



15 July 2013

CIRCULAR NO 1317

To: The Secretary all Totalisator Clubs and Kindred Bodies
From: Edward Rennell, Chief Executive
Subject: HARNESS RACING NEW ZEALAND – JULY BOARD NEWS

Following is a summary of key matters considered at the HRNZ Board meeting on 11 July 2013.

1. HRNZ CLUB FUNDING POLICY 2013/14

The major item of discussion at the Board meeting was reviewing funding projections and calculations for the 2013/14 season. The Board considered the projected balance of the distribution account at season end and took into account increased funding of \$1.2 million projected to be made available by the NZRB over that budgeted for the current season.

The Board reaffirmed its support for a “turnover” based model on the basis that it continues to send the right performance signals to clubs. For 2013/14 the Board has therefore resolved to continue with the funding policy in a similar manner to 2012/13 and has approved the following changes to the commission rates for off-course and fixed odds betting:

- | | | |
|---|------------------|-------------------|
| • Premier meetings | 16.25% | (up from 15.25%) |
| • Feature meetings | 13.75% | (up from 12.75%) |
| • Standard NZMTC & Auckland TC meetings | 11.00% | (up from 10.00%) |
| • Standard other meetings | 10.65% | (up from 9.65%) |
| • Tuesday guarantees | \$7,000 per race | (up from \$6,250) |

All other aspects of the club funding policy will be retained at the current levels, including:

- On-course commission
- Pick 6 allocations
- Travel subsidies
- Group Race subsidies
- Provision for the Golden Girl series
- Funding for HRNZ and NZSBA

The increases provided for within the funding policy will see an increase in the budgeted distribution to clubs from the 2012/13 season of just on \$1.6 million (5%). While the Board did consider a number of options for the utilisation of this additional funding, including the introduction of payments to all starters and other participation initiatives, it was felt clubs were in the best position to make such determinations as they saw fit within their overall stakes policies. HRNZ encourages clubs to give consideration within their stakes policy to incentives they consider appropriate that will foster increased participation and field sizes. The additional funding being extended to the industry has been possible from the extra funding extended from the NZRB and utilisation of the balance within the code’s distribution account. HRNZ is also looking to maintain provision of around \$1 million in this account at the end of the 2013/14 season to cover funding fluctuations.

The Board has also resolved that provision within the funding policy will be made to cover the full cost of HRNZ's DNA/bloodtyping income for foals born in the 2013/14 season. This is estimated to cost \$220,000 for the 2013/14 season, providing a direct saving of \$110 per horse for breeders. The Board believed that this was a small signal to breeders that HRNZ is conscious of the costs facing this sector of the industry and is attempting to reduce costs where possible. The Board also signals that it will review whether it can potentially zero rate registration fees in the 2014/15 season, subject to budget and funding constraints.

A full presentation will be made on the funding policy at the upcoming Annual Conference. The Board believes what is proposed is defensible and financially prudent within the funding available, while at the same time sends significant positive signals to the industry. The Board is confident that clubs will be well positioned to pass on the benefits of this increased funding to stakeholders through increased stakes and other initiatives benefitting industry participants.

2. HRNZ DRAFT BUSINESS PLAN AND BUDGET

Another key item reviewed at the Board meeting was the draft 2013/14 HRNZ business plan and budget. The Board approved some changes to the draft business plan, with such changes to be made and circulated to the industry prior to the Annual Conference. A full presentation on both the draft business plan and budget will be outlined at the upcoming Annual Conference where clubs and kindred bodies will be able to give feedback prior to these being formally adopted by the Board at its August meeting. The business plan outlines key issues identified facing the industry and outlines strategies and initiatives to address these over the next three years. Industry input and feedback on this document when released as a draft is welcome.

3. NZRB BROADCASTING STRATEGY REVIEW

Glen Broomhall (NZRB GM Broadcasting) attended the Board meeting and gave an overview of the NZRB's broadcasting strategy review and changes which are currently being proposed to the two Trackside channel format. A full presentation on this is to be made at the Annual Conference.

The Board was comfortable with the direction outlined in Glen's presentation and believed that this was a positive step for the industry. It was noted that there are some significant changes proposed that will require time for the NZRB to address at a retail and customer level. It is felt however that the changes that are proposed may provide some opportunities for the domestic industry to better present its racing. It was agreed that the presentation to be made at the Annual Conference would be videoed and made available on HRNZ's website following the Conference so the wider harness racing public are aware of the NZRB's plans in this area.

4. HARNESS JEWELS REVIEW

See press release attached ***Appendix 1***.

5. AGE GROUP RACING REVIEW

At its meeting on 30 May, the Age Group Racing Review group were supportive in principle of a further review being undertaken of options to consolidate the number of group and feature races and enhance premier meetings as currently scheduled. The concept proposed was for a reduction in the current number of premier meetings being staged by the NZMTC and Auckland TC and the programmes for these being developed to make them stand out from normal race meetings.

The Board reviewed a progress report on options available in this area that would see the number of premier meetings at both venues reduced from eight to six and a number of feature races transferred from other meetings to these meetings. The Board thought there was considerable merit in this and was supportive of this being reviewed further by the Age Group Racing Review group with representatives of the NZMTC and Auckland TC racing departments to progress the concepts proposed. The intention is that if there is general support for this, this could be introduced for the 2014/15 season with dates structured accordingly.

It was noted that as part of this review there could be some variations of existing Sires Stakes series and new series also introduced. Initial feedback from the NZ Sires Stakes Board was that it was supportive of the concepts being proposed and was happy to work together with HRNZ in progressing this further.

6. HANDICAPPING

The Board confirmed recommended changes to the handicapping system arising from the Handicapping Sub-Committee's meeting the day prior. Detailed changes to the handicapping system have been separately advised in Circular No 1315. Key changes were as follows:

- Amendment to the 2yo and 3yo concessions so that races for stakes \$15,000 and above would carry a penalty (from 1 August 2013)
- Reintroduction of the class assessment system
- Provision for formal "drop back" provisions after ten non-winning starts (taking effect from 29 October 2013)

It was noted that the handicapping system would continue to be monitored by the Handicapping Sub-Committee on an on-going basis. The key aim of the system was to cater to as wide a section of the horse population as possible and encourage increased participation and field sizes.

7. TCO2 LEVEL REVIEW

The Board reviewed statistics on TCO2 testing since the introduction of the new system on 1 June 2001. Consideration was given as to whether the existing level of 35.0 mmols as outlined in the Prohibited Substance Regulations should be increased to 36.0 mmols. After reviewing all the statistics which highlighted an average testing result of 30.7 mmols over the last 12 years, the Board considered that the current level was appropriate and sent the right signals to the industry from an integrity perspective. Accordingly the Board resolved to reaffirm that the current level of 35.0 mmols for TCO2 levels as outlined in the Prohibited Substance Regulations be retained.

8. NEXT MEETINGS

- Annual Conference Friday 26 and Saturday 27 July 2013.
- The next HRNZ Board meeting is scheduled for Wednesday 28 August 2013 at 9:00am.



Edward Rennell
CHIEF EXECUTIVE