

SMOKE AND MIRRORS



TASMANIA

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

June 2024

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 Tasmanian IER report was produced "to meet the requirements" of Tasracing. 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. Tasmania taxpayers deserve better.

- Taxpayer funding largest revenue source for Tasracing.
- Tasracing IER report exaggerates employment figures by 6x.
- Tasracing spends 83% of revenue on participant payments and 1% on animal care.

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

74% of Tasmanians oppose taxpayer funding of greyhound racing ⁽¹⁾

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.

TASRACING: FULL TIME EQUIVALENT*

During a hearing before the Government Business Scrutiny Committee into Tasracing, Racing Minister Felix Ellis claimed that the racing industry “sustains” 993 full-time equivalent jobs.⁽²⁾ The Minister stated that this data was provided in the 2023 Tasracing IER report.⁽³⁾

According to the ABS 2021 census, there were 160 full-time equivalent workers employed in the Tasmanian racing industry. This is an exaggeration by a factor of 6.⁽⁴⁾

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

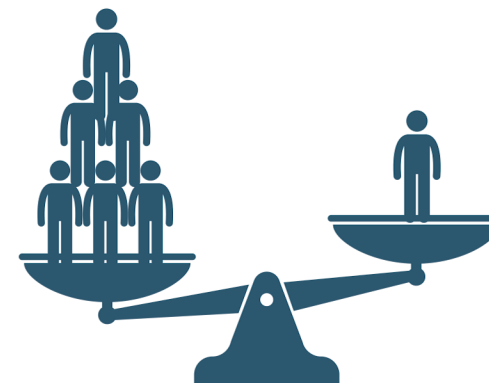
Inflated employment numbers are also due to double counting. IER acknowledges this duplication, stating “There is some level of duplication in some of the participation categories resulting from an inability to deduplicate individual databases.”

ACCORDING TO
TASRACING
(IER)

993

ACCORDING TO
THE CENSUS
(ABS)

160



AN EXAGGERATION OF
6X

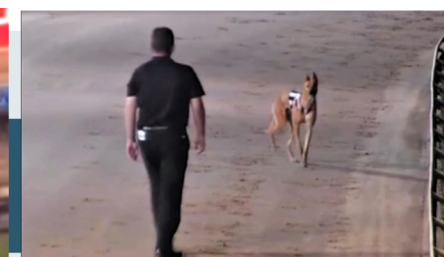
* Part-time workers counted as 0.5 full time equivalent

02



Tasmanian Racing Industry
Economic Misinformation

Winklee Casey (left) and her brother Winklee Hugo both suffered broken legs at Launceston and were killed.



SMOKE AND MIRRORS

OMISSION OF KEY INFORMATION



Taxpayer subsidies are the largest revenue source for Tasracing. They are the second largest revenue source for state racing bodies in Queensland, New South Wales and South Australia. All money diverted from education, healthcare, and other areas of critical importance to the whole community.

IER reports deliberately limit any mention of this.

In FY23, Tasracing received \$41m of taxpayer money.

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.

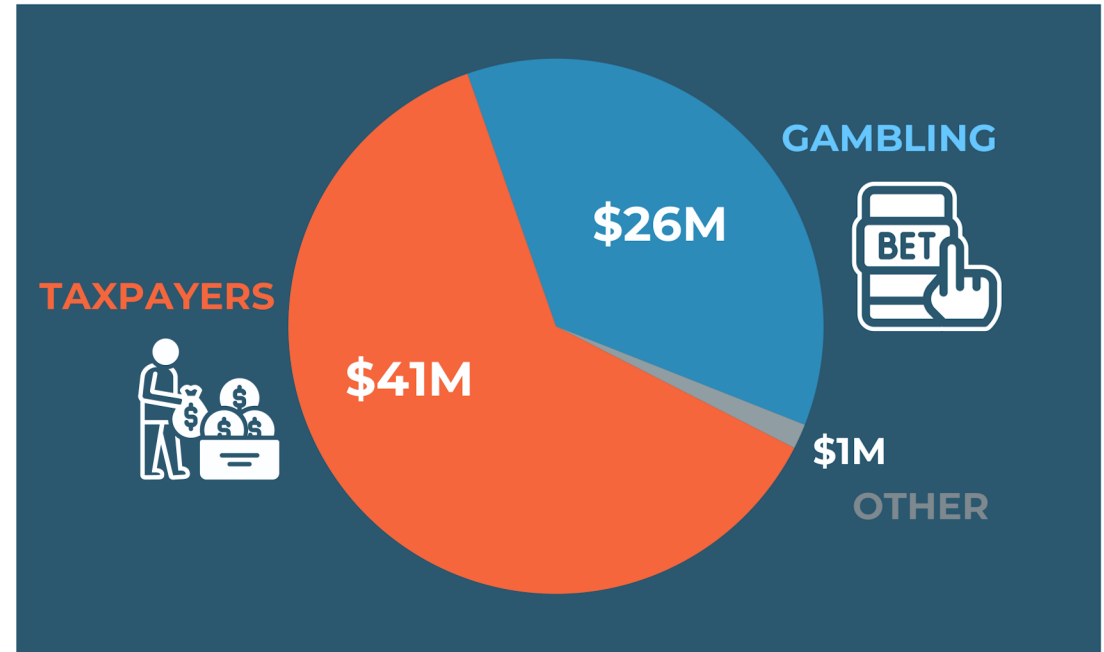
DON'T CALL IT TAXPAYER FUNDING

Over the life of a 20-year funding agreement established in 2009, Tasracing will receive at least half a billion taxpayer dollars. Tasracing and the Tasmanian Government describe this as “compensation” for the 2011 sale of the government-owned TOTE betting agency for \$103m.

The Tasmanian Treasury reported that in the first two years of the taxpayer funding agreement, Tasracing received \$32m more than it would have done under the TOTE model.⁽⁸⁾

The Tasmanian government has also committed to giving 80% of annual betting tax revenues to Tasracing.

THE SOURCE OF TASRACING REVENUE ⁽⁷⁾



79% OF TASMANIANS BELIEVE TAXPAYER FUNDING SHOULD END BECAUSE TAXPAYER MONEY IS BETTER SPENT ON OTHER THINGS

\$25BN AUSTRALIA'S ANNUAL GAMBLING LOSSES - THE HIGHEST IN THE WORLD⁽⁹⁾



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 Australian Productivity Commission points out that “abuse” of multiplier methodology “primarily relates to overstating the economic importance of specific sectoral or regional activities”.⁽¹⁰⁾

Industry Expenditure ≠ Economic Growth

According to the Tasracing IER report, only about 15% 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.”

Tasracing 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”.⁽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⁾



SMOKE AND MIRRORS A NEGATIVE NET CONTRIBUTION



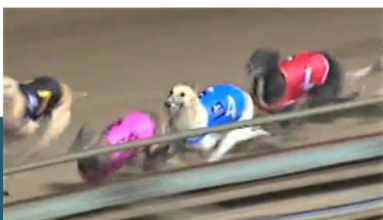
IER leave out the costs when doing their cost/benefit analysis of the racing industry. There is no mention of the enormous economic and social loss borne by the community and the animals.

Gambling addiction cost the Australian community an estimated \$18bn in 2020.⁽¹³⁾ The Tasmanian Government commissions a taxpayer-funded report into the social and economic impact of gambling every three years. The latest report estimates that the social costs of gambling in Tasmania could be as high as \$160m per annum.⁽¹⁴⁾

Despite this burden on Tasmanians, the government is continuing discussions with Tasracing over a new track which will destroy the lives of more people and more dogs. This follows the cancellation of a racing track project which ballooned from \$18m to \$38.6m with Tasracing asking for a government contribution of \$16m.

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.

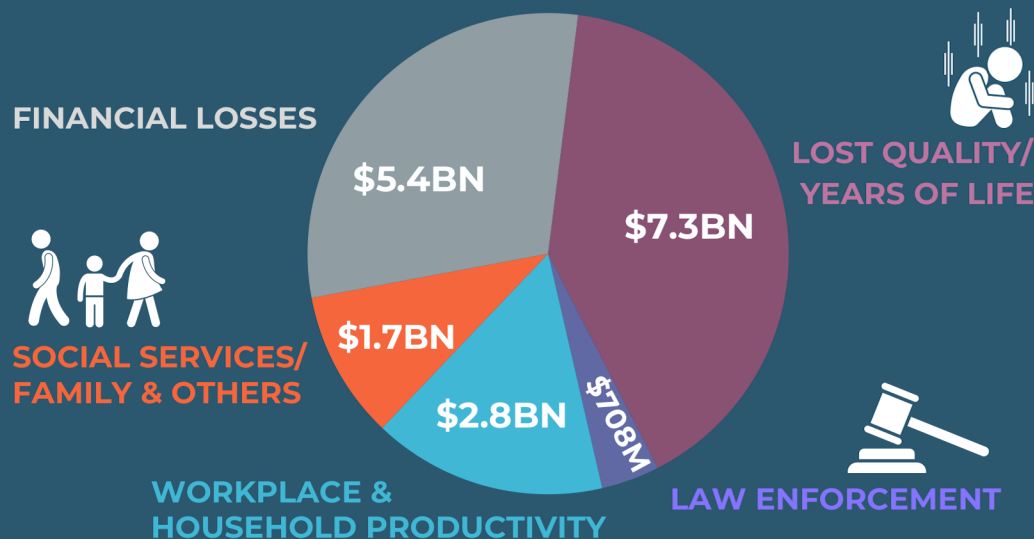


Tah Tracey was killed after suffering a fractured leg at Launceston on 19 Jun 2023. She was an Anthony Bullock trained dog. As was her brother Tah Bernard who was killed after being injured in Nov 2021.

THE COST OF TASMANIAN TAXPAYER FUNDING



THE COST OF GAMBLING ADDICTION - 2020



*based on Tas Department of Health base salary for Enrolled Nurse Grade 1 Year G and Department for Education Children and Young People starting salary for fully qualified teachers



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A SOCIAL PROBLEM



The Tasracing 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. What the report does not mention is that overwhelmingly Tasmanians are opposed to greyhound racing and taxpayer funding of the industry. It also ignores the well documented psychological harm caused to children exposed to animal suffering and gambling.

OPPOSITION TO A SCANDAL-RIDDEN INDUSTRY

A 2023 opinion poll showed overwhelming opposition to the Tasmanian greyhound racing industry. A 2021 petition calling for an end to taxpayer funding of the industry gathered more signatures than any other e-petition in Tasmanian Parliamentary history.

At the time this report was published:

- One of Tasmania's largest thoroughbred training stables is in liquidation, potentially owing over \$1m in unpaid taxes.
- The Supreme Court has cleared the way for a ban on Tasmania's biggest harness trainer due to allegations of race fixing and animal welfare concerns.

EXPOSING CHILDREN TO CRUELTY AND GAMBLING

Tasracing encourages children to attend racetracks, despite them being gambling venues where dogs are routinely injured and killed.

- Children as young as 14 are allowed to "catch" 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⁾

1 IN 6

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



CHILDREN AS YOUNG AS
14 YEARS OLD

EMPLOYED AS "CATCHERS"
ON TAS GREYHOUND
GAMBLING TRACKS



74%

OF TASMANIANS
OPPOSE TAXPAYER
FUNDING OF
THE GREYHOUND
RACING INDUSTRY



43% OF TASMANIANS WOULD CONSIDER
CHANGING THEIR VOTE TO SUPPORT A
PARTY THAT PROMISED TO STOP FUNDING
THE GREYHOUND RACING INDUSTRY ⁽¹⁷⁾

SMOKE AND MIRRORS YOU WIN SOME, YOU LOSE MORE



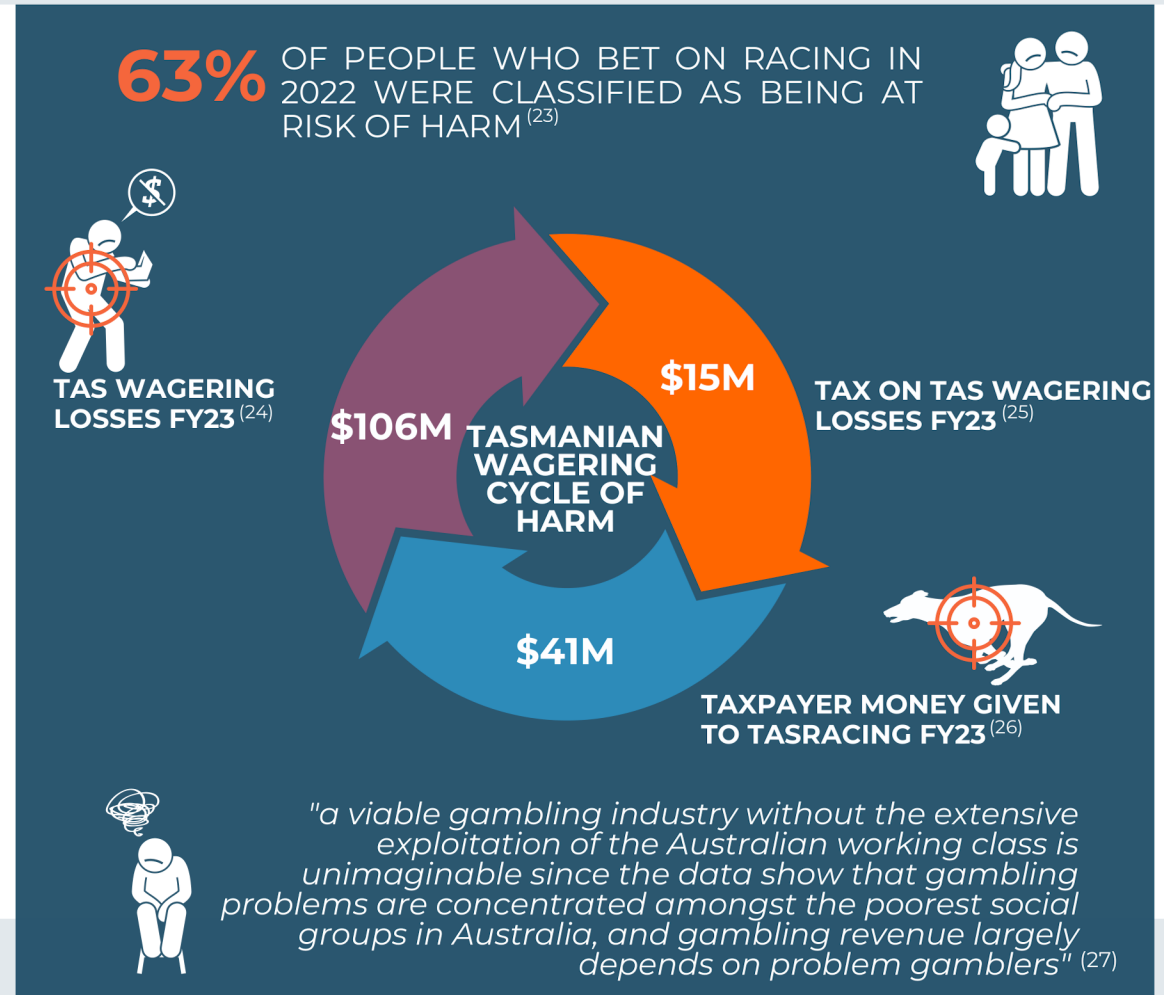
The 2023 Federal Government report “You win some, you lose more” highlights that racing, unlike sports, exists almost entirely for online betting. The report also highlighted that Wagering Service Providers are encouraging the gambling of Australians who experience the most harm.

The Tasracing 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.⁽¹⁸⁾
- 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.⁽¹⁹⁾
- government expenditure to help **problem gamblers** and minimise harm.⁽²⁰⁾
- **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.⁽²¹⁾
- community breakdown with families of problem gamblers suffering from **financial, relational and emotional problems**.⁽²²⁾
- the cost of **gambling addiction** to the Australian community - estimated at \$18bn in 2020 (see page 5).



Black Roses broke down after suffering a broken leg at Launceston on 8 Feb 2023. She was killed even though she was able to run across the finish line.



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THE ANIMAL CRUELTY

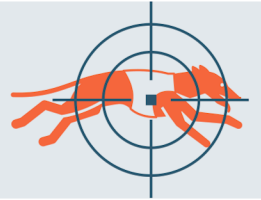


Racing Minister Felix Ellis stated that the Tasmanian Government and Tasracing invests “more than \$1m” in animal welfare. This is around 1.5% of Tasracing’s total expenses. There is no reference to “animal welfare” in the 2023 Tasracing IER report. Given that the racing industry would not exist without the animals it exploits, maims and kills every day we have included some relevant data below.

45 DOGS KILLED ON TAS TRACKS 2020-2023*

1083 DOGS INJURED ON TAS TRACKS 2020-2023

INCLUDING **179** WITH SERIOUS INJURIES



INDUSTRY REHOMING 2023



72

NO OF DOGS REHOMED BY INDUSTRY REHOMER (GAP)

179

NO OF DOGS REHOMED BY COMMUNITY

The Tasmanian racing industry breeds and discards around two hundred greyhounds every year. Tasmanian greyhounds continue to suffer abuse, neglect, death and injury at a cost to the Tasmanian taxpayer in FY23 of \$6.5m.

This cycle of wastage is promoted with taxpayer-funded prize money and financial incentives to encourage greyhound overbreeding.

JUL 2023
TRAINER WITH DOPING CONVICTION APPOINTED AS GAP MANAGER



AUG/OCT 2023
DRONE FOOTAGE SHOWS SHOCKING LIVING CONDITIONS FOR GREYHOUNDS

OCT 23
TASRACING’S LEADING GREYHOUND TRAINER RECEIVES LIFETIME BAN RE ANIMAL LURE



JAN 24
BAN OVERTURNED AS TASRACING COULD NOT RULE OUT EVIDENCE PLANTED BY SOMEONE WHO CARED ABOUT ANIMAL WELFARE

This report clearly shows that Tasmanian 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 Tasmanian Government to:

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

This report is dedicated to Tah Bernard, a Bullock trained dog, whose well-publicised death occurred in late 2021.

It also honours the greyhounds who suffer and die at the hands of the Tasmanian greyhound racing industry every year.

3/4 of Tasmanians oppose government funding of the greyhound racing industry

SMOKE AND MIRRORS

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

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

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