



## MEDIA RELEASE

5 July 2021

### **NZ THOROUGHBRED STAKE INCREASES ANNOUNCED**

The Board of New Zealand Thoroughbred Racing (NZTR) has announced stakes increases.

An increase of \$7m will be allocated for the period of 28 August 2021 to 2 April 2022 and represents a 20 per cent increase on the same period last year.

Today's announcement includes stakes lifts across the board, among them increases in minimum prizemoney levels for Industry and feature days.

The prizemoney increases, which are designed to be sustainable and reward participants at all levels, are achievable following a strong wagering performance and changes to the TAB NZ operating model.

"We are operating in a different environment to what we did under the old Racing Act," NZTR Chairman Cameron George said. "The Board's decision regarding stake increases is aligned with the TAB NZ funding cycle and is strategically focused to enhance returns, with all stakeholders benefiting,

"The NZTR Board has created a rolling funding policy across periods of time, as opposed to a full racing season. This enables the Board to produce increased funding to the industry off the back of good performance. Basically, if the industry, including TAB NZ, performs then the industry benefits," George said.

"The rolling model allows us to manage and mitigate financial risks and, most importantly, target times of the racing year when we receive the greatest response, both in participation and revenue. A blanket approach does not create growth and better returns, so we need to be creative.

"The Board believes this is both sensible and exciting, with a 20 per cent uplift in stakes for the period from 28 August to 2 April 2022. Announcements for funding beyond this time will be made before the end of this year."

In addition to stake increases, NZTR's commitment to free nominations and acceptances – which provides savings of \$1.7m to owners – remains in place.

The payment back to 14<sup>th</sup> place, which was initially introduced in the return to racing following lockdown has been amended with payment back to 10<sup>th</sup>.

"This initiative achieved its purpose off the back of Covid and now is clearly the right time to amend it," George said.

A key feature of the stakes increase policy is the creation of a \$500,000 innovation fund for clubs.

“There are lots of good ideas out there and we see this as an opportunity to incentivise innovation by clubs. We encourage them to apply to the fund to further improve their race meeting performance,” George said.

Additionally, NZTR has prioritised an infrastructure fund which will promote much needed investment in vital components in the delivery of a safe, marketable, and modern racing footprint.

“We thank TAB NZ for their ongoing diligence in ensuring we receive the best return on an ongoing basis. Our relationship is key, and Dean McKenzie and his Board have led from the front, and we look forward to building on this year’s results to enable an exciting and creative future,” George said.

**Key prizemoney increases between 28 August – 2 April are:**

- Industry meeting minimum stakes will increase from \$10,000 to \$12,000.
- Iconic meeting minimum prizemoney increases from \$40,000 to \$50,000.
- Premier meeting minimum prizemoney increases from \$30,000 to \$40,000 per race, excluding maiden races.
- Feature meeting minimum prizemoney increases will apply across various levels including Maiden minimums moving from \$10,000 to \$15,000, and Open minimums from \$32,500 to \$40,000.
- Group and Listed minimum stakes will see the following changes – Listed Races move from \$50,000 to \$60,000, Group 3 from \$70,000 to \$80,000, Group 2 races from \$100,000 to \$110,000 and the Group 1 minimum from \$200,000 to \$220,000. The increase in Group and Listed flat races will apply to the full season.

**Appendix (additional notes)**

- Following a very strong year in challenging circumstances, TAB NZ has forecast total revenue of \$170 million for the period 1<sup>st</sup> August 2021 to 31<sup>st</sup> July 2022 to be distributed to the codes. An important note is that all numbers are forecasts subject to actual trading performance and are reviewed quarterly by TAB NZ. The new funding process was introduced under the new Racing Industry Act of 2020.
- Club and meeting funding are also budgeted to increase, by \$2m (16%), with clubs to receive an average funding increase of 10% per meeting. As well as the cost of additional race meetings, NZTR has agreed to an increase in meeting funding and an increased commission rate applying to all on-course turnover, including that placed with TAB NZ through digital devices. Racing clubs throughout the country have, like all businesses, endured a difficult time in recent years and it was a priority to try to return more money to clubs, based on race

days, performance, and the need to continue to engage with their communities. The payment of commission on TAB NZ turnover placed on-course through digital devices represents a significant innovation which will reward clubs for encouraging customers in using their betting medium of choice.

- NZTR has built a \$6m cash reserve which is predicated on the scale of resources to navigate business interruption (e.g. COVID) and provide surety to the services it provides.
- The revised distribution methodology of the TAB NZ – as we earn, we receive - necessitates a working capital facility of \$4m be maintained to enable distributions in a timely manner to NZTR stakeholders.
- NZTR will also complete further actions over the next 12 months requiring investments in improving the racing product, education, training, welfare, and technology upgrades all which have been under invested in for some time. Funding of \$2m has been budgeted for these business-critical issues.
- Stakes allocations paying back to 10<sup>th</sup>:

#### **Over \$15,000**

- 1<sup>st</sup> 57.5%
- 2<sup>nd</sup> 18.5%
- 3<sup>rd</sup> 9%
- 4<sup>th</sup> 5%
- 5<sup>th</sup> 2.5%
- 6-10<sup>th</sup> 1.5%

#### **\$15,000 and under**

- 1<sup>st</sup> 56%
- 2<sup>nd</sup> 18%
- 3<sup>rd</sup> 9%
- 4<sup>th</sup> 5%
- 5-10<sup>th</sup> 2%

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