

3 October 2012

**CIRCULAR NO 1232**

**To:** The Secretary all Totalisator Clubs and Kindred Bodies  
**From:** Edward Rennell, Chief Executive  
**Subject:** **HARNES RACING NEW ZEALAND - SEPTEMBER BOARD NEWS**

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Following is a summary of matters considered at the HRNZ Board meeting on 26 September 2012.

**1. GAMBLING (GAMBLING HARM REDUCTION) AMENDMENT BILL**

On Thursday 20 September an industry presentation was made to the Commerce Select Committee in support of the Code and NZRB submission on the "Flavell" Bill. Representing the industry were Alan Jackson (Chair NZRB), Jim Leach (GRNZ), Greg Purcell (NZTR) and Edward Rennell (HRNZ).

Representatives backgrounded the industry, how it was structured, key issues facing it and some other salient points from the industry submissions. Mr Jackson covered the issue of wagering leakage with the aim of increasing the political understanding of this problem. He also covered the contribution of the industry to the economy and its importance as an employer.

Racing CEO's then covered racing's contribution at a community level and covered the use of racecourse facilities for community and recreation purposes. It was noted that if the gaming income was not available to the industry, it would compromise the industry's ability to maintain these facilities for the benefit of the community. It was also outlined that if stakes were an issue from a political perception, the industry was prepared to engage with the Government to review this over time and look to utilise any potential gaming funds for other authorised purposes.

The general conclusion was the presentation was satisfactory and covered key issues that need to be addressed. The outcome of the Commerce Select Committee's consideration of the Bill is now awaited with interest.

**2. NZRB CLASS IV GAMING**

Within the overall industry funding model for 2012/13, it was estimated that \$6 million may be available to the codes for authorised purposes from the NZRB Class IV gaming operations. HRNZ factored an estimated allocation from this into its Funding Policy for 2012/13.

The Board considered options for applying for this funding to the NZRB. HRNZ was advised that the NZRB was not supportive of utilising the funding to meet industry development expenditure which is "top sliced" within the overall industry funding model. Accordingly the codes had to determine other appropriate projects which met the Board's authorised purposes requirements.

Accordingly, HRNZ's Board resolved that HRNZ apply to the NZRB that funding from its gaming operations that might be available to the harness code be used to provide funding support for the Group Race subsidies. These are provided for within HRNZ's Funding Policy. It was noted that \$3.013 million was budgeted to be spent on group race subsidies in the 2012/13 season, with it agreed that HRNZ would apply for \$2.697 million of this to be funded from the NZRB Class IV gaming, given that stakes is still an authorised purpose.

It was noted that HRNZ had met its accountability requirements for the 2011/12 season after further reviewing this with the NZRB.

### **3. INDUSTRY FUNDING AGREEMENT**

Background on this was outlined in the August Board News. Discussions have continued over the last month at an industry level with respect to product loss adjustments required to the industry funding agreement to cover situations where codes do not meet their KPI's. Initially the proposal was that there would only be a penalty provision in relation to codes not meeting the number of races committed to in the industry funding agreement. At the time it was thought that there would be no penalty provision in relation to codes not meeting their field size KPI's as per the agreement. HRNZ's understanding from discussions in June and July was that while field sizes would be an indicator of performance and monitored closely, with codes making every endeavour to meet these, there would be no funding penalty provisions in relation to this KPI.

A subsequent draft proposal put forward by the NZRB has proposed the introduction of product loss adjustment in relation to the field size KPI. HRNZ has opposed this on the basis it is likely to result in more funding penalties on the two equine codes for the benefit of the greyhound code. HRNZ resolved that it would oppose the inclusion of penalty provisions in relation to field sizes, with it understood that this will be further reviewed at an industry level over the next two months.

### **4. SKY CHANNEL AUSTRALIA**

The Board reviewed a report on a recent meeting between management of the NZRB and three codes with Sky Channel Australia. The meeting was constructive and highlighted the positive working relationship that exists with Sky Channel.

From Sky Channel's perspective New Zealand racing is becoming more important in Australia. It is its most significant imported product, representing 60% of their total imported turnover. Interestingly there has been some opposition to the imported product from the thoroughbred and harness codes in Australia who are concerned that this may be "cannabilising" some of their domestic turnovers. Sky are currently conducting a national scheduling review on this issue.

In light of this, Sky are keen to stick to the internationalisation agreement with respect to the starting times for New Zealand race meetings. Unless they are feature meetings, they will also not take the third New Zealand meeting on a Saturday due to the congested Australian domestic programmes on these days. The second harness meeting dual on Fridays is also problematic, however Sky is looking to take these unless scheduling makes this impossible. Sky representatives also gave an update on performance of the New Zealand codes with races running to time in the 2011/12 season. Unfortunately there has been some "slippage" in harness clubs' performance and it was agreed that a reminder would be sent out to clubs on this.

Sky also gave an update on developments internationally and opportunities for increased export of Australasian racing. From a New Zealand harness perspective, the best opportunity identified for the future is Europe given the compatible timeframes with New Zealand's night harness racing. A key target market here is France who have previously imported New Zealand and Australian group one trotting races with strong turnover thereon. Considerable potential is seen if this is extended to include all trotting races (ie not just Group 1's) from New South Wales, Victoria and New Zealand. Sky Channel have requested that New Zealand administrators push this strongly with their French counterparts at every opportunity.

Overall the meeting was constructive with it agreed these would be held on a regular basis.

## **5. RACE ABANDONMENT PROCEDURES**

The Board reviewed a report and recommendations from the Race Abandonment Working Group. At the 2011 Annual Conference a rule was approved to provide the ability for Stewards to abandon a race in the event of a serious accident. A Working Group was established to review procedures around how races should be stopped, how the abandonments should be notified, any equipment required and other protocols pertaining to this. The Working Group comprised Erin Crawford, Brigit Hearn, John Denton, Nigel McIntyre, Anthony Butt, Peter Lamb and Dave Ferriman.

The Working Group proposed the purchase of race abandonment devices of which four would be installed at every race track. A combination was proposed whereby these be installed permanently at the major venues. with temporary options available for transport around venues raced at less often. These devices would contain flashing lights and a siren that would warn drivers in the event of a race being abandoned and a hazard being on the track ahead of them. The estimated cost proposed for the purchase of these devices was in the vicinity of \$150,000 - \$185,000, with it proposed that these be partially funded by an application to the Racing Safety Development Fund if supported.

The Board was of the view that the small number of abandonments a season could adequately be handled from within existing resources to minimise potential harm to participants. The Board resolved that the Working Group be asked to review options to determine if abandonments can be accommodated by using existing resources at a race meeting (eg crash crew attendance, Clerk of the Course or other) without the need for the abandonment devices. It was also agreed that the views would be sought of clubs on practical suggestions as to how they thought races could be abandoned so these could be incorporated into the final procedures developed.

The Board did confirm the following recommendations from the Working Group:

- That the Stipendiary Steward in charge of a meeting is the only person permitted to make the call to stop a race;
- In order for the field to have sufficient time to safely "pull up", a decision will need to be made when the field is at least 400 metres from the incident scene/hazard;
- The Stipendiary Steward in charge of the meeting needs to be in two way radio contact with the Clerk(s) of the Course, Starter, Head of the Crash Crew and St John; and
- Once the protocols are confirmed, appropriate training will be provided to Drivers, Starters, Crash Crew Attendants, Clubs, Clerks of the Course and RIU members to ensure all are familiar with the abandonment procedures.

It was also agreed that if a race is abandoned within 1,200 metres of the start, Stipendiary Stewards will have the power to have the race re-run provided that:

- It can be started again prior to the time of the next scheduled race;
- All horses are vet checked;
- All drivers are given the option to scratch their horse if they so desire; and
- At least half the field are available for the restart.

## **6. MOBILE VERSUS STANDING STARTS TURNOVER ANALYSIS**

The Board reviewed an analysis undertaken on a per venue basis comparing turnover on standing starts to mobiles, split by pacers and trotters. Following is a summary of an analysis across all races:

		<b>MOBILE</b>	<b>STAND</b>
<b>PACING</b>	RACES	1,641	443
	STARTERS	17,062	5,082
	TURNOVER	\$120,143,441	\$37,149,764
	AVG FIELD SIZE	10.4	11.5
	AVG \$ PER RACE	\$73,214	\$83,860
	AVG \$ PER STARTER	\$7,042	\$7,310
<b>TROTTING</b>	RACES	105	486
	STARTERS	1,029	5,507
	TURNOVER	\$7,916,197	\$33,782,224
	AVG FIELD SIZE	9.8	11.3
	AVG \$ PER RACE	\$75,392	\$69,511
	AVG \$ PER STARTER	\$7,693	\$6,134

Further analysis was done to exclude races with stakes of \$20,000 or more on the basis that these may cause a distortion in the turnover results. Excluding these races, following is a summary of the overall results:

		<b>MOBILE</b>	<b>STAND</b>
<b>PACING</b>	RACES	1,549	397
	STARTERS	16,103	4,552
	TURNOVER	\$106,525,302	\$30,027,212
	AVG FIELD SIZE	10.4	11.5
	AVG \$ PER RACE	\$68,770	\$75,635
	AVG \$ PER STARTER	\$6,615	\$6,596
<b>TROTTING</b>	RACES	85	459
	STARTERS	821	5,186
	TURNOVER	\$5,148,117	\$30,242,668
	AVG FIELD SIZE	9.7	11.3
	AVG \$ PER RACE	\$60,566	\$65,888
	AVG \$ PER STARTER	\$6,271	\$5,832

This analysis indicates that the average turnover per race is higher for stands than mobiles largely due to the higher field sizes. Turnover per starter is similar with pacers, marginally higher for trotters in mobiles. The statistics therefore do not clearly demonstrate that by having more mobile races turnover for the code would significantly increase.

Another factor is that if there is more of a transition to mobile racing, the ability of our code to fill its field commitments per the industry funding agreement may be questionable. Having both mobile and stand options, particularly in the South Island, gives the ability to cater to a wider horse population. It was also interesting to note that the number of mobiles for pacing has increased to almost 80% from 75% when this analysis was last undertaken in 2005.

The Board reviewed this information with interest and confirmed that the current approach of increased coordination with programming via the Handicapper in close consultation with the clubs, remains the best approach to maximise the code's participation (field sizes) and turnover levels.

## 7. HARNESS JEWELS REVIEW

Board members completed a survey on a number of questions with respect to the Harness Jewels. The results of this were summarised and reviewed at the Board meeting.

Not surprisingly there were a number of items with the Harness Jewels on which there was general consensus. These are as follows:

- Unanimous support for the Harness Jewels being a positive and relevant initiative for the harness industry;
- Support for the current qualification system of contestants being determined based on stakes won;
- Support that stakes in sales series races not be taken into account on the basis these races are not open to all horses;
- Support for the current allocation of stakes between pacers and trotters;
- Support for the current approach in the distribution of stakes to all runners;
- No support for an automatic invite option for Australian horses;
- Support for the Harness Jewels venues rotating between the North Island and the South Island, with Ashburton and Cambridge being the two preferred venues within each island;
- Support for venues being determined by the HRNZ Board; and
- General support with the current field size of 12.

Items on which there were mixed views were as follows:

- Mixed responses with respect to preferred distances;
  - general support for 2yo races being "sprints" (1,600 - 2,000 metres);
  - mixed response for 3yo and 4yos with respondents split between "sprint" racing versus middle distance (2,001 - 2,400 metres);
- Split views on the merits of hosting the Jewels on Queens Birthday Saturday or Queens Birthday Sunday; and
- Mixed views of extending 4yo races to become 4yo and 5yo races.

It was agreed these items would be considered further at a subsequent Board meeting. In terms of distance it was felt that distances should be the most suitable at the venues at which they are being staged. It was agreed some Board members would meet with the representatives of the Ashburton TC to seek their views as to what they see as the optimum distance for Harness Jewels races at their venue.

The Board was firmly of the view that the Harness Jewels is one of the most significant days in the calendar and that HRNZ must continue to work closely with the industry to maximise this event. Attempts to try and attract a national sponsor and increase the overall significance of the Harness Jewels will continue to be reviewed.

## 8. RACING INTEGRITY UNIT - WHIPPING GUIDELINES

The Board reviewed proposed new guidelines for the Use of the Whip from the Racing Integrity Unit. These have been developed in consultation with the Trainers & Drivers Association and are aimed at providing greater clarity as to what is deemed to be excessive. A copy of the new guidelines is attached **Appendix 1**.

## **9. HANDICAPPING SUB-COMMITTEE**

The Handicapping Sub-Committee met on 25 September. Members of the Handicapping Sub-Committee are John Lischner (Chairman), Darrin Williams, Erin Crawford, Pat O'Brien, Steve Phillips, David Butcher, Hamish Hunter, Anthony Butt, Mark Jones, Brian Rabbitt and Kevin Smith.

The Sub-Committee reviewed a number of statistical reports on racing in the 2011/12 season. They also undertook a review of the current handicapping system and considered a paper from Carey Hobbs (Taranaki Racing) proposing that races of \$3,000 and below be exempt for handicapping purposes. This was not supported by the Sub-Committee with it felt there was sufficient flexibility with programming within the current system to accommodate winners of these races.

Considerable discussion took place on the merits of the current handicapping system, the flexibility within it from a programming perspective, the use of it by trainers in the placement of their horses and the lack of understanding in the wider industry of the available opportunities. While it was generally agreed the Handicapper was improving the co-ordination of programmes within the regions, the lack of nominations for some races and the volume of withdrawals from trainers was limiting the effectiveness of the current system.

After general discussion, the majority of the Sub-Committee was supportive of the current handicapping system. It was agreed that this will continue to be monitored closely and determine whether further enhancements can be made with programming to try and increase the use of the system and the number of horses racing. A proposal from a horseman that nominations for race meetings not appear on HRNZ's website for trainers to see prior to withdrawals was not supported.

A subsequent proposal put forward with variations to the handicapping system by Anthony Butt will be further considered at another meeting of the Handicapping Sub-Committee, likely to be scheduled during Cup week.

In a change to the Regulations, the Committee agreed that wins by New Zealand horses in Australia in August would not have the New Zealand age group concessions apply from the previous season.

## **10. JUNIOR DRIVERS - SOUTHLAND**

The Handicapping Sub-Committee reviewed a recommendation that the Southland region be given flexibility to programme a condition into a race where the winner would be exempt for handicapping purposes if driven by a junior driver. This was seen as an alternative to the current system of penalty free races, due to concern that with the lack of junior drivers in the Southland region, the ability to get junior drivers races "off the ground" could be compromised.

Under the new system, clubs in the Southland region will be given the option of either programming a junior drivers exempt race or having one other race on the programme provide a condition that the winner would be exempt for handicapping purposes if driven by a junior driver. This will apply to Southland clubs only for the 2012/13 season, at which point it will be reviewed as to whether it will continue for future seasons. This change is to be effective from 1 November 2012.

## 11. MATTERS UNDER ACTION -

Following is a summary of matters under action and pending review at future Board meetings:

- Regional Racing Bureaus as proposed in the correspondence item approved at the 2012 Annual Conference
  - scoping paper for review to Board's November meeting;
- Review of NZRB Venue Services and Trackside Recoveries charged to the harness code;
- HRNZ structures and governance procedures;
- Electronic circulation of Board papers
  - update considered, further report to Board's next meeting on trialling this;
- 2011/12 HRNZ Annual Report
  - draft accounts reviewed, audited report to be available for November Board meeting;
- Board members remuneration review
  - report to November Board meeting;
- Review of the structure of age group racing
  - Working group to meet in November;
- Review of Claiming Regulations; and
- TCO<sup>2</sup> statistical review.

## 12. IN BRIEF

The following matters were also considered at the HRNZ Board meeting:

- Update report from NZRB with respect to the eight industry challenges;
- Approval of carnival funding to the NZ Metropolitan TC and Auckland TC in line with HRNZ's marketing plan;
- Review of the breakdown of industry development expenditure "top sliced" within the overall industry funding model;
- Approval that races in the NZ Amateur Drivers Championship and Southland Provincial Drivers Championship be exempt for handicapping purposes;
- Racing Integrity Unit update;
- Date changes for Queens Birthday 2013 with the Ashburton TC Monday meeting transferring to the Sunday;
- Update from the NZRB with respect to wagering initiatives;
- Review of a report from the NZRB marketing team re national attendances report for the 2011/12 season; and
- Approval of ownership promotions and initiatives for 2012/13.

## 13. NEXT BOARD MEETING

- The next HRNZ Board meeting is scheduled for Monday 12 November 2012.
- Sub-Committees to meet are Dates Sub-Committee, Breeders Liaison Sub-Committee on Sunday 11 November, and Handicapping on Wednesday 14 November.