



UPDATE OCTOBER 2019

ACCREDITATION OF TRACKWORK RIDERS

The Trainers' Association have been in consultation with NZTR in regards the assessment of trackwork riders prior to the issuing of a trackwork licence. A formal process needs to be followed to ensure a trackwork rider has been accredited and deemed competent to ride trackwork. Those trackwork riders who already have licenses will likely need to be endorsed as being competent. A source of funding via ACC is being pursued so no further cost is added to the industry.

More details will be advised once confirmed. When this is formally introduced, as long as trainers follow health & safety practices and only use trackwork riders issued with licences, then they are likely to be protected from any prosecution should an accident occur. Research has also been undertaken with insurance companies in regards protection – a trainer cannot be insured for fines – only legal fees in defending a prosecution.

RTR SPONSORED RACES

For the past three years NZB have sponsored two races at Riccarton (26/10/19 and 13/11/19 this year)

The aim is to encourage South Island Trainers to attend the NZB RTR Sale in November. The trainer of the winner of the sponsored race on these dates receives:

- \$500 towards travel costs to RTR Sale
- Free transport courtesy Majestic Horse Transport from Karaka to stables in South Island
- A free insurance policy up to value \$40,000 plus GST for 12 months.

STALLION SERVICE PLACEMENT SCHEME

The link below is information on this year's Stallion Service Scheme that the Te Aroha Jockey Club runs each year as part of their Group 1 Raceday.

<http://trac.co.nz/stallion-placement-scheme.aspx>



stallion service

PLACEMENT SCHEME

2019 / 2020 applications and queries INFORMATION AVAILABLE NOW

These services have been kindly donated by their respective Stud.

All money raised by this scheme goes towards supporting the Group 1 Fillies and Mares Breeders Stakes race in April 2020.

If any owners have mares to mate this season, please consider using this scheme.

For tender applications or queries please contact any one of the following numbers:

Jock Wilson: 0274887189

Ted McLachlan: 0211477378

Peter Doughty: 0211659014

Or email: jen@trac.co.nz



1. ARDROSSAN
2. BATTLE PAINT
3. BULLBARS
4. BURGUNDY
5. CIVICS
6. COATS CHOICE
7. DALGHAR
8. ECHOES OF HEAVEN
9. EMBELLISH
10. GALLANT GURU
11. HE'S REMARKABLE
12. HIGHLY RECOMMENDED
13. JON SNOW
14. NIAGARA
15. OCEAN EMPEROR
16. PERFECTLY READY
17. PROISIR
18. PUCCINI
19. REDWOOD
20. REMIND
21. ROC DE CAMBES
22. SAVILLE ROW
23. STAPHANOS
24. SUPER EASY
25. SWEYNESSE
26. TELPERION
27. THUNDER DOWN UNDER
28. TIGER PRAWN
29. UNUSUAL SUSPECT
30. VERDI
31. WHAT'S THE STORY
32. ZED

**All reasonable offers will be considered.
Please note: There is no closing date.**

RITA Industry Update #3, October 2019

Good afternoon, the Board met recently in Auckland for its September meeting - its fourth formal meeting since being appointed to lead the Racing Industry Transition Agency (RITA).

The regular Board agenda is split over two sessions to focus on TAB Performance and RITA's Change Management programme on the reform of racing. I wanted to provide you with a summary of what was discussed and encourage you to share it with your members or stakeholders.

Performance

As has been previously signalled, the performance of the then New Zealand Racing Board for the 2018/19 financial year did not meet budget or forecast projections. There were a number of reasons for this: reduced turnover in the first half of the year with lower betting activity from Elite punters; lower margins in the second half, particularly in Sport; and customer disruption in January as we launched our new betting platform.

While the full year results for RITA will be outlined at the AGM in November (and featured in the pending Statement of Intent), the unaudited net profit for the 2018/19 financial year at \$137 million was significantly below last year's result of \$145.9 million and well below the budgeted \$173.5 million. In spite of this, distributions to the Codes for both the 2018/19 and 2019/20 season have been held at the current level of \$151.6 million.

Looking forward, the Board is optimistic the investments in the betting platform introduced last year and technology and broadcast enhancement will deliver significant benefits over time. RITA's budget for this year is geared around profitability this season lifting to \$165.8 million and is being based on projections on realistic and pragmatic revenue growth assumptions in combination with an ongoing diligent approach to the management of core costs.

It has been a reasonably positive start to the year with turnover and gross betting revenue both ahead of the same period last year. Our year to date net profit is in line with our budgeted forecast, so we remain cautiously optimistic of meeting our targets.

As you will know, promotional initiatives are in market to stimulate betting turnover for the Rugby World Cup campaign and it is tracking towards being a successful tournament. Turnover is above expectations, participation in the Try Time promotion is greater than originally expected and margin is up on expectations. While some of this is good fortune, there has been a considered effort to drive this through pricing, product promotion and market ordering decisions.

In the first week of the competition, 16,000 punters signed up for the TAB Tipping competition and there were more than 75,000 active customers - the most in a single week since Melbourne Cup week 2018.

Racing Reform

The racing reform programme is entering an important period as Cabinet policy papers covering the various elements proposed for Bill 2 are finalised. Once Cabinet decisions on policy have been made, a Bill will be drafted and introduced to Parliament and then considered by a Select Committee.

Here's a brief summary of where we are at with the recommendations which were discussed by the Board:

- NZRB becomes TAB NZ, focusing on commercial activities. The Board considered the feedback from recent consultation with the Codes and noted, while there was broad support from the Codes in relation to many of the proposals outlined in the consultation document, discussion with the Codes over the coming weeks was required to further develop and then confirm the change management plan.*
- Establish Racing NZ as a consultative forum for the three racing codes. The Board agreed to re-establish the old Combined Racing Industry Group (CRIG) forum with the first meeting planned for later this month. It will provide a pathway for the Racing NZ forum to be further developed as we work through the transition period.*
- Request a performance and efficiency audit of the NZRB under Section 14. An audit of the previous NZRB has been completed by independent consultants Grant Thornton (GT) and we expect it will be made available by GT later this month.*
- Amend the Section 16 distribution formula of the Racing Act. Each Code has had the opportunity to engage with GT (who are also doing work on this) through the preparation of their Section 16 Report and there are further meetings planned. This feedback process will assist the RITA Board to form its own position on the Report before sharing this with DIA Officials and the Minister for Racing for their consideration. There will be further consultation next year on the regulatory process, led by the DIA.*
- Review the structure and efficacy of the racing integrity bodies and Establish traceability and re-homing as foundation of industry animal welfare. The Board considered feedback from the Codes on the final report from Malcolm Burgess and discussed the changes that may be required to give effect to the recommendations. Feedback on the Codes' submissions from subject matter expert, Paul Bittar was also considered. The exact pathway to implement the review's recommendations is subject to further discussions with Codes which are getting underway soon and importantly, feedback from Government, which we hope to receive in the next month.*
- Investigate outsourcing NZRB commercial activities to an international betting operator and confirm the assignment of intellectual property (IP) by the clubs to the codes. Work remains underway with the DIA to ensure the Cabinet papers incorporate any legislative changes that may be required in the event we go down the outsourcing route. In relation to the assignment of IP, the matter is with the Minister to determine an approach.*
- Seek approval for a suite of new betting products to increase funding for the industry. There is considerable work underway to not only achieve Cabinet approval for new products, but also to demonstrate the TAB as a sector leader in responsible gambling. The Board received an update on Initiatives from RITA's Harm*

Minimisation Strategy, Responsible Gambling Communications Plan and the RITA's draft Submission on the Online Gambling Review.

- *Introduce Betting Information Use Charge and Point of Consumption tax legislation. The Board received an update on the development of Offshore Betting Charges Regulations. These regulations will be drafted by the Parliamentary Counsel Office. The DIA are leading this process but RITA has provided significant support. We expect DIA-led workshops to get underway with the Codes and betting operators later this month.*
- *Legislate to vest club assets to code regulatory bodies, Reduce the number of venues and Upgrade facilities and tracks of remaining venues with funds from closed venues. There has been an enormous amount of work done in the venue space in an attempt to give the industry the tools it needs to tackle the hard decisions and successfully resolve them. RITA has provided feedback to the DIA on the need to build on the existing work programme, and if any legislative changes are required they are subject to a clear and transparent process between Codes and Clubs, but we await Government's direction on this matter. In the interim, RITA continues to work with the Codes on the Future Venue Plan with a meeting expected to be scheduled over the next few weeks.*

Once the direction of the second Bill and relevant regulatory processes becomes clearer, our budget for 2019/20 is confirmed and our first quarter results are in, all prior to Christmas, the Board should be in a position to have a further look at the timing of distribution of some of the new revenue streams such as the betting levy which is presently being collected.

Balancing the requirements of the Minister's Letter of Expectation along with getting greater surety around revenue growth targets and the need to show tangible outcomes for the industry from the reform process as soon as possible (eg distribution of the betting levy) is something the Board is very conscious of. We just can't put the cart before the horse!

Sincerely,

A handwritten signature in black ink, appearing to be 'DM', written over a horizontal line.

*Dean McKenzie
Chair*