

12 March 2014

**CIRCULAR NO 1326**

**To:** The Secretary all Totalisator Clubs and Kindred Bodies  
**From:** Edward Rennell, Chief Executive  
**Subject:** **BOARD NEWS – 20 FEBRUARY AND 7 MARCH 2014**

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Following is a summary of key matters considered at the HRNZ Board meetings on 20 February and 7 March 2014.

**1. KEY PERFORMANCE INDICATORS**

The Board reviewed a statistical report on the code's performance with its key performance indicators for the first six months of the season. A copy of this report is attached **Appendix 1**. From a participation point of view, results for the season to date are positive with the number of races, starters and average field size up on last season. It was also encouraging to note the performance of clubs with stakes up 6.77% for the season to date. The key concern with the code's performance is in the turnover area, with total turnover down close to 1% despite 0.6% more races. Some improvement was noted in this area over the last six weeks, countering to a degree a disappointing November/December period.

**2. INDUSTRY FUNDING AGREEMENT**

In June 2011, the NZRB and three codes agreed on a new industry distribution model and calendar template that runs through to the conclusion of season 2014/15. This expires at the same time as the internationalisation agreement which the NZRB is currently seeking to renegotiate with TabCorp and Sky Channel.

An approach has been received from NZTR coinciding with their proposal to restructure the dates calendar to provide for a new industry funding agreement. Extensive consideration was given to HRNZ's position in relation to this, with the Board supportive of the proposal from NZTR in relation to the dates calendar on the condition that the industry funding agreement should be reviewed and confirmed at the same time, preferably for the next five years. The Board was not supportive of the dates being considered in isolation to the industry funding agreement.

It is likely that the details of this will be worked through at an industry level over the next six weeks. A working party comprising Colin Hair (Chairman of the Audit & Finance Sub-Committee), Kerry Hoggard and Ray O'Connor was appointed to work with Edward Rennell (Chief Executive) in negotiations with the NZRB and other two codes pertaining to the intercode funding agreement.

The Board also reviewed the current status of the harness distribution account and gave consideration as to whether any additional funding could be extended as has been done in the last two years. It was noted that expenditure for the season to date was tracking slightly below budget, however, given the uncertainty in terms of what total amount may be available in future years with the industry funding agreement currently being reviewed, the Board felt it would be prudent to hold over any consideration of this until later in the season. It was agreed that this would be done as part of the determination of the code funding policy for 2014/15. While conscious of the need to try and stimulate positive growth within the industry, the Board felt that greater clarity was required in terms of future funding before any decision should be made in this area.

### **3. 2014/15 DRAFT DATES CALENDAR - TRACKSIDE COVERAGE**

Over the last two months, there have been a number of meetings between the NZRB and code management to review each code's proposed dates calendar for 2014/15. The release of the draft calendar to the industry, which is normally made early in the calendar year, has been delayed due to some changes that NZTR are contemplating. In summary, this involves a review of that code's racing commitments on Mondays and Tuesdays and a reduction in the level of races provided. Details of this are currently being reviewed and consideration being given to the implications on NZRB profit projections and the intercode funding agreement. It is hoped that these details can be worked through and a calendar released to the industry as a draft for consultation purposes by the end of March.

In terms of HRNZ's draft calendar, this has been prepared largely on a status quo basis and provides for one less meeting than the current season. The number of races at each meeting has also been reviewed to try and provide a more realistic level of what may be achievable. It is likely that HRNZ's draft calendar will be based on a 2% reduction in races from 2,745 to 2,677.

HRNZ has also seen the first draft approach to coverage of domestic meetings under the NZRB's new broadcasting strategy with Trackside 1 and 2. From a harness perspective, it would appear that all meetings will be covered on Trackside 1, with the exception of third meetings on Saturdays which will be covered on Trackside 2 once the Australian thoroughbred racing commences. This will be consistent with the approach adopted for all Saturdays where there are three domestic meetings.

HRNZ believes that there is merit in the details being released to clubs prior to the start of the season as to what meetings will be covered on the respective two Trackside channels. HRNZ believes that it is advantageous for clubs to be aware of the coverage well prior to their meetings so that if they have any issues these can be raised in a timely fashion. HRNZ's initial view is that the criteria being developed by the NZRB is clear and if consistently followed will result in minimal issues.

### **4. CLUB FINANCIAL ANALYSIS**

HRNZ has initiated a review of club financial statements over the last five years to better assess the financial health of the industry and proactively identify risk areas. This has involved undertaking a review of club financial statements, with the objective of developing a revised template to:

- Enable better evaluation of non-financial performance, financial performance and risk on a club by club basis;
- Incorporate and develop financial and non-financial performance indicators; and
- Provide trend analysis.

Two independent contract accountants were engaged to undertake this review. In addition to the club by club analysis, they prepared an industry overview. The Audit & Finance Sub-Committee and the Board reviewed the information provided and noted the issues raised as a result of this. Stage 2 of the review will involve analysis of the information on a regional basis and development of a standardised reporting template for club financial information. This will be further developed in conjunction with the racing secretaries.

Another aspect being considered as part of the risk review is the implications to the industry if the level of gaming funding currently received is significantly reduced and what implications this would have for the industry going forward. Linked to this is an overall review of the industry's liquidity. It was felt this information would be very useful as the Board further progresses the development of its updated strategic plan for the industry.

## **5. NEW BETTING RULES FOR DRIVERS**

The Board considered feedback received from the industry on its proposal to amend the Rules for drivers' betting as outlined in December. Minimal feedback was received in relation to this, with formal written confirmation received from the NZRB supporting the changes proposed.

Accordingly, pursuant to Rule 103A, the Board formally adopted the proposed amendments in relation to Rule 505 Drivers' Betting. The key changes agreed to were:

- That drivers not be able to bet on races in which they are engaged;
- That drivers not be able to bet on-course while dressed in their driving apparel.

These new Rules will take effect from 1 April 2014 following formal tabling in Parliament and gazetting. Details of the new Rules will be notified in the Harness Racing Weekly following confirmation of the gazetting from the Department of Internal Affairs.

## **6. AGE GROUP AND PREMIER RACING REVIEW**

The Board considered an updated report from the working party reviewing the current structure of age group and premier racing. Key changes proposed are:

- A more logical and consistent structure of dates for premier racing, with clashes avoided particularly in the period March to June;
- A reduction in the number of premier meetings but an enhancement in their quality with increased minimum stakes;
- Transfer of some existing age group feature races to these premier meetings;
- Potential introduction of some new NZSSB supported races for identified gaps in the current age group racing programmes;
- A marketing programme around lifting the profile of these premier meetings.

The 2014/15 dates calendar has been drafted on the basis of the new structure proposed. It is hoped that details will be worked through with the NZ Sires Stakes Board, NZMTC and Auckland TC over the next few weeks with final details confirmed at the Board's April meeting.

## 7. COMMUNICATION WITH OWNERS

The Board has identified room for improvement in the communication from trainers to owners. While it is acknowledged that many trainers do this well, it was felt that if there can be an improvement in the level of communication it would enhance the overall experience for owners in the industry. It was agreed that Pete Ydgren (Commercial Development Manager) would work with the Trainers & Drivers' Association to develop a template and consider what assistance HRNZ can provide from a technology perspective to assist trainers with enhancing their communication to owners. It is intended that a workshop will be held in early May, following which some of the suggestions from this can be "rolled out" to trainers through regional meetings.

## 8. ANIMAL WELFARE SUB-COMMITTEE

HRNZ has agreed to establish an Animal Welfare Sub-Committee to proactively consider strategies to enhance and consider animal welfare issues within harness racing. The Sub-Committee is to be chaired by HRNZ Board member, Mr Brian Wastney, and will include Mrs Ailsa Smaill (HRNZ Board), Rob Lawson (Trainers & Drivers' Association), Jasmine Tanner (Licensed Trainer & PhD Student at Massey University), Kiely Buttell (Standardbred Breeders' Association) and Pete Ydgren. It is intended that the Sub-Committee will meet in April with a key focus at their first meeting on establishing a charter and determining issues for it to consider. The Board was conscious of the increased attention being given to this area, in particular from the National Animal Welfare Advisory Committee.

## 9. HRNZ COMMUNICATIONS

The Marketing and Communications departments are currently undergoing a strategic review to best align their skills and services to ensure the best 'news' product is delivered to the New Zealand racing market. Two key areas of this review include HRTV and the Harness Racing Weekly. With more collaboration between these areas and further alignment with our website, it is expected that the final product will be a very comprehensive media network that HRNZ have full control over.

Over the coming months industry surveys will be completed, providing important feedback. This feedback will be used to shape the future of HRTV and the Weekly and ensure they are meeting industry demands. The first step in this process is to appoint a full-time "Content Producer". Advertising for this role will begin in early March. This will be a pivotal role in our future plans and provide the necessary cross-over between the Communication and Marketing departments.

## 10. IN BRIEF AND MATTERS UNDER ACTION

The following matters were also considered at the Board meeting. Some items are noted as under action for review at subsequent Board meetings:

- ***Development of Strategic Plan*** – The Board had a full planning session on 7 March, in conjunction with NZRB planning staff. A first draft of the new strategic plan will be reviewed at the Board's April meeting. Involving NZRB management in the planning process will ensure greater alignment between the NZRB and code plans.
- ***Endorsement of an application to the Racing Safety Development Fund for three electronically operated starting units***
- ***Approval of RIU Service Level Agreement for the code***
- ***Update with respect to gaming issues***

- **Review of Prohibited Substance Regulations** – review being co-ordinated by Chris Lange (HRNZ Legal Advisor) in conjunction with the Racing Laboratory and Dr Andrew Grierson (Veterinary Advisor to the Equine Codes). It is intended that the final recommended version will be available for review by the Rules Sub-Committee and confirmed by the Board at its April meeting. Included within this review is an update to reflect recent changes in Article 6 of the International Horse Racing Federation.
- **Review of update from NZRB with respect to its broadcasting strategy**
- **Scoping report on possible introduction of Monte racing** – potential rules for this are to be considered at the April Rules Sub-Committee meeting based on the Australian approach
- **Review of HRNZ's draft presentation to the Australasian Racing Minister's conference on 28 February**
- **NZTR purchase of self service machines for on-course at strategic venues** – a similar approach by HRNZ was not supported on a cost-viability basis
- **Update with respect to the Equine Herpes Virus 1 outbreak** – the Board was appreciative of the excellent work being done by the Equine Health Association in co-ordinating the industry's response to this.
- **HRNZ appointment to the JCA Board** – the retirement of Garry Thompson was acknowledged, with Brent Williams agreed as his replacement.

## 11. NEXT MEETING

The next HRNZ Board meeting is scheduled for Thursday 10 April 2014.

The following HRNZ Sub-Committees will meet the day prior on Wednesday 9 April:

- Rules & Regulations
- Handicapping
- Audit & Finance
- Animal Welfare



Edward Rennell  
CHIEF EXECUTIVE