

The Irish Harness Racing Association thanks this Committee for the opportunity today to review the Indecon Report, provide an update and to detail the ongoing development and progress of the industry.

Your confirmation of support for the Harness Racing industry and IHRA has been noted.

Commenting on the Indecon Report Minister Creed recently stated:

‘...I acknowledge the potential of the harness racing sector and we have the basis on which to proceed...’

And in the Senate in December it was acknowledged:

‘That the Select Committee, on an all-party basis, has been very supportive of the Irish Harness Racing Association's potential for several years’

and

‘The agriculture committee continues to support it on an all-party basis...’

IHRA is grateful for these comments.

Following the release of the Indecon Report and more so during the past six weeks there has been discussion about harness racing going forward and the current position of the IHRA in terms of Governance, potential and enthusiasm.

One word that has not been mentioned is expertise. There has been talk of IHRA needing to view things as a beginning, a first chapter and an opportunity to entering into a meaningful relationship.

However, what seems to be forgotten in these conversations is the fact that the IHRA venture in its current standing commenced more than four years ago. Through business expertise this venture has moved beyond a beginning, has written several chapters in terms of progress and development and has forged meaningful relationships with key players both locally and internationally and most importantly with Government on an all-party basis.

Enthusiasm has been an important ingredient in driving this venture. However, enthusiasm alone is of no value if there is not a level of expertise. It is the IHRA's level of business expertise and acumen that has driven this venture to where we stand today. So much to the point where Indecon recognise IHRA is at:

...a critical juncture...

with the

...potential to expand.

This presentation today is important for all of us as it is the first formal opportunity the IHRA has had to bring everybody up to speed in terms of progress and development of the industry over a period of time that extends beyond the past twelve months.

In fact, it is now twelve months since IHRA completed its engagement with Indecon and eight months since the Report was delivered to the Department.

These past twelve months have seen major developments that will ensure and continue the ongoing progress toward a successful and vibrant harness racing industry.

Included in these major developments was the successful PMU meeting that took place in June 2017.

This was the first Irish harness race meeting to be broadcast and bet on in France who is globally the largest harness racing market. The meeting was conducted at Dundalk and its significance as a milestone cannot be underestimated for not just the sport but for Ireland.

Turnover in France on the four races amounted to 750.000 euros. Feedback from the PMU and Le-Trot was that this meeting performed well ahead of budget and received a better response than other racing usually held at that time of day.

Significantly, across all racing codes – thoroughbreds, greyhounds and harness – this meeting provided commissions higher than ever previously received for

Ireland from tote wagering. Keep that statistic in mind as this was only the first Irish harness meeting ever broadcast and wagered on in France.

In the context of the turnover that was achieved on this meeting, the Indecon Report provides a key insight to the difficulty now being faced by the IHRA going forward:

'...(There) is potential for the harness racing sector to expand significantly and to enhance its economic contribution but we note there are significant barriers to development which the sector faces. These include the absence of suitable track facilities to televise meetings and this is inhibiting the growth of the sector. If the potential of the sector is to be realised there is a need for increased investment

Indecon also notes that:

'Unlike for thoroughbred racing, there is currently no contribution to prizemoney from the Irish Government'

One of the returns on investment Indecon note for horse owners is linked to prizemoney.

Using its own initiative IHRA has delivered a more than three-fold increase in the aggregate prize-money on offer since 2013, or a cumulative 49% p.a. growth for the past three years. In 2017 total Harness Racing prizemoney amounted to €685,000.

This year, IHRA is budgeting industry turnover in the region of €1m euros.

In total the thoroughbreds and greyhounds received a budgetary appropriation of €80 million for which greyhounds' portion was €16m. I reiterate that IHRA was able to achieve more international tote commission revenue from just one race meeting being broadcast internationally than the other two racing codes have generated. This was achieved with no financial support from the Exchequer.

Moving onto the key points from the Indecon Report.

Recommendation One reads:

‘...Responsibility for the operation of the Harness Racing industry in Ireland should be vested in the IHRA’

I am pleased to announce the operation of Irish Harness Racing is now centralised in the IHRA and this means that all decisions regarding all aspects of the industry including capital and other expenditure are determined by the Board of the IHRA with all income accruing to the IHRA. In addition, the operation and management of racetracks and races will move from the individual clubs to the IHRA.

So, Recommendation One is completed.

Recommendation Two reads:

‘...Indecon are fully supportive of IHRA plans to enhance their corporate governance to align with best practice’

With regard to Governance Indecon stated:

‘... the governance structures at the commencement of this review were not developed as yet to an adequate level to align with the best practice. However, this is accepted by the IHRA and they have set out how they propose to restructure the industry and governance reflecting the growing scale of activity’

The key point to note here is that Indecon identify specifically

‘at the commencement of this review’.

Not at the end or during but at the commencement.

What is more is that Indecon also identifies that IHRA accepted this view and furthermore set out:

‘how they propose to restructure the industry and governance reflecting the growing scale of activity’

For the entirety of 2017 IHRA set about addressing the matter of Governance.

IHRA can report that recommendations provided by Indecon for early implementation of IHRA plans to enhance their corporate governance to align with best practice have been progressively adopted over the past twelve months.

We can confirm that the following items identified within the Report as now having been addressed. They include:

- *Expanding skills of board including appointment of new independent directors.*
- *Enhancing risk management and control including establishing of an Audit and Risk Committee, implementing and monitoring a Risk Register.*
- *Establishing enhanced internal controls and checks.*
- *Ensuring IHRA board operates in accordance with best practice governance procedures.*

Board size has increased with greater levels of experience and expertise being identified and brought in; whilst Board training has been ongoing.

Sub-Committees are currently being established thereby enhancing internal controls and checks.

It is also important to note, as Indecon have done, that Corporate Governance for the IHRA is not something that is only just beginning to be addressed with the release of this report. Corporate Governance has been an ongoing matter for IHRA over the past four years.

Abiding by practices of Corporate Governance has been a standard for the IHRA throughout the entire journey. It must be acknowledged that this was a prerequisite when engaging and forging its relationship with Le Trot. The IHRA is now being entrusted with the oversight of hundreds of thousands of euros each year managing prizemoney subsidies.

Also, to be admitted to the Union of European Trotting, IHRA had to undergo vigorous audit requirements. Upon successful completion of this audit full membership was then granted.

The following point is also critical. For the IHRA to have its races broadcast and wagered on globally the integrity and governance needs to be in place and at an international optimal level.

Indecon has not said that the Irish Harness Racing Association is not fit for purpose in its current form. It has recommended that:

'Responsibility for the operation of the Harness Racing industry in Ireland should be vested in the IHRA'.

This has been achieved and

'Indecon are fully supportive of IHRA plans to enhance their corporate governance to align with best practice.'

I would now like to move on to further discussion about other aspects of the Indecon Report.

The Indecon Report has proven itself to be a wonderful resource for the IHRA to measure progress made and to identify what needs to be done.

As Minister Creed highlighted:

'(The department)...commissioned the report in good faith and we recognise the potential of the IHRA to become the kind of body with which we can engage in a structured way and into which we confidently invest taxpayers' money...The Indecon report provides for that so we have that basis on which to proceed.'

It is this reason that IHRA has identified the delivery of the Report to the Minister in May as a milestone in the four-year journey and a matter of significance in the last twelve months pointing toward the exciting future of the industry.

IHRA is now working toward addressing the five Recommendations identified within the Report and accepts the position of the Minister when he states:

'Our only requirement is that the IHRA now deliver on the Indecon requirements.'

Recommendation Five states

‘...Indecon recommends that the pilot integration programme implemented should continue.’

Indecon states:

‘To help address this issue (of road racing), the IHRA developed a horse appreciation and education programme which was given Government funding, and was run in 2016. The purpose of this initiative was to offer a horse and welfare education programme to those who are ‘road-racing’.’

The first pilot programme was very successful however for the project to be sustainable over the long term then appropriate facilities and infrastructure are necessary.

This was made abundantly clear when a number of the graduates expressed their frustration that having successfully completed the course there was no facilities available for them to continue and to reinforce what they had learned. This meant they could not buy a horse as there were no training or stabling facilities available for use.

Importantly, this point was also alluded to by Indecon who said:

‘Effects should also be made to encourage past-programme participants to engage in the sport.’

IHRA wants a successful Training programme to encourage people to be integrated into harness racing. Unless the appropriate training and racetrack facilities are in place, this education and integration programme will fail to achieve its key objective and purpose.

It was also highlighted in the Report that the Irish Government has previously supported a number of urban horse projects that involved in one project an allocation of €2.25 million. This was in contrast to the relatively low cost of the IHRA pilot programme of (€22,000) which was entrusted to IHRA by the Department.

Minister Creed stated in December that:

'As a signal of good faith, we are committing in the region of €50,000 to the Irish Harness Racing Association for 2018 as a continuation and expansion of the pilot project.'

This goodwill gesture by the Minister is appreciated however more importantly is the question – would it assist or contribute to solving the road-racing social issue?

It is the belief of the IHRA that equal to providing these funds is the execution of those monies. IHRA knows that it is pointless handing over funds if they do not deliver on the targets being set here.

Unless there is a racing venue with training facilities then the Integration Programme cannot succeed and be all that it needs to be.

IHRA will identify the needs of this programme in their five-year strategy document. However, until these infrastructure matters for the post-Integration programme are addressed, IHRA does not want to use and in turn waste public money on a programme that cannot deliver the long-term benefits it was designed for.

IHRA looks forward to working with the Minister and his department. However, the only way for there to be a true public gain is by addressing this appropriately and thoroughly.

Within the Recommendations Indecon conclude that:

'The Harness Racing industry in Ireland is now at a critical juncture. Previous experience of other countries ...have shown that there is the potential to expand, and an expansion may also be achievable in Ireland'

IHRA knows that to prepare a comprehensive Five-Year Strategic Plan requires certain processes to be undertaken. These processes will take a number of months to complete before being ready for presentation.

At present IHRA is formulating a programme to ensure stakeholders, members and other interested parties are engaged in the consultation process.

IHRA is keen to have all voices heard.

Included in the strategic plan process is the evaluation of racetrack development. This will need to occur before State funding can be forthcoming. IHRA recognises and appreciates the requirements of the process however it also notes that it will inhibit IHRA's international market development and the integration programme.

The remaining Recommendation from the Indecon Report reads:

'...The Board of IHRA should identify a funding programme to support the expansion of the sector including the role of Exchequer seed funding for the sector.

THE GOVERNMENT SHOULD CONSIDER PROVIDING SOME SEED FUNDING FOR THE SECTOR...'

The IHRA Board is preparing a document that identifies the seed funding requirements to support the expansion of the sector.

This is a costed programme identifying the areas of expenditure.

IHRA accepts that this seed funding is provided on a pilot basis and its results will be evaluated before further funding, in other words State Funding is considered.

The key areas for the seed funding allocation are:

- Process costs for preparation of the Five-Year Strategy Plan
- Legacy expenses incurred in preparation of the Indecon Report, UET audit and governance, Le-Trot and France negotiations, International representation on Committees
- Governance and Governance training expenses
- Data Development to an accepted international level
- Maintaining and enhancing welfare and integrity of racing

The Indecon Report highlights:

'...The IHRA does not currently have employees or significant resources...'

At present, there is no confirmed amount of Seed Funding being requested nor is there an indication within the Indecon Report that this Seed Funding is conditional on the IHRA delivering a Five-Year Strategic Plan.

In recommendation four of the Indecon Report makes the distinction between State and Seed Funding and collectively we must all do the same.

IHRA has achieved many milestones during the past three years. We will continue to deliver during 2018 and we hope the Department, Minister and this Committee will continue to support the IHRA. We hope that a realistic amount of seed-funding is appropriated to the IHRA to ensure it can deliver to the Department and Minister the necessary Strategic Plan to ensure State-Funding is forthcoming.

Indecon have indicated that expansion of the sector is possible and that funding – both Seed and State should be considered.

This month, two years ago in 2016 this Committee released its Horse Report.

On that occasion there was a recommendation:

‘..That IHRA receive appropriate funding to develop the sport of harness racing from an increased funding stream.

As we stand here today we know that Minister Creed and his Department are on board and all cross parties are on board and IHRA are ready to do the work to deliver.

So as Minister Creed has said:

‘... What the Department is saying here is that we have a fund and a document on which we can make progress.’

In 2018 let’s all make progress. Let’s begin by providing IHRA with an appropriate seed-funding allocation.