NEW ZEALAND THOROUGHBRED RACING

MEDIA RELEASE

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NEW ZEALAND THOROUGHBRED RACING RUNNING HARD TO STAND STILL

New Zealand Thoroughbred Racing (NZTR) Chairman Dr Alan Jackson has pinpointed three key factors which will determine the immediate health of the thoroughbred industry in New Zealand.

These were outlined in his annual report which was presented at the NZTR annual general meeting in Wellington on Thursday.

Jackson focused on strategies to increase returns to industry participants, including race fields legislation and improved export income and the benefits of improved New Zealand Racing Board (NZRB) operational efficiencies.

The race fields legislation would enable the New Zealand industry to benefit from the changes in the wagering environment, which had allowed thoroughbred racing jurisdictions to set a price for their product.

"The New Zealand racing and sports industries are simply not securing participation in this new environment and enjoying the benefits that our Australian counterparts have," Jackson said.

It had been estimated by a working group in 2015 that there was a $16 million potential fee remittance for the New Zealand codes across sports and racing. "Clearly this opportunity has increased, given developments in Australia," Jackson said.

The initiatives around increasing returns to participants included potential changes to the inter-code funding agreement and further progress by the NZRB in establishing a more efficient wagering model.

"Carefully developed strategies have the potential to realise significant potential earnings for the industry, over and above anticipated race fields remittances," Jackson said.

Increasing the profile of the New Zealand racing product in Australia was another area with real growth potential. "The Australian wagering market is a key determinant in the levels of return to New Zealand thoroughbred racing," Jackson said. "We currently have a low share of the Australian customer's mind and wallet."

NZTR was developing strategies aimed at significantly lifting the amount bet in Australia on New Zealand thoroughbred racing. It was hoped to increase the turnover from the current level of 3.2 percent of all Australian betting on thoroughbreds to 6 percent, which is similar to the level reached by the harness and greyhound codes.

“Planning and agreements will be undertaken during the 2016-17 season, with expenditure and revenue returns projected in the 2018-19 season.

The strategies included advances in international agreements and broadcasts rights and increasing the breadth of information available in Australia on New Zealand racing.

NZTR recorded a trading loss of $1,116,550 in the 2015-16 season, the first loss in six years.

“This occurred for a number of reasons, relating to static net income from the New Zealand Racing Board, rising costs and a commitment to increase stakes,” Jackson said.

“Looking forward, there is only so much more running to stand still the code can sustain. We cannot simply continue to reduce the number of meetings and races to raise stakes.”

The need for increased returns from the NZRB was also addressed by NZTR Chief Executive Greg Purcell in his annual report.

“Whilst NZTR met or exceeded 76 percent of its key performance indicators for 2015-16, stakeholder returns remain manifestly inadequate,” Purcell said.

“Our current incremental prize money growth is not sufficient and we need a material improvement in the economic performance of both the New Zealand Racing Board and our industry to ensure the sustainability of the sport of thoroughbred racing in New Zealand.

“Despite the best efforts of current (and previous) New Zealand Racing Board management, distributions to the codes remain relatively flat, despite outstanding revenue growth.”

The NZRB gross betting margin had increased by $22 million or 6.8 percent, export revenue from Australian totalisator wagering had increased by $541,000 or 2.8 percent and gaming profit rose by $2.9 million or 23.2 percent on the previous year.

However, the growth in NZRB revenue had not been reflected in the code distributions. In the 2015-16 season, NZTR received net funding, after venue service charges, from the NZRB of $66.8 million, an increase of $554,000 or 0.8 percent on the previous year.

This had been slightly higher than the compound average growth rate of the Racing Board’s net funding to NZTR of +0.6 percent over the last three years.

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