



**SUBMISSION OF NZ STANDARDBRED BREEDERS' ASSOCIATION  
2020/21 RACING DATES AND VENUES**

11 June 2020

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Chair  
Dates Committee  
Racing Industry Transition Agency  
WELLINGTON

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**Introduction**

1. The NZ Standardbred Breeders' Association Inc (NZSBA) thanks RITA for the opportunity to make a submission on the proposed racing dates for 2020/21.
2. Our submission focuses on the harness racing dates only.
3. NZSBA is a kindred body of Harness Racing New Zealand Inc (HRNZ) and a Recognised Industry Organisation under the Racing Act. We have 600 members (plus partners) throughout the country representing about 65 percent of those who bred a standardbred mare in the last two seasons.
4. Standardbred breeders are frontline participants in our sport/industry. We are responsible for breeding 2,100 mares a year. Also, often overlooked, we are significant participants in racing our horses. By way of example at the last five meetings before close-down the breeder shared in the ownership of 80 out of the 144 placegetters i.e. 56 percent.

**Discussion**

*Need for Reform*

5. While the consequences of Covid 19 have added a degree of urgency to the need for change in harness racing there was always an underlying need for change and significant reform. This should not be overlooked.
6. NZSBA is largely supportive of the recommendations of the *Messara Review*, and the *Racing Bill* currently before the parliament.
7. We are aware that in recent years HRNZ has been monitoring the financial sustainability of all our clubs. Our code, with the other two has been participating in various reviews lead by the former NZ Racing Board (NZRB) on the provision and cost of Trackside and TAB services and the rationalisation of venues.
8. Over the last decade or so the wagering operating margins of TAB NZ decreased with Net Betting Revenue (NBR) not increasing at the same speed as Gross Betting Revenue (GBR) as a result of the growth of lower margin sports betting and Fixed Odds race betting (FOB) at the expense of higher margin tote betting. The NZRB's three centre-piece projects were yet

to deliver tangible gains. Borrowing to sustain distributions and the operations of NZRB was not a sustainable strategy. Irrespective of Covid 19 RITA had an unenviable task of leading racing reform.

### *The Pathway from Optimal Betting Revenue to Stakes*

9. Stakes drive all economic elements of racing. Owners, trainers, jockeys, drivers, farriers, breeders etc are all important. But they all depend on horses racing for good stakes that then flow down the 'food chain' and encourage investment.
10. Stakes are derived after people place bets with TAB NZ, then the TAB NZ making a profit from that wagering on races programmed by the codes. Then follows the various deductions for the cost of Trackside and TAB NZ servicing race meetings, the head office costs, HRNZ's administration, government taxes etc. Therefore, it follows that **one of the three primary drivers** for an efficient scheduling of dates and venues must be to **achieve the optimal betting revenue** from the dates and venues.
11. The **second primary driver** should be to allocate dates to **venues near to where horses are trained, and owners can then see them race**. Apart from the obvious enjoyment owners get watching their horses at trials, workouts and races there is the cost equation. Owners have a strong vested interest in minimising costs. Some regional venues have significant travel costs for owners, TAB NZ and trainers.
12. A **third primary driver** should be to adopt a **lifetime asset's management** policy for using the **optimal set of 'fit for purpose' nation-wide racing assets**.

### *Principles*

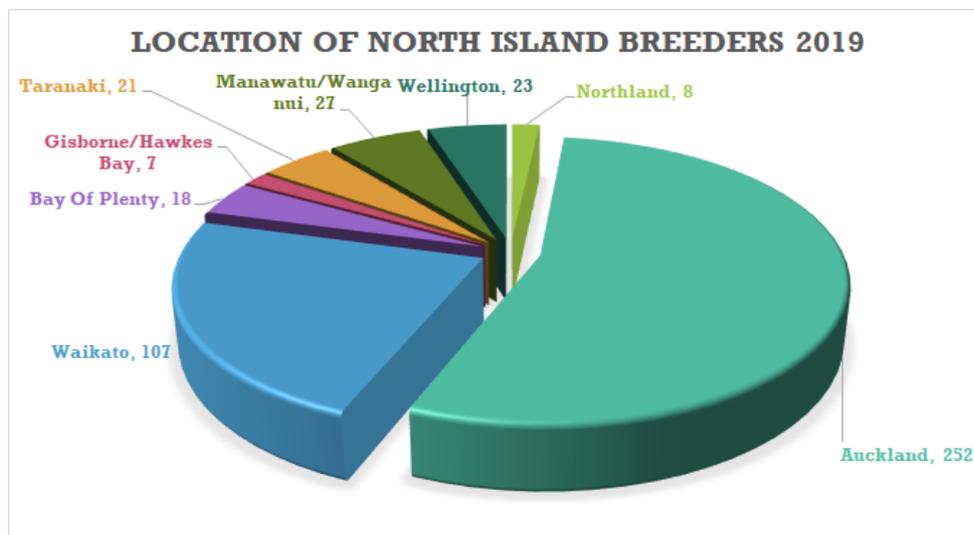
13. Dates and venue allocations can then be guided by a number of core principles including:
  - A. **Taking a long-term view** of the future of equine racing in this country, a short-term view will continue the angst. We need to know what we want harness racing to look like in 15 years. Yes Covid 19 is the current headline but we should be restructuring under a plan seeking long-term industry benefits. Yes, survival in the short term, but change, regeneration and sustainability are vital into the medium and longer term.
  - B. Distributing dates among the three codes to **maximise the economic advantages to the industry of each date as to when and where races are held**. Clubs competing against each other on the same night should be avoided.
  - C. Choose venues and dates that **optimise betting revenue** and **minimise club costs** and owners' costs.
  - D. **Experiment with dates and venues** closely monitoring turnover, betting revenue and participation e.g. Alexandra Park on a Wednesday or Thursday night.
  - E. Choose venues and allocate dates to clubs at venues that have a **proven record of converting distributions into stakes**: which considers the net effect of sponsorships, maintenance and administration costs.
  - F. HRNZ to choose clubs at those **venues that are sustainable financially**.
  - G. Recognise that **Addington and Alexandra Park are key industry venues** with good facilities for racing, the racing public and non-racing income.

- H. Continue to **race at iconic/festival/summer venues** that connect with the people and attract a significant turnover, e.g. minimum \$1 million. Many owners do not travel to the 'holiday venues', again costs to owners need to be closely considered.
  - I. **Race where fixed costs for the venue can be shared** with a set of harness clubs racing at one venue or in joint ventures with other codes.
14. The next steps are for the codes to programme races at those venues and maintain handicapping systems to cater for the horse population and the optimal wagering product.

*Venues*

15. Breeders are deeply involved in the sport. They love their mares and foals and many are deeply involved in racing. **Figure 1** and **Figure 2** illustrate the location of our breeders. **Figure 3**, provided by Lincoln Farms shows the venues and the number of proposed meetings:

**Figure 1: North Island Breeders Residence**



**Figure 2: South Island Breeders Residence**

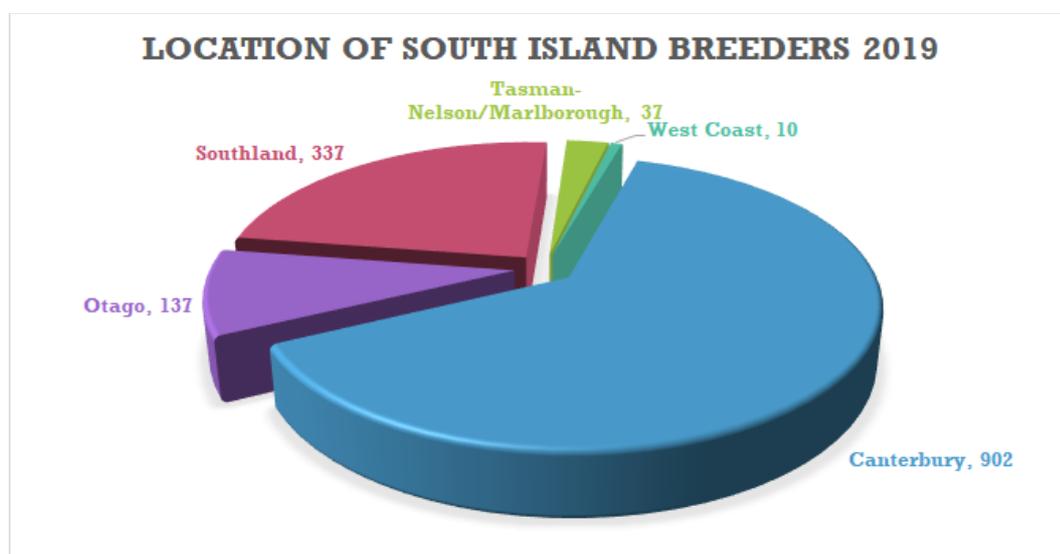


Figure 3: Proposed Venues (thank you Lincoln Farms for the graphic)



16. NZSBA supports:

- The consolidation of racing at ATC/Waikato venues and Southland under the consolidated programme.
- The increase in meetings at Addington and Methven.
- The retention of the Nelson, Kaikoura West Coast and Central Otago summer meetings.

*Lower North Island*

17. The obvious gap in the proposed dates versus breeder locations is in the lower North Island. Our breeder numbers are small in the various places, as are owners and licence holders. Overall, does it add up to a solid regional picture. But is that is enough to support on-going racing?

18. NZSBA is aware of a proposal for a combined code racing arrangement for Palmerston North. We recognise these are arguments that can be made to support a reconsideration of the draft dates if racing can provide a viable financial outcome for TAB NZ and owners:

- Recognising that there are owners, licence holders and breeders in the lower North Island and the loss of racing will impact on participation and increase costs for them. However, recent racing at Manawatu has had a significant Canterbury presence.
- From an industry point of view, the loss of racing opportunities in the lower North Island also will very likely see the demise of Kidz Kartz. There are approximately 35 or so kids involved in the Taranaki and Manawatu regions and this will be a substantial blow to those youngsters – who are the future drivers, trainers, owners and breeders of our industry.

The loss of 21 meetings in the North Island will be a significant loss of income for the North Island Drivers and Trainers which may push a number of these people out of the industry.

On the other hand, consolidation around Cambridge and complementarity of programming with Auckland may have greater economic advantages.

## Monitoring of Performance and Incentives

### Monitoring of Performance

19. NZSBA recognises the contributions of clubs in running harness racing for over a hundred years. Also, the historical cooperative nature of HRNZ as a conference of clubs. However, looking forward we believe that there does need to be a rebalancing of the individual club's powers and more towards the collective power and strength of HRNZ. This way of thinking underpins the new *Racing Bill* and the governance changes last year. The Racing Bill, as returned to the House, has adopted some of the submissions from the three codes and others that strengthen the codes powers and authority to run their respective racing businesses as envisaged by John Messara. However, it also recognises the need for significant coordination across the codes by adopting one of Mr Messara's main recommendations, the creating of Racing New Zealand as a statutory coordination mechanism.
20. The codes must have strong accountability for performance, especially their spending of the distributions on stakes and administration. Similarly, for the clubs given licences to conduct a tote meeting. The allocation of a licence to race by TAB NZ should be seen as a privilege, not a right. HRNZ and the clubs need to be publicly accountable for their use of the dates and venues to maximise wagering, and returns by way of stakes. It is stating the obvious, but clubs do not need to race at their 'home' venue.
21. HRNZ, TAB NZ and the clubs need to develop a small set of objective measures against which performance can be judged. Monitoring needs to be transparent and published quarterly. Indicators could include:
  - A. Average field size – a key driver of total wagering, but recognising the need to programme races for fillies and mares and age group racing that may not attract a field of 11 or more starters.
  - B. Total turnover.
  - C. Gross and Net betting revenue.
  - D. Percentage of horses that are trained within a 150km radius.
  - E. Conversion of HRNZ funding into stakes – the closer to 100 percent the better.

### Incentives

22. NZSBA recognises that there will be clubs who are extremely disappointed that they have not been allocated a date/s at their venue.
23. HRNZ/RITA and TAB NZ need to encourage, support and trial arrangements for clubs:
  - A. to consolidate and race at a single venue; and
  - B. seek to obtain a licence in the future,if they can demonstrate the potential for increased wagering and stakes returns.

## Conclusion

### 24. NZSBA

- A. Proposes a set of principles to guide decision-making on dates and venues.
- B. Broadly supports the draft allocation of dates as meeting those principles.
- C. Supports RITA and HRNZ considering a proposal for racing at Palmerston North, if economically feasible for the industry as a whole.
- D. Suggests TAB NZ and HRNZ publish on a quarterly basis objective wagering and racing performance data for each racing venue.

Kind regards

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