

# SMOKE AND MIRRORS

February 2024



QUEENSLAND

**How the Queensland Government repeats misleading data to justify the taxpayer-funded racing industry.**

The horse and dog racing industry in Australia and NZ commissions a regular supply of IER consultant reports. These claim to measure the economic benefit to society of the 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, IER reports use unaudited data, bad economic methodology and inflated job numbers to exaggerate the benefits of the racing industry.

The approach used by IER is considered unreliable and misleading by economists, the Tasmanian Department of Treasury and Finance, and the Australian Productivity Commission.

A 2023 Queensland IER report was produced "to meet the requirements" of Racing Queensland. The report cannot be considered objective or unbiased. Instead, it is designed to portray the industry in the most positive light possible.

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

- Taxpayer funding second largest revenue source for Racing Queensland.
- Racing Queensland IER report exaggerates employment figures by 5x.
- Racing Queensland spends 79% of revenue on participant payments and 0.7% on animal care.

A REPORT ON QLD RACING INDUSTRY ECONOMIC MISINFORMATION  
PREPARED BY COALITION FOR THE PROTECTION OF GREYHOUNDS

69% of Australians oppose taxpayer funding of greyhound racing <sup>(1)</sup>

# SMOKE AND MIRRORS INACCURATE JOB DATA



**IER reports 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.**

## RACING QUEENSLAND: FULL TIME EQUIVALENT\*

The 2023 Racing Queensland IER report claims that the racing industry "sustains" 15,593 full time jobs.<sup>(2)</sup> The report immediately qualifies this, stating that only around 46% are as a direct result of the racing industry. According to the ABS 2021 census, there were 1317 full time equivalent workers employed in the Queensland racing industry.<sup>(3)</sup> This is an exaggeration by a factor of 5.

This misleading claim was repeated in a Queensland Government [media release](#) of 30 June 2023.

### BE VERY SUSPICIOUS OF CLAIMS ABOUT "INDIRECT" JOBS

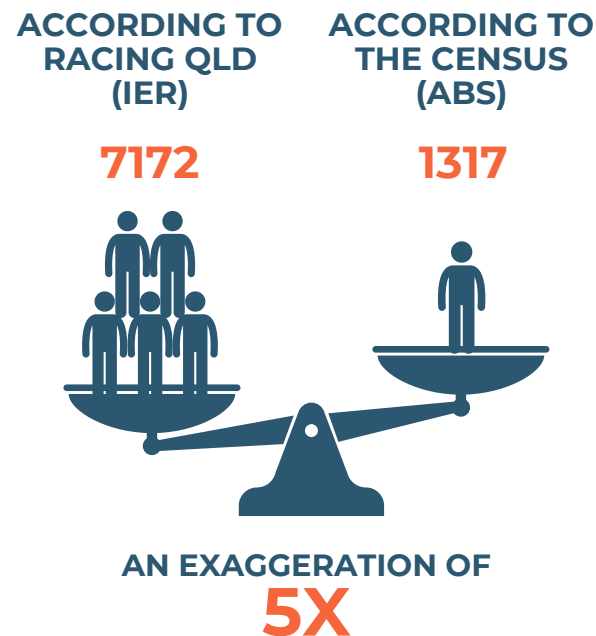
IER uses input-output multipliers to calculate the "indirect" jobs created by the greyhound racing industry. The ABS has rejected this approach, saying that it has "*inherent shortcomings*" that make it "*inappropriate for economic impact analysis*".<sup>(4)</sup>

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.<sup>(5)</sup>

### 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 Queensland, New South Wales and South Australia. In Tasmania, they are Tasracing's largest revenue source.<sup>(6)</sup>**

### IER reports deliberately limit any mention of this.

In FY23, Racing Queensland received \$161m of taxpayer money. This was a 50% increase over FY22.

Mainstream economists generally regard large 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.

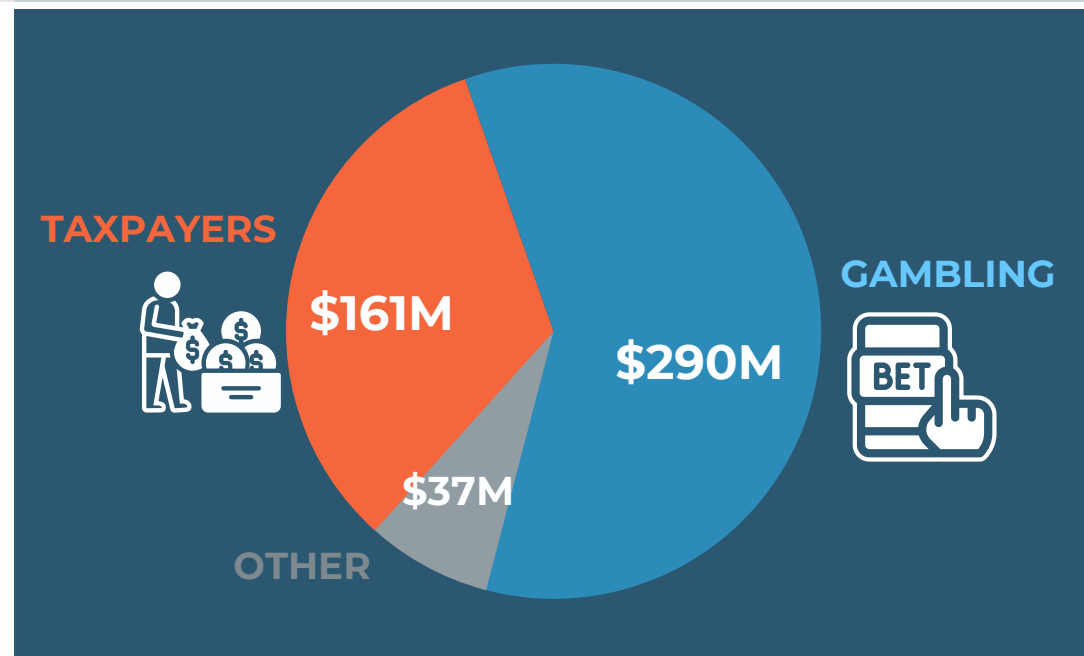
It is hard to argue that the animal racing industry fits this definition.

### DON'T MENTION THE TAXPAYER FUNDING

Government grants are mentioned only twice in the 114 page Racing Queensland IER report. In contrast, the gambling tax the industry raises is mentioned repeatedly.

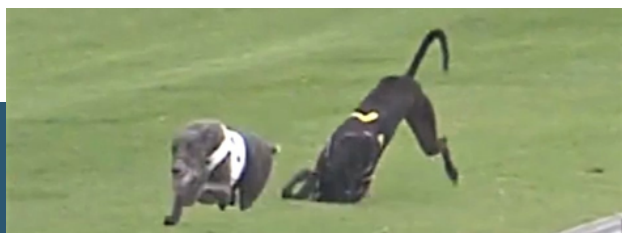
What is omitted is that 80% of annual betting tax revenues are given to the racing industry. This is money diverted from education, healthcare, and other areas of critical importance to the whole community.

### THE SOURCE OF RACING QUEENSLAND REVENUE <sup>(7)</sup>



**69%** OF AUSTRALIANS OPPOSE TAXPAYER FUNDING OF GREYHOUND RACING

**\$25BN** AUSTRALIA'S ANNUAL GAMBLING LOSSES - THE HIGHEST IN THE WORLD <sup>(8)</sup>



*Brightly Hayze, was killed following "an injury" to her foreleg while racing at the "safe" straight track at Capalaba.*

# 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 Queensland Treasury states that the model used by IER has a “number of limiting and unrealistic assumptions” which often results in a “significant overstatement of the impacts on employment and Gross State Product”.<sup>(9)</sup>

## Industry Expenditure ≠ Economic Growth

According to the Racing Queensland IER report, only about 28% of expenditure on racing actually involves the breeding, training and presumably feeding of horses and greyhounds. The remaining expenditure is mainly gambling money, which produces no “value added” or “growth” or “wealth”.

## 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 industries.

“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**

“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.”

**Racing Queensland IER Report, 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”.<sup>(10)</sup> The Australian Productivity Commission noted that despite the limitations, multiplier analysis is mistakenly used to “justify or support calls for injections of taxpayer funding”.<sup>(11)</sup>



# 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.<sup>(12)</sup> And much of this is borne by regional communities. The Queensland Government is well aware that gambling addiction ruins lives, destroys families and incurs billions of dollars in treatment and rehabilitation costs. In response, they recently released a \$3m taxpayer-funded Gambling Harm Minimisation Plan.

At the same time they are building a greyhound gambling track unwanted by the majority of Queenslanders. A track that will destroy the lives of more people and more dogs. Recent industry media reports that the cost of the new Purga track has blown out from \$40 million to \$60 million.

**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.

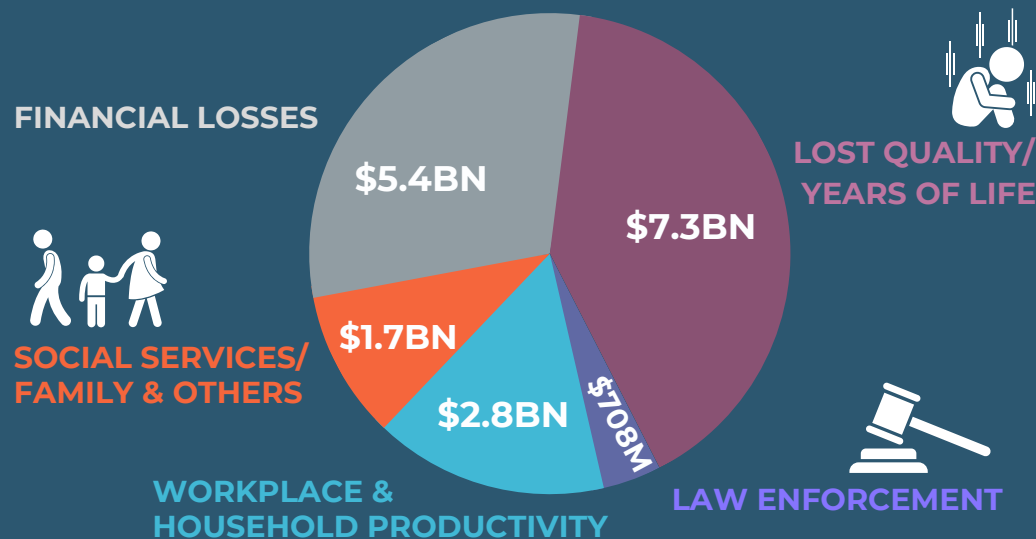
**Three dogs were killed on Queensland tracks in February 2023.**

*The appalling death of Audrey Zola was covered by Channel 7 News, The News Mail Bundaberg and The Courier Mail*

## THE COST OF QLD TAXPAYER FUNDING - FY23



## THE COST OF GAMBLING ADDICTION - 2020<sup>(13)</sup>



\*based on Queensland Health base salary for enrolled nurses as at 1 April 2023 and Teach Queensland base salary for beginning teacher updated 23 August 2023



# SMOKE AND MIRRORS

## A SOCIAL PROBLEM



The Racing Queensland IER report presents the results of a survey 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

Racing Queensland 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.

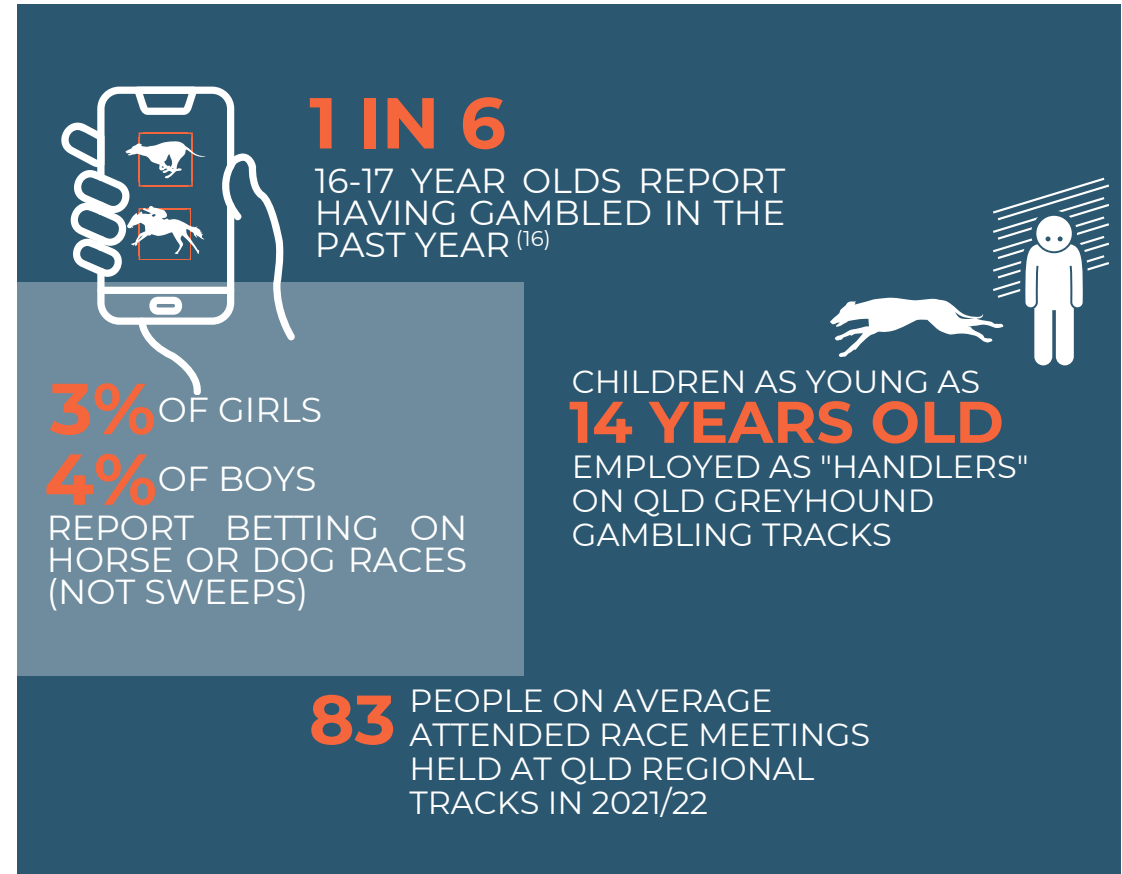
- Children as young as 14 are allowed to "handle" dogs at tracks despite being exposed to violent injury and death.
- Extensive research shows the ongoing trauma caused by exposing children to animal exploitation and abuse.<sup>(14)</sup>
- 5% of 16-17 year-olds report betting on sports and horse and dog racing.<sup>(15)</sup>

### DECLINE IN COMMUNITY INTEREST IN REGIONAL AREAS

A Brisbane greyhound track was established in the 1920s. A lack of legal betting revenue meant it struggled to survive. In 1972, with gambling now legal, a crowd of 11,500, and scores of bookmakers, attended the first race meeting held at night.

Around 3,000 people attended the opening of the Ipswich track in 1982. In 2021/22, according to IER, on average 83 people attended race meetings held at Queensland regional greyhound tracks.

This reflects the lack of community interest in greyhound racing now gambling has moved online.



# SMOKE AND MIRRORS YOU WIN SOME, YOU LOSE MORE



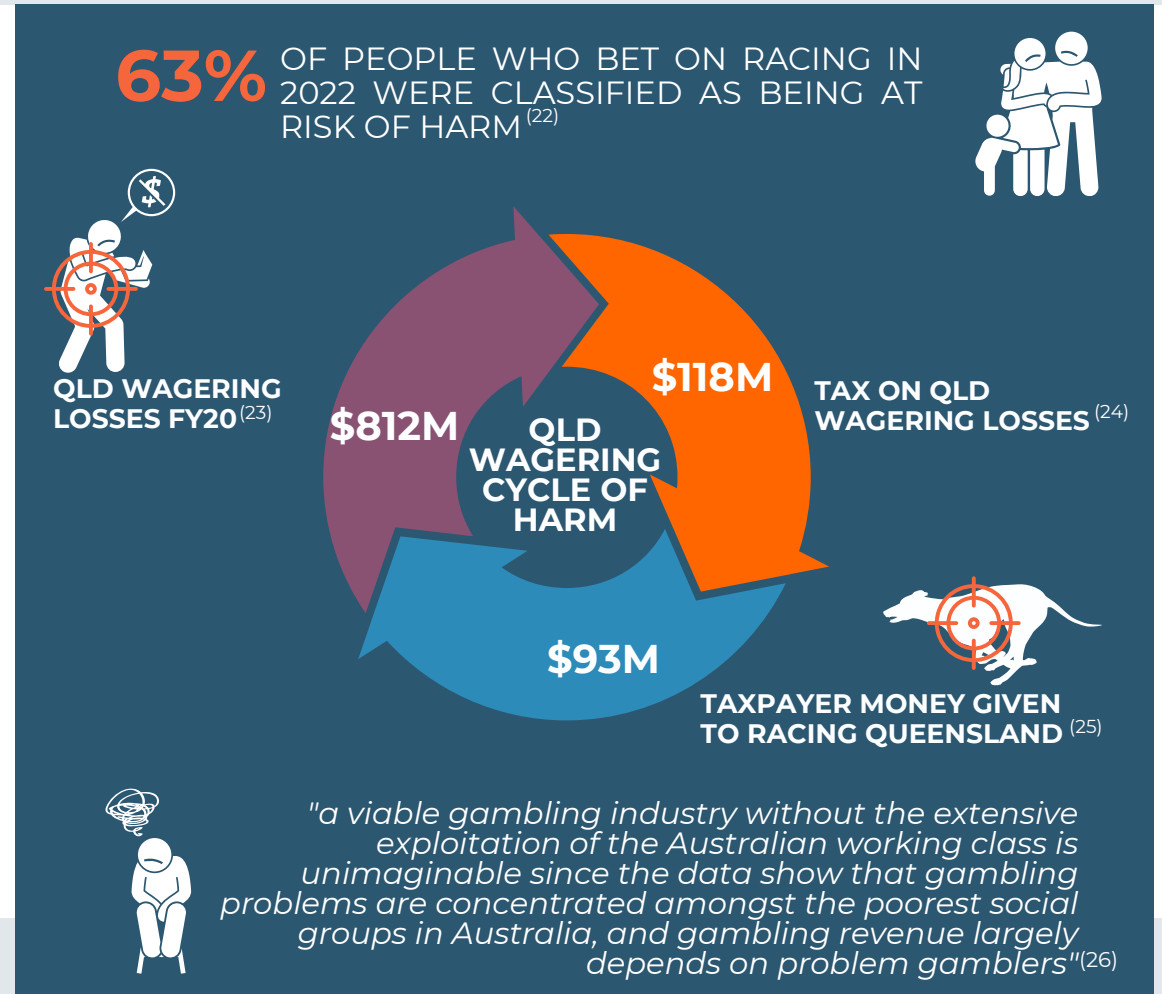
The 2023 Federal Government report “You win some, you lose more” highlights that racing, unlike sports, exists almost entirely for online betting. The report also highlighted that Wagering Service Providers are encouraging the gambling of Australians who experience the most harm.

The Racing Queensland IER report seeks 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.<sup>(17)</sup>
- 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.<sup>(18)</sup>
- government expenditure to help **problem gamblers** and minimise harm.<sup>(19)</sup>
- **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.<sup>(20)</sup>
- community breakdown with families of problem gamblers suffering from **financial, relational and emotional problems**.<sup>(21)</sup>
- the cost of **gambling addiction** to the Australian community - estimated at \$18bn in 2020 (see page 5).



Flying Lulu falls at Ipswich on 24 August 2023 racing at 63kmh. She will be killed by the on-track vet.



# SMOKE AND MIRRORS THE ANIMAL CRUELTY



There is one reference to "animal welfare" in the Queensland Government media release of June 2023 and the associated Racing Queensland IER report. No additional details are provided. Given that Racing Queensland would not exist without the animals it exploits, maims and kills every day we have included some relevant data below.

**18** DOGS KILLED ON  
QLD TRACKS IN 2022\*



**1558** DOGS INJURED ON  
QLD TRACKS IN 2022<sup>(27)</sup>

**74%** OF QLD GREYHOUNDS  
DISCARDED IN FY23  
WHEN THEY NO  
LONGER MADE MONEY

INCLUDING **294** ACCEPTED BY INDUSTRY  
REHOMING ARM (GAP)  
FUNDED WITH **\$1.5M** OF  
TAXPAYER MONEY IN FY23



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

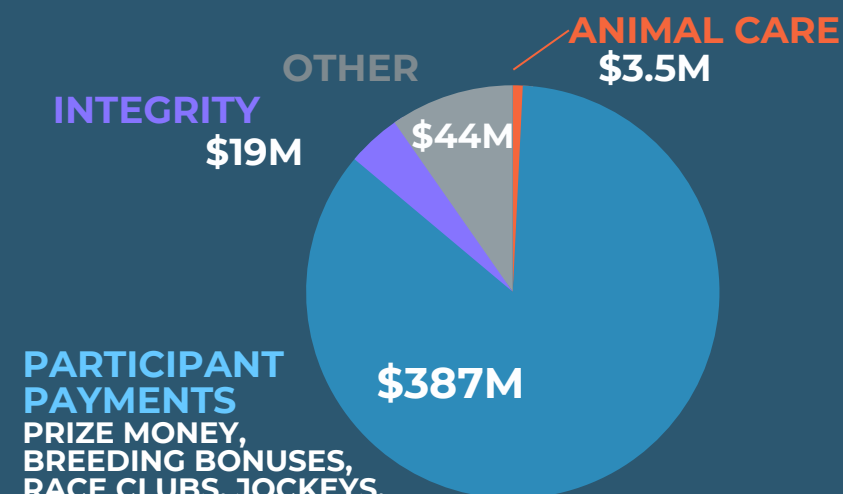
**35** DOGS EUTHANASED BY GAP FOR  
"BEHAVIOURAL/HEALTH REASONS"



**123** QLD GREYHOUNDS  
SENT TO RESEARCH  
LABS IN FY23  
**FATE UNKNOWN**

**150** QLD GREYHOUNDS  
EUTHANASED AS  
UNSUITABLE TO  
REHOME

## RACING QUEENSLAND: EXPENSES<sup>(28)</sup>



**PARTICIPANT PAYMENTS**

PRIZE MONEY,  
BREEDING BONUSES,  
RACE CLUBS, JOCKEYS,  
DRIVERS

The Queensland racing industry continues to breed and discard around a thousand greyhounds every year. And that's on the increase.

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

SOURCE: QRIC [Greyhound breeding, race injury and retirement reports 2023](#)



This report clearly shows that Queensland taxpayers pay hundreds of 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.



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

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

*Pippa suffered a leg injury on a North Queensland track. She was kept confined for three months until she was rescued by a community rehoming group in March this year.*

*X-rays confirmed that Pippa had shattered bones in her leg. Surgery to insert a plate took 4.5 hours.*

*This is yet another example of a volunteer-run, unfunded rescue charity being left to deal financially and emotionally with a victim of the racing industry.*

*Pippa was rescued by Friends of the Hound and has been adopted. There are hundreds more discarded Queensland greyhounds who need a home. Please contact [Friends of the Hound](#) if you can help.*

# SMOKE AND MIRRORS

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

February 2024

**This report used publicly available data sources to evaluate the claims made in the Racing Queensland-commissioned IER report Size and Scope of the Queensland Racing Industry, 2023**

1. GREY2K USA Worldwide and CPG (2022). A national Australian survey on attitudes towards dog racing.
2. IER. (2023). Size and Scope of the Queensland Racing Industry.
3. ABS. 2021 Census. Employment, income and education by Labour Force Status (LFSP) and 4-digit level INDP Industry of Employment (9020, 9021 & 9029) and STATE (UR)
4. ABS. Australian National Accounts: Input-Output Tables - Electronic Publication, Final release 2006-07 tables
5. Gretton, P. 2013 On input-output tables: uses and abuses, Staff Research Note, Productivity Commission, Canberra.
6. Tasmanian Department of Treasury and Finance. (2020). Tasracing Pty Ltd – A desktop review of the costs and functions of Tasracing.
7. Racing Queensland. FY22/23 Annual Report, Statements of comprehensive income. Revenue.
8. NSW Parliamentary Research Service. (2020). Gambling: an update.
9. Office of Economic and Statistical Research, Queensland Treasury, 2006. Overview of Some Alternative Methodologies for Economic Impact Analysis.
10. Tasmanian Department of Treasury and Finance. (2020). n6
11. Gretton, P. 2013. n5
12. Rethink Addiction and KPMG, Understanding the Cost of Addiction in Australia (2022) Rethink Addiction, Richmond, Victoria.
13. Ibid.
14. Thompson, K.L., & Gullone, E. (2006). An investigation into the association between the witnessing of animal abuse and adolescents' behavior toward animals. *Society and Animals*, 14, 223-243.
15. Diana Warren and Maggie Yu (2019). Australian Institute of Family Studies. Gambling activity among teenagers and their parents
16. Ibid.
17. Browne, M., Greer, N., Armstrong, T., Doran, C., Kinchin, I., Langham, E., & Rockloff, M. (2017). The social cost of gambling to Victoria.
18. NSW Parliamentary Research Service. (2020). Gambling: an update.
19. Browne, M. et al. n17
20. Turning Point and the Monash Addiction Research Centre, Submission 68, page 8.
21. Australian Institute of Family Studies. (2014). The impact of gambling problems on families.
22. Parliament of Australia (June 2023). You win some, you lose more. Online gambling and its impacts on those experiencing gambling harm.
23. Queensland Government Statistician's Office. Australian Gambling Statistics, 37th edition, 1994–95 to 2019–2020.
24. © The State of Queensland (Queensland Treasury) - 2021–22 Queensland Budget, Budget Strategy and Outlook. Budget Paper No. 2
25. Racing Queensland. FY19/20 Annual Report, Statements of comprehensive income. Income.
26. Markham, F., & Young, M. (March, 2014). Who wins from 'Big Gambling' in Australia? *The Conversation*. <https://theconversation.com/who-wins-from-big-gambling-in-australia-22930>
27. CPG (2023). Lethal Tracks 2022. <https://greyhoundcoalition.com/lethal-tracks-2022/>
28. Queensland Racing. FY22/23 Annual Report, Statements of comprehensive income. Expenses.