that section 61(3) of the Irish Horse-racing Industry Act 1994 purported to vest the media rights for an event in the particular race course where the race was held. Prior to that, the position was regulated by common law. The Horse and Greyhound Racing Act 2001 repealed section 61(3) and effectively passed control of the exploitation of those rights (and some other rights) to the “Media Rights Committee” of HRI.

27. The objection of the IJA to this arrangement is that it fails to make any acknowledgement of the contribution made by Jockeys to the value of the “media rights” or provide for any mechanism by which the Jockeys can share in the value of the Rights”.

The Irish Bookmakers Association recommended that consideration should be given to allow individual racecourse companies to act independently of the HRI and not have their product bundled into a single package.

Key issue 8 – Negotiation of income from media rights (section 9.4 refers)

The importance of the media rights committee is recognised and the fact that it is proposed to increase the membership from 3 to 5 is welcomed. It is essential that at least one member of the HRI would be nominated to the committee and also that an authorised racecourse nominee should be represented. It is important that a proper reporting structure be put in place to ensure that the media rights committee report back to the HRI.

The Joint Committee is also of the view that, in relation to HRI being empowered to negotiate income from rights owned by a third party (i.e. race courses), that this issue could be explored in more detail in order to identify any potential issues that may arise.

9.5 Liability for the Foal Levy

The Thoroughbred Foal Levy, which was introduced in March 2000, is a statutory levy on all thoroughbred foals registered in Ireland. Under law all thoroughbred foals born in Ireland, requiring registration, must be registered in Ireland. The scheme is administered by Horse Racing Ireland, with the purpose of providing a secure financial footing for the breeding industry and its essential support structures. HRI has explained that all funds collected are re-invested in the breeding industry.⁵¹

Head 9 provides that the owner of a thoroughbred foal must pay the thoroughbred foal levy in advance of registering the foal in the stud book. The General Scheme provides

⁵¹ See <http://www.goracing.ie/HRI/Resource-Centre/About-HRI/Foal-Levy/>

that a person who maintains a stud-book may refuse to register a foal if the owner or keeper of the foal is unable to provide proof that the levy has been paid.

HRI was one of a number of stakeholders to raise concerns about aspects of this Head. Specifically, it highlighted, in its submission to the Committee, the possibility of British breeders with foals born in Ireland not paying the levy as they could register the foal in Britain. They suggested that this anomaly / ambiguity could be corrected by stipulating that the owner or keeper of a thoroughbred foal “born in the State” pay the levy before registering the animal in the stud book. HRI also favoured a strengthening of the wording of the rest of the section to clarify that the registering authority “will not” register a foal if the levy has not been paid (rather than the current “may refuse to register”).

Similarly, the ITBA stated that Head 9 on Liability for Thoroughbred Foal Levy needs to be re-drafted to ensure that the Levy is collected from British breeders whose foals are born in Ireland. They estimate that the potential loophole could result in “a reduction in Levy income of around €170,000 per annum at a time when the Levy has reduced from its peak of €2.4m to a current level of €1.4m”. The ITBA also supported changing the wording of the new Section 38A (2A) as it believes that if it is left in place, “it opens the opportunity for challenge”. The ITBA has a preference that a foal can only be registered if the levy is paid prior to registration. In other words, if a breeder does not pay the levy at the same time as their foal registration fee their foal will not be registered.

Key Issue 9 - Liability for the Foal Levy (section 9.5 refers)

The possibility that the General Scheme may create a loophole whereby British breeders could register their Irish born foals in the UK should be addressed, if possible. Whether the insertion of the words “born in the State” into the proposed amendment to Section 38A(2).

9.6 The Horse and Greyhound Fund

Head 15 provides that the Minister may withhold any or all of the instalments paid to HRI or Bord na gCon from the Fund including in cases where he/she is dissatisfied with their strategic plans or progress on their implementation of same.

In its submission, HRI called for the new development of withholding funds under Head 15 to be reconsidered and the current provisions in Section 12 of the 2001 Act to be retained instead.

Head 15 is the only section of the General Scheme that directly relates to the greyhound industry. Regarding the draft proposals that are intended to provide greater control for the Minister and by permitting the Minister to withhold payments of instalments from HRI or Bord na gCon in certain circumstances, Bord na gCon stated in its presentation to the Joint Committee:

“The board understands the need for enhanced control and accountability in any body that receives public funding. It has no issue with the proposed ministerial sanction that would allow for the withholding of funding instalments from the IGB if the Minister is dissatisfied with the board’s plans, strategic or otherwise”.⁵²

On Head 15, the Racegoers Consultative Forum (RCF) made a recommendation that part of this fund be ring-fenced to go to capital funding to enhance racecourse facilities across the country, so that over time racegoers can experience a good quality and consistent standard from all racecourses.

Key Issue 10 - The Horse and Greyhound Fund (section 9.6 refers)

The introduction of the possibility for the Minister to withhold any or all of the instalments paid to HRI or Bord na gCon from the Fund, including in cases where he/she is dissatisfied with their strategic plans or progress on their implementation of same, would appear to be in keeping with standards of good governance and control of public monies.

9.7 Prize money

The Irish Jockeys Association Limited raised issues in relation to Head 7 (Prize Money). In its view, the restriction on HRI amending the Directive should apply to the IJPT (a pension trust) as well as the (IJT) charitable trust. They also state that any amendment regarding trusts for jockeys must require the agreement of the Irish Jockeys Association. It is in this context that the Irish Jockeys Association proposed amendments to subsection 2 and a new subsection 3 in Head 7.

In relation to Head 7, the Irish Bookmakers Association requested that race track managers have more input and authority with regard to setting prize money at their

⁵² Bord na gCon presentation to the Joint Committee on 16 September 2014. Available at [http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/WebAttachments.nsf/\(\\$vLookupByConstructedKey\)/committees~20140916~AGJ/\\$File/Daily%20Book%20Unrevised.pdf?openelement](http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/WebAttachments.nsf/($vLookupByConstructedKey)/committees~20140916~AGJ/$File/Daily%20Book%20Unrevised.pdf?openelement)

meetings, to allow for commercial realities and maximise sponsorship and racing opportunities. In addition, it suggested that HRI could publish minimum and maximum amounts as guidelines, which should be adhered to.

Key Issue 11 – Prize money (section 9.7 refers)

Some specific concerns were expressed by the stakeholders in relation to Head 7. In particular, the request that the restriction on HRI amending the relevant Directive should apply to the IJPT (a pension trust) as well as the (IJT) charitable trust could be further explored.

While not a matter for primary legislation, the Joint Committee feel that it would be beneficial to consider the suggestion that race track managers have more input with regard to setting prize money at their meetings. The publication of minimum and maximum amounts as guidelines by HRI could help in this regard.

9.8 Industry funding and betting tax

From the outset, it should be made clear that this particular General Scheme does not deal with the funding of the industry as several stakeholders acknowledged in their submissions and presentations to the Joint Committee. The issue of funding the industry and the role of betting tax in this regard are not discussed in the General Scheme itself. Section 8 of this paper outlines, by way of background, the situation regarding funding of HRI, betting tax in Ireland and the relationship between funding and betting tax as it forms an important part of the wider policy context for the Irish horse racing industry.

It is important to note (as highlighted in section 8) that betting tax is the subject of the *Betting Amendment Bill 2013*⁵³ and is currently the responsibility of the Department of Finance. The *Finance Act 2011* extended betting duty to remote betting and remote betting intermediaries (i.e. online betting) for takings from Irish resident customers.

Before this this tax can be levied, however, a new licensing regime for such remote operators must be introduced. The *Betting (Amendment) Bill 2013* proposes this regime.

Several stakeholders touched on these issues in their submissions and/or meetings with the Committee on the General Scheme, including in some cases to highlight their belief that this exclusion from the Bill is an important omission and/or that measures to

⁵³ See <http://www.oireachtas.ie/viewdoc.asp?fn=/documents/bills28/bills/2013/8613/document1.htm>

secure the long-term funding the of the industry should be rigorously pursued. There was widespread agreement on the importance of having a sustainable funding mechanism for the industry. Many stakeholders, including the Irish Racehorse Trainers Association, stated the view that the key issue facing the industry at present is that of reaching an adequate and appropriate funding mechanism.

HRI explained that of the five separate areas addressed by the Indecon report (those being funding, the size and structure of the HRI board, streamlining of functions between HRI and the Turf Club, marketing and competitiveness and legislation) the proposed Heads are only silent on funding. In their view, the funding issue could be resolved by “addressing the betting tax anomaly” and introducing measures to introduce “a significant increase in taxation of betting”.

The Irish Racehorse Trainers Association stressed the “industry’s key issue” of the cut in funding to HRI since 2008 and outlined its belief that this has had a very negative impact on all aspects of the industry. According to its submission:

“The need to re-establish an appropriate level of prize money is one of the single, most important factors to ensure the continued worldwide success of Irish racing”.

It advocated “an appropriate increase in betting tax” as being the “the only solution to ensure Irish racing and breeding, and all associated personnel, survive and flourish in the future. A significant rate of tax betting duty would secure not only proper funding for the industry, but also provide a surplus for the Exchequer”.

The Irish Stablestaff Association suggested that betting tax be increased from 1% to 3%. The IBTA argued that the duty should be restored to the 2% level which applied until 2006.

The Association of Irish Racecourses voiced its support of the recommendation in the Indecon report to increase betting taxes in order to reduce general Exchequer funding of racing, which it felt should be relatively easy to achieve given that Ireland has “one of the lowest levels of betting taxes of all major horseracing countries”.

The Racegoers Consultative Forum stated that it supports the development of a sustainable self-financing model for the horseracing industry but cautioned, however, that this should not be at the expense of the betting public. Its rationale is as follows:

“We are concerned that any general tax levied on betting and the betting public could have a detrimental impact on betting and racegoer attendances. Given the

connection that this has to the Horse and Greyhound Fund we recommend that any tax applicable going forward should not apply on track at the racecourse. This will support the development of racegoer attendances and protect in particular the betting public's attendance at the racetrack".

Key Issue 12 – Industry funding and betting tax (sections 8 and 9.8 refers)

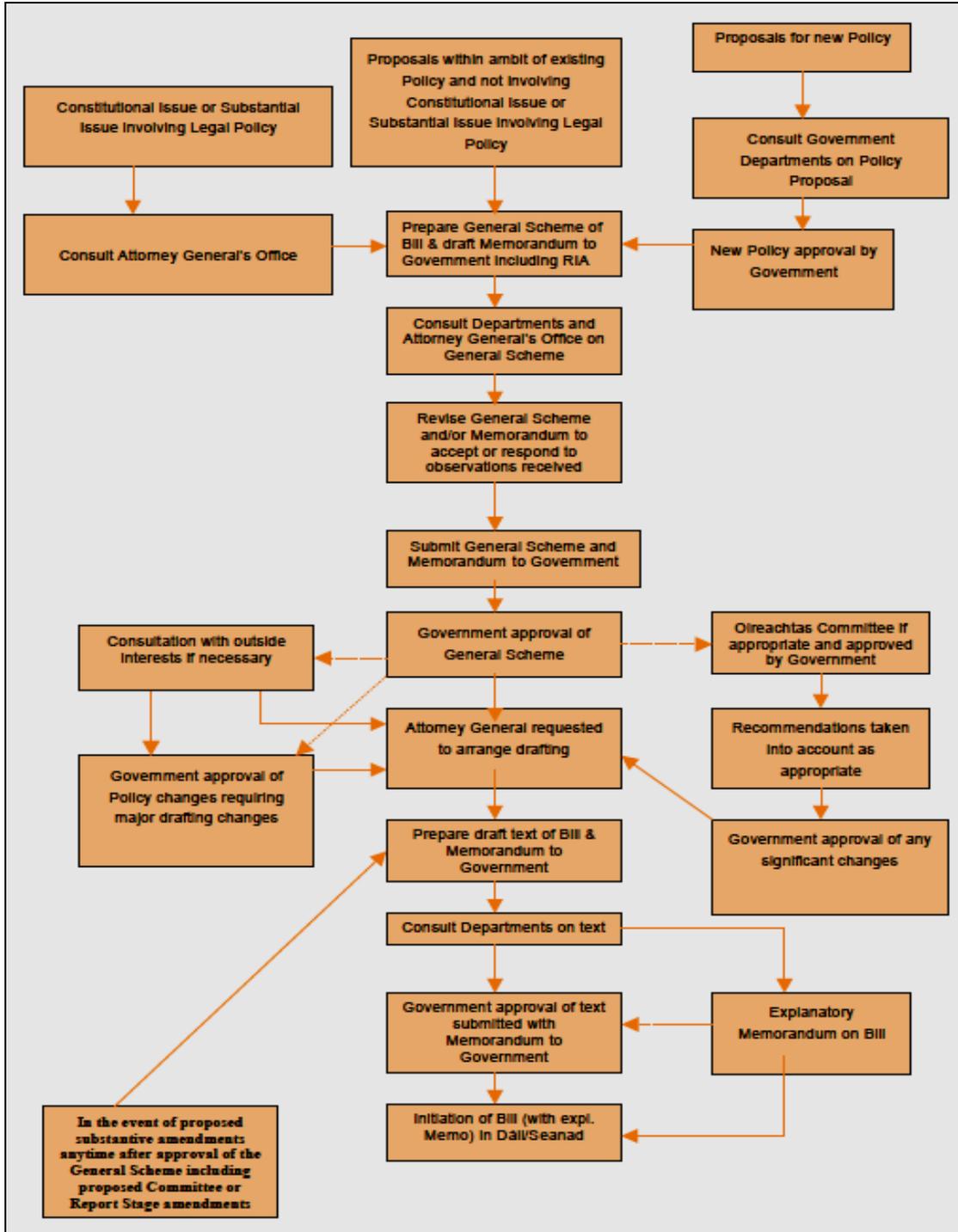
Whilst acknowledging that this General Scheme is not intended to deal with the long-term funding of the industry, and cognisant of the fact that separate legislation is currently going through the Houses with regard to betting duty, the concerns of many stakeholders about securing an adequate and appropriate funding mechanism for horse racing in Ireland are noteworthy.

Such a mechanism would appear to be in the interests of all associated with the industry. The passage of the *Betting (Amendment) Bill*, the main purpose of which is to bring betting intermediaries (i.e. betting exchanges) and remote bookmakers (i.e. internet and mobile betting providers) within the scope of the existing licensing regime, while extending the existing 1% turnover tax on land-based bookmaker's activities to online and mobile bookmakers, will be significant in this context. It would appear appropriate for all relevant measures to be adopted to be aimed at achieving a level of funding that can maximise the full potential of the industry, ideally, to achieve an outcome which is cost neutral to the Exchequer.

Text Box 6: Note re submission by the RCF

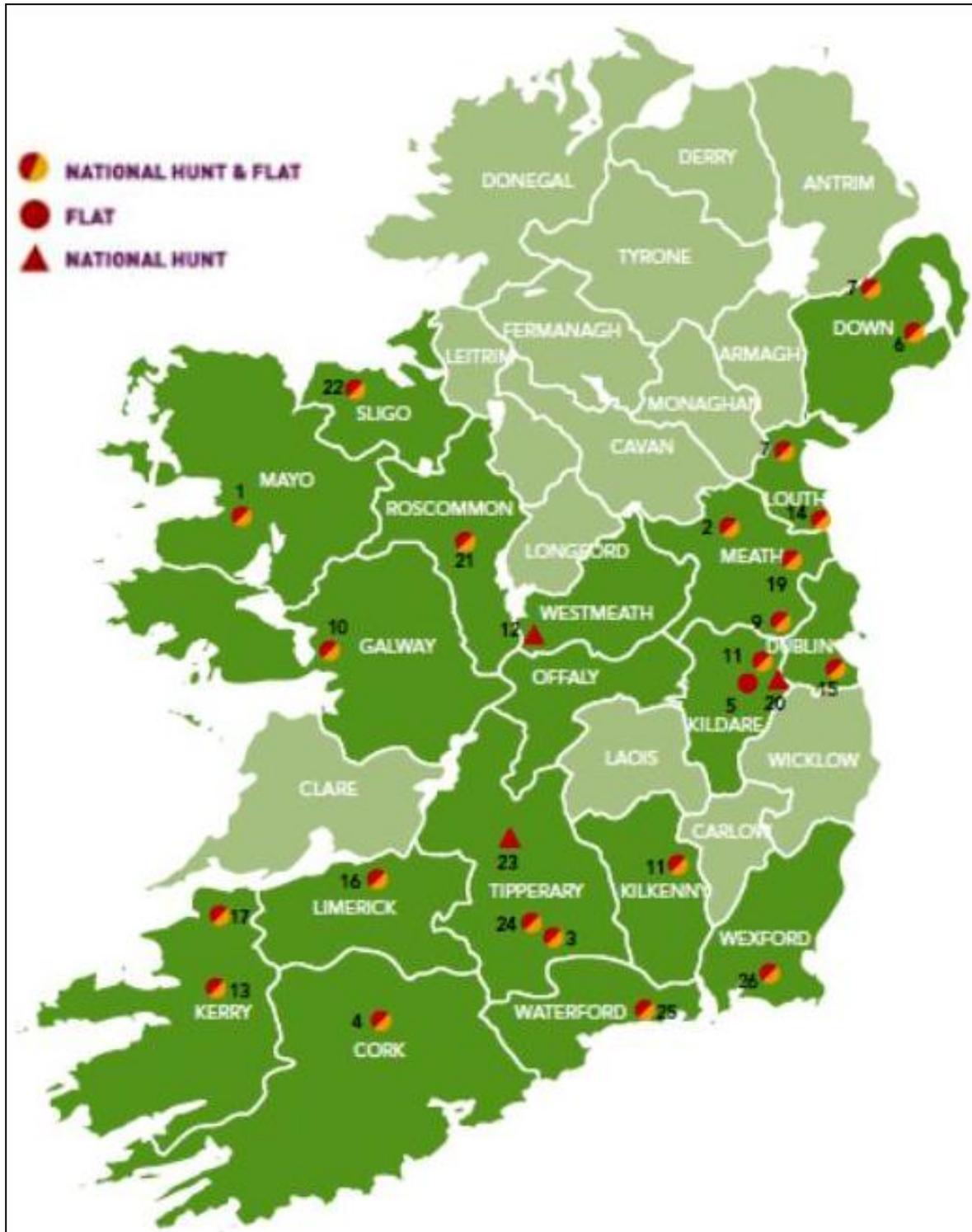
Members may wish to note that the Racegoers Consultative Forum made a very detailed proposal on incorporating changes to Section 9 of *the Horseracing and Greyhound Act 2001* relating to the Racegoers Consultative Forum. These are not outlined here as they are considered to fall outside of the scope of the scrutiny of this General Scheme. Full details of these proposals can, however, be found in Appendix 2 of their written submission to the Joint Committee.

Appendix 1: Preparation of legislation



Source: Department of the Taoiseach Cabinet Handbook. Available at http://www.taoiseach.gov.ie/eng/Publications/Publications_Archive/Publications_2007/CABINET_HANDBOOK2007.pdf

Appendix 2: Map of racecourses in Ireland by region



See overleaf for key.

26 IRISH RACECOURSES

1		BALLINROBE	14		LAYTOWN
2		BELLEWSTOWN	15		LEOPARDSTOWN
3		CLONMEL	16		LIMERICK
4		CORK - MALLOW	17		LISTOWEL
5		CURRAGH	18		NAAS
6		DOWNPATRICK	19		NAVAN
7		DOWN ROYAL	20		PUNCHESTOWN
8		DUNDALK	21		ROSCOMMON
9		FAIRYHOUSE	22		SLIGO
10		GALWAY	23		THURLES
11		GOWRAN PARK	24		TIPPERARY
12		KILBEGGAN	25		TRAMORE
13		KILLARNEY	26		WEXFORD

Source: Indecon (2013) *Review of Certain Aspects of the Irish Horse Racing Industry*, page 6.

Appendix 3: International models for structures to accommodate different racing functions

1. Great Britain

The British Horseracing Authority (BHA) is the body which both governs and regulates the sport in Great Britain. The BHA is responsible for promoting, regulating and representing the sport. The BHA has four shareholders / members, including some of the major commercial interests in the sport.

These are:

- The Racecourse Association
- The Racehorse Owners Association
- Thoroughbred Breeders Association
- Licensed Personnel

2. Australia

The Australian Racing Board (ARB) is responsible for the Rules of Racing in the whole of Australia and for developing, encouraging and promoting the sport of horse racing. Its members are the principal racing authorities of each of the States, which themselves comprise representatives of the various interests from racing in each state, including commercial interests such as racecourses.

3. Hong Kong

Hong Kong has the most strictly regulated racing in the world and a single body, the Hong Kong Jockey Club, is responsible for all aspects of the sport, including its governance, betting, racecourse ownership and both regulation and promotion/commercial activities.

4. Japan

Like Hong Kong, the Japan Racing Association governs all activities of the sport in the country, covering commercial and regulation, including racecourse ownership, training ground ownership, development, promotion and regulation.

5. France

Again a single body, France Galop governs horse racing in France, owning and operating six racecourses and three training centres. Its responsibilities include both the drafting and application of the Rules of Racing as well as the marketing and communication function.

6. South Africa

The National Horse Racing Authority (NHRA) holds responsibility for both regulating the sport of horse racing in South Africa and promoting the sport of horse racing in South Africa.

Source: Provided to L&RS, on request, by DAFM (information produced by HRI).