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CIRCULAR NO 0928

TO: THE SECRETARY ALL TOTALISATOR CLUBS AND KINDRED BODIES

FROM: PAT O'BRIEN, CHAIRMAN

SUBJECT: THOROUGHBRED RACING INDUSTRY TASKFORCE REPORT

1. NZ Thoroughbred Racing (NZTR) and the NZ Racing Board (NZRB) released today a report from the Thoroughbred Racing Taskforce recommending the adoption of the One Racing model for industry governance and administration. This is largely based on an absorption of the three racing codes into the NZRB. Harness Racing NZ (HRNZ) has received a copy of the report and the following is my preliminary view with respect to the recommendations therein.
2. Neither HRNZ nor Greyhound Racing NZ had any involvement in the preparation of the report. HRNZ has conveyed to the NZRB numerous times that it is supportive of exploring shared services and efficiencies in industry administration, however is not supportive of combining the industry's governance structures.
3. My preliminary view is that the report is one sided in approach to its recommendations and consideration of alternative structures. The report is simplistic and inaccurate with its assessment of the potential savings that could be delivered under such a model, with no information given as to the basis to support the assumptions in the report. There is also no analysis of similar models in other racing administrations. In my opinion the savings estimated in the report cannot and will not be delivered under such a model.
4. The changes that were made in 2003 on the introduction of the Racing Act and new NZRB were based on the principles of a code driven model. In my opinion this model is generally serving the industry's interests well and has delivered considerable benefits. Tax changes, internationalisation, increases in stakes and funding and the continued development of the racing product highlight the benefits that can accrue to the industry by working together in a constructive manner. I believe the current structure is working effectively and while always conscious of room for improvement, comments that it belongs to a bygone era are emotive and without foundation.
5. I am also concerned that information quoted in the report that was provided by HRNZ to the separate Shared Services Review was utilised by the Taskforce without any reference to HRNZ for approval for this to happen and confirmation of the accuracy thereof. This undermines the trust of HRNZ in its

dealings with the NZRB on this matter and further emphasises in my opinion that the report was written with the clear objective in mind of assuming greater control of the industry without due consideration of alternatives.

6. I believe there are fundamental, strategic and commercial objectives within each code and that the interests of the participants within these codes would be compromised through one overall Board. Despite the need for all codes to work together collaboratively, there are still competitive influences and relationships that would not be fully served by one Board. The harness and greyhound codes are major components of the industry, representing 46% of the market share. The interests of stakeholders in these industries must be taken into account.
7. If the One Racing model was introduced, HRNZ would have serious concerns as to the implications this will have on our code, particularly with dates, funding, marketing and possible venue rationalisation. It is felt the overall interests of our industry participants and the development of our code would be compromised under such a model, with priority given to thoroughbred racing.
8. As a general philosophy HRNZ remains committed to a club driven, performance based model where rationalisation is based on performance not by decree. It is of concern that under the One Racing model, the Racing Board would have increased influence and control over the operation of clubs and venues. This could undermine the volunteer base on which this industry is so dependent. Indirect reference is made in the report to this with potential savings that could be delivered at a club and venue level.
9. HRNZ is to have a Special Meeting of the Executive on 2 December 2009 to review the report in detail. While as a code we must be proactive and review this in a constructive rather than a defensive manner, the interests of our stakeholders and the future of the industry will be paramount in our consideration.
10. It is also likely that depending on developments over the next few weeks, that a Special Meeting of all clubs and kindred bodies will be called for early in the New Year to confirm a united industry position on this matter. As stated above HRNZ remains committed to exploring shared services and efficiencies with the NZRB and other codes, however maintaining governance separate to the codes is not negotiable.



Pat O'Brien
CHAIRMAN