

Calendar Innovation Project – Discussion Paper, November 2018

This discussion paper presents a series of draft initiatives to inform future calendar design. These are an outcome of the Calendar Innovation project which was initiated by New Zealand Thoroughbred Racing (NZTR) in April 2018.

Feedback is requested on this discussion paper to office@nztr.co.nz by Wednesday, 5 December 2018.

1. HEADWINDS - THE CURRENT STATE

The following key statistics show the current state of the NZ thoroughbred racing industry and the challenges it is facing:

- The thoroughbred foal crop has declined by 22.0% over the last 10 years and individual thoroughbred starters in NZ have declined by 18.6% over the same period.
- There are 16.8% fewer thoroughbred races run in New Zealand now compared to 10 years ago.
- More money is wagered on NZ racing through Australian betting operators than through the NZRB and total wagering on NZ thoroughbred racing is well below the amounts wagered on thoroughbred racing in the major states of Australia (see Table 1 below). Currently, NZ only has a 2.4% share of the Australian thoroughbred betting market.

Table 1 – Total Wagering on Thoroughbred Racing in Australia/NZ

	2018 Total Wagering on Thoroughbred Racing from Australian punters ¹	2018 Total Wagering on Thoroughbred Racing from NZ punters ²	Total wagering on thoroughbred racing from NZ and Australian punters	Rank
Victoria	\$6.40b	\$0.17b	\$6.57b	1
New South Wales	\$4.54b	\$0.16b	\$4.70b	2
Queensland	\$2.81b	\$0.09b	\$2.90b	3
Western Australia	\$1.70b	\$0.05b	\$1.75b	4
South Australia	\$1.23b	\$0.04b	\$1.27b	5
New Zealand	\$0.50b	\$0.40b	\$0.90b	6

1. Total Australian TAB & Corporate bookmaker turnover by state & NZ (customer location is not taken into account).

2. Total NZRB turnover by state & NZ

3. Racing NSW turnover with all operators was \$4.2 billion in 2016 & grew by 8% in 2017 (Racing NSW Annual Reports)

4. NT and Tasmania information not included but would be ranked below NZ

- Domestic turnover on NZ thoroughbred racing has declined by 14.4% in 10 years.
- On-course attendance at NZ thoroughbred meetings has fallen by 22.3% in the last 6 years.
- The average ownership share size has declined from 27.4% to 19.8% since FY09

- The average age of the thoroughbred owner has increased from 54 to 57 in 10 years.
- New racehorse owners are not being provided with an experience that will attract a long term interest (only 1 in 4 new owners are advocates of horse ownership)
- Pressure on up to 4 NZ Group 1 races to maintain their Group 1 status after the current season, based on new international rules.

2. RELATIONSHIP WITH OTHER INITIATIVES

The calendar initiatives proposed in this paper are just one of a number of initiatives that NZTR is pursuing in order to address the headwinds outlined in Section 1.

The other key initiatives are:-

- A Future Venue Plan which proposes a reduction of racing venues given the current state of racing infrastructure and customer facilities.
- Endorsement of the Messara Report, which clearly identified the current state of the industry and the need for change
- Support for the introduction of synthetic training, trialling and racing tracks given the role they can play in supporting training activity and relieving the turf tracks in winter
- Stronger promotion of thoroughbred racing, through LOVERACING.NZ, our new single customer brand

3. PROJECT BACKGROUND

The Calendar Innovation project was initiated in April 2018 to carry out a review of the current structure of the domestic calendar in light of the challenges facing the industry (as summarised in Section 1) and to identify opportunities that are able to be pursued to improve the performance of the industry and relevance of the sport. The objective of the project was to develop a set of draft initiatives which address the challenges racing is facing and inform future calendar development. An improved and revitalised calendar should also enhance the quality of our racing and therefore its attractiveness to domestic and international (especially Australian) punters.

A project team including NZTR Board members and management was appointed to consider and provide a set of draft initiatives to address, amongst other things:

- A need to innovate and revitalise the racing calendar to increase customer engagement and the profile and appeal of racing to the mainstream consumer.
- A need to future proof the calendar against the backdrop of declining foal crops.
- A need to improve the quality and competitiveness of NZ racing from a wagering perspective.
- A desire from NZTR management to underpin the calendar with a “showcase” period during the peak period of the season.

The quality and competitiveness of our racing hold a strong relationship to customer interest, wagering revenue and participation levels across the industry. Accordingly, the optimisation of the racing calendar is important to the future of the industry.

This discussion paper presents a set of draft initiatives to inform future calendar design. The initiatives look to increase the appeal and relevance of racing to a new audience given that most key

performance metrics such as betting, on-course attendance and horse ownership have been in decline.

The project team considers that input and support from all key stakeholders is essential to successfully deliver change in line with the project objectives and is therefore seeking feedback to assist NZTR in validating and planning future calendar programming.

4. EXECUTIVE SUMMARY

In carrying out its review, the core objectives of the project team were to increase the **appeal** and **quality** of domestic thoroughbred racing.

The initiatives presented in this discussion paper are underpinned by the proposed development of three showcase periods (or carnivals) where New Zealand can showcase its best racing. In particular, Summer provides us with an opportune time in the Australasian racing calendar to present our best racing and engage more people in our sport. The view of the project team is that a Summer Showcase (when racing in Australia is relatively quiet) should be the initial focus, targeting a 2019/20 season launch. We should then build the other two carnivals off the back of the Summer Showcase over a five-year period.

We recognise the important role that jumps racing plays during the Winter period. The view of the group is that the focus should be on “excellence”, with an opportunity in the North to create a new jumps festival. NZTR will continue to work with key stakeholders to mitigate welfare concerns.

Additional opportunities for regional festivals and the introduction of more racing series (such as the successful Dunstan series) are proposed as initiatives that should be advanced in the short term. The project team would look to the support of the relevant programming committees and groups to identify these specifically.

While these initiatives are unique in nature, there is overlap across them which will need to be considered as part of the further development of the dates calendar.

The seven draft initiatives are summarised in Table 2 below.

Table 2 – Draft Initiatives

Category	#	Draft Initiative
Greater Appeal	1	Three new carnivals (including a Summer Showcase) be developed with each carnival to be supported by an over-arching promotional campaign associated with the LOVERACING.NZ brand.
	2	More multi-raceday regional events be developed to engage communities for more than one day and attract new participants.
	3	Recognise jumps racing and the unique role it plays in our calendar while managing welfare concerns. There is an opportunity to “focus on excellence” and increase public and punter interest by celebrating jumps racing as part of a carnival period.

	4	There be a Saturday meeting in the wider Auckland region each weekend in line with population density. In addition, opportunities for Auckland twilight racing on Fridays during the summer be investigated.
Better Racing	5	Jumps racing be held at fewer venues with a “focus on excellence”. Northern jumps be focussed around a key end of season carnival.
	6	Saturday is our shop window. Accordingly, we need to present our best racing at our best venues on Saturdays, while recognising that iconic regional dates still play their role at times of the season.
	7	More race series such as the Dunstan series be developed (particularly for staying horses) to grow interest and appeal, and provide greater incentives and opportunities for horses and owners.

5. DEVELOPMENT OF DRAFT INITIATIVES

In preparing the draft initiatives, the project team was informed by detailed analysis of participation levels, stakes, wagering and race meeting performance. This section summarises the background and analysis which has informed the development of these initiatives.

5.1 Showcasing our best racing

The project team recommends the establishment and promotion of a Summer Showcase racing period commencing on Boxing Day and ending on the Karaka Millions race meeting at Ellerslie. This Summer Showcase would be supported by a Spring Carnival (initially comprising the current Hawkes Bay RC’s three day Spring Carnival and the Canterbury JC’s Cup Week in November) and an Autumn Classics Carnival (initially comprising the Auckland RC’s NZ Derby and Auckland Cup Days and the Wellington RC’s NZ Oaks Day).

The project team initially considered recommending the establishment of a longer Showcase racing period but believes that three new short, and focussed, carnivals based around strong black-type race days provide better promotional opportunities and, therefore, better opportunities to drive stronger participation levels and more wagering (both domestically and internationally) than a longer, single carnival spread out over a significant number of weeks. In addition, it may be difficult to maintain customer interest and momentum with a longer, single carnival and the value of a longer carnival may be diluted, from a promotional perspective, by the inclusion of lesser quality race days.

Building to three short, and focussed, carnivals based around strong black-type race days which can be grown over time is consistent with the Australian experience, where the Melbourne Spring Carnival, for example, was initially centred on the Caulfield and Melbourne Cups and the Cox Plate. That Carnival has been developed and expanded over time to take advantage of, and build on, the success of established races.

Consistent with the Melbourne experience, our expectation is that the Autumn Classics Carnivals would be expanded over time to include the Waikato RC’s February meeting (given the quality and relevance of that race day), the Auckland RC’s Avondale Guineas and Avondale Cup meeting (given that both races are important guides to the NZ Derby and Auckland Cup) and then the Manawatu RC’s

Sires Produce meeting. Similarly, the Spring Carnival would grow over time to include the Waikato RC's Sarten Memorial Stakes meeting, the Auckland RC's Soliloquy Stakes meeting and the Whangarei RC's Breeders Stakes meeting given the importance of those races to the Spring 3yo pattern.

We acknowledge that, under the current dates calendar, the proposed Spring Carnival would initially be spread over around 11 weeks and include only the six race days. However, if a move of the Hawkes Bay RC's spring carnival back by three weeks was to eventuate this would reduce the length of the Carnival and the inclusion over time of the three additional meetings referred to above would increase the number of meetings covered by the Carnival.

The project team also considers that, in time, a Winter Jumps Carnival could be established that includes our prestige and feature jumps race days, ending with the Great Northern meeting.

Timing of establishment of the new Carnivals

As appears below, we are recommending the introduction of higher stakes for each of the key race days in the proposed three new Carnivals. Funding those higher stakes will depend amongst other things increased code distributions. We are recommending that the Summer Showcase be established in the 2019/2020 season with the Autumn Classics and Spring Carnivals being established, ideally by no later than the 2020/21 season. We recommend that (if possible) the Spring and Autumn Carnivals be extended as indicated above by no later than the 2023/24 season.

Key Race Days

The key race days in the Summer Showcase would be:

1. Boxing Day at Ellerslie
2. New Year's Day at Ellerslie
3. The Wellington RC's two Premier meetings during its Cup Carnival
4. The Karaka Millions meeting

The key race days in the Spring Carnival and the Autumn Classics Carnival would initially be those referred to above.

Turnover and attendance information confirms that the key race days of the proposed new carnivals are our most important from a participation and wagering perspective. It is logical, therefore, that they form the nucleus of the proposed new carnivals initially.

Quality of racing

Overall, the three proposed new carnivals would initially include 15 Group 1, 8 Group 2 and 16 Group 3 races. Accordingly, a significant portion of our best races will be run during them. Group 1 races that are held outside the proposed carnivals are the Captain Cook Stakes, the Herbie Dyke Stakes, the Waikato Sprint, the Haunui Farm WFA, the Manawatu Sires Produce Stakes and the NZ Thoroughbred Breeders Stakes. A number of these races would, however, become part of a carnival if the carnivals are expanded in accordance with our expectations.

The project team has considered whether it should recommend moving Group races to the proposed Summer Showcase, in particular, to enhance the quality of the races in it and therefore its attractiveness to domestic and international wagering markets. In considering any possible changes, it is important to consider the potential impact of a move on the rating of the relevant race from a Pattern perspective. A number of races in the Pattern are under downgrade pressure. A change in the

timing of a Pattern race should not be recommended if it would be likely to affect, adversely, the rating performance of the race and, therefore, its group status.

Overall, the various race categories (2 yos, 3 yos, fillies and mares, WFA and open handicappers) are well represented by group races in the proposed Summer Showcase. For stayers, there is the Wellington Cup and the City of Auckland Cup while there is the G1 Zabeel Classic for WFA horses.

The 2yo races include the Karaka Million 2yo and the G3 Eclipse Stakes.

Three year olds are also very well catered for in the Summer Showcase. We do not recommend moving either the NZ Derby or NZ Oaks to the Summer Showcase as both races work well where they currently sit in the calendar, particularly for horses targeting the ATC Derby or Oaks during the Championships in Sydney. The performance of our 3yos in Sydney in the Autumn is very important for the integrity of our pattern and the international ratings of our best horses. Any change that could adversely impact on the ability of our top 3yos to perform to their best in Sydney in the Autumn should not be implemented lightly.

The 1000 and 2000 Guineas are best placed in the Spring (which is consistent with the timing of the Guineas races internationally) and would in any event most likely be affected to some extent by the Karaka Millions 3yo if moved to the Summer Showcase.

Sprinters are well catered for by the G1 Railway and Telegraph Handicaps, while 1600m horses have the G1 Thorndon Mile and the Rich Hill Mile at G2.

Progressive stayers have the Dunstan final although that race could potentially be moved to the Karaka Millions programme, with the result that more races in the series could be held in the Summer Showcase in the lead up to the final. This is a matter that could be raised with the Auckland RC.

Prizemoney for Carnivals

While significant stakes are currently offered during the proposed new carnivals given the high profile of the races to be included in them, we recommend that greater incentives on each of the key race days in each carnival be developed. These incentives could take various forms including, for example, stakes increases and/or payments to the first 8 or 10 placegetters.

Greater stakes and incentives will widen interest and strengthen field quality at the key meetings of each of the proposed new Carnivals, which should, in turn, lead to strong interest being generated in them, domestically and internationally.

The Promotion

While the components of the promotion to support the proposed new Carnivals are yet to be fully defined the summary below provides insight into the vision:

- Supported by the LOVERACING.NZ brand
- Secure a major sponsor(s).
- Partner with NZRB and Trackside (TV and Radio).
- Partner with NZ Media Networks.
- Partner with Australian Wagering Operators and Content Publishers.
- Partner with Australian Media Networks – Racing.com, Channel 7, radio platforms RSN etc.
- Develop and retain ambassadors and influencers.
- Partner with a charity.
- Leverage the history of feature NZ Group Racing.

- Integration with breeding sales periods
- Develop link to regional tourism authorities and Tourism NZ.

The initiatives in relation to Section 5.1 are summarised below.

Category	#	Draft Initiative
Greater Appeal	1	Three new carnivals (including a Summer Showcase) be developed with each carnival to be supported by an over-arching promotional campaign associated with the LOVERACING.NZ brand.

5.2 Jumps Racing – an “opportunity for excellence”

While jumps racing adds a spectacle to winter racing, declining horse and starter numbers in the Northern and Southern regions (albeit broadly in line with the overall reduction in horse and starter numbers nationally) cannot be ignored. In particular, horse and starter numbers have fallen in the Northern Region from 107 and 347, respectively, in the 2011/12 season to 98 and 301, respectively, in the 2017/18 season while in the Southern region those numbers have fallen from 56 and 146 to 32 and 100, respectively. In the Central region, horse and starter numbers have increased from 137 and 444 to 156 and 480, respectively, although much of this increase appears to be driven by a few key trainers. Although these numbers may not be seen as being problematic when viewed on a national basis and also whilst that there is an evident cohort of relatively young jumps trainers, we remain concerned about the long-term position of jumps racing in the racing calendar given the reliance on a small pool of key trainers for a fairly large proportion of jumps starts.

Accordingly, the project team recommends that the jumps racing calendar be reviewed to reflect current (and likely future) participation levels across the regions and revive the industry with a vision of ‘excellence’, welfare and quality.

Additionally, there are adverse feelings and public opinion concerns that can arise from a higher attrition rate in jumps racing compared to flat racing which we should aim to counterbalance, not just through improved practices, but also by better conveying the benefits to the horse in terms of longevity in racing and the skills developed that can assist the horse in a second career.

Fewer Jumps Venues and an emphasis on “excellence”

We recommend that the number of venues holding jumps races could be reduced, with a focus on key venues. The establishment in the Northern region of a festival of jumps racing could be created as the main North Island target for jumps horses. In the central region, the main focus would be the Wellington Steeples and Hurdles, with regional lead-ins such as the Manawatu and Hawkes Bay Steeples and Hurdles.

In the South Island the main focus would be the Grand National meeting at Riccarton.

In particular, there should be a greater focus on, and stakes uplift for the Great Northern Steeples and Hurdles and the Grand National Steeples and Hurdles. In addition, a bonus could be introduced for horses that win both the Grand National Hurdles and the Great Northern Hurdles or the Grand National Steeples and the Great Northern Steeples, with a points-based bonus for horses who run in both Steeples or Hurdles together with similar bonuses for trainers and jockeys.

The initiatives in relation to Section 5.2 are summarised below.

Category	#	Draft Initiative
Greater Appeal	3	Recognise jumps racing and the unique role it plays in our calendar while managing welfare concerns. There is an opportunity to “focus on excellence” and increase public and punter interest by celebrating jumps racing as part of a carnival period.
Better Racing	5	Jumps racing be held at fewer venues with a “focus on excellence”. Northern jumps be focussed around a key end of season carnival.

5.3 Best racing, Best venues, Best days = Best results

Saturday afternoon is racing's shop window.

Accordingly, we need to ensure, to the maximum extent possible, that we present our best racing at our major venues on Saturday afternoons, especially in Spring, Summer and Autumn. In addition, we need to ensure that we race as often as is practicable in or close to our main population centres on Saturday afternoons during that period.

Reflecting these principles, the project team recommends that the racing calendar be amended so that:

1. During Spring, Summer and Autumn, there is at least one meeting every Saturday afternoon at one of our top tier venues so that our racing is able to be presented at its best when it can attract its biggest audience, both domestically and internationally, during that period. There would still be a place for iconic country/provincial meetings on Saturdays in that period (e.g. the Kumara Nuggets meeting in January). However, there must also be meeting at one of our top tier venues the same day. Wagering data from the NZRB indicates that Australian punters in particular recognise and therefore are willing to bet more on meetings at our key metropolitan venues. The calendar should in our view be amended to enable us to maximise betting interest in NZ racing, both domestically and internationally (especially from Australian punters) during our prime racing period.
2. Subject to track and customer "fatigue", there is a meeting in or close to at least one of our major population centres each Saturday afternoon in Spring, Summer and Autumn. It is difficult to maintain, let alone increase, attendance and interest levels in racing in our major metropolitan centres if people in those areas are required to travel too often and/or too far to attend meetings. This is particularly the case for Auckland given that it is our largest city. In this regard, the project team is of the view that Ellerslie needs to be our premier flat racing venue, racing as often as is practicable and potentially holding up to 25 meetings between Spring and Autumn each season (subject to track maintenance/quality and customer "fatigue" issues). We note, in this regard, that there are currently 22 meetings scheduled to be held at Ellerslie over the season, with the majority of these meetings being held between Spring and Autumn.
3. We have more twilight meetings on Fridays in Summer. In particular, we see an opportunity for racing to compete in Auckland with harness racing by holding twilight meetings at Ellerslie

on Fridays in Summer. We acknowledge Friday evening traffic concerns and that some of the Auckland RC twilight meetings in the Summer in past seasons have not garnered sufficient attendances, but nevertheless believe that there is a market opportunity for racing to attract new customers and provide an exciting entertainment option in Auckland on Friday evenings. Accordingly, we recommend that the Auckland RC investigate twilight meetings on Fridays in Summer where appropriate. In our view the increased use of Ellerslie is a key component of driving international, in addition to domestic interest given the brand and recognition that it has. This increased use may necessitate increased investment in the Ellerslie track in the future, which if needed must be carefully planned and supported.

The initiatives in relation to Section 5.3 are summarised below.

Category	#	Draft Initiative
Greater Appeal	4	There be a Saturday meeting in the wider Auckland region each weekend in line with population density. In addition, opportunities for Auckland twilight racing on Fridays during the summer be investigated.
Better Racing	6	Saturday is our shop window. Accordingly, we need to present our best racing at our best venues on Saturdays, while recognising that iconic regional dates still play their role at times of the season.

5.4 More multi-day “festivals” to grow regional engagement

The importance and role of regional racing is recognised by the project team. Engagement at the community level ensures that our sport retains its relevance and attracts the interest of future participants. The project team strongly supports this important aspect of racing in New Zealand.

While there are examples in the current calendar of where multiple day meetings work, the project team is of the view that these should be further explored. The concept where racing comes to town for 2 meetings across 3-4 days (e.g. Friday and Sunday meetings), can result in multiple benefits including reduced costs to owners and increased economic opportunities for the local communities. The creation of sponsorship activities and the potential for increasing non-racing interest is also greatly increased. Looking further afield, in other jurisdictions these forms of festivals have had great success.

We recommend that opportunities such as these be further assessed and pursued within the regional programming groups.

The initiatives in relation to Section 5.4 are summarised below.

Category	#	Draft Initiative
Greater Appeal	2	More multi-raceday regional events be developed to engage communities for more than one day and attract new participants.

5.5 Engaging participants in more series

As identified in Section 4.1 above, the project team recommends the introduction of additional race series similar to the successful Dunstan series. We suggest that the regional programming committees work to identify opportunities for the introduction of more similar series as a means of creating customer interest and better opportunities for progressive horses.

Country Cups

An example of a series which is often replicated and evolved under different scenarios is that of regional Country Cup winners being given the opportunity to compete for a title on a metropolitan raceday. This most recently is the basis of the new concept in NSW of the The Kosciuszko – a country version of the The Everest.

Our current calendar includes a number of regional cups races. Pooling these to a crescendo to be held on one of the Summer Showcase days, for example Wellington Cup Day, would be an option to consider, however in planning a series finale care would need to be taken to ensure that this would ideally improve rather than undermine the strength of entries for a Pattern Race in the same period.

The project team would propose the following ideas be pursued:

- a new series for intermediate stayers that finishes on Oaks Day.
- a 1600m and/or sprinting series finishing with finals on Auckland Cup Day.
- A series for mares in Spring/Early Summer

The initiatives in relation to Section 5.5 are summarised below.

Category	#	Draft Initiative
Better Racing	7	More race series such as the Dunstan series be developed (particularly for staying horses) to grow interest and appeal, and provide greater incentives and opportunities for horses and owners.