

**Opening Address by Charlie McConalogue T.D, Minister for Agriculture, Food and the
Marine to the Joint Committee on Agriculture and the Marine**

Draft Horse and Greyhound Racing Fund Regulations 2020

24th November 2020

Chairman, Members of the Joint Committee,

Introduction

An important pillar of Government policy is to ensure that the horse and greyhound racing industries achieve their maximum potential, and in so doing, contribute to economic and social development across a wide geographic swathe of the country.

The horse and greyhound racing industries make a valuable contribution to our economy. It is estimated that the thoroughbred industry has an annual economic impact of €1.9 billion with direct and indirect employment of 29,000 people, and the greyhound sector provides an estimated 12,000 people with economic benefit. The thoroughbred industry, in particular, brings a high level of international investment into Ireland.

Government funding, in addition to supporting these key industries presents an excellent opportunity to yield a high return for its investment leading to a flow of income right through the economy, thereby providing widespread benefits for our society.

The Irish equine breeding and racing industry is extremely competitive at a global level. We are the third biggest producers of thoroughbred foals in the world and estimates place Ireland only behind the United States as the biggest seller of bloodstock by public auction globally.

Time and again successive Governments have acknowledged the importance of these industries and have supported them through legislation and policy initiatives. The support provided by public funds through investment in these industries has enabled Ireland to develop a world class reputation for excellence in horseracing, greyhound racing and breeding.

The Government plan on *Resilience and Recovery – Plan for Living with Covid 19* does not provide at any of the levels for a return to full commercial operations. This will impact significantly on the finances of HRI and RCÉ both this year and up to the end of the time span of the plan in June 2021. It is essential, in these circumstances, that additional Covid-related supports are made available to HRI and RCÉ, reflecting costs incurred and changes to the trading environment.

The Fund

These industries receive financial support from the State through the Horse and Greyhound Racing Fund, under Section 12 of the Horse and Greyhound Racing Act, 2001. My department makes payments from the Fund to Horse Racing Ireland (HRI) and to Rásaíocht Con Éireann (RCÉ).

In the period 2001 to date, a total of €1.36 billion has been paid from the Fund to the horse and greyhound racing industries in accordance with the provisions of the Act. The cumulative upper limit on payments from the fund, provided for under the relevant regulations, has therefore been reached.

Exchequer funding provided from the Fund is crucial to the survival and continued development of the horse and greyhound racing industries. In order to give effect to the provisions of Budget 2021, this cumulative upper limit must be increased by regulation.

The Estimates for my Department, passed by both Houses as part of Budget 2021, include an allocation of €96m for the Horse and Greyhound Racing Fund. This will be distributed in accordance with Section 12(6) of the Horse and Greyhound Racing Act, 2001, with 80% going

to HRI (€76.8) and 20% to RCÉ (€19.2m).

In order to allow my Department to provide the monies allocated in Budget 2021, it is necessary to comply with the technical requirement under Section 12 (13) of the Horse and Greyhound Racing Act, to increase the cumulative limit on the amount payable from the Horse and Greyhound Racing Fund by €96m, to some €1.46 billion.

This is achieved by way of the Regulations submitted to this Committee today. The aggregate limit on the Horse and Greyhound Racing Fund has been increased in this manner in 2004 and in 2009 to 2020 inclusive.

Horse Racing Industry

The *2017 Deloitte Report into the Economic Impact of Irish Breeding and Racing*, commissioned by HRI, indicates that the total direct and stimulated expenditure of the Irish breeding and racing industry is estimated at €1.84 billion in 2016. In addition, it is estimated that there are 15,200 jobs at the core of the racing and breeding industry or in directly related industries.

Horse racing generates a very significant return to the rural economy in Ireland and a positive international profile for our country. Of course, behind all the facts and figures are the thousands of men and women who, directly and indirectly, make the Irish racing and breeding industry what it is today.

The 2019 Annual Report for HRI indicated another successful year for the Irish racing and breeding industries. The focus on ownership leads to a further increase in the number of horses-in-training and more horses competing.

There was also an increase of over 3% in attendance figures for 2019 and an increased demand for Irish horses at the sales, which was welcome given the uncertainty of Brexit.

As proven in 2020 (albeit mostly behind closed doors due to Covid 19) Irish owners, trainers, jockeys and horses are setting standards globally, and their stellar achievements and enduring influence underscore Ireland's international prominence. The Irish equine breeding and racing industry is extremely competitive at a global level, despite other major racing nations having much larger populations and economies.

It is worth noting that Government funding, in addition to supporting this key industry, also presents an excellent opportunity to yield a high return for its investment leading to a flow of income right through the economy. Support for certain strategic industries is important for future economic growth and can provide widespread benefits for our society as well as for our economy.

HRI has engaged extensively with my Department and other key stakeholders in relation to the significant risks to the industry as a result of Covid 19. HRI has reviewed a number of scenarios and financial forecasts and have taken appropriate measures to mitigate the financial impact to the organisation and the wider industry.

The significant threat posed by Brexit to the current ease of movement of horses between Britain and France, in addition to the global nature of major breeding operations, illustrate that while Ireland arguably now has leadership position within Europe, its pre-eminence is not guaranteed.

Greyhound Racing Industry

According to the 2017 Power Report, the greyhound industry provides and supports considerable employment both directly and indirectly across the Irish economy. It is estimated that in 2016, the industry supported 5,058 full-time and part-time jobs in the economy. In addition, there are 7,313 active greyhound owners. The total number of people deriving economic benefit from the sector is estimated at 12,371.

The funding being provided to the greyhound racing sector helps sustain a long standing tradition as the industry is part of the social fabric of our country. This funding underpins economic activity in what are, in many instances, less affluent regions of the country.

The future of the industry is dependent on a strong governance platform and on the industry having the highest standards of integrity and welfare founded on a strong regulatory system. Provisions in the Greyhound Racing Act 2019 which came into effect on the 28th May 2019 will make a real difference. This legislation strengthens the legal basis for the industry, with a view to fortifying the integrity of the greyhound racing sector and improving provision for greyhound traceability. The new Act will improve the governance of Rásaíocht Con Éireann, strengthen regulatory controls in the industry, modernise sanctions and improve integrity within the sector. It provides the industry with real tools with which it can effect fundamental change and reform.

The sections of the Act commenced on the 1st October 2020 signal a new era for greyhound racing. They facilitate the Board in focusing on its priority objective of achieving the highest standards of care and welfare of greyhounds. The Greyhound Racing Act of 2019 when fully implemented will enable Rásaíocht Con Éireann to ensure the important heritage associated with greyhound racing in Ireland can continue under the appropriate rules and regulations.

The greyhound industry is predominantly a rural industry with a strong urban support base. The Covid- 19 crisis has, similar to other sectors of the economy, resulted in a collapse of commercial activity in greyhound racing and a significant reduction of activity generally. Recovery of the industry will require ongoing support to aid restoration of normal levels of activity and to adequately manage the welfare issues that arise.

Broadening the Tax Base

The advent of new technologies and business models has challenged Government to re-evaluate the funding mechanisms for the industry. As part of its overall commitment to the industry, the Government has addressed, through legislation, the anomaly whereby remote and online betting

operators were outside the tax net. Betting tax was increased from 1% to 2% in Budget 2019 and contributed €95 million to the Exchequer in 2019.

Conclusion

Given the wide geographic distribution of these two industries, they are fundamental to the achievement of a more balanced regional economic growth. Relieving the burden on our major urban centres and nurturing rural economies is a key priority for Government. In this context, these industries should be given recognition for the considerable contribution that they make to rural economic activity and employment.

The welfare of horses and greyhounds is a cornerstone of both industries and I am assured that HRI and RCÉ are striving to ensure the highest standards for the sport and its participants, on and away from the race course. The Horse and Greyhound Racing Fund has played a key role in providing this investment and has been instrumental in shaping the destiny of these industries.

Brexit poses an array of substantial threats to the Irish economy and coupled with the fact that we are a small and open economy naturally prone to volatility, it is difficult to predict what the future holds. It is therefore crucial that we support these important industries that are facing the perils of Covid -19 and Brexit as we enter 2021.

Accordingly, I am seeking your support to ensure that Horse Racing Ireland and Rásaíocht Con Éireann receive the funding provided for in Budget 2021 and that the very important role played by these industries, and the economic activity generated by them, are sustained into the future.

I commend this regulation to the Committee, and I look forward to discussing any matters arising.

Thank you.