

INSIDE RUNNING

MAY 2015

MESSAGE FROM JOHN



Kia ora tatou,

Welcome to my first issue of Inside Running as Chief Executive Officer of the NZ Racing Board. I've had a whirlwind first few months, including lots of opportunities to get out and about and meet

the people who are the lifeblood of our industry.

I would like to thank Stewart McRobie for his tenure as Acting CEO. It's never easy to step into such a role at short notice, and to do so while also maintaining his Chief Financial Officer is particularly challenging.

Over the last few weeks I have talked to lots of people with an interest in the future of our industry in Australia and New Zealand. It has been great to speak with jockeys, owners, trainers, breeders and other industry participants, and I have appreciated the direct feedback particularly around concerns and ideas for the future of our industry.

Whether it is the importance of increasing stakes to attract new owners into the industry or the challenge of a country club in maintaining infrastructure, many of the issues come back to funding. The NZ Racing Board has a central role to play in this. We need to grow profits from our betting business to enable us to better support you all. We also have a role to play in helping the industry to tell its story to New Zealanders and decision makers. It is a great story to tell – of international success, export earnings, astonishing athleticism (jockeys, horses and dogs) and deep community engagement. The short point is the industry makes a huge contribution to New Zealand. It justifies continuing investment and public and government support.

We face many challenges. It is clear that we need to move quickly to respond to these. Much of what we need to do is obvious: to be better at controlling our costs, to get more value out of the racing calendar, to invest in our technology so as to meet our customers changing preferences, to

increase our margins so as to provide a better return to industry, and to drive changes to the legislation around overseas betting and tax.

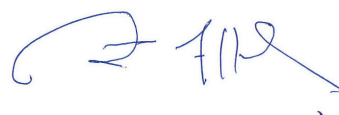
The range of stakeholders interested in the future of the Board and Racing industry is huge. The Government and, in particular, the Minister for Racing, Hon Nathan Guy are critical to our future. We are building a strong relationship with the Government, as evidenced by the establishment of the Offshore Racing and Sports Betting Working Group. This is chaired by former Minister Chris Tremain and will look at solutions to the issues posed by offshore betting and in particular the reality that some international book makers are making money from our racing product without contributing anything at all to our industry or country.

Within the NZ Racing Board, changing our business model to lower costs and improve service is an immediate priority. We are on the right track with the TAB Mobile App and our digital offerings, but greater focus is required on execution and delivery.

We must continue to invest in infrastructure but need to get smarter in how we do it. The international betting market never sleeps, and we need to be offering products and services that rival our worldwide competitors.

Having met a wide range of people in the racing industry over the last two months, both inside and outside the NZ Racing Board, I am confident that there is the focus, knowledge and passion to ensure the racing industry maintains its position as a high value industry in New Zealand. I look forward to working with you.

Regards,



John Allen
Chief Executive Officer

FRESH IDEAS FOR TRACKSIDE RADIO

After the successful refresh of TAB Trackside 1 & 2, General Manager of Broadcasting Craig Norenbergs and his team have turned their attention to TAB Trackside Radio. Beginning with changes to our flagship breakfast show, TAB Trackside Radio is developing fresh ideas in the competitive radio market.

Until recently, independent broadcaster Mediaworks provided programming from 6am to 11am on Trackside Radio, seven days a week. However, from 14 April, the NZ Racing Board took over the breakfast programming, bringing all radio content entirely in-house. The breakfast radio slot is the most listened to of the day. It is the most lucrative, but also the most competitive. Fresh ideas and voices have been engaged to launch The Kick Off, hosted by Glen Larmer, weekdays from 6am-10am.

Joining Glen each morning will be some of the most respected names in New Zealand sport, connecting with a range of commentators at the TAB, and the greater media

industry. The show features sports news, chat, reviews and upcoming events across all sporting codes, and of course TAB odds and tips to help our listeners make their bets.

Not only does The Kick Off aim to create a better listener experience, with more tips, news and opinions, but Craig and his team are active in seeking better value from the broadcasting resources we already own. Using expertise within the NZ Racing Board aims to deliver an economical radio platform.

As well as The Kick Off, there are a range of new and existing radio shows taking to the airwaves on Saturday and Sunday mornings, including racing preview shows Starting Gates (on Saturday) and Sunday Form.

Following the breakfast programming, live racing continues to be broadcast daily from 11am. To find TAB Trackside Radio's frequency for your area, scheduling and more, visit <http://www.tab.co.nz/trackside>

GOVERNMENT ANNOUNCES WORKING GROUP ON LEAKAGE

Racing Minister Nathan Guy has announced a working group has been appointed to develop recommendations to put the spotlight on the impact of offshore bookmakers on the local industry.

The Working Group commences work this month and will be chaired by former Minister Chris Tremain and has been appointed to "shed some light on the growth of New Zealanders engaging in offshore online racing and sports betting".

"This is the first real attempt to clarify the extent of the problem and work towards developing solutions", said Mr Guy

In making the announcement, the Minister stated "when New Zealanders place their sports and racing bets with overseas betting operators online, they operate outside of our regulatory framework. This means that offshore organisations make money on New Zealand racing and sports without paying their fair share of tax, or making contributions back to the racing industry or sporting organisations that make the betting possible in the first place".

"Given the global trend towards online betting, this issue will continue to grow and needs to be addressed now", said Mr Guy.

The announcement was welcomed by New Zealand Racing Board chair, Glenda Hughes, "this is a positive step towards what has been a long-standing issue for New Zealand's racing industry and we look forward to seeing progress made on combatting the increasing impact of off-shore betting in New Zealand."

"Our industry works hard to provide quality racing and sport that is enjoyed around the world, but there is a problem when it does not get a fair return on its investment as a result of betting taking place offshore," says Hughes

The Working Group membership will also include: New Zealand Racing Board Chief Executive, John Allen; the Chair of Sport New Zealand, Sir Paul Collins; breeder, racehorse owner and the NZRB Board member, Greg McCarthy; and two Internal Affairs officials.

The Minister also released a copy of the terms of reference for the Group which can be viewed [here](#).

The Working Group is due to present recommendations to the Minister for consideration by the end of September 2015.



**RACING INDUSTRY
INTEGRITY LINE**

0800 RIU 123
0800 748 123

**RACING
INTEGRITY UNIT**

CLEAN RACE - FAIR CHANCE
If you have something to report, call the anonymous Integrity Line 0800 RIU 123
www.riu.org.nz

ALCOHOL ADVERTISING BAN – IMPACT ON THE INDUSTRY

Government proposals to ban alcohol advertising and sponsorship could cost the racing industry \$2.3 million.

The Government are currently considering a range of proposals that could restrict the sponsorship and advertising revenue racing clubs are able to access from the alcohol industry.

The proposals under consideration include banning alcohol sponsorship of sport and were released in December 2014 and were developed by a Ministerial Forum chaired by Graham Lowe.

As a result of these proposals, the New Zealand Racing Board in collaboration with the three Codes distributed a survey to all clubs.

The response rate was very positive and has revealed that racing clubs receive a total estimated \$2.3 million in sponsorship from the alcohol industry.

The survey responses provided a useful insight into the overall value of alcohol sponsorship to the industry. We thank every club who took the time to complete the survey and return it.

Over the coming weeks we will be working through the results to draw out the significant insights. We will then use these conclusions to represent the industry's position to the Government. We will keep you updated on how the issue progresses.

KEY ISSUE: VENDOR BIDS AT AUCTION

The Commerce Commission has clarified the effect of recent changes to auction rules relating to vendor bids.

The clarification comes in response to industry concern that changes to the vendor bid rules appeared to prevent an accepted practice whereby partnerships are effectively dissolved by one party bidding for ownership of the horse during an auction.

In mid-2014 new provisions in the Fair Trading Act came into effect. This included section 36ZD Vendor bids which states "an auctioneer must not accept a vendor bid unless ... the property is offered for sale with a reserve price and the vendor bid is less than the reserve price".

The Commerce Commission has provided the following guidance to the industry, "the vendor bidding provisions were intended to regulate the use of bids where the 'vendor' has no intention of buying the property, and instead intends to push up the auction price.

"The Act defines the vendor as the person whose property is offered for sale at an auction by the auctioneer. In the example [where horses are sold at auction as a means of allowing a partner or syndicate member to exit the ownership arrangement]:

- The vendor is likely to be the existing syndicate or partnership, rather than any individual partner or member; and
- The bidder is likely to be the new syndicate or partners.

"If the bidder (the new syndicate or partners) is not the vendor in the way described, and provided the bidder is not acting on behalf of the vendor, the new vendor bidding restriction would not apply".

The Commission also advised that "each case will turn on its facts and the Commission is not able to provide advice on specific cases. We would encourage ... any syndicate member to obtain legal advice if they are concerned about their potential liability under the Fair Trading Act".

INTEGRITY LINE PROVES POPULAR

The Racing Integrity Unit's Integrity Line has proven popular since its launch last year, with almost 100 calls received in the five months it has been active. Call volume has also picked up over the last two months, showing that the word is spreading about the availability and confidentiality of the service.

Although it is possible for callers to pass on their contact details, the Integrity Line has been designed to provide complete anonymity to those wishing to pass on sensitive information. "It's important that potential callers know the Integrity Line is entirely confidential," says Integrity Assurance Manager Neil Grimstone. "The line is operated by the internationally recognised Crimestoppers organisation. They administer the calls, using the most modern technology available, meaning even if we wanted to, we can't find out

the callers identity unless they explicitly provide it."

The RIU believes that recent successful investigations are building confidence within the racing industry of the RIU's ability to catch and prosecute those breaching the integrity of the Racing Industry. The Integrity Line is a well needed service which puts the public in direct contact with the unit.

"We've received some interesting calls, to say the least," continued Neil. "We get the occasional disingenuous call, but by and large the information received is from genuine people who care about the racing industry."

To anonymously give information to the Racing Integrity Unit, please contact the Crimestoppers line on 0800 RIU 123 (0800 748 123).

INTRODUCING THE INDUSTRY LIAISON TEAM

The team currently consists of two people – Peter Lane and Wendy Walker. With a combined experience of 55 years in the industry, there's no shortage of knowledge between this pair. The Industry Liaison team's focus is on collaborating with industry, and to be the contact point for the industry with the NZ Racing Board.

The Industry Liaison Team works with external stakeholders and interested parties such as the Code CEOs, Clubs, industry associations, Racing Integrity Unit, Judicial Control Authority, NZ Racing Laboratory as well as maintaining relationships with the Racing Safety Development Fund, Equine Health Association, Equine Research Bodies, Industry Vet committee and the Primary Industry Training Organisation.

With the departure of former head Marty Burns to NZ Thoroughbred, the Industry Liaison Team has been under the leadership of Wendy Walker for the past 11 months. Although Wendy has been at the NZ Racing Board for just over 15 years, here at Inside Running we thought it would be good to ask Wendy a few questions about her work, herself and the industry.

DO YOU HAVE A FAMILY CONNECTION WITH THE RACING INDUSTRY?

Three Great Uncles were Jockeys and Trainers, so I was always interested in horses when I was growing up down south.

WHAT HAS KEPT YOU WORKING IN THE INDUSTRY THROUGHOUT YOUR CAREER?

The wide variety of people that work in racing who create such a lively industry. I've met so many different people through work and made some great friends. Working in the IT area until recently, the projects and system changes were always interesting and varied and could range from a large Jetbet change to a Trackside graphic interface change to mobile app testing. The variety of challenge definitely helps.

HOW DID YOU MAKE THE SWITCH FROM THE BUSINESS TECHNOLOGY AREA TO INDUSTRY LIAISON?

As a Test Lead you have a lot of business analysis and strategic analysis skills that also involve relationship management. I was keen to develop these skills and they are used widely in my new role.

FAVOURITE ANIMAL OR PET?

Dogs. I had 5 Siberian Huskies at one stage and was involved in sled dog racing for a number of years.

WHERE DID YOU GROW UP?

Southland

FAVOURITE NZ HOLIDAY LOCATION?

Central Otago

INSIDE RUNNING DISTRIBUTION

Inside Running is emailed to Codes, Clubs, and other recognised industry bodies, along with other industry partners.

This may be freely circulated to respective committees, members or other interested persons.

A copy will also be placed on the NZ Racing Board website (www.nzracingboard.co.nz).

If you wish to be added to the initial circulation list, please provide your email address to insiderunning@nzracingboard.co.nz

CONTACT US

P: +64 4 576 6999 | F: +64 4 576 6942 | E: insiderunning@nzracingboard.co.nz
106-110 Jackson Street, Petone 5012, PO Box 38 899, Wellington Mail Centre
www.nzracingboard.co.nz

