

Following is a summary of matters considered at the HRNZ Board meeting on 12 November 2012.

1. 2012/13 FUNDING POLICY - MONITORING SEASON TO DATE

The Board reviewed reports analysing expenditure under the industry Funding Policy compared to that budgeted. It was noted that as at 4 November \$686,846 less has been spent than budgeted. The budgeted under spend over the whole season was \$1,289,162, therefore the overall under spend for the whole season should exceed that budgeted.

On the good news front, the NZRB final profit distribution to the code for the 2011/12 season was finalised in October with an additional \$391,000 allocated to the harness code. In addition, the projected gaming that may be available under the NZRB Class IV gaming operations for the 2012/13 season has been finalised at \$481,000 more than budgeted. As a result of this where we had budgeted for a balance in the distribution account at the end of the season of around \$1 million, it is likely that the final year end result could be in excess of \$2 million.

The Board resolved that this matter would be further reviewed at its February meeting, at which time a more accurate projection can be made as to the season end position, taking into account results from the holiday period. At its February meeting the Board will give consideration as to whether any additional funding will be made available to the industry similar to what was done in February 2012. It is likely that any additional funding that may be made available will be for the purpose of trying to maintain or increase stakes so as to maintain the confidence of industry participants. This will be a key focus of the Board's February 2013 meeting.

2. AGE GROUP RACING REVIEW

The Board has formed a Working Party of Board members to undertake a review of the current structure of age group racing. The key component of this review is considering whether some of the group races and stakes of 2yo and 3yo racing would be better utilised if extended over a longer period to include 4yo and 5yo racing. The aim of this is to try and encourage increased participation so the code is in a better position to meet its KPI's in terms of race numbers and field sizes under the industry funding agreement. The review is considering the existing structures and whether some enhancements could be made that would see a more logical flow of age group racing.

The next step in progressing this review is consultation and dialogue with the NZMTC, Auckland TC, the NZ Sires Stakes Board and Pyne Gould Guinness. It was agreed that the Handicapper and Chief Executive would prepare a paper as a starting point for discussion outlining potential options which could be considered with these groups. It is stressed this review is still at a preliminary and conceptual stage. Consideration as part of this review will also be given to existing group races and the balance within each age group between Group one, two and three races. Included within this will be consideration of whether the current group race criteria is still appropriate given the structure of our age group racing.

3. RACE ABANDONMENT PROCEDURES

The Board reviewed a further report from the Race Abandonment Working Group on the procedures to be adopted around how races should be abandoned. The Working Group was asked to reconsider by the Board at its last meeting whether races could be abandoned through existing resources without the need to purchase race abandonment devices.

After giving this further consideration the Working Group's preferred option was still race abandonment devices incorporating a light and siren in a secure portable unit to notify drivers of an abandonment of a race, along with the use of existing resources (Clerk of the Course/Crash Crew). The Working Party after re-evaluating options believed that a minimum of two of these at each venue would suffice, rather than four as proposed at the previous meeting.

The Board approved in principle the recommendation from the Working Party. It was agreed that management would further review costings and logistics around transporting these devices around race venues. It was also agreed that once details were determined as to the preferred option, an application would be made to the Racing Safety Development Fund in February for assistance to partially fund the cost of these devices. Management will also review the possibility of the NZRB staff transporting and installing these devices at race meetings as part of the Trackside and Venues Services operations. If this is viable this will remove the need to have permanent devices at venues, thereby requiring a smaller number to be purchased from an overall industry perspective. This area will be further reviewed over the coming months with clubs consulted as this is progressed.

4. TRACKSIDE, RADIO AND VENUE SERVICES RECOVERIES

Within the overall industry funding model, the NZRB allocates costs to the codes for venue services, radio and Trackside recoveries. These are based on a allocation model whereby costs for each area are reviewed and a basis determined as to the most appropriate way to allocate these costs to the three codes on a meeting by meeting basis.

In terms of the harness funding model, the Trackside recoveries are not charged to clubs. Effectively these costs are "top sliced" within our distribution model prior to funding being allocated to clubs. The venue services and radio charges are charged to clubs based on a cost determined by the NZRB and deducted from clubs' next day funding settlements. Following is a summary of the total charges to our code for these items:

	2011/12 Actual (\$000)	2012/13 Budget (\$000)
Venue Services Charges	1,085	1,304
Radio charges	219	222
Trackside recoveries	<u>3,209</u>	<u>3,232</u>
Total	4,513	4,759

Within the HRNZ 2012/13 Business Plan there is an objective to review the NZRB recoveries charged to our code with an aim to reduce the overall costs to the industry. HRNZ has initiated this review which is being undertaken on a staged basis as follows:

- Stage 1 - Obtain source data on recharges and undertake a comparative review on a reasonable basis of the average costs per meeting, venue and region, querying any apparent anomalies (Nov-Dec 2012);
- Stage 2 - Summarise the general costs within each area and review the defensibility of the allocation basis of each item (Dec-Jan 2013);
- Stage 3 - Review with NZRB management, opportunities to reduce the costs charged to the code and determine if any efficiencies can be implemented (Feb-Mar 2013). This might involve reconsideration/reassessment of the level of services provided at various meetings and locations (eg venue services and Trackside coverage of lesser, industry type meetings).

At its meeting the Board reviewed a report on Stage 1 of this review. HRNZ has analysed the details of the total cost charged on a per meeting basis for the 2012/13 season. A number of queries have been determined and sent to the NZRB for clarification. This is essentially a reasonableness comparative review without delving into the detail of the charges for each meeting which will be undertaken as part of Stage 2 of the review. The Board reviewed the information and felt the questions raised were

appropriate and also agreed that clubs should be consulted and involved in this review. Accordingly details of the queries have been sent to the NZRB will be separately circulated to all clubs, along with the NZRB response when received.

5. HANDICAPPING - STAKES MINIMUM

The Handicapping Sub-Committee had a further meeting on 14 November to consider some enhancements to the current handicapping system suggested by the NZ Harness Racing Trainers and Drivers Association. Of particular concern was the current \$3,000 races and whether these should be penalty free. In considering this, the Handicapping Sub-Committee was of the view that these stakes were not in the industry's best interests and provided a poor image. It was noted that these had come about at the recommendation of the Horsemen, whereby horses that were successful in these races received a restricted penalty in terms of the Australian handicapping system. If the stakes were for \$3,001 or over the winner would receive a country penalty. The Handicapping Sub-Committee was of the view that we should be setting the stakes at an appropriate level for our industry and not artificially keeping stakes low to make it easy to sell horses at the "bottom end" to Australia.

Accordingly the Handicapping Sub-Committee is to recommend to the Board, that HRNZ reintroduce a minimum stakes requirement of \$4,500, with a view to this increasing to \$5,000 next season. This recommendation will be considered at the Board's next meeting on 13 December which will include consideration of a possible implementation date if this is supported.

Of particular concern to the Handicapping Sub-Committee also was the number of withdrawals in the Canterbury region post nominations. The Sub-Committee was advised by the Northern members that the current system of open nominations used by the Alexandra Park clubs is working well and should be applied in other regions. Accordingly the Sub-Committee is to recommend to HRNZ's Board that the system of open nominations be trialled for all clubs in the Canterbury region from a date to be determined. The Handicapper (Darrin Williams) has been requested to provide a report to the Board's next meeting outlining a suggested timetable and plan for the trial of this in the Canterbury region. A recommendation from representatives of the NZ Harness Trainers & Drivers Association present was that nominations not be published on HRNZ's website and that there be no withdrawal opportunity post nomination. This will be considered as part of the review of the logistics of this trial.

Another issue considered at the Handicapping Sub-Committee meeting was that of claiming and concerns with multiple claims being submitted. The Sub-Committee was of the view that the current regulations which are consistent with Australia, are appropriate. Discussions will be held with the RIU to ensure that the current system is policed closely to try and minimise problems which may occur in this area.

It is stressed that matters outlined above are recommendations only at this stage to the Board and will be considered in depth at the Board's next meeting on 13 December.

6. DATES SUB-COMMITTEE

The Dates Sub-Committee met on Sunday 11 November. The main purpose of this meeting was to review the "roll over" 2013/14 calendar and formulate HRNZ's initial submission to the NZRB. The first draft calendar is to be released by the NZRB to clubs and kindred bodies prior to Christmas.

In terms of the draft calendar, this will be based on similar principles to the current season given the requirements of the industry's internationalisation agreement. Major issues for the HRNZ Dates Sub-Committee in reviewing the "roll over" were the normal problems with the movement of Christmas and working dates around holiday periods, and also considering the viability of meetings which have struggled for horse numbers in the current season. HRNZ intends to have dates consultation meetings in late January/early February with clubs at a regional level. Details of the dates and venues for these meetings will be separately advised once confirmed.

7. HARNESS JEWELS - INTRODUCTION OF 4YO AND 5YO CONSOLATIONS

Following the Board's September meeting, representatives met with Ashburton TC officials to discuss their views as to what they saw as the optimum distance for the Harness Jewels races at Ashburton. After engaging with the Ashburton TC, the Board agreed that all races in the 2013 Harness Jewels would be mile races as per previous years.

In extending the 4yo Jewels series to include 5yo's for the 2012/13 season, there has been some negative feedback that this will limit the opportunities for the current crop of 4yo's. The reasons for the original decision were outlined in June when this decision was made. After consultation with the Ashburton TC, the Board is pleased to announce that for the 2013 Harness Jewels, three consolation races will be staged for horses that do not qualify for the 4yo & 5yo finals across all three categories (male and female pacers and trotters). These consolations will be staged at the Ashburton TC meeting on Sunday 2 June 2013 and will be run for \$20,000. This will be equally funded by the club and HRNZ (via the code distribution account).

In theory these races will be for horses 13 - 24 on the qualification list and enhance the programme for the second day of the Ashburton TC meeting. Full details of the conditions for these are included in the Harness Jewels conditions on HRNZ's website. It is hoped that this will create additional opportunities for horses just outside the qualification for the 4yo & 5yo Jewels finals.

8. REVIEW OF REGIONAL RACING BUREAUS

A correspondence item was approved at the Annual Conference proposed by the NZ Harness Racing Trainers and Drivers Association recommending that the Board review the merits of introducing three or four regional racing bureaus to handle nominations and acceptances. This was considered by the Board at its meeting, including a review of previous analysis undertaken on the possibility of establishing a national bureau. The advantages and disadvantages of such an approach were also considered. The previous analysis which included reviews of financial advantages and personnel efficiencies showed there was no advantage to be gained at the present time by drastically altering the present system.

The Board was cognisant that in some areas, essentially there are already a regional bureau structures in place. The Auckland and Southland regions are good cases in point. The Board felt that in terms of progressing the review of this area, this was best addressed by clubs on a regional basis. HRNZ encourages clubs to work co-operatively within their regions and develop models which they consider are the most efficient for undertaking their functions. HRNZ is happy to assist any region in progressing such a review and this will be canvassed further at the upcoming regional dates consultation meetings.

9. NZ RACING BOARD

HRNZ's appointment on the NZRB, Mr Rod Croon, attended the Board meeting and gave an update on matters pertaining to the NZRB from a Board perspective. Glen Broomhall, NZRB Head of Broadcasting, also attended the Board meeting and gave a presentation on matters relating to Trackside and broadcasting.

In relation to the NZRB, it was also noted that the Minister, Chairman and Chief Executive of the NZRB conducted regional road shows around the country at the end of October. For those unable to attend these presentations, they were recorded and are being replayed on Trackside.

10. INDUSTRY STATISTICS UPDATE

At the Board meeting a number of reports were considered with respect to turnover, stakes and average field sizes for the season to date. Also provided was an analysis of New Zealand stakes for 2011/12 compared to each state of Australia. It is encouraging to note that average stakes in New Zealand continue to exceed those of every state in Australia.

Attached **Appendix 1** is a summary of some of the key statistics that were considered at the Board meeting.

11. **IN BRIEF**

The following matters were also considered at the Board meeting:

- Receipt of final published 2011/12 HRNZ Annual Report - copy sent to clubs and kindred bodies. Copies available on request and also on HRNZ's website.
- Electronic circulation of Board papers via IPad
 - Board members trialled the possibility of having all Board papers available electronically via iPads. This was relatively successful with the trial to be extended for the next Board meeting.
- Review of Independent Report on market levels for Board members' remuneration.
- Organisation Review update.
- Approval of 2012/13 Education and Training Plan.
- Notification of approval by NZRB of HRNZ's application to its gaming society for funding for group races in 2012/13.
- Approval of Justin Le Lievre as an authorised valuer.
- Correspondence from the NZ Amateur Drivers Association re the inclusion of amateur statistical details on HRNZ's Infohorse systems - to be completed February 2013. The NZADA also questioned the requirement for Advanced Amateurs to obtain separate Trials Licences to drive at trials with the status quo agreed to.
- Issue of clubs being required to undertake detailed engineering reports on their facilities and the cost of these.

12. **MATTERS UNDER ACTION**

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

- TCO² statistical review - looking to engage a university statistician to analyse testing results;
- Review of Annual Awards categories;
- Rules Review - ongoing, looking at simplification and general review of existing rules.

13. **NEXT BOARD MEETING**

- The next HRNZ Board meeting is scheduled for Thursday 13 December
- Audit & Finance Sub-Committee is to meet on Wednesday 12 December.

APPENDIX 1

STATISTICS FOR THE SEASON UP TO 4 NOVEMBER

Turnover Summary

	2012/13			2011/12			Change		Increase In Races	% Change In Races
	Tote	FOB	Combined	Tote	FOB	Combined	\$	%		
Thoroughbreds	83,816,956	21,074,194	104,891,150	89,520,950	15,694,836	105,215,786	-324,636	-0.3%	-62	-7.6%
Harness	37,044,671	9,480,780	46,525,451	39,072,286	5,916,370	44,988,656	1,536,795	3.4%	-33	-6.0%
Greyhounds	28,730,547	8,812,815	37,543,362	29,434,051	6,623,848	36,057,899	1,485,463	4.1%	102	7.8%
	149,592,174	39,367,789	188,959,963	158,027,287	28,235,054	186,262,341	2,697,622	1.4%		

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	Increase Avg Stakes Per Race	% Increase Avg Stakes Per Race		
	4,020,257	516	7,791	3,956,076	539	7,340	452	6.2%	64,181	1.6%

Average Field Size

	2012/13			2011/12			Change	
	Races	Starters	Average Field Size	Races	Starters	Average Field Size	Field Size	% Change
Northern	161	1,418	8.8	176	1,587	9.0	-0.2	-2.4%
Central Districts	19	174	9.2	16	133	8.3	0.8	9.2%
Seddon Shields	10	98	9.8	10	109	10.9	-1.1	-11.2%
Canterbury	173	1,871	10.8	181	2,003	11.1	-0.3	-2.3%
South Canterbury	41	461	11.2	35	406	11.6	-0.4	-3.2%
Otago	46	418	9.1	43	405	9.4	-0.3	-3.6%
Southland	66	665	10.1	78	785	10.1	0.0	0.1%
	516	5,105	9.9	539	5,428	10.1	-0.2	-1.8%

COMPARISON OF NEW ZEALAND HARNESS STAKES TO AUSTRALIAN STATE HARNESS STAKES

		NSW	Queensland	South Australia	Tasmania	Victoria	Western Australia	Australia Total	New Zealand
<u>2011/12</u>									
Stakes	Metropolitan Venue(s)	\$13,012,135	\$8,525,655	\$4,370,542	\$2,151,154	\$11,782,410	\$14,814,340	\$54,656,236	
	Country	\$15,291,066	\$5,730,089	\$828,914	\$3,135,096	\$17,754,425	\$7,813,125	\$50,552,715	
	Total	\$28,303,201	\$14,255,744	\$5,199,456	\$5,286,250	\$29,536,835	\$22,627,465	\$105,208,951	\$27,171,600
Number Of Races	Metropolitan Venue(s)	1,014	904	1,336	303	763	852	5,172	
	Country	3,177	1,402	340	487	3,200	1,411	10,017	
	Total	4,191	2,306	1,676	790	3,963	2,263	15,189	2,695
Average Stakes Per Race	Metropolitan Venue(s)	\$12,832	\$9,431	\$3,271	\$7,100	\$15,442	\$17,388	\$10,568	
	Country	\$4,813	\$4,087	\$2,438	\$6,438	\$5,548	\$5,537	\$5,047	
	Total	\$6,753	\$6,182	\$3,102	\$6,691	\$7,453	\$9,999	\$6,927	\$10,082