

SMOKE AND MIRRORS

June 2024



How the NSW Government repeats misleading data to justify the taxpayer-funded greyhound racing industry.

The horse and dog racing industry in Australia and NZ commissions a regular supply of reports from consultancy firm IER Pty Ltd. These claim to measure the economic benefit to society of the animal racing industry.

State governments use these reports to justify the use of taxpayer money to fund animal racing. Most media outlets present these reports as fact. However, the reports use unaudited data, bad economic methodology and inflated job numbers to exaggerate the benefits of the racing industry.

IER reports commissioned by the racing industry are produced to “meet the requirements” of state racing bodies and cannot be considered objective or unbiased. The reports produced by IER should not be confused with “Independent Expert Reports” which are required by the Australian Securities & Investments Commission to provide impartial and credible advice.⁽¹⁾

Unlike other state racing bodies, Greyhound Racing NSW has chosen not to make its 2023 IER report publicly available. Instead excerpts have been included in the FY23 Annual Report that GRNSW is required to submit to the NSW Minister for Racing.

This misinformation is misleading the public about the economic and social contribution of the racing industry. NSW taxpayers deserve better.

A REPORT ON NSW GREYHOUND RACING ECONOMIC MISINFORMATION
PREPARED BY COALITION FOR THE PROTECTION OF GREYHOUNDS

- Taxpayer funding is the second largest revenue source for Greyhound Racing NSW.
- NSW racing industry exaggerates employment figures by 13x.
- Greyhound Racing NSW spends 45% of revenue on prizemoney and 0.5% on animal welfare.

69% of Australians oppose taxpayer funding of greyhound racing⁽²⁾

SMOKE AND MIRRORS INACCURATE JOB DATA



Reports produced by IER inflate the amount of people employed in the racing industry across Australia. It is worthwhile checking job claims against Australia Bureau of Statistics (ABS) employment data.

NSW RACING: FULL TIME EQUIVALENT*

GRNSW claims that, according to IER, NSW greyhound racing “sustained” 4343 full time equivalent (FTE) jobs in FY22. Only 2031 of these jobs are classed as “direct” employment.⁽³⁾ The Harness Racing NSW [IER report](#) claims they are directly responsible for 1602 jobs.

In its [FY23 Annual Report](#), Racing NSW states that thoroughbred racing offers “more than 27,600 full-time-equivalent jobs”. It also claims 17,700 of these are in regional and rural areas. Racing Minister David Harris repeated this claim in a [press release](#) this year.

According to the ABS 2021 census, there were 2405 FTE workers employed in the entire NSW racing industry across thoroughbred, harness, and greyhound.⁽⁴⁾

This is an exaggeration by a factor of 13.

BE VERY SUSPICIOUS OF CLAIMS ABOUT “INDIRECT” JOBS

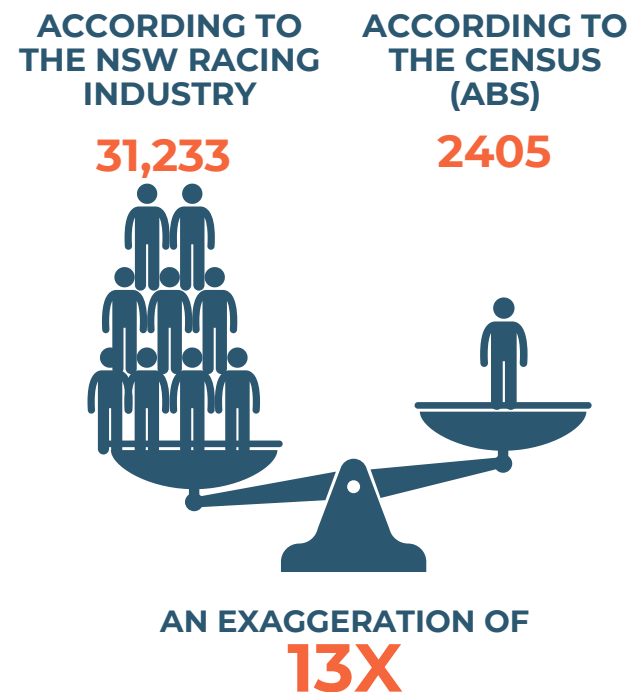
IER uses input-output multipliers to calculate the “indirect” jobs created by the greyhound racing industry. The ABS has rejected this approach, saying that it has “inherent shortcomings” that make it “inappropriate for economic impact analysis”.⁽⁵⁾

The Australian Productivity Commission says the approach can be abused to overstate the “economic importance of specific sectoral or regional activities”, particularly when calling for injections of taxpayer funding.⁽⁶⁾

DOUBLE COUNTING

Inflated employment numbers are also due to double counting. IER acknowledges this duplication, stating “There is some level of duplication in some of the participation categories resulting from an inability to deduplicate individual databases.”

* Part-time workers counted as 0.5 full time equivalent



SMOKE AND MIRRORS

OMISSION OF KEY INFORMATION



Taxpayer subsidies are the second largest revenue source for state racing bodies in New South Wales, Queensland and South Australia. The remainder of the revenue is mainly gambling money.⁽⁷⁾

IER reports deliberately limit any mention of this.

In FY23, the greyhound racing industry regulator GWIC was funded with \$20.6m of taxpayer money.⁽⁸⁾ GRNSW received \$8.6m in addition to a number of governments grants under a five year “safe” track program (see below).⁽⁹⁾

Mainstream economists generally regard subsidies like this as a waste of government funds. The exceptions are where an industry provides a critical social benefit, eg healthcare. Or where the industry is particularly vulnerable like agriculture with its exposure to the impact of weather and climate.

It is hard to argue that the animal racing industry fits this definition.

THE MYTH OF A ‘SAFE TRACK’

\$30m of taxpayer money has been wasted by GRNSW trying to make their tracks safe. They claimed that engineering advice from the University of Technology Sydney improved track safety. The evidence tells a different story.

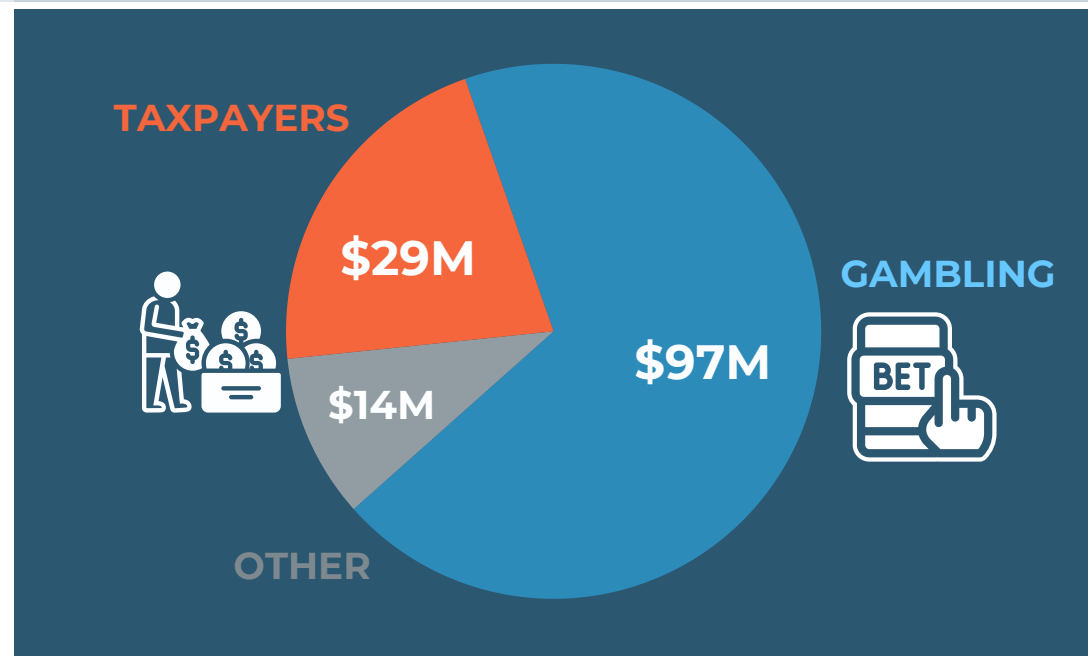
NSW was the most lethal state in 2023, killing 42 dogs at the track. 28 more dogs were removed from the track, after being injured, and killed later or killed at the track during trials.

In late 2023, UTS severed its ties with the racing industry after an integrity and governance review.



Miss Indi dies from a fractured neck on 30 Aug 2023 at Richmond. Richmond was the second deadliest racing facility in Australia in 2023, killing 11 dogs, despite \$1.5m of taxpayer money used to make it “safe”.

THE SOURCE OF NSW GREYHOUND RACING REVENUE



69% OF AUSTRALIANS OPPOSE TAXPAYER FUNDING OF GREYHOUND RACING

\$25BN AUSTRALIA'S ANNUAL GAMBLING LOSSES - THE HIGHEST IN THE WORLD⁽¹⁰⁾

SMOKE AND MIRRORS BAD ECONOMIC METHODOLOGY



IER uses questionable economic methodology to exaggerate expenditure, inflate employment numbers and minimise the negative impact of the racing industry. The NSW Government Treasury has reported on the “*inherent shortcomings and limitations of multipliers for economic impact analysis*”. They highlight six key issues with this approach including two issues directly related to the unconstrained model used by IER.

Industry Expenditure ≠ Economic Growth

GRNSW Annual Report FY2022-2023 details the industry’s contribution to regional economies. This is based on IER data. However IER reports note that most industry expenditure is gambling money which produces no “value added” or “growth” or “wealth”. According to a recent [Racing Queensland IER report](#) only about 28% of expenditure actually involves the breeding, training and presumably feeding of horses and greyhounds.

Substitution isn't going to be a problem

IER reports present racing industry expenditure as irreplaceable value added to the Australian economy. In reality, as IER points out, if this money is not spent on greyhound racing it would be spent elsewhere. Extensive economic evidence shows that wagering expenditure removes funding from more socially and economically beneficial services.

“Taking the racing industry as an example, it is likely (under a scenario where it no longer existed) that much of the local resident spend would substitute to other activities.”

IER Reports, Methodology section

The abuse of multipliers

The Tasmanian Department of Treasury and Finance criticised the IER approach stating “reports with strong reliance on economic multipliers can be inherently unreliable and problematic”.⁽¹¹⁾ The Australian Productivity Commission noted that despite the limitations, multiplier analysis is mistakenly used to “justify or support calls for injections of taxpayer funding”.⁽¹²⁾

“Put simply, if a multiplier effect was included for all existing industries in Tasmania when estimating their economic contribution to the State, the combined effect would be that Tasmania’s economy would be two or three times its current size.”

Department of Treasury and Finance, Tasmania



Lifetime greyhound industry ban for breeder after dogs found bashed to death

ABC North Coast / By Elissa Farnsworth and Donna Harper
Posted 13m ago



SMOKE AND MIRRORS A NEGATIVE NET CONTRIBUTION



IER leave out the costs when doing their cost/benefit analysis of the racing industry. There is no mention of the enormous economic and social loss borne by the community and the animals.

Gambling addiction cost the Australian community an estimated \$18bn in 2020.⁽¹³⁾ And much of this is borne by regional communities.

The NSW Government is well aware that gambling addiction ruins lives, destroys families and incurs billions of dollars in treatment and rehabilitation costs. They made a \$100 million investment in gambling harm minimisation in late 2023 ahead of GamblingAware week.

At the same time the NSW Government is spending over \$18m in FY24 to build new greyhound gambling tracks, increase the number of race meetings and upgrade tracks to TAB status to generate more gambling on greyhound racing.

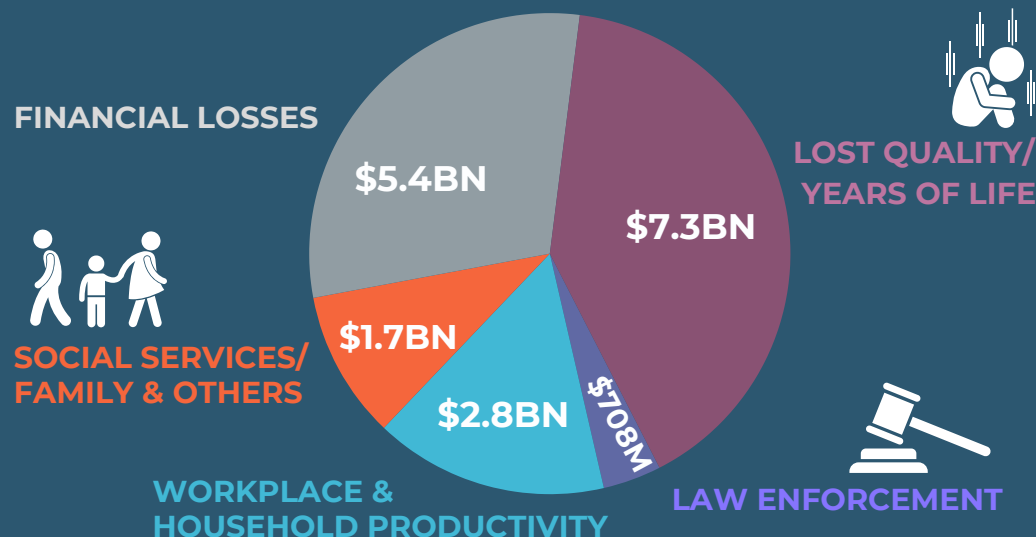
Community greyhound rehoming groups deal with a constant stream of dogs cast off by the racing industry. The private costs in terms of time, money and emotional health are overwhelming.

Thousands of dogs are bred, exploited and discarded every year by the racing industry. They die in their hundreds on lethal racing tracks and thousands are injured.

THE COST OF TAXPAYER FUNDING - FY23



THE COST OF GAMBLING ADDICTION - 2020⁽¹⁴⁾



*based on NSW Public Health System salary for Registered Nurse/Midwife 1st Year and NSW Government starting salary for NSW teachers

Two-year-old Classy Luna crashes into the fence in front of the home straight crowd at Muswellbrook on 21 Oct 2023. She lies stunned with a fractured leg and will be killed by the on-track vet.



SMOKE AND MIRRORS A SOCIAL PROBLEM



IER presents the results of surveys into the “social and environmental benefits” of racing. The findings are based on responses from Racing Club employees. Results focus on regional community building, family relationships and employment. What the report does not mention is the declining interest in greyhound racing in regional areas and the psychological impact on children exposed to animal suffering and gambling.

EXPOSING CHILDREN TO CRUELTY AND GAMBLING

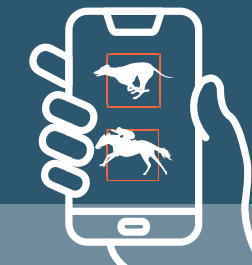
GRNSW encourages children to attend racetracks, despite them being gambling venues where dogs are routinely injured and killed. In large part, this is because the industry is keen to replenish their ranks of aging industry participants.

- Children as young as 12 are allowed to “handle” dogs at tracks despite being exposed to violent injury and death.
- Extensive research shows the ongoing trauma caused by exposing children to animal exploitation and abuse.⁽¹⁵⁾
- 5% of 16-17 year-olds report betting on sports and horse and dog racing.⁽¹⁶⁾

DECLINE IN COMMUNITY INTEREST IN REGIONAL AREAS

On-course gambling drove the initial success of greyhound racing in NSW. In the 1920s, crowds of 30,000 attended Wentworth Park along with hundreds of bookmakers. Today, GRNSW has to offer a million dollar lucky door prize to attract even a few people to their “Million Dollar Chase”.

This decline is also reflected in the regions with Grafton attracting a very rare sell out crowd of around 3,000 in 2023. The Club President said that only about 20% of people came to watch the racing. This reflects both lack of community interest in greyhound racing since gambling moved online and widespread animal welfare concerns.



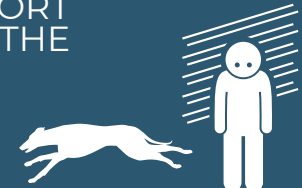
1 IN 6

16-17 YEAR OLDS REPORT HAVING GAMBLED IN THE PAST YEAR⁽¹⁷⁾

3% OF GIRLS

4% OF BOYS

REPORT BETTING ON HORSE OR DOG RACES (NOT SWEEPS)



CHILDREN AS YOUNG AS **12 YEARS OLD** EMPLOYED AS “HANDLERS” ON NSW GREYHOUND GAMBLING TRACKS

PERCENTAGE OF YOUNG PEOPLE AGED 12-17 LIVING IN NSW WHO NOTICE GAMBLING ADS AT LEAST ONCE A WEEK

34.8% ON TV

42.9% ONLINE AND ON SOCIAL MEDIA⁽¹⁸⁾



SMOKE AND MIRRORS YOU WIN SOME, YOU LOSE MORE



The 2023 Federal Government report “You win some, you lose more” highlights that racing, unlike sports, exists almost entirely for online betting. The report also highlighted that Wagering Service Providers are encouraging the gambling of Australians who experience the most harm.

Racing industry-commissioned IER reports seek to obscure that any supposed economic contribution is far outweighed by the financial and social costs associated with gambling including:

- **lost productivity** and impact on **work output** – estimated to be \$7bn in Victoria alone.⁽¹⁹⁾
- lack of compliance with Australian **money-laundering** and **counter-terrorism** financing laws - TAB fined \$45m.
- significantly **less money for local communities and families** - Australia suffers the highest per capita gambling losses in the world.⁽²⁰⁾
- government expenditure to help **problem gamblers** and minimise harm.⁽²¹⁾
- **burden on healthcare system** with 30% of people seeking treatment for primary care, alcohol and other drug, and/or mental health issues also experiencing gambling problems.⁽²²⁾
- community breakdown with families of problem gamblers suffering from **financial, relational and emotional problems**.⁽²³⁾
- the cost of **gambling addiction** to the Australian community - estimated at \$18bn in 2020 (see page 5).



At Wentworth Park’s “Million Dollar Chase” three dogs were seriously injured, two suffering fractured legs and one a lacerated neck. The three badly hurt dogs were transported to an industry vet hospital located 45 minutes away.

63% OF PEOPLE WHO BET ON RACING IN 2022 WERE CLASSIFIED AS BEING AT RISK OF HARM⁽²⁴⁾



\$9.6BN
NSW GAMBLING LOSSES
2019/20
= \$1,508
PER CAPITA⁽²⁵⁾



"a viable gambling industry without the extensive exploitation of the Australian working class is unimaginable since the data show that gambling problems are concentrated amongst the poorest social groups in Australia, and gambling revenue largely depends on problem gamblers" ⁽²⁶⁾



SMOKE AND MIRRORS THE ANIMAL CRUELTY



Racing industry-commissioned IER reports make no reference to "animal welfare". Given that Greyhound Racing NSW would not exist without the animals it exploits, maims and kills every day we have included some relevant data below.

42 DOGS KILLED ON
NSW TRACKS IN 2023 ⁽²⁷⁾

28 INJURED DOGS REMOVED
FROM NSW TRACKS AND
KILLED LATER OR KILLED
AT TRIALS*

4212 DOGS INJURED ⁽²⁸⁾
944 SERIOUSLY



66% OF RETIRING NSW GREYHOUNDS DISCARDED IN FY23
WHEN THEY NO LONGER MADE MONEY*

INCLUDING **314** RESCUED BY CASH-STRAPPED,
OVER-STRETCHED COMMUNITY RESCUE
GROUPS*

371 GIVEN AWAY OR SOLD PRIVATELY
BY INDUSTRY PARTICIPANTS WITH NO
RECORD OF THEIR FATE*

100s SENT TO THE US, MANY TO
LANGUISH IN KENNELS OR SENT
UNTRAINED TO EX-POLICE OFFICERS
WITH PTSD

* [GWIC quarterly Greyhound Injury and Lifecycle Reports 2023](#)



Top vet's report mauls Greyhound Racing NSW

An explosive report penned by a former chief vet of Greyhound Racing NSW has made allegations about the misrepresentation of greyhound rehoming numbers and the failure to report a dog's death.

GREYHOUND RACING NSW: ⁽²⁹⁾ EXPENSES

OPERATIONAL
COSTS
INCLUDING
REHOMING

\$15M

ANIMAL
WELFARE
\$590K

\$26M

HEAD
OFFICE
COSTS

\$71M

PARTICIPANT
PAYMENTS
PRIZE MONEY,
RACE CLUBS

Greyhound Racing NSW continues to breed around 4,000 greyhounds a year and discard around two thousand of them.

They promote this cycle of wastage with taxpayer-funded prize money and financial incentives to encourage greyhound overbreeding.



This report clearly shows that NSW taxpayers pay millions of dollars to prop up an industry that provides little or no value.

An industry that causes profound animal suffering. And one that takes an enormous toll on the community through gambling addiction and the misuse of taxpayer money.

Merry & Pippin



The Coalition for the Protection of Greyhounds is calling on the NSW Government to:

- **Investigate the reliability and independence of the information provided by Greyhound Racing NSW and its paid consultancy firm IER Pty Ltd.**
- **Publish independently audited information regarding the economic and social impact of the taxpayer-funded NSW greyhound racing industry including negative spillovers.**
- **End taxpayer funding of the NSW greyhound racing industry.**

Merry & Pippin were ex-racing brothers found abandoned on a Sydney highway in May 2023. They were rescued and taken into safety.

The two brothers were thin, frail, scabbing, had lost fur and were covered in sores on their backside, legs and the tops of their ears.

They are lovers of snuggles, peanut butter and soft blankets.

Merry & Pippin are waiting to be adopted at the wonderful Friends of the Hound. They are just two of the thousands of greyhounds discarded by the NSW racing industry every year. Please contact [Friends of the Hound](#) if you can help.

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June 2024

This report used publicly available data sources to evaluate the claims made in racing industry-commissioned IER reports with a focus on the IER data included in Greyhound Racing NSW's 2022-23 Annual Report.

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