



Transcripts from the Joint Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs Feb 2nd 2010 – Horse And Greyhound Racing Fund Regulations 2010

► Horse and Greyhound Racing Fund Regulations 2010: Motion.

Chairman:   The purpose of this meeting is to consider the Order in draft of the Horse and Greyhound Racing Fund Regulations 2010. I welcome the Minister for Arts, Sport and Tourism, Deputy Martin Cullen and his official, Mr. Donagh Morgan, Assistant Secretary and thank them for their attendance.

Regarding these regulations, Dáil Éireann passed the following Order on 19 January 2010:

”That the proposal that Dáil Éireann approved the following Order in draft:

Horse and Greyhound Racing Fund Regulations 2010,

A copy of which Order in draft was laid before Dáil Éireann on 15 December, 2009, be referred to the Joint Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs, in accordance with paragraph (2) of the Orders of Reference of that committee, which, not later than 4 February 2010 shall send a message to the Dáil in the manner prescribed in Standing Order 87, and Standing Order 86(2) shall accordingly apply.

Similarly Seanad Éireann passed the following Order on 20 January 2010:

”That the proposal that Seanad Éireann approved the following Order in draft:

Horse and Greyhound Racing Fund Regulations 2010,

A copy of which Order in draft was laid before Seanad Éireann on 15 December 2009, be referred to the Joint Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs, in accordance with paragraph (1) Seanad of the Orders of Reference of that committee, which, not later than 4 February 2010, shall send a message to the Seanad in the manner prescribed in Standing Order 72, and Standing Order 74(2) shall accordingly apply.”

Members are reminded of the long-standing parliamentary practice to the effect that Members should not comment on, criticise or make charges against a person outside the House or an official by name or in such a way as to make him or her identifiable.

Before I ask the Minister to make his opening address, I will say a few words.

The horse and greyhound racing industries make a significant contribution to the economy. They form a key aspect of Irish culture and accordingly are very important to the people in rural and urban areas. Therefore, it is essential from an economic and cultural perspective that they are

supported adequately to ensure that they prosper. They are the source of thousands of jobs throughout Ireland, rural and urban, and investment in the whole area is crucial. Although the allocation has been reduced by 13% on last year I am in no doubt that this money, if spent wisely and carefully, will make a significant contribution to the industry.

Minister for Arts, Sport and Tourism (Deputy Martin Cullen): I thank the Chairman for his remarks and I concur with what he said. As the members of the joint committee know, under section 12 of the Horse and Greyhound Act 2001 the horse and greyhound racing industries have received financial support from the horse and greyhound racing fund. Under the provisions of the Act, from 2001 to 2008 the fund has received a guaranteed level of funding each year. In 2004 the Government put in place regulations to increase the limit of the horse and greyhound racing fund from €254 million to €550 million and to continue the fund for a further four years to 2008. By the end of 2008 a total of €45.8 million had been paid out of the fund. In 2009 the Government put in place a regulation to give effect to the Government decision to provide €68.128 million to the horse and greyhound racing industries for 2009. By the end of 2009 a total of €613.9 million was paid out of the fund.

Funding of both Horse Racing Ireland and Bord na gCon supports two very important and productive industries and helps to sustain the role of the horse and greyhound breeding and training enterprises in the development of the rural economy. These industries together account for an estimated 27,500 direct jobs, generate very substantial economic activity and make a vital contribution to the rural economy, including farm incomes.

The funding provided to the greyhound racing sector helps to sustain a tradition that has existed for hundreds of years. That funding underpins economic activity in what are, in many cases, less affluent regions of the country. It has also contributed significantly to the almost €90 million that has been invested in the improved facilities now available at greyhound tracks around Ireland. The fund has allowed Ireland to develop into a world centre of excellence for horse racing and has allowed Horse Racing Ireland to undertake a capital investment programme that has underpinned growth in the sector. The review of the fund has now been completed with the support of Farrell Grant Sparks. A copy of the report was provided for the information of the joint committee on 30 November 2009 and I would welcome any views members of the committee have. The report states that, at least in the medium term, these industries need to secure State support. Given the current economic climate it is reasonable to concede that multi-annual funding cannot be agreed at this time. Instead, a provision of €59.264 million has been made in the Estimates for the industries in 2010.



When the fund was established it was estimated that it would be fully financed from excise duty on off-course betting, the rate of which was 5% when the fund commenced but was subsequently reduced to 1%. Any shortfall in the amount generated by the excise duty is made up by direct Exchequer subvention. The total allocation for the fund in 2010, both current and capital, would have been calculated on the basis of the excise duty on off-course betting in 2000, amounting to €58.89 million multiplied by the relevant CPI amounts. Taking a figure of -4.5% as an estimate of the annual average CPI for 2009 the 2010 fund allocation would have been €76.13 million. Of this, HRI would have expected to receive €60.91 million and Bord na gCon €15.22 million. However, in the current economic climate it was announced in budget 2010 that the provision for

this year would be a total of €59.264 million, made up of €47.411 million for Horse Racing Ireland and €11.853 million for Bord na gCon. This represents a reduction on 2009 funding of nearly 13%, or €8.864 million, which in turn represents a reduction of 11% from 2008.

Excise duty on off-course betting has been 1% since 1 July 2006. I have already stated that the gap between what is raised through off-course betting duty and the amount to be provided for the fund under the provisions of the Horse and Greyhound Racing Act 2001 continues to be met directly from the Exchequer. The Minister for Finance stated that it is his intention, if possible, to widen the tax base on which betting duty would be applied. Bets placed either on-line or over the telephone are generally with out-of-State companies so applying betting duty is problematic. However, officials from the Department of Finance, in conjunction with the Office of the Attorney General, the Revenue Commissioners and the Department of Justice, Equality and Law Reform are looking at the scope to overcome legal and operational difficulties in this area. In addition, the Department of Finance is working closely with the Department of Justice, Equality and Law Reform, which has initiated a review to provide the Government with options for a new and comprehensive legal and organisational framework governing the gambling architecture in the State.

In the meantime, so that HRI and Bord na gCon can draw down their allocations for the 2010 Estimates, provision has to be made for the extension of the fund and its subsequent continuation during 2010. As I have already stated, an amount of €59.264 million was provided for the fund for 2010 in the Vote of the Department of Arts, Sport and Tourism. There was an ill-balance in the fund at the start of 2010. To pay out the €59.264 million in 2010 the aggregate limit in the fund must be increased by that amount pursuant to the provisions of section 12(5) of the Horse and Greyhound Racing Act 2001. On that basis the draft regulation, which is being considered by the committee, provides for an increase in the aggregate limit from €613,907,713 to an aggregate fund of €673,171,713, which is the cumulative provision of the fund since 2001. I am circulating a copy of the regulation to members of the joint committee.

Section 12(13) of the Horse and Greyhound Racing Act 2001 provides that a draft of these regulations be laid before both Houses of the Oireachtas and a resolution approving the draft be passed by each House before the regulations are made by the Minister. I ask members for their support to ensure Horse Racing Ireland and Bord na gCon can receive their funding provision for 2010 and so that the very important role of the industries in supporting employment and generating economic activity can be sustained. I commend this regulation to the committee and look forward to discussing any matters arising.

Chairman:   I welcome the reference in the Minister's speech to looking at excise duty and off-course betting. I am one of many people present who has an interest in racing, though it is more in horse racing than greyhound racing. There has been huge debate regarding the possibility of getting more funds from on-line betting for the sector. I would certainly welcome any efforts the Minister might make in that regard. I have listened to many experts from the sector, including people from the betting industry, speaking on the matter at great length and there is urgent need for movement in this area. This committee has agreed to invite stakeholders in the whole sector, including the betting sector, to tease the issues out a bit further and we would be glad to share any information we gain with the Minister. The horse and greyhound racing

industries are vital and there are huge pressures on the people involved as they try to preserve the many fantastic jobs they provide throughout the country.

Deputy John O'Mahony: I thank the Minister. Fine Gael has always recognised the importance of the horse and greyhound industry and has always supported it. It provides employment and is a significant tourist attraction. We are one of the leading nations in the world in the industry and that has to be sustained.



We are back at the same point where we were last year. Some €59.1 million is being proposed today but it is very hard to compare that with the Irish Sports Council funding of €50 million for 2010. The latter has to deal with all the various governing bodies and high-performance programmes for athletes going to the Olympic Games. People might argue that it is a different issue but to the person involved in sport it is not. Sports capital funding has gone for 2009 and 2010 and there have been no new applications for swimming since 2001. The Minister will probably say he is spending money on this sector but money has been spent on the horse and greyhound industry since 2001. Some of the funding goes directly into prize money at race meetings and it is this that does not sit well with people involved in sport. That said, Fine Gael supports the greyhound industry and accepts it must be funded and that the funding must be sustained. We all agree an alternative solution must be found, but we are no nearer finding a solution than we were this time last year. For example, last year the Minister suggested the betting duty should rise to 2%, but rowed back on it. Perhaps he can explain the reasons for that. In the past it has been because of offshore and Internet betting. It is in the interest of all stakeholders that we do not return to the same situation here each year and that we are not directly dependent on Exchequer funding.

The Minister mentioned that the report published on 30 November suggests that the horse and greyhound industry needs secure State funding in the short term. Does this mean the Minister will return to this committee for the next few years to inform us the funding must come from the State coffer and does it mean we will not have moved on by this time next year? When putting forward suggestions to an *bord snip nua* as to where moneys could be saved in the sports area, the Department suggested a saving could be made in the area of funding of the horse and greyhound industry. However, that does not seem to be any closer to happening. Have other countries successfully tackled the problem with regard to taxing Internet and offshore betting? Are any countries any nearer to solving the problem than we are?

Deputy Mary Upton: I thank the Minister for the update. I too reiterate my support for the horse and greyhound industry which is important for the economy. It supports a significant number of jobs, attracts tourists and is practically a way of life in some parts of the country. It is very important the funding is in place to ensure these sports are sustained. However, I have an issue with regard to how that is done. I do not believe it is possible to continue to use moneys from the Exchequer for this, particularly in the current economic climate. The original intention was that the funding would come from the tax on gambling and that was the case until 2002. A significant change then came about, related to the consumer price index, and this was considered as a top up.

Most European countries are committed to providing funding to their horse and greyhound industries through taxes on gambling. The issue then should be about the capture of the tax and ensuring it is provided not just for the horse and greyhound industry, but for other sports. Gambling takes place on other sports also. I have published some ideas on this area and have pointed out that it is important we look beyond horse and greyhound racing with regard to the distribution of the funding. The percentage tax collected was originally 5%, but it dropped to 2% and then 1%. A recent budget intended raising it to 2%, but that never happened. The Government has compromised all along the way with regard to tackling the capture of the tax. Unless it deals with that issue, it will be impossible for me, as a Labour Party representative here, to continue to support the funding coming directly from the Exchequer. To be honest, the Government does not appear to have the mind set to tackle the alternatives and has not been proactive in that regard. The real issue concerns on-line gambling, which is a huge industry. It damages everybody related to these sports because the money is flowing out of the country. It also damages high street bookies. I am aware that France, Italy and Portugal - primarily France - are putting in place facilities whereby the tax can be captured. There are difficulties in that regard and it will not be easy. I urge the Minister to ensure the issue will be addressed here in the short term.

On the issue of other sports, I am not sure what percentage of money is raised from gambling on other sports and activities. However, when we compare what all the other sports in the country get from the Exchequer with what the horse and greyhound industry gets, the distribution seems very distorted. When does the Minister think he can set about putting in place the increased tax, which should have been put in place two years ago? Perhaps he cannot make it 2% initially. I suggest he could start at 1.5%, because we must take account of the needs of bookmakers also. When can we expect to see that change? When can we expect to see some real action with regard to capturing the on-line betting tax? Internet service providers have an important role to play in this regard, but they must be supported and backed up in terms of the legislative requirements because they cannot be at risk if blocking perfectly valid sites. The issue must be tackled. While I support the horse and greyhound fund and the need to sustain it, I cannot continue to take that line unless I see action on capturing the tax from gambling.

Deputy Michael P. Kitt:   I welcome what the Minister had to say and particularly welcome the investment in both horse and greyhound racing. One can see significant improvement in facilities for these around the country. In Galway, there has been significant development at the racecourse in Ballybrit and in the greyhound stadium. I hope this continues. I agree that the industry is very important from the point of view of employment and tourism. The Galway summer festival, for example, takes place during the last week of July and early in August, right in the middle of the tourist season, which is when many people are on holiday. I hope funding for that continues.

I have concerns about out of state companies and on-line or over the phone betting. Besides the fact that we lose tax income as a result of this, traditional bookmakers also lose out. Some of these have made representations to me in this regard. It may be unusual to make a case for a bookie at this or any committee, but it seems only right that the proposed tax should be reduced from 2% to 1%, as it is important these businesses stay viable and continue to provide employment. I am aware the Minister has a problem with regard to getting funding. I hope all of

those from the various Departments involved in considering the issue, including the Attorney General and the Revenue Commissioners, will examine the difficulties involved and come up with some resolution. There is a danger people employed in traditional bookmaker businesses will lose their jobs otherwise. I welcome what has been said.

On the question of summer and the Galway Races I read a comment recently by the late Paddy MacKernan who was at a conference attended by a Minister at the end of July. Obviously the Minister did not know the Galway Races were on. When it was brought to his attention at the conference in Jakarta, Mr. MacKernan said the Minister was putting Jakarta before the horse.

Deputy Martin Cullen: It was not me anyway.

Deputy Michael P. Kitt: The Minister, Deputy Cullen, would know the Galway Races are always on during the last week of July and the first few weeks of August. Given that I have said that twice, that is enough of a plug. It is the height of the tourist season. There is a big issue in trying to get extra funding from the out of State companies.

Chairman: I had the privilege of working with the late Paddy MacKernan on my first position as Minister of State with responsibility for European affairs. He was a fantastic diplomatic and was very witty, as rightly identified by the Deputy.

I am reminded that we have to be out of this room by 1.30 p.m. As many speakers are offering, I ask for their summary.

Deputy Mary Alexandra White: I am delighted to see the Minister present. I come from a horse crazy constituency - the home of Danoli, the home of the Mullins family, the Hughes family and Jim Bolger, north Kilkenny. During the Cheltenham Races, Carlow is a desolate place because everyone is on the planes. We have a fantastic interest in horse racing, not just in my constituency but throughout the country.

On the legal and operational difficulties about the out-of-State betting companies, how far has that progressed? Others said we could finance these industries to a greater extent if we had access to more revenue. It is a simplistic statement but I would like to know the legal and operational difficulties being encountered. Living as I do under the Blackstairs mountains, I know that the amount of small and large employment involved in these industries is enormous, whether it is the stable boy or the stable girl, people fixing horse boxes, driving to the racecourses or whatever or the punters going to Gowran Park in Kilkenny. There is a huge buzz and the industry gives huge employment. Particularly in recessionary times we should do our best to support these rural pursuits. How will the Minister fund them in the future? How will we wriggle our way out of trying to find a way of bringing these out-of-State companies, getting that revenue in? Is that brief enough?

Chairman: I thank the Deputy for setting a very good example.

Senator Labhrás Ó Murchú: The Minister is right to point out that this industry has been part of the tradition of Ireland for hundreds of years. We are all entitled to boast a little about our

own area at this time. I can recall, as a young boy, when Early Mist came back to Cashel after winning the Grand National that thousands of people turned out on that occasion. If we talk about the poor man's horse, which is the greyhound, I can also remember Kentucky Minstrel on 4 July, and Dick Ryan's dogs, from near Cashel, all having huge accolades as a result of their success in the Waterloo Cup. Even though we are pointing out that the direct number of jobs is 27,500, that is infinitesimally small compared to the spin-off to the economy of an area. It has also been pointed out, and correctly so, that often these are the less affluent areas that benefit. That must be borne in mind at all times.

The industry has been developed to an exceptionally high standard through the work of the industry itself but also through the investment by the State. It is important that this is maintained, otherwise everything that has been achieved would be undermined. Many outside the country are looking at us. The tourist element of this industry is huge. Whether one is talking of Mick Kinnane and his success abroad, or whatever the case may be, we certainly have a fantastic asset and it must be protected. I accept that if we can raise more money from tax pot that would help. I am pleased that the main players such as the Department of Justice, Equality and Law Reform and the Revenue Commissioners are discussing this issue. I do not think one can expect immediate results from the work being done. It is painstaking work and I am convinced it will prove successful. Given that we were able to harmonise other issues within Europe and even globally, I have no doubt we will succeed in getting our take from the offshore online phone betting and so on. I welcome the way in which the Minister has outlined the case. It is clear that we all support this industry because it is vital to the economy of the country.

Senator Jerry Buttimer: I thank the Minister for bringing this matter to us this afternoon. In his remarks, the Minister struck the nail on the head when he said it behoves all of us to protect 27,500 jobs. Let us forget the optics, it is 27,500 jobs. As Deputy White said many of those jobs are not glamorous and will not be on the front pages of the *The Irish Times*, *The Irish Examiner* or on RTE but they are important jobs. This fund takes on sport, agriculture and tourism and is extremely important. We have a history of preserving the horse industry and it is important that we support the funding. In his presentation, Deputy O'Mahony made a very good point. There is a perception in some cynical elements of the media and the public that some of the money, which they look at with a jaundiced eye, goes to the prize fund. As a keen follower of horseracing, I think it is incumbent on us as politicians to support the horseracing industry. I do not want a situation where when we go to Cheltenham in three or four years time, or to Epsom or Ascot Irish bred horses are sold in England or to Dubai or wherever and are winning prizes under the British flag or the Dubai flag. We cannot allow that to happen. It happened in the 1970s and in part of the 1980s where from Cheltenham we came back with one or two winners but the Irish flag was not flying in the winner's enclosure. That may be a simplistic approach.

There is a huge issue as the Minister and others have said in regard to the whole issue of offshore remote betting - Internet betting. If I walk into my local bookmaker in Bishopstown and place a bet I pay a levy. If I walk into my office and pick up the phone or go on-line I pay no levy. I hear what the Minister has said, but we need reform of the approach to betting and racing.

The Minister referred to the report which was commissioned. The report speaks about the implications if the fund was to be cut completely. However, we need a wider debate in this

committee or elsewhere on the horseracing industry involving the HRI, Bord na gCon and all the stakeholders. We need a New Ireland Forum type approach whereby we can bring in all the stakeholders and have an open and transparent exchange of views. People will be cynical about the allocation of money which my party and I and Deputy O'Mahony support but we must protect jobs and we must have reform.

Deputy Michael Kennedy: I welcome the Minister and thank him for his report. As other speakers have said, 27,500 jobs is a substantial number. That probably ignores many spin-off jobs in tourism, the small breeders of dogs, horses and so on. There are huge economic benefits of which should not be lost sight. I am concerned about offshore online betting. Recently a British company involved in betting was doing the rounds of the Dáil and Seanad trying to set itself up for whenever the law is changed. In Britain, every company involved in promoting on-line betting pays to the authorities a registration fee based on its turnover. While I was not excited by the level of fee - I am sure it would not excite the Minister for Finance or the Minister for Arts, Sport and Tourism - putting the onus on the operating company to pay such fee to the authorities would guarantee us a return in this area. It is essential that discussion on the legal issue, which has been ongoing for at least 15 months, is speeded up. We should be providing more resources to deal with this issue given the huge loss of revenue to the State and the sport and in terms of the €50 million to €60 million already invested in this area. If even a percentage of that amount were derived from a tax on betting it would be more than that which the Minister is currently in a position to provide. I believe the joint committee should request the advisers from the Department of Finance and the Department of Justice, Equality and Law Reform to get on with their work and bring forward a report.

Deputy Jack Wall: I welcome the Minister and Mr. Morgan to the meeting. In my constituency there are three racecourses including the Curragh, Punchestown and Naas, several stud farms and we are also involved in the greyhound industry and have many of the top trainers in the country. As a representative of that constituency I fully support the introduction of this fund. When this proposal was first initiated by the former Minister for Arts, Sport and Tourism, Deputy John O'Donoghue, there was full support across the political spectrum that the correct formula had been put in place to ensure that revenue from excise duty would result in a balancing of the books in 2008. It is disappointing that has not been the case. The proposal also had the full support of the racing industry.

We are all aware of what needs to be done and we must do it. Deputy Kennedy is correct that not alone will this result in us getting enough money to subsidise the racing industry but there will be sufficient money to assist other sports, as suggested by Deputy Upton. The potential exists to do this. We must set targets that ensure this will be done sooner rather than later. We cannot continue to simply talk about this issue. Other areas of the industry are profitable, the spin-off from which is unbelievable in terms of student attendance at the summer festivals and so on. We cannot continue to say nothing can be done. This issue can and should be tackled.

On reflection, two mistakes were made, namely, the reduction in excise duty from 5% to 1% and the failure, as promised, to raise this to 2% in the last budget. This is a huge industry with enormous potential and has an international dimension. We should not lose sight of that fact. We must underpin this by means other than Exchequer funding. The means to do this exist and I ask

the Minister to in the strongest possible fashion, ensure that this matter is addressed by way of the proposal put forward. The issue of a tax on casinos must also be tackled. The sooner these issues are tackled the better.

Chairman: I thank Deputy Wall. I ask members to be brief if the Minister is to have time to reply. We must vacate this room by 1.30 p.m.

Deputy Michael Ring: I will be brief. There are 27,500 people employed in this industry, which is a lot of jobs. However, €68 million is a bit of money. There is no doubt that the horse and greyhound racing industries have great friends in Government given the cutbacks endured by others in this country this year. However, we must protect jobs. I want to put on record the fact that many people had their pay battered and belted with cuts this month leaving many of them unable to pay their mortgages. I would not like people to think €68 million is not a lot of money, it is a massive amount. I accept the industry creates many jobs.

Deputy Martin Cullen: For the record, the correct amount is €59 million

Deputy Michael Ring: That is still a great deal of money. A colleague of the Minister's stated a few years ago that €50 million is not a lot of money but it is. If we had that amount now we could do a great deal with it, a fact I also want to put on the record.

I support the racing industry. However, it should make greater efforts in terms of prize funding. Taxpayers' money is being used for prize funding. While I accept that this must be done, the industry should be doing more. As Senator Buttimer stated, we need an overall debate on this issue. We need to invite in all the parties involved in the racing industry and the Department to discuss where the funding is going and what the racing industry, which is receiving direct funding from central government, proposes to do in the future. As I stated earlier, the industry provides 27,500 jobs for people which is a lot of jobs but €59 million is a lot of money.

I was disappointed that a further levy on betting was not introduced in the budget. People must now pay more for diesel and petrol while there was no increase in taxation in respect of the betting industry. This industry has many good friends in Government. I support the industry. However, it has a job to do and must do it. I ask that representatives of the industry be invited to attend a meeting of this committee to tell us what they propose to do in the future should this direct funding be withdrawn.

Chairman: What is the nearest racecourse to Deputy Ring?

Deputy Michael Ring: Ballinrobe racecourse to which the Chairman is welcome any time.

Chairman: I thank the Deputy.

Deputy Michael Ring: I do not attend as many race meetings as Ministers.

Chairman: I hear the Deputy is the fastest greyhound in Mayo.

Deputy John O'Mahony: If the Chairman watches closely the form in Ballinrobe he will have an eye for Galway later on.

Chairman: My apologies. As a west of Ireland man I put my hand up on that. I attended the racecourse in Sligo once or twice.

Senator Fiona O'Malley: I support the motion. The racing industry comes under sustained attack from particular political quarters, which I believe is desperately unfair. I am glad to hear the proposal has the unanimous support of the joint committee. We do not appreciate how big Ireland's reputation in terms of this industry is internationally. We are one of the best in the world in terms of the thoroughbred industry. This has been achieved, as the Minister stated in his opening remarks, because of the guaranteed levels of funding it receives, which ensures certainty and security for the industry. We should not lose sight of the fact that Ireland is a world leader in the racing industry. When we get something right, as in this case, let us not seek to change it. I accept we are in difficult times but I urge the Minister to continue to support the industry. The people to whom I have spoken in the industry - not those involved in the glamorous end of it - are involved in small stud operations and so on and provide significant employment in rural areas. The industry has been phenomenally successful, for which we should applaud ourselves.

I accept what Deputy O'Mahony had to say in regard to other sports. However, it is often forgotten that Ireland is a world leader in the racing industry. We are, if not number one, certainly in the top three. This has been achieved through investment in the industry. When the formula we are using results in our being successful we should continue with it. I urge the Minister, as far as is practicable, to provide certainty in terms of future funding to the industry. As in respect of the arts, certainty allows for better planning resulting in better results.

Chairman: I thank members for their questions. The Minister will note from members' contributions that there is a great deal of interest and support for this area. Some genuine questions have been asked, particularly in regard to on-line and offshore betting. As stated by Deputy Upton and others, the betting industry does not consist only of betting on horses and greyhounds. As we know, people will bet on anything nowadays, particularly football and elections. That is another issue to be considered. The committee will look at this question, Minister, and we would be glad to support any work you are doing in this area. I will now give you a chance to reply to members' questions.

Deputy Martin Cullen: I thank you and the members of the committee for a most constructive discussion. We are all keen to support the industry and are concerned about its funding. On the other hand, we are riding two horses and trying to stay on the side of the angels.

Members compared the Horse and Greyhound Racing Fund with funding of the Sports Council of Ireland. The Sports Council of Ireland's funding was reduced by only 4%. We tried hard to protect the sports council's resources. Deputy O'Mahony suggested that the Government gave in to an *bord snip nua*. The opposite is the case. We fought a ferocious battle with an *bord snip* on the horse and greyhound fund and even brought in Mr. Brian Kavanagh, chief executive of Horse Racing Ireland, to bolster and clarify the case. There was no reticence on the part of my Department or me in stressing the importance of horse racing. I will return to this point.

Deputy Mary Upton made an important point about France. We are liaising closely with the French but they are no nearer to finding a solution in the area of offshore betting. The international phenomenon of telephone and Internet betting is a huge problem for many countries and is broader than the simple issue of betting on horses and dogs. The fundamental problem is that governments are trying to tax companies which are not within their jurisdiction. The Attorney General and the Department of Finance, which is responsible for all tax matters, are looking at this problem. The amount of money being lost is a serious issue for us and other countries. There is a massive growth in Internet and telephone betting while betting in bookies' shops and on-course is declining. This raises a further point. If tax on bookies' shops is increased betting activity will move offshore.

Deputy Upton and other members referred to the betting levy. Last year, at the behest of the horse racing industry, I asked the Department of Finance to raise the betting levy to 2%. However, it quickly became clear that many smaller bookies, which give much employment, would have been forced to close while the bigger players would have been able to absorb the tax increase. That is why we had to look at the matter again. We have suggested to the Department of Finance that we could raise the levy to 2% and make it compulsory that 1% be passed on to punters. If that was done the main players would not have an advantage over smaller bookmakers. However, that represents the tip of the iceberg. I could not present it as a solution to the problem. We must remember that the more we increase tax the more likely we are to push betting on to the Internet and the telephone. The Department of Finance does not like abrogated tax. Its view is that tax from the horse racing industry should not be controlled by another Department. That is its view on all forms of abrogated taxation. I ask the committee to be aware that the Department of Finance would be opposed to tax revenue being left in a fund for the sole use of the horse and dog racing industry. However, I would be keen on that.

Senator O'Malley is right in saying that we should not change a successful system. We put resources into improving our performance in so many areas. The horse industry is the one area where the investment of resources has paid off and Ireland stands out internationally. We stand out in breeding and in the quality of our riders and jockeys. We have excellent race courses and good prize money. We aspire to emulate this success in so many areas of activity. We must protect the horse and greyhound breeding and racing industries. Considering what they bring to this country, our investment in them is money well spent.

What Seamus Heaney did for Ireland last year was extraordinary and went beyond the racing industry. People who would not know one end of a horse from another became interested. Phenomenal use was made of his win in promoting tourism in Ireland and for the horse to be stood at stud in Ireland was a magnificent coup. A success like this speaks far better than any words about the Irish breeding industry. Sport is something that lifts the country, particularly in times of recession. The performances of the Irish and provincial rugby teams, Katie Taylor in boxing and various athletes lift us as a nation and give us a sense of worth, particularly in difficult times. It is vital that we continue to fund all sport to the utmost of our ability.

I do not underestimate the challenge of trying to crack Internet betting. The only country which has dealt with it, to my knowledge, is the United States. That country has used an iron fist and tried to ban all of this sort of activity because so much money was haemorrhaging out of the

country. In the United States the activity has been driven underground because there are all sorts of ways of getting around the ban. A complete ban is not the satisfactory solution.

Deputy Mary Upton: Italy has made substantial progress through forcing people to register with Internet service providers. I accept this is not an easy problem but we must begin to tackle it.

Deputy Martin Cullen: I agree. However, I do not think any of us would compare the Italian and Irish horse racing industries. We have a particular sensitivity because we have built Ireland into the foremost horse breeding country in the world.

Deputy Mary Upton: The issue is gambling rather than horse racing and breeding.

Deputy Martin Cullen: I know that. Deputy Upton raises the wider issue. The expansion of poker and other activities on the Internet is extraordinary. There is no doubt we are losing revenue in those areas. We must mature somewhat in our attitudes to casinos and so on. The world has moved on and we have not faced up to how we can deal with many of these issues. We need a broader debate which would capture all of them.

The €59 million provided is not all Exchequer money. More than €30 million of that should come from the betting industry, although I do not claim that the extra €29 million is a small amount. The current method of financing will not solve the long-term problem. All players in the industry, particularly in the betting industry, have a responsibility to work with the Government to resolve this issue. We do not want to resolve it with an iron fist of legislation. It is in the industry's interest, and I mean all aspects of it, to resolve the issue. I regret that many of the representatives of different elements of the industry who came to advise me were convinced that the cause of the problem lay somewhere else. That is not a solution. Everyone must be party to a good outcome because everyone will be a winner if that approach is taken.

I thank you, Chairman, for your courtesy and I thank members for their support. We will work hard on this issue, particularly with Revenue and the Department of Finance on the taxation side.

Chairman: Thank you, Minister. You have touched on all the key aspects and have addressed the issues raised by members.

I propose that the committee instruct the clerk to the committee to send a message to the Clerk of the Dáil and a message to the Clerk of the Seanad that the Joint Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs has completed its consideration of the motion and a report on the motion along similar lines will be laid before the Houses of the Oireachtas. The committee notes that provision has been made for a debate in Dáil Éireann when the committee reports back to the Dáil and Seanad. Is that agreed? Agreed.

I thank the Minister and his official, Mr. Morgan, for assisting us in our deliberations. The Minister has referred to the importance of sport and this is an important sport and industry. He mentioned the success of the breeding industry and of our jockeys and trainers. We look forward to more success in Cheltenham.

We will look again at the area of betting. I have heard Mr. Paddy Power and other representatives of the betting industry making points on this issue and I agree with the Minister that they appeared to pass the problem on to someone else. The committee will help to bring these people together to advance this issue.

► **Messages to Dáil and Seanad.**

Chairman:   In accordance with Standing Order 87, the following message will be sent to the Dáil:

The Joint Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs has completed its consideration of the following motion:

That Dáil Éireann approves the following Order in draft:

Horse and Greyhound Racing Fund Regulations 2010,

a copy of which Order in draft was laid before Dáil Éireann on 15 December, 2009.

In accordance with Standing Order 72 the following message will be sent to the Seanad:

The Joint Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs has completed its consideration of the following motion:

That Seanad Éireann approves the following Order in draft:

Horse and Greyhound Racing Fund Regulations 2010,

a copy of which Order in draft was laid before Seanad Éireann on 15 December, 2009.

The joint committee adjourned at 1.30 p.m. *sine die*.