

Media release
23 March 2006

Key stakeholders to benefit from Racing Industry tax change

New Zealand Racing Board Chairman, Warren Larsen, announced today the benefit from the duty change outlined by Racing Minister Rt Hon Winston Peters on March 10 is estimated at approximately \$32 million per annum calculated on current turnover.

Mr Larsen acknowledged with gratitude the work done by the Minister in advancing the Industry's taxation case. The amended tax regime is expected to be effective from 1 August 2006.

"The Board is determined that this valuable injection into the industry is invested prudently to stimulate enhanced returns for key stakeholders," said Mr Larsen.

This week the Board confirmed three key areas of priority investment:

- Improved returns to wagerers through a reduction in takeout rates
- Improved returns to owners
- Targeted infrastructure investment.

The New Zealand Racing Board's submission to the Government in January 2005 outlined the need to apply funds to these three key areas to stimulate a sustainable racing industry in New Zealand.

Mr Larsen said that the Board has tasked its Chief Executive to work with the three code Chief Executives to develop a practical framework for this.

"There is much detail to be considered. However, the Board is confident with industry agreement that the benefits can be directed to the sectors that provide the industry with the maximum returns." said Mr Larsen.

The Board has confirmed that the general direction of partitioning will be consistent with that included in the original taxation submission to the Minister in January 2005. Indicative components are:

- Improved returns to owners – \$17-\$20 million

The returns to owners should be achieved through increased prize money as well as possible initiatives to encourage increased participation.

- Increased returns to wagerers through a reduction in the takeout rates - \$6-\$9 million.

The lowering of takeout rates on wagering to provide greater dividends to punters will be progressed in conjunction with the co-mingling of betting pools with overseas betting operators.

- Code venue strategies to be developed to reshape asset deployment within the industry - \$6-\$9 million.

Funds need to be available to help reshape asset deployment to ensure appropriate strategic venues for showcasing the racing product. A pre-requisite will be the development of robust, code driven venue strategies.



Mr Larsen added “the Board had previously allocated \$10 million from reserves to help revitalise the industry through specific initiatives. The balance of that allocation not already committed will be applied to the three areas identified above, in addition to the \$32 million benefit from the tax change.

“We want to work closely with the code bodies in constructing the necessary work programmes and analysis to progress this opportunity rapidly.” said Mr Larsen.

For more information please contact:

Warren Larsen
Chairman
NZ Racing Board
04 576 6139
0274 515 208

or

Graeme Hansen, Chief Executive Officer
NZ Racing Board
021 576 690