



For immediate release - 20 January 2010

### **Racing Board posts solid 2008/09 result**

The New Zealand Racing Board recorded a healthy \$119 million profit\* for the year to 31 July 2009, despite the effects of the global financial crisis and increasing offshore competition from internet gambling operators.

Coming off a record high in 2007/08, the Racing Board's total turnover of \$1.513 billion was down only 0.9 per cent (or \$14.25 million) on the previous year. Operating expenses of \$144.73 million were up just 2.95 per cent (or \$4.16 million). Importantly, distributions to the industry were up 7.2 per cent, with the three codes receiving \$141.2 million.

The solid result reflects strong financial management through a difficult time, Racing Board Chairman Michael Stiasny said.

"We dipped into our reserves to pay out \$22 million more to the racing industry than we earned during the financial year.

"This was a prudent decision taken to help racing weather the economic recession, which meant that our cash reserves were reduced to \$41.0 million<sup>†</sup> at the end of the financial year," Mr Stiasny said.

Mr Stiasny said the Racing Board's full year result was particularly robust given the pressure on discretionary household spending in 2008, the 2.5 per cent fall in GDP and the increasingly competitive environment that the Racing Board is facing.

"We've achieved enviable results in the past five years. We have managed a 34 per cent growth in total turnover and a 111 per cent increase in distributions since 2003, but it has not been easy. The threat posed by offshore operators is with us and increasing.

"On current estimates, around \$50 million is being returned to overseas operators which otherwise would be available to support the New Zealand racing industry. Additionally these operators are able to offer betting opportunities relating to activities taking place within New Zealand on which legislation prevents us offering betting and therefore competing. Legislatively, we no longer operate on a level playing field."

Mr Stiasny said the Racing Board was confident about the current financial year as the country emerges from the recession.

"We continue to focus on operational efficiencies while making important investments to improve our product and infrastructure. Investments - including the launch of TAB

TV and the installation of the new Typhoon betting system - will help ensure the future health of the racing industry. However, we are under no illusion that we have our work cut out for us trying to head off the massive competition posed by the internet," Mr Stiassny said.

\* Net audited profit before industry expenditure and distributions

+ Excluding betting accounts and betting vouchers trust monies

**Ends**

For more information, please contact:

Roger Foley

Mobile 027 200 5370

DDI 04 576 6287

[roger.foley@nzracingboard.co.nz](mailto:roger.foley@nzracingboard.co.nz)