

20 February 2013

CIRCULAR NO 1303

To: The Secretary all Totalisator Clubs and Kindred Bodies

From: Edward Rennell, Chief Executive

Subject: **HARNES RACING NEW ZEALAND - FEBRUARY BOARD NEWS**

Following is a summary of matters considered at the HRNZ Board meeting on 14 February 2013.

1. INDUSTRY FUNDING

The major item reviewed at the Board meeting was the code funding policy and the decision to allocate some additional funding to the industry. This has been covered in the following separate circulars:

- Circular 1301 - Additional Funding Distribution (\$1.4m);
- Circular 1302 - Changes to 2013 Harness Jewels (three new 5yo races).

In making these decisions the Board was conscious of being conservative with its management of the code distribution account while at the same time being aware of the need to pass the benefits of any growth to participants as soon as possible. The Board is confident that the policy adopted is financially prudent and that existing rates will be sustainable in the 2013/14 season based on the NZRB's revised profit projections.

2. 2013/14 DRAFT DATES CALENDAR

Over the last six weeks NZRB and code management have met to try and resolve issues with each code's initial dates submission for 2013/14. The Board noted that concerns had been raised with respect to NZTR's proposal for a number of additional three meeting Sundays had been addressed directly with NZTR. A compromise has been agreed on whereby NZTR would transfer the proposed meetings that were to be put on a Sunday to either Saturday or an alternative day during the week.

It was advised that the NZRB was to look to release the draft calendar to the industry on 20 February with clubs given until 28 March to make submissions thereon. It is likely there will be only one draft calendar in the dates consultation process.

HRNZ has agreed that regional consultation meetings will be held in mid to late March. These will be held in Invercargill, Christchurch and Auckland, with a phone conference held to cover the Central Districts region. These meetings will enable HRNZ Board and management to cover dates as well as other pertinent industry issues. Dates and arrangements for these regional consultation meetings will be separately confirmed.

3. WAGERING LEAKAGE - RACING NSW PRESENTATION

The Board reviewed a presentation to the NZRB AGM in December by Racing New South Wales CEO Mr Peter V'Landys. This was an excellent presentation on the issue of wagering leakage and the need for government support in addressing these. A copy of this presentation is available on HRNZ's website in the news section. This makes compelling reading and all industry participants are encouraged to review this and gain a better understanding of the importance of this issue.

The Board agreed that HRNZ would continue to work closely with the NZRB and other codes in trying to address this with the government.

4. **HRNZ BOARD MEMBERS' REMUNERATION**

At the Board's December meeting, it reviewed an independent consultant's review on market remuneration levels for HRNZ Board members. The independent report noted that the rates paid for HRNZ Board members was significantly lower than the market rates and those of the other codes and industry bodies.

In terms of addressing this, the Board felt that the appropriate time for any proposed increase in members' remuneration levels was in HRNZ's 2013/14 budget cycle, with consultation and approval at the 2013 Annual Conference. It is therefore likely that further detail on this will be circulated with the papers for the Annual Conference in June.

5. **AGE GROUP RACING REVIEW**

Over the last few months a working party of Board members has been undertaking a review of the current structure of age group racing and considering whether any enhancements could be made to better profile the industry and cater better to the horse population. Final recommendations for some potential changes will be outlined at the Board's meeting on 8 March prior to consulting further with the NZ Sires Stakes Board, Pyne Gould Guinness, NZMTC and Auckland TC.

6. **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:

- Industry statistics - season to date - see appendix 1;
- Race abandonment procedures;
- TCO₂ statistical review;
- Trackside, radio and venue services recoveries review - to be progressed further with the NZRB;
- Extension for the balance of the season of the Handicapper doing the programmes for the wider Canterbury region meetings;
- Resignation of Kerry Hoggard from the RIU as HRNZ's appointment, with Ray O'Connor approved as his replacement;
- Advice from HRNZ's solicitors on the dismissal of the Smoken Up judicial review;
- Details of the new NZRB's revised Statement of Corporate Intent and increased profit projections;
- HRNZ staffing changes - appointment of Pete Ydgren as Commercial Development Manager and Kristie Hill going on maternity leave in April;
- Report on seeking rezoning of HRNZ's Lincoln Road property from residential existing use to commercial - preliminary report noted that this is unlikely;
- Confirmation that Edward Rennell will be HRNZ's representative at the 2013 World Trotting Conference;
- Update on IT projects - list of projects and timetable for enhancements to next meeting;
- HRNZ to seek a meeting with Trackside to discuss concerns with respect to recent coverage;
- Gaming update.

7. **NEXT BOARD MEETING**

- The next HRNZ Board meeting is scheduled for Thursday 17 April 2013;
- The Rules and Audit & Finance Committees are to meet the day before. These will include consideration of preliminary funding options for 2013/14 and a review of possible remits for the 2013 Annual Conference.

STATISTICS FOR THE SEASON UP TO 3 FEBRUARY

Turnover Summary

	2012/13			2011/12			Change		Increase In Races	% Change In Races
	Total	FOB	Combined	Total	FOB	Combined	\$	%		
Thoroughbreds	199,195,142	52,066,036	251,261,178	198,395,127	35,034,861	233,429,988	17,831,190	7.6%	7	0.4%
Harness	102,752,235	27,937,297	130,689,532	107,946,133	16,206,248	124,152,381	6,537,151	5.3%	35	2.5%
Greyhounds	53,444,059	17,318,297	70,762,356	55,983,876	12,839,915	68,823,791	1,938,565	2.8%	136	5.4%
	355,391,436	97,321,630	452,713,066	362,325,136	64,081,024	426,406,160	26,306,906	6.2%		
Imported Racing	321,085,864	36,045,307	357,131,171	265,836,053	28,891,791	294,727,844	62,403,327	21.2%	5,796	24.7%

HRNZ summary analysis:

- * Thoroughbreds continue to perform strongly since November, going from -\$324K to +\$17,831K, with the code YTD now up 7.6% with only 0.4% more races
- * Greyhounds achieving growth on the back of additional races at lower turnover, with turnover up 2.8% however number of races up 5.4%
- * Better two months for Harness with YTD Total turnover up \$6,537K (5.3%) on 2.5% more races
- * 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 two months - some strong, some weak
- * Harness gone from in December being behind 35 in races run to now up 35 races compared to last year
- * Of concern is drop in average field size compared to LY from 10.7 to 10.3, and number of races with <8 starters up from 121 to 185
- * In comparison thoroughbred average field size down from 10.6 to 10.5, yet number of races with <8 starters down from 277 to 218
- * Harness market share YTD down from 29.1% this time last year to 28.9% largely due to thoroughbred code being up more in percentage terms
- * 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	% Increase Avg Stakes Per Race		
	13,182,858	1,420	9,284	13,014,572	1,419	9,172	112	1.2%	168,286	1.3%

Average Field Size

	2012/13			2011/12			Change	
	Races	Starters	Average Field Size	Races	Starters	Average Field Size	Field Size	% Change
Northern	386	3,553	9.2	408	3,976	9.7	-0.5	-5.9%
Central Districts	106	1,026	9.7	99	998	10.1	-0.4	-4.1%
Seddon Shields	88	1,016	11.5	86	1,048	12.2	-0.6	-5.5%
Canterbury	370	4,081	11.0	380	4,272	11.2	-0.2	-1.9%
South Canterbury	127	1,457	11.5	107	1,287	12.0	-0.6	-4.8%
Otago	111	1,025	9.2	104	1,019	9.8	-0.6	-6.1%
Southland	232	2,465	10.6	235	2,526	10.7	-0.1	-1.2%
	1,420	14,623	10.3	1,419	15,126	10.7	-0.4	-3.4%