

## **HARNESS RACING NEW ZEALAND – 31 MAY BOARD NEWS**

Following is a summary of matters considered at the HRNZ Board meeting on 31 May 2013.

### **1. HANDICAPPING AND PROGRAMMING**

The Board continues to receive considerable feedback and suggestions with respect to the current handicapping system and race programming. In particular the Board reviewed notes from a recent meeting of Canterbury horsemen and their suggestions for improvements. A number of suggestions with respect to programming have been incorporated into existing programmes for August and September so that some of the recommendations are implemented and trialled. The more complex issues in relation to handicapping however require wider consideration by HRNZ's Handicapping Sub-Committee.

Some of the feedback considered at the Board meeting were concerns raised with respect to the current age group concessions and the merits of a ratings points system. No decision was made on these issues with it agreed that a meeting of the Handicapping Sub-Committee would be held on 10 July to consider, amongst other things, the merits of:

- The current age group concessions;
- Introducing formal "drop back" provisions within the handicapping system;
- Inclusion of assessments in the current system;
- The merits of a points or rating system in contrast to the current conditioned handicapping system;
- Programming and what enhancements could be made to improve the current situation.

Any club or industry participant wishing to make a submission for consideration by the Handicapping Sub-Committee should lodge these with HRNZ by 28 June.

### **2. AGE GROUP RACING REVIEW GROUP**

A further meeting was held of the Age Group Racing Review Group with representatives of the NZ Sires Stakes Board and PGG. It has been agreed that the possibility of having all Sires Stakes finals on one day and PGG Sales Series finals on another was not supported given the current structure of the racing calendar. At the meeting further progress was made on reviewing the structure of the age group racing with a view to enhancing the current premier racing programmes. This may entail having less premier meetings than currently the case, however lifting the status and profile of those that remain.

It was agreed that further work would be undertaken on this, with a meeting sought with representatives of the NZMTC and Auckland TC to progress this. It is likely if any subsequent changes are agreed to, these would potentially come into effect for the 2014/15 season. This may involve a review of the current dates of some age group races and possible transfer of some races to alternative premier meetings.

### **3. DRAFT HRNZ BUSINESS PLAN 2013/14**

The Board noted the first draft of the Business Plan for HRNZ for 2013/14. This is to be reviewed further and finalised at the Board's next meeting on 11 July. Following this the document will be released as a draft to the industry for consultation purposes and will also be covered with clubs and kindred bodies at the upcoming Annual Conference on 26 and 27 July.

### **4. INDUSTRY FUNDING**

The Board reviewed the first draft calculations from the NZRB on the total industry funding to be made available in 2013/14. This is based on a total allocation to the industry of \$137 million, up from a forecast figure of \$135 million for the 2012/13 season.

HRNZ is to do calculations based on the total amount estimated to be available to the harness code over the next few weeks. Clubs will be circulated for them to review draft turnover budgets as it is still HRNZ's intention to continue the current turnover based funding model in 2013/14. It is likely that the total income to the code will be at a consistent level with 2012/13 despite the increase in overall NZRB

contribution to the industry. This is due to a budgeted increase in the NZRB on-course marketing events costs (proposed that this increase from \$1.9 million to \$2.955 million) and also a small decline in the estimated income that may be available from the NZRB Class IV gaming activities due to a lesser carry forward from the previous season.

HRNZ is to review funding calculations for 2013/14 at its next meeting on 11 July and then present this to the industry at the Annual Conference.

#### **5. GAMING UPDATE**

The Gambling (Gambling Harm Reduction) Amendment Bill is due to be reported back from the Select Committee to Parliament on 18 June 2013. It is understood that the slight deferral is due to the Select Committee taking longer to deal with the volume of submissions that were received.

On a pleasing note all harness racing clubs have met their accountability requirements to the NZRB re the provision of financial accounts, gaming returns and independent gaming audits for the 2011/12 season. The co-operation of clubs in providing this information in the form required is appreciated.

#### **6. NZRB BROADCASTING STRATEGY REVIEW**

The Board reviewed a report on a recent meeting with the NZRB that gave an update on their Broadcasting Strategy Review. Matters being considered in this review are the current platform for Trackside (ie Freeview versus Pay), content, studio issues and future capital expenditure requirements.

It was agreed that Glen Broomhall (NZRB GM Broadcasting) would attend the Board's next meeting on 11 July and speak to the Board's preliminary plans on proposed changes in this area. Included within this will be a solution for the retail network. It was also agreed there would be a presentation on this at the upcoming Annual Conference.

#### **7. SYNDICATION ADVERTISEMENTS**

HRNZ is party to the Public Syndication of Standardbred Bloodstock in New Zealand introduced under the Securities Act (Bloodstock) Exemption Notice 1997. This was set up to allow shares in bloodstock to be publicly advertised without having to produce a prospectus. Promoters have obligations such as valuations, veterinary certificates and financial records that have to be complied with when advertising these syndicates.

Recently some individuals have tried to get around these rules by asking for expressions of interest in the buying of bloodstock or the setting up of syndicates. This enables them to have a customer base to approach and deal without the accountability requirements of an authorised syndicator.

The Board reviewed this and confirmed that in their opinion this undermines the intent of the rules set up to allow for authorised syndicators and offers limited protection for the public. Accordingly the Board endorsed the policy developed by the Registrar/Keeper of the Studbook in not allowing advertisements calling for expressions of interest and that any such practices be discontinued.

It was noted that this issue was only of concern if the matters are advertised publicly. There is still nothing to stop people using membership lists, friends, relations or other contacts without undermining the intent of the Securities Act.

#### **8. NOMINATIONS ON-LINE INCENTIVE PROPOSAL**

HRNZ is keen to encourage as many nominations to be made electronically as possible. Currently horses can be nominated by phone, on-line or facsimile. Electronic nominations are more efficient, save input at the club level and result in fewer arguments around disputed nominations. It may also allow greater consideration of options for trainers through the system clearly identifying these when nominating.

Trainers using this electronic facility have increased, particularly in the North Island. The average statistics for nominating electronically are as follows:

- North Island 32.1%
- Upper South Island 22.6%
- Lower South Island 15.8%

As a means to encourage increased use of the on-line facility, the Board has approved an incentive scheme whereby all horses nominated over the web in a calendar month will go into a draw for a \$2,000 prize. This will be split evenly between the owner and trainer of the horse nominated. All horses nominated electronically over the month will go into the draw which will be drawn at random under the supervision of the Racing Integrity Unit.

This will commence from 1 August 2013 and will run for the first six months of the 2013/14 season. Further details on this will be published in an upcoming issue of the Harness Racing Weekly and trainers will also be written to specifically on this. HRNZ will also provide help desk facilities to assist more trainers becoming familiar with this technology.

#### 9. RACING SAFETY DEVELOPMENT FUND

The Board reviewed a report from the recent round of applications considered by the Racing Safety Development Fund. Disconcertingly only one harness application was approved in this round representing 4.3% of the total allocated. Only two of the 23 applications considered at the meeting were from harness clubs.

In summary, the amounts of funding approved between the three codes over the last three years is as follows:

	<b>Thoroughbred</b>	<b>Harness</b>	<b>Greyhounds</b>
2012/13	75.0%	19.1%	5.9%
2011/12	72.6%	25.1%	2.3%
2010/11	77.7%	16.4%	5.9%

There is no doubt there is room for improvement for HRNZ and our clubs in terms of obtaining a greater share of the \$1 million set aside by the Government each year. It was agreed that HRNZ would circulate the schedules of items which have been approved under the Fund since its inception so clubs get a better idea of what has been approved and declined in previous rounds. It is hoped this will stimulate clubs' thought processes and generate further applications from harness clubs in the future. It is also intended that HRNZ will cover this issue at the next meeting of the Racing Managers and Secretaries. The Board's belief is that it is essentially funding available to our code which is not being fully utilised and the opportunities available to our industry are not getting capitalised on to their full advantage.

#### 10. 2013 ANNUAL CONFERENCE – REMITS – HRNZ BUDGET

The 2013 Annual Conference is to be held in Christchurch at the Airport Commodore Hotel on Friday 26 and Saturday 27 July 2013. Remits to be considered at the AGM were considered by the Rules Sub-Committee and are to be published in the Harness Racing Weekly on 26 June. These will also separately circulate to clubs along with the three correspondence items which have been received. The number of remits to be considered at the AGM will be less than previous years.

The Board also reviewed at its meeting the first draft of HRNZ's budget for 2013/14. With the total funding now confirmed by the NZRB, steps are being undertaken to finalise this. A draft budget will be circulated to the clubs and kindred bodies prior to 26 June. It is intended that a final draft will be reviewed at the Board meeting on 11 July and an updated version circulated following that to clubs and kindred bodies prior to the Annual Conference. A full presentation on this will also be made at the Annual Conference along with nine month operating accounts for HRNZ.

## 11. 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:

- **Commercial Development** – The Board reviewed a presentation from Pete Ydgren (Commercial Development Manager) outlining plans for the Education, Harness Racing Weekly and Marketing Departments. An update on this will be outlined in the workshop sessions at the Annual Conference.
- **HRNZ Board elections** – Votes close on 20 June 2013, with counting undertaken on 26 June. Nigel McIntyre and Nick Ydgren from the Racing Integrity Unit have been appointed as Scrutineers for this election.
- **TCO2 Level Review** – The Board requested statistical information from the RIU so it can consider at its next meeting the merits of whether the current level should be retained at 35 mmols or increased to 36 mmols consistent with other racing jurisdictions.
- **Race Abandonment Procedures** – Draft protocols for stopping and re-running of races was reviewed by the Rules Sub-Committee. This is to be put into a formal document and circulated to the industry.
- **Government Industry Agreement on Disease Incursion (focus on equine influenza)** – Report on a planned agreement with the Government for the management and funding of exotic equine disease incursions (with a focus on equine influenza) was considered. It was noted that the Equine Health Association is co-ordinating the industry's input into this review.
- **NZ Racing Laboratory** – Approval of funding for a further study on testing for Peptides.
- **Racecourse Managers' Conference** – Approval of \$2,000 funding subsidy.
- **Industry Statistics** – Season to date – see Appendix 1

## 12. NEXT BOARD MEETING

- The next HRNZ Board meeting is scheduled for Thursday, 11 July 2013 at 9:00am.
- The Handicapping Sub-Committee will meet on Wednesday, 10 July 2013 at 10:30am.
- The Breeders Liaison Sub-Committee is scheduled to meet on Thursday, 25 July at 3:30pm.

## STATISTICS FOR THE SEASON UP TO 19 MAY 2013

Turnover Summary

	2012/13			2011/12			Change		Increase In Races	% Change In Races
	Tote	FOB	Combined	Tote	FOB	Combined	\$	%		
Thoroughbreds	284,879,585	76,946,444	361,826,029	296,767,736	59,482,675	356,250,411	5,575,618	1.6%	-62	-3.8%
Harness	154,864,281	44,793,853	199,658,134	164,256,294	28,408,484	192,664,778	6,993,356	3.6%	81	5.9%
Greyhounds	80,693,264	28,014,674	108,707,938	84,336,951	20,790,482	105,127,433	3,580,505	3.4%	146	5.8%
	520,437,130	149,754,971	670,192,101	545,360,981	108,681,641	654,042,622	16,149,479	2.5%		
Imported Racing	481,960,739	57,240,675	539,201,414	415,921,761	46,876,588	462,798,349	76,403,065	16.5%	8,444	29.1%

HRNZ summary analysis:

- \* Poor two months for thoroughbreds (impact of drought) with increase in turnover down from \$17,831K to \$5,575K with 62 less races over the year compared to LY
- \* Greyhounds achieving growth on the back of additional races at lower turnover, with turnover up 3.4% however number of races up 5.8%
- \* Average month for Harness with YTD Total turnover up \$6,993K (3.6%) but on 5.9% more races - turnovers relatively "flat" through April/May
- \* Growth in harness turnover driven by fixed odds increases
- \* On an individual meeting basis it has been a mixed bag for Harness over the last three months - some strong, some weak
- \* Harness gone from in December being behind 35 in races run to now up 81 races compared to last year
- \* Code well placed to meet its minimum race numbers commitment per the Industry Funding agreement of 2,650
- \* Of concern is drop on in average field size compared to LY from 10.8 to 10.5, and number of races with <8 starters up from 182 to 274
- \* In comparison thoroughbred average field size down from 10.5 to 10.4, yet number of races with <8 starters down from 424 to 362
- \* Harness market share YTD at 29.8% slightly up from LY, some improvement over last month due to drop off in thoroughbreds
- \* While results give cause for reserved optimism, increasing participation numbers (starter numbers) would significantly improve the code's performance

Harness Stakes

	2012/13			2011/12			Change		Increase In Total Net Stakes	% Increase In Total Net Stakes
	Total Net Stakes	# Races	Avg Stakes Per Race	Total Net Stakes	# Races	Avg Stakes Per Race	Stakes Per Race	% Avg Stakes Per Race		
	23,495,084	2,333	10,071	22,711,827	2,265	10,027	43	0.4%	783,257	3.4%

Average Field Size

	2012/13			2011/12			Change	
	Races	Starters	Average Field Size	Races	Starters	Average Field Size	Change Field Size	% Change
Northern	598	5,616	9.4	620	6,065	9.8	-0.4	-4.2%
Central Districts	237	2,383	10.1	203	2,130	10.5	-0.4	-4.4%
Seddon Shields	112	1,311	11.7	121	1,482	12.2	-0.5	-4.6%
Canterbury	630	7,006	11.1	631	7,270	11.5	-0.4	-3.6%
South Canterbury	173	2,012	11.6	140	1,706	12.2	-0.6	-4.8%
Otago	192	1,897	9.9	163	1,652	10.1	-0.3	-2.6%
Southland	391	4,196	10.7	387	4,173	10.8	-0.1	-0.5%
	2,333	24,421	10.5	2,265	24,478	10.8	-0.3	-3.2%