

Inside RUNNING



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Positive results for part one of Carnival change

Early indications are favourable for the changes made to the Auckland Summer and Cup Carnivals.

Wagering turnover for the first part of this strategy, the Auckland Summer Carnival, exceeded the budgets set by both the Auckland Racing Club and the New Zealand Racing Board.

The Carnival was a late Christmas present that started 2006 as we mean it to continue.

With the iconic Mercedes Derby and Auckland Cup moved from their traditional Boxing Day and New Year's Day slots, the replacement races including the new Group Two City of Auckland Cup, ensured that the days were still enticing to customers. And turnover held up in spite of Boxing Day's weather.

While rain kept some customers from attending on-course, the change to Boxing Day racing did not deter them from pre-booking. Tickets sold out for the Champagne Lawn and reserved parking. The promise of the Summer Carnival atmosphere in the grand Ellerslie tradition worked its appeal.

We now look forward to the second part of the challenge of creating a new Auckland Cup Carnival – and seeing that it fulfills its potential to be a peak racing event that generates

exciting racing, captivates the public, and delivers further strong wagering income.

The codes have united to start this ball rolling, with Harness Racing New Zealand and Greyhound Racing New Zealand both scheduling Auckland Cups in the same week.

The impetus for the new Carnival came from the Auckland Racing Club (ARC), seeing the potential to maintain a major summer racing event and create a new one in March – when Aucklanders are not leaving town for their holidays, and when the corporate community can take advantage of the entertainment opportunities that premier racing offers.

The change was a good fit with New Zealand Thoroughbred Racing's Strategic Review of the Pattern of Racing. Moving the two Group One races, and races that support them, provides trainers with better scope for preparing horses for the peak races later in the season.

Tradition doesn't happen overnight. The New Zealand Racing Board forecasts that the turnover for the March Carnival will more than make up for the shortfall on turnover generated by the new Summer Carnival, compared with its higher-powered predecessor. The codes, the clubs and our own people are all committed to ensure this forecast is fulfilled.

The favourable results from this first major change in the racing calendar give us confidence going forward that this can be achieved. Taken together with the good early results for the NZ Still Destination Summer Holiday Racing series, they indicate that the changes we are making in our industry, are taking us in the right direction.

Auckland Cup Week

4 March	Mercedes Derby Day, Ellerslie
8 March	SKYCITY Auckland Cup Day, Ellerslie
9 March	Auckland Greyhound Cup, Manukau
10 March	Trillian Trust Auckland Trotting Cup, Alexandra Park
11 March	Starcraft at Arrowfield Diamond Day, Ellerslie

Progress on the road to \$100m

No one would dispute that increased funding for the racing industry is crucial to its regeneration and growth.

Research by the New Zealand Racing Board (NZRB) – one of the very first tasks it undertook – for the first time provided a workable figure, our target of \$100m in combined industry earnings.

The figure is the result of the two major research projects, the IER Report on the Size and Scope of the NZ Racing Industry, and the Boston Consulting Group's work on the New Zealand Racing Board's own operations within that wider picture.

The figure is to be realised from two sources – the NZRB, and the racing industry, each targeting an increased contribution.

It bears repeating that we can only reach the goal by working as a partnership – the three racing codes, the clubs and the NZRB in a co-ordinated, unified drive to achieve long term, sustainable gains.

The NZRB's 04-05 financial results show that our work has met the year's target in the progress towards the \$100m goal. The NZRB's results of the past two years have been welcome steps towards the goal. The work must continue – below are the targets the NZ Racing Board has set to meet its part of the challenge.

Progress towards NZRB share of \$100m target

	Actual 03-04	Actual 04-05	Budget 05-06	Estimate 06-07	Estimate 07-08
\$/m	77.9	82.1	83.4	87.5	91.1

For the industry, the delivery of business plans from each of the codes is fundamental to achieving its part of the figure. Specific business areas expected to generate significant contributions are:

Ownership – Increased participation through runner ownership, and building grass roots commitment are fundamental to the industry's future. The codes will play a lead role in involving

more New Zealanders in the love of backing a runner right from the stables or kennels.

Field sizes – Betting turnover has a strong relationship to the number of runners in the race. It is linked with ownership and many other factors, and the codes again play a vital role.

Venue strategies – This issue has many prongs. Higher standards at venues will help build field sizes and attract racegoers. Meanwhile, the need to generate more revenue from non-racing activities is urgent.

On-course initiatives – Entertainment at the racetrack must attract new generations of racegoers. Standards must rise, and the attractions vary, to bring racing head to head with the entertainment market of the 21st century. With initiatives like the Big Screens and NZ Still Destination Summer Holiday Racing, the NZRB is mapping out a path. And racing clubs are picking up the gauntlet.

Integrated marketing – We are looking to integrate our marketing with codes and clubs to optimise effectiveness and enhance revenue gathering. Events like the coming new Auckland Cup Carnival provide ideal opportunities for maximising the leverage of promotion and sponsorship.

Cost analysis – We are introducing improved measurement and transparency for our own organisation, and want to see this adopted by the industry as a whole. For next season we wish to have one full Profit and Loss and Balance Sheet for all clubs and codes. Better business planning, and building of sound, measurable business cases, will be the result.



Fostering the pride and joy of ownership is a key industry goal

Industry Efficiency – the continuing steps of change

The key to reaching the \$100m industry target, is achieving sustainable growth.

This revitalisation involves a series of initiatives that touch every level and every corner of the industry in an integrated approach.

The initiatives are based around:

- product enhancement
- channel strategies
- enhanced industry performance
- cost efficiencies

Many of the initiatives are already in place. Those involving efficiencies within the NZ Racing Board have become part of our Business Plan. The Industry Initiatives team has already implemented others, working with the codes and clubs to begin to grow revenue through actions such as NZ Still Destination Summer Holiday Racing.

With these in progress, we can now turn our attention to industry efficiency, and how it can increase returns.

The finance team have developed a unique tool to enable us to measure this, and contrast and compare different ways of running our industry for the best results.

It is known as the Transparency Model – because it will provide the codes and the NZ Racing Board with a clear view of the full cost and revenue implications of decisions.

It will enable the NZ Racing Board to critically self-assess its own processes, and determine how internal costs can be lowered. These are already under review.

The transparency model will benefit the calendar planning process. It enables the analysis of cost and performance drivers, drilling down from industry, code and wagering channel, to race meeting level. It will be possible to realistically compare different scenarios of race locations, dates, timings and numbers. The model can compare the cost of providing services – betting and broadcasting – and the revenue generated by different calendar options.

The decisions made from here will not only be economics-based. Culture and community factors must also be considered, along with alternative approaches to running and servicing racedays.

The key question for the model is – can we change the way we deliver the domestic product, and achieve a net increase in industry returns?



New GM for Industry Revitalisation

The turnaround in racing's fortunes that New Zealand needs to achieve has been achieved elsewhere.

Bill Colgan is the new General Manager for Industry Revitalisation, and he comes from an organisation that adopted a similar approach and has achieved the goal of growing returns to industry participants.

Racing and Wagering Western Australia was established at the same time as the NZ Racing Board, in a similar amalgamation of the Western Australia TAB and the codes. In the two years since, it increased distribution to clubs by 60%, through the growth of wagering and restructured calendar and funding.

The WA approach was to demonstrate to the Government that it could act as a professional, commercially savvy alliance. It introduced a blueprint for change, including new funding methods, raised integrity standards, support to clubs for on-course promotions, tackling of industry efficiencies through integration, restructuring of the racing calendar, and development of a venue strategy before commencing infrastructure investment.

After the industry plan was developed the Government was then brought into the alliance, and saw that taxation reform and infrastructure funding were essential to provide long-term sustainable benefits to an important industry. The Government would not assist without there being an integrated industry that had completed its own reform and was united in its approach that all three codes – greyhound, harness and thoroughbred racing – had a place in the sun.

Big Screens

The Big Screen initiative continues to bring on-course customers closer to the raceday excitement – on the track and around the course. Big screens will soon also generate revenue. Big brand advertising space is being sold on the screens, with the revenue split between the hosting club and the NZ Racing Board, which will in turn pass the revenue back into the wider industry. From the Christmas-New Year peak to the year's end, big screens are a feature at these events:

26 Dec	Ashburton TC	26 Dec	Manawatu RC
1 Jan	Hawkes Bay RC	2 Jan	Wairarapa RC – Tauherenikau
6 Jan	Cambridge TC	7 Jan	Kumara RC
21 Jan	Wellington RC	23 Jan	Wellington RC
28 Jan	Wellington RC	4 Feb	Invercargill HRC
18 Feb	Taranaki RC	25 Feb	Otaki-Maori RC
5 Mar	Central Otago RC at Cromwell	18 Mar	Wellington RC
25 Mar	Tauranga RC	1 Apr	Manawatu RC

Thoroughbred Starter Incentive

Raising starter numbers is another cornerstone of racing industry revitalisation. The Thoroughbred Starter Scheme helps offset the cost of starting horses in Maiden races. Every thoroughbred runner in a Maiden race which finishes outside a stake-earning place receives \$100. A fund of \$1.5 million has been made available over the 05-06 and 06-07 racing seasons. It is showing promise – the average field size for Maiden races has increased slightly on last year's figures.

Procurement

The NZ Racing Board is seeking supplier agreements with suppliers of a wide range of goods and services. The aim is not only to bring purchasing costs down for the organisation, but also to offer these deals to cut costs throughout the wider racing industry. The Board has always sought to leverage its buying power, and this leverage increases significantly when the industry is considered as a whole.

Big Screen at Trentham



Great success so far – NZ Still Destination Summer Holiday Racing

Whichever way it's measured, early results for this major initiative spell success.

The key measures of success are customer satisfaction and on-course turnover. Feedback from the public via on-course research has been universally positive. And at six of the 19 racedays held by the time of writing, turnover on-course has broken records.

NZ Still Destination Summer Holiday Racing is a series of 23 racedays over the summer holidays, throughout New Zealand, where the NZ Racing Board and the racing clubs have set and promoted standards of quality for on-course services, facilities and entertainment.

Racedays at Tauranga, Thames, Banks Peninsula, Kurow, Central Otago and Nelson all posted the highest on-course turnover for the past 10 years, topping figures even for events such as Premier days. Each of those racedays is a good comparison with the previous year's, held on the same or a similar date, with similar race and runner numbers.

Clubs and customers alike enjoyed the benefits of benchmarked, guaranteed levels of service. The sometimes controversial minimum \$5 gate charge to events which in the past have often been free, did not put punters off. Paul Davies of Banks Peninsula Harness said that while one or two of the

thousands of raceday customers grumbled on their way in, none did on their way out. "What they got was well worth the entry fee – with three bands playing, non-stop entertainment, diversions for the kiddies, and a free bottle of NZ Still water."

Dean Logan, Ruakaka club President agreed. "We were very happy with the whole thing. Better food, facilities and entertainment meant people had a really good experience."

With figures for the period still to be finalised, estimated gate takings are up by more than \$50,000.

The special Summer Six Pack was popular on- and off-course. One customer at Motukarara took away a Ford Focus car, a Sharp mini home entertainment system, and \$16,666.65 cash when her Four Dollar Flutter (a Summer Six Pack Easybet) picked the winners. A second Ford Focus on-course prize for the series, and a Sharp mini home entertainment system at every raceday, popularised betting for racing newcomers. And off-course customers have also featured among winners of the \$20,000 jackpot.

The NZ Racing Board staff are working with a family of sponsors – NZ Still, Ford, Sharp, Subway and SunSmart – to add excitement and raise standards at the summer racedays.

Success opens the way for plans to involve more clubs, more racedays, and use customer feedback to continue raising standards in future summer racing initiatives – and the possible establishment of further racing brands.



There's a scene like this at every NZ Still Destination Summer Holiday raceday, when one Summer Six Pack customer takes away a Sharp mini home entertainment system. And two customers over the series also took home a Ford Focus car. Here, Bill Monk of Nelson Harness Racing Club makes the presentation to the day's winners.



Good fields and great crowds at Nelson Harness, the NZ Still Destination Summer Holiday raceday on 15 January.



Revamped, eye-catching signage and postering smartened the on-course look, and guided and informed customers.



Smiles and sun at the rail – Nelson Harness.

Gala Greyhound Nights draw Asian Customers

The Greyhound code along with the NZ Racing Board saw an opportunity to bring greyhound racing action to Auckland's Asian community, by working with the excitement of Hong Kong racing, broadcast by Trackside TV live on Sunday nights.

The NZGRA, NZRB and the Auckland Greyhound Racing Club have scheduled four Sunday evening meetings at Manukau that coincide with racing from Sha Tin, and the NZ Racing Board has now run two of four gala nights at the meetings, inviting Asian-ethnicity Aucklanders to a night at the dogs.

Interest is strong and still growing, says Customer Relationship Manager, Richard Kelly. Bi-lingual promotion has brought 200 guests to the race meetings, mostly racing newcomers.

Two Mandarin-speaking co-hosts help guests to get punting, along with a Mandarin-speaking tote operator. Chinese language printed information was provided for the second occasion – a translation of the popular how-to-bet leaflet Racing 101, tipsheets and competitions. Guests' appreciation was mirrored by betting figures – turnover on the January

15th event was double the figures for the December 11th inauguration, and vied with figures for Manukau's DSHR raceday.

The next Gala Night will be on February 19th – meanwhile a number of guests who were “newbies” at the gala nights have since returned to Manukau for more greyhound racing action, and one guest has even enquired about opening a TAB agency!

The timing is auspicious – 29 January is Chinese New Year and the first day of the Year of the Dog. “We've applied to get it changed to the Year of the Greyhound,” Richard says, “but Beijing hasn't got back to us yet.”

TAB Rule Change – 60 Second Cancellation rule reviewed

In January the TAB announced changes to the 60 Second Cancellation rule, which came into effect on January 16th.

The 60 Second Cancellation rule now only applies to Win, Place and Each Way bets.

It no longer applies to Quinella, Trifecta, Double, Treble, Pick6 or Six Pack bets, giving customers placing these bet types close to race jump more time to check their tickets are correct.

Announcing the change, TAB Racing Manager, Michael Dore said: “The reason the 60 Second Cancellation rule was implemented in April 2004 was to remove the potential for the tote to be manipulated by the late cancellation of bets. Our review has identified that tote manipulation only becomes an issue when dealing with Win, Place and Each Way bets, and this has allowed us to relax the 60 Second Cancellation rule on other bet types – Quinella, Trifecta, Double, Treble, Pick6 and Six Pack. We emphasise that while customers now have longer to check bet tickets for the more sophisticated bet types, it's still critical for customers to check all tickets, regardless of bet type, or it could lead to disappointment.”

The 60 Second Cancellation rule will still apply to customers placing Win, Place or Each Way Bets within 15 minutes before the start of a race. These punters will still have 60 seconds from the time they place the bet to cancel it if they wish.

