

Dundalk bookmakers' dispute

August 26th 2007 was an historic day in Irish racing, being, as it was, the date on which the first ever all-weather race meeting was staged in the country. Jim Martin and his team at Dundalk racecourse overcame many obstacles, including one or two that looked to be quite insurmountable at the time, and their gargantuan efforts were rewarded with a day that was generally acclaimed as a huge winner. The racing surface received universal approval from jockeys and trainers, the facilities, while not without their teething problems, were highly commended, the viewing was top class, the atmosphere was excellent and the racing was competitive. It was almost an unequivocal success. Almost.

The one element of the day that was glaringly inconsistent with the rest was the bookmakers' ring. Only 12 bookmakers stood, with almost all of the prominent on-course layers conspicuously absent. If you had been blindfolded and dropped into the middle of the betting ring by helicopter, you would never have guessed that you were on a Grade 1 Irish racecourse. It led to ridiculous betting percentages, 142% for the first race and 150% for the second, rising through the 160s to a fairly unbelievable 173% for the concluding maiden.

The betting percentage is the main criterion by which the competitiveness of a betting market is measured. A two-horse race in which both horses are sent off at even money gives a figure of 100%. Similarly, a three-horse race in which all three horses go off at 2-1 also gives you an over-round of 100%. A betting percentage (over-round) of 142% means that, if a proportionate amount of money is bet on each horse, then, at the odds, the bookmaker will make 42% on his total turnover regardless of which horse wins the race. This means that, on average, punters will lose 42% of their total stake.

Betting percentages in the 140s, while high, are not uncommon in Irish racing, especially in big fields. Therefore, it was not wholly surprising that the percentages for the first couple of races at Dundalk were of that magnitude, as you could forgive the bookmakers for treading with a degree of trepidation in the early throes of the first meeting on an artificial surface. However, it would have been reasonable to expect that they would reduce as the day progressed. On the contrary, what happened was a veritable punter-scalp as the lack of competition among the 12 bookmakers who were collectively responsible for returning the SPs meant that a cartel-like situation developed. The 173% for the last race, a 14-runner maiden, was a grim return to punters.

The lowest percentage on the day was 140. Contrast that with The Curragh the previous day, for example, where the lowest percentage was 113, or Ballinrobe on the same day where the lowest was 123%. Several winners at Dundalk were returned at significantly contracted SPs compared to the odds that were available about them at the off on Betfair. The Dundalk situation presented the on-course bookmakers with an opportunity to make a killing, and it appears that it was an opportunity which, regrettably, they fully exploited.

The genesis of the problem has been well-documented. Conversations between Dundalk and the Irish National Bookmakers' Association regarding pitch allocations began as early as last January. Dundalk, supported by the Association of Irish Racecourses, claim that the facility at Dowdallshill is a new racecourse, owned by a new company, Dundalk Racing 1999, whose 13-strong board comprises just three members from the old racecourse company. As a result, they claim, the bookmakers' seniority rules that existed at the old course, which closed five years ago, should not apply. Consequently, they are intent on allocating bookmakers' pitches based on national seniority and charging €8,000 to bookmakers who wish to stand at the all-new Dundalk. The racecourse executive maintain that they will refund the fee in full to any bookmaker who decides that he or she does not want to stand within 12 months.

On the other hand, the Irish National Bookmakers' Association claim that Dundalk is not a new track, that it is merely the old track re-furbished. They claim that the seniority rules that existed at the old track should therefore apply, and that no fee should be payable.

You can see the racecourse's argument. It is a new racetrack, a new surface. €35 million has been spent laying the track and developing the facilities, and there is a greyhound racing track in the centre. If you raze your house to the ground and re-build it, is it a new house or a re-furbished house? It's a tough one.

There is a precedent of sorts. When the old Mallow racecourse was closed and re-opened as Cork after considerable re-development, the old bookmakers' seniority rules applied and no fee was applicable. More pertinently, when the old Limerick racecourse at Greenpark was closed and the new one was opened five miles away near Patrickswell, the old seniority rules also applied. Is Dundalk's all-weather track a greater departure from the old track than the new Limerick racecourse was from the track at Greenpark? Another tough one.

Regrettably, negotiations between the Irish National Bookmakers' Association and Dundalk Racecourse appear to have reached an impasse. At their most recent meeting last Wednesday week, an offer and a counter-offer from either side both conceded a little, but were both rejected. An added difficulty now is that the 12 bookmakers who stood at the last meeting are in place, and have strong claims to the best positions in the betting ring ahead of any new entrants. While it is probable that discussions will be held again this week, neither party is optimistic that the situation will be resolved before the next race meeting at Dundalk this Thursday evening. If it is not, the bookmakers' assistants are talking about strike action on the day, which would be supported by SIPTU. Dundalk say that they will strongly resist any picket. There is no question that any strike action would further exacerbate the situation.

Whatever the merits of the respective arguments, it is important that the two sides reach common ground sooner rather than later. Almost everyone is a loser under the current stalemate. The bookmakers are losing out because they are not present at Dundalk, on-course and SP punters are obviously worse off because of the relatively poor prices that are being returned, and the racecourse is also losing out. Bookmakers pay five times the admission fee at every race meeting, regardless of whether they attend or not. If Dundalk had had, say, 50 bookmakers in place for its meeting last month instead of 12, their revenue would have been €5,000 instead of €1,200. On top of that, bookmakers also pay 0.5% of their day's turnover to the racecourse. It is probable that, had there been even 30 bookmakers present at the inaugural meeting – the optimum number according to the racecourse – including the top bookmakers, total turnover on the day would have been a multiple of the €485,000 that did change hands in the ring. Even if it had have been just twice that, which is a conservative projection, Dundalk's revenue from that stream for the day would have been doubled.

But there is a bigger picture here. While the two are not absolutely inextricable, betting is without doubt an integral part of racing in this country, often the heart that pumps the energy around an Irish race meeting. Take away a vibrant betting market from any racecourse, even the most successful ones, and it will be much the worse for it.

There was always a strong betting market at the old Dundalk racecourse, fuelled, as it was, by a significant northern contingent. It would be a shame if, now that it is a Grade 1 track with prospects for hosting high class racing – there are several listed races in the pipeline already for later this year – the on-course market were to be a weak link.

From Dundalk's point of view, in order that the track is successful, it is imperative that the racecourse be commercially viable. In order to be commercially viable, it is important that it attracts a critical mass of paying customers through the gates. The last thing we need is another Kempton Park in the north-east of Ireland. The potential to attract the paying customer is not being maximised if a less than fully efficient betting ring is in place. This will not be apparent in the short-term, but the honeymoon period is nearing its end. If a racecourse gets a reputation for having a weak betting ring, or one that doesn't offer value, that is a reputation that is not easily shaken. It would be hugely disappointing if the momentum generated by the bonhomie that was undoubtedly present at the first meeting were to be stunted by a dispute that should be absolutely avoidable.

The energy that the racecourse executive and board have expended in the last four years in bringing all-weather racing to Dundalk has been almost unquantifiable. It would be a real pity if their achievement were to be consumed now by an issue that should be ultimately resolvable. More than that, almost one-third of the total of €35 million that it cost to re-develop the racecourse was provided by the government through Horse Racing Ireland. Surely it is therefore incumbent on all parties to the dispute – the racecourse, the bookmakers, the Association of Irish Racecourses and HRI – to resolve it in order that the greater good of racing is served.

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