Briefing to the Incoming Minister for Racing
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Introduction

Welcome to the Racing portfolio.

A large number of New Zealanders are directly involved in the racing industry. It makes an important contribution to the New Zealand economy, and racing clubs often play an important social role as community hubs. The Racing portfolio plays an important role in supporting the industry, including through its responsibility for the Racing Act 2003 (the Act). The Act provides for racing to be funded from the proceeds of betting. Racing and sports betting yielded gross betting income of over $342 million in 2015/16.

Your role as Minister is to ensure that the regulatory settings support the racing industry to flourish. The Department of Internal Affairs (the Department) will support you in that role. The Department will provide policy advice, support through the legislative process, and administrative support for the Racing Safety Development Fund (the Fund).

For several years the racing industry has expressed concern about offshore betting operators offering New Zealand bets and its effects on New Zealand betting revenue. These concerns formed part of the context for the introduction of the Racing Amendment Bill (the Bill). The Bill would require offshore betting operators to pay charges when they offer New Zealand bets. The charges will benefit New Zealand racing and, where appropriate, sports organisations.

Our role is to support you to deliver your priorities. We will work with you to understand the direction you wish to take. This briefing informs you about the current programmes and opportunities in the portfolio.

We look forward to working with you, to support the delivery of your priorities.
Part One: Strategic opportunities and challenges

The racing industry has both strategic opportunities and challenges

1. The racing industry has the opportunity to increase its income through the provisions of the Racing Amendment Bill. The racing industry also has the opportunity to build relationships with industry counterparts in Australia.

2. However, we consider that the industry faces two significant challenges:
   - the change in customer preferences and offshore legislation has an impact on the industry’s income; and
   - the industry is community-based, which has resulted in under-investment and fewer volunteers in some cases.

The change in customer preferences and offshore legislation has an impact on income for the racing industry

Customers’ preferences are changing

3. Apart from a few high profile race days, betting on New Zealand racing has become less popular than in the past. In contrast, betting on New Zealand-based and international sports is more popular. Sports betting has increased from 9.5 per cent of total betting in 2001/02 to 24.4 per cent in 2015/16.

4. The New Zealand Racing Board (NZRB) operates the TAB. Appendix E provides more information on racing and sports betting income, and how it is used. The majority of the NZRB’s income is distributed to the three racing codes.

Percentage of turnover that is sports betting

<table>
<thead>
<tr>
<th>Year</th>
<th>Sports Betting Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>9.5%</td>
</tr>
<tr>
<td>2006</td>
<td>10.1%</td>
</tr>
<tr>
<td>2010</td>
<td>12.6%</td>
</tr>
<tr>
<td>2014</td>
<td>17.2%</td>
</tr>
<tr>
<td>2016</td>
<td>24.4%</td>
</tr>
</tbody>
</table>

Net betting profit margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Betting Profit Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>15.0%</td>
</tr>
<tr>
<td>2011</td>
<td>14.7%</td>
</tr>
<tr>
<td>2014</td>
<td>13.9%</td>
</tr>
<tr>
<td>2016</td>
<td>12.4%</td>
</tr>
</tbody>
</table>
5. A shift to sports betting impacts on distributions to the racing codes because:
   - betting on sports is usually fixed-odds betting which has lower profit margins; and
   - national sports organisations (NSOs) receive a share of the profits from sports betting.

6. Net betting profit margins reduced from 15 per cent in 2008/09 to 12.4 per cent in 2015/16. The declining betting profit margin impacts directly on how much money the NZRB can distribute to the racing codes.

**Australian Interactive Gambling Act**

7. The NZRB must also decide how it will respond to recent amendments to the Australian Interactive Gambling Act (the IGA). Since 13 September 2017, betting operators are prohibited from offering wagering products in Australia unless they are licensed in Australia, which the NZRB is not.

8. To comply with the IGA, the NZRB has implemented geo-blocking to prevent customers with Australian internet protocol addresses placing bets with the TAB. The NZRB has taken similar steps in the past in order to comply with overseas legislation, for example, in France and Singapore.

9. The NZRB has indicated that geo-blocking customers in Australia may be a temporary measure and that it is considering alternative options for complying with the IGA. The NZRB is concerned about New Zealand customers travelling to Australia being unable to access the TAB’s website. The NZRB will likely seek to discuss this issue with you.

**Meeting these challenges**

10. As the Minister for Racing, you have the opportunity to progress the Racing Amendment Bill (the Bill), which is discussed below. We would like to discuss your ideas about the next steps for the Bill.

11. The racing industry, including the NZRB, also has a role in working to achieve a vigorous and sustainable industry and taking the industry into the future. As Minister for Racing, you may wish to lead or direct discussions within the racing industry about how the government and the industry can work together.
12. The NZRB must balance maintaining distributions to the racing codes and reducing operating costs with investing in the business. The NZRB has a modernisation programme to improve its competitiveness and generate further income.

13. The racing codes and some racing clubs have also undertaken measures to increase income and to reduce their costs. For example, the New Zealand Greyhound Racing Association (NZGRA) launched the Amazing Race in July 2017 to attract a bigger audience to greyhound racing. Other examples include Harness Racing New Zealand consolidating some operations into regions and several clubs investing in residential developments.

Potential for increased funding for the racing industry from the Racing Amendment Bill

Offshore betting operations

14. The basis of the Racing Act 2003 (the Racing Act) is the presumption that New Zealand residents will bet on racing and sports with the TAB. The law does not prohibit New Zealanders from gambling online with offshore operators but it is illegal to promote overseas gambling opportunities in New Zealand.

15. Unlike the NZRB, offshore operators are not required to distribute profits from betting to the New Zealand racing and sports industries, nor do offshore operators contribute to New Zealand’s problem gambling levy. Offshore betting operators can also offer a wider range of betting types and bets on more sports than the NZRB. This can make the NZRB’s betting offerings less attractive than offshore operators’ offerings to New Zealand customers.

16. In recent years, the racing industry has considered that bets placed with offshore operators lead to money “leaking” out of New Zealand. This leakage is to the detriment of New Zealand racing and sports. The racing industry has been requesting the Government to consider this issue for a number of years. In 2015, the Minister for Racing established an Offshore Racing and Sports Betting Working Group (the Offshore Working Group). The Offshore Working Group’s report, which was completed in October 2015, made a number of recommendations. The Bill includes most of them.

17. The Bill would create an opportunity for increased funding for the racing industry. The Bill would require offshore betting operators to pay a fair share in relation to:
• bets taken on New Zealand racing and sports (the information use charge); and
• bets from New Zealanders on racing and sports (the consumption charge).

18. The Bill also provides other measures to allow the NZRB to increase the types of bets it offers.

Progressing the Bill and preparing for implementation

19. The Bill had its First Reading on 15 August 2017 and was referred to the Primary Production Committee. Following the General Election, all parliamentary business must be considered by the Government for reinstatement. We will seek your direction on the reinstatement of the Bill.

Considering offshore betting as part of a broader approach to online gambling

20. The racing industry is not the only part of the gambling sector affected by the offshore gambling industry seeking customers in New Zealand. Over time we expect this to impact all parts of the gambling industry, including casinos, Lotto and gaming machines in pubs and clubs.

21. The regulatory framework for gambling in New Zealand, with the exception of casinos, is based on the principle that community, racing and sporting organisations should benefit from the profits that are made (via grants and other distributions), while the cost of mitigating gambling harm is borne by the industry (via the Problem Gambling Levy).

22. The Racing Amendment Bill seeks to address the specific challenges presented by offshore bookmaking. However, offshore gambling operators usually offer other types of online gambling in addition to bookmaking, which would not be covered by the current Bill.

23. The broader gambling framework is the responsibility of the Minister of Internal Affairs. We would welcome a cross-portfolio conversation to consider whether and how to progress work that would seek to address the spectrum of online gambling as a whole, both domestically and offshore.
The racing industry is industry-led and community-based, which provides opportunities and challenges

24. There are 119 racing clubs and 64 racetracks in New Zealand and racing is part of local communities throughout the country from Ruakaka Racing Club in Whangarei to Southland Racing Club in Invercargill. While some clubs are small, other clubs are significant commercial businesses in those communities.

25. Smaller clubs can potentially develop or strengthen a community focus around racing by using their facilities as a focal point for other community activities. Potential challenges for smaller clubs are a lack of funding to maintain club facilities and insufficient volunteer support.

26. Under-investment in facilities can have a significant impact. Races can be cancelled when tracks are in poor condition. This can lead to economic loss for those intending to race, and also to volunteer disengagement. Cancelling races creates a vicious circle as it reduces betting income. Reduced betting income means reduced distributions to the industry with less funding to upgrade the club facilities.

Meeting this challenge

27. The Act is based around the NZRB and the three racing codes rather than government intervention. The NZRB is required to work in favour of the economic well-being of the people and organisations that derive their livelihoods from racing. The Act seeks to ensure that the interests of each of the three racing codes are properly reflected in the NZRB’s decisions. For example, each code nominates a member of the NZRB’s governing body and has a say on the nominations of other members. Each racing code is also responsible for its own rules of racing and registers and regulates the participants in that code.

28. Under the current legislation, you have a limited opportunity to influence outcomes in an industry-led system. Your formal influence flows primarily through setting policy, including the reform of the Racing Act. This is discussed more in Part Two under Your role as Minister for Racing.
Interactions with Australian regulators and Australian racing industry create an opportunity to build relationships

29. The annual Australasian Racing Ministers’ Conference provides a formal forum for engagement at a ministerial level. Victoria is hosting the next conference and the Victorian Minister for Racing will invite you when a date is confirmed. It is likely to be held in the first quarter of 2018.

30. A Senior Officials’ Working Group, in which the Department participates, supports the conference. The Department also has ongoing, less formal, contact with the Australian State regulators.

31. The NZRB has strong links with the Australian racing industry. In April 2017, the NZRB signed mutual agreements with Australia’s Tabcorp, one of the largest betting operators in Australia. The agreements relate to race broadcasting and online streaming, reciprocal payments for bets on Australian and New Zealand races, international marketing and the commingling of betting pools (which enables the NZRB to offer access to bigger betting pools, frequently with bigger dividends). These agreements are worth over $20 million to New Zealand racing annually.

32. These interactions between Ministers, the Department, the NZRB and our respective Australian counterparts provide a foundation for potential joint working between Australia and New Zealand regulators, to prepare for the proposed offshore charges. Many of the offshore bookmakers expected to pay these charges are based in Australia. Support for New Zealand’s position from the Australia regulators will be valuable in encouraging voluntary compliance from these offshore operators.
Part Two: Roles and responsibilities

Your role as Minister for Racing

Responsibilities under the Racing Act

33. Your role as Minister for Racing is to ensure that regulatory settings enable racing to flourish. The NZRB and the racing codes make decisions about how to run the industry.

34. As Minister for Racing, you hold formal Ministerial responsibility for the Racing Act. This includes:
   - overseeing amendments to the Racing Act;
   - appointing the governing body of the NZRB;
   - tabling the NZRB’s Annual Report, Statement of Intent and betting rules in the House;
   - tabling the rules of thoroughbred, harness and greyhound racing in the House; and
   - approving the terms of reference and the auditor for the five-yearly performance and efficiency audit of the NZRB.

35. As Minister for Racing, you may also request advice from the NZRB on any matters that require investigation.

36. Appendix A provides further detail on your ministerial responsibilities.

37. Appendix B sets out a list of the legislation we administer for racing.

Engaging with ministerial colleagues on issues affecting racing

38. Some issues raised by the racing industry fall outside the racing portfolio. You may wish to engage with your ministerial colleagues to discuss their proposed approach to these matters.

39. One example of these issues is the tax treatment of certain aspects of horse racing and bloodstock breeding. The NZRB and the New Zealand Thoroughbred Breeders’ Association (NZTBA) have been in ongoing discussions with Inland Revenue about the tax treatment of certain aspects of horse racing and bloodstock breeding.
40. The NZRB and NZTBA would like changes to the tax rules regarding bloodstock breeding businesses. The NZRB has also expressed concerns about the variation between different local authorities’ approaches to “bring your own” alcohol licensing for racecourses.

41. Another issue is the potential to support exports to other countries of horses bred in New Zealand. Trade, animal welfare and biosecurity portfolios are all relevant to assisting bloodstock exports.

**Welfare of racing greyhounds**

42. The Government Administration Committee (the Committee) has been considering a petition from the Greyhound Protection League. The petition asks Parliament to ban greyhound racing in New Zealand. In June 2017, the Department provided the Committee with written advice in response to this petition. The Ministry for Primary Industries (MPI) assisted the Department because animal welfare was part of the Primary Industries portfolio.

43. Officials will continue to provide the Committee with advice when required. We will advise you before the Department provides the Committee with any further advice.

44. In November 2016, the NZRB announced an independent inquiry into greyhound racing under the management of the Racing Integrity Unit (RIU). The inquiry is focusing on:
   - the compliance systems and processes relating to the breeding, racing and life cycle tracking of greyhounds in New Zealand; and
   - best practice in managing retiring greyhounds.

“It will be our collective actions that will determine the long term viability and sustainability of the sport and industry we love. We...need to keep evolving in the animal welfare space and there is much more to do and that will continue to be a core priority and key focus for us.”

Phil Holden, CEO, NZGRA Annual Report 2016

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1 See Appendix E for more information about the RIU.
45. We understand from the NZRB that the inquiry will complete its review in the near future. Once completed, we and MPI officials will provide you and the Minister responsible for animal welfare with advice on the review’s recommendations. You can have a role in exploring options to encourage the industry to implement the recommendations.

Portfolio funding within Vote Internal Affairs

46. As Minister for Racing, you are responsible for $1.3 million of expenditure within appropriations relevant to the Racing portfolio. See Appendix C for details of the appropriations. The briefing *Welcome to the Department of Internal Affairs* provides you with more information about:

- Vote Internal Affairs;
- the Minister of Internal Affairs’ role as Vote Minister and the Minister Responsible for the Department; and
- coordinating budget planning.

The Department of Internal Affairs’ role

47. We will support you in your role as Minister for Racing by:

- providing high quality advice to inform your decisions;
- providing policy and law reform services including support during the legislative process for the Racing Amendment Bill, if you wish to proceed with the Bill;
- drafting replies to racing-related public correspondence, Official Information Act requests, parliamentary questions and media enquiries;
- providing administrative support for the Racing Safety Development Fund;
• administering the Racing Act; and
• administering the Gambling Act 2003 (part of the Internal Affairs portfolio), which links to racing.

The Department is responsible for regulatory stewardship

48. As part of its stewardship role, the Department has reviewed the racing system. We note that the system has not always delivered the intended outcomes, in particular, for the long-term benefit of the industry. The racing industry has suffered from long-term under-investment in infrastructure, systems and people.

49. The Department’s role is to support you to determine the policy direction of the Racing portfolio and the NZRB is responsible for implementing the policy direction. The NZRB may also have a role in identifying areas for improvement in the regulatory system. The Department does not monitor the performance of the NZRB, as the NZRB is an independent body. You appoint the auditor that undertakes the performance and efficiency audit of the NZRB.²

50. **Part Three** sets out upcoming briefings. **Appendix D** lists the key departmental contacts.

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² See Appendix A for more information about the audit.
## Part Three: Briefings and decisions

51. The following table is a list of briefings relevant to your portfolio that, subject to your approval, we will provide you in the coming months. We will work with your office on the delivery of these briefings. You may also receive, independently of the Department, introductory briefings from statutory bodies connected to your portfolio.

<table>
<thead>
<tr>
<th>Date with Minister</th>
<th>Title</th>
<th>Detail</th>
<th>Priority</th>
</tr>
</thead>
</table>
| November 2017      | Advice on the reinstatement of Parliamentary business | Outlines how Bills are reinstated and the policy and legislative process  
*For decision* | High |
| November 2017      | Overview of the budget process | Overview of the budget process and your role as portfolio Minister  
*For noting* | High |
| November 2017      | 2017 October baseline Update for Vote Internal Affairs (Racing) | Update on any financial changes since the budget  
*For noting* | Medium |
| November 2017      | Racing Safety Development Fund: Writing to successful applicants | Required when Fund’s Working Group makes decision (decision made on 25 October)  
*For decision* | Medium |
| November 2017      | New Zealand Racing Board Annual Report | Briefing to present the Annual Report to the Minister (expected in November)  
*For decision* | Medium |
| December 2017      | Proposals for the 2018 Legislation Programme for the Racing portfolio | Seeks approval of bids for lodgement (once discussed with you)  
*For decision* | Medium |
Appendix A: Ministerial responsibilities

Part Two noted your broad responsibilities under the Racing Act. This section provides more detail on appointments to the NZRB and the NZRB’s performance and efficiency audit. It also provides details about the Fund.

Appointments to the New Zealand Racing Board

As Minister for Racing, you are responsible for appointing the seven members that make up the NZRB’s governing body. The terms of six members, including the Chairperson, expire on 31 July 2018. We will provide you with advice about commencing the process, including reappointing any current members, in March 2018.

The Minister for Racing selects a preferred candidate after consulting with the Nomination Advisory Panel (the Panel). The Racing Act establishes the Panel. It consists of the Minister for Racing as Chair and four members.

The Panel must consult with the recognised industry organisations. Once you have selected a preferred candidate, Cabinet notes and confirms your decision.

Performance and efficiency audit

As Minister for Racing you approve the terms of reference and the auditor for the five-yearly performance and efficiency audit of the NZRB. The last audit commenced in August 2013. We anticipate that the NZRB will provide you with a draft terms of reference in mid-2018.

Racing Safety Development Fund

The Fund contributes up to $1 million per year to racing club infrastructure. The Government established the Fund to encourage the industry to address deferred racecourse maintenance. The

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3 See Appendix E for more information about the recognised industry organisations.
initiatives include the welfare and safety of the racing animals, spectators, working personnel and the wider community.

Racecourse facilities are used throughout the year and safety upgrades ensure that they are fit for community events. An industry working group decides which projects receive funding based on the Fund’s priorities and criteria, as identified by you. The working group consists of an independent chair, appointed by you, and representatives from the NZRB and the three racing codes. The Department provides administrative support to the working group and administers the Fund on its behalf.

The first funding round for the 2017/18 financial year opened on 2 August 2017 and closed on 27 September 2017. There was a funding distribution meeting on 25 October 2017. As the Minister responsible for the Fund, you will write to the successful applicants to advise them of the outcome and the Department can then distribute the funding. You will receive a briefing on this in November 2017.
Appendix B: Legislation we administer

Racing Act 2003

Purpose: This Act provides the regulatory framework for betting on racing and sports events. It establishes the NZRB and describes its objectives and functions. The Racing Act’s purposes are to provide effective governance arrangements for racing, facilitate betting on racing and sports events and promote the long-term viability of New Zealand racing.

Ministerial responsibilities: Part Two and Appendix A set out your responsibilities under the Racing Act.

Gambling Act 2003

Purpose: This Act provides the regulatory framework for gambling. Among other things, it seeks to control the growth of gambling and ensure that money from gambling benefits the community. It also seeks to prevent and minimise gambling harm (including problem gambling), and limit opportunities for crime or dishonesty associated with gambling.

All gambling operators contribute a portion of profits from gambling to the problem gambling levy. The problem gambling levy reimburses the Government for the costs of the problem gambling integrated strategy (PGIS). The Ministry of Health is responsible for delivering the PGIS through contracts with independent problem gambling services.

Ministerial responsibilities: The Department administers the Gambling Act 2003. The Minister of Internal Affairs is responsible for the Gambling Act. However, it is relevant to the racing industry because it provides the legal basis for betting in New Zealand. The Gambling Act is also relevant to the racing industry because:

- racing clubs can apply for grants from class 4 gambling societies;
- the NZRB can operate gaming machines in TAB venues. There are gaming machines in 42 out of almost 680 TABs; and
- the NZRB and racing clubs can operate gaming machines at racecourses.
The NZRB returned $14.7 million to racing and sports from its own gaming machines in 2015/16.\textsuperscript{4} $11.7 million went to the racing industry, the majority going to the RIU, Racing Laboratory and Judicial Control Authority (JCA). The NZRB distributed almost $3 million to community sports. Other class 4 gambling societies distributed almost $3 million to racing recipients in 2016.\textsuperscript{5}

We would assess any proposed changes to the Gambling Act for their potential impact on the Racing portfolio and provide you with advice. The Government may undertake a system-wide review of gambling, in particular, New Zealanders accessing gambling online. Any changes to online gambling may have impacts on racing and sports betting. We would also advise you of any proposed changes to class 4 gambling.

\textsuperscript{4} New Zealand Racing Board Annual Report 2016. See Figure 2 in Appendix E.
\textsuperscript{5} Information from Department of Internal Affairs’ grants database.
Appendix C: Appropriations

Vote Internal Affairs

Funding for the Racing portfolio is appropriated within Vote Internal Affairs. More information about the Vote and appropriations can be found in the Welcome to the Department of Internal Affairs briefing.

Racing portfolio funding

As Minister for Racing, you are responsible for all expenditure and services received under appropriations relevant to the Racing portfolio. The Racing portfolio appropriations are $1.3 million ($0.3 million departmental operating and $1 million non-departmental). The tables on the following pages outline these appropriations based on Main Estimates of Appropriations 2017/18.

In November 2017 you will receive the October Baseline Update briefing, which provides you with more detailed information about the appropriations for your portfolio and any financial changes since the Main Estimates of Appropriations 2017/18.

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6 Departmental operating appropriations are outputs, other expenses, or expenditure incurred by the Department. The Department is responsible to the Minister for what is achieved with departmental appropriations. Non-departmental appropriations are where Ministers have decided to use a supplier other than a department to provide an output.
Departmental operating

You are responsible for $0.254 million of departmental operating appropriations.

<table>
<thead>
<tr>
<th>$million</th>
<th>Departmental appropriations based on Main Estimates of Appropriations 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.060</td>
<td>For the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities relating to racing*</td>
</tr>
<tr>
<td>0.194</td>
<td>For the provision of advice (including second opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to racing*</td>
</tr>
<tr>
<td>0.254</td>
<td><strong>Total Departmental Operating</strong></td>
</tr>
</tbody>
</table>

Non-departmental operating

You are also responsible for $1 million of non-departmental operating appropriations.

<table>
<thead>
<tr>
<th>$million</th>
<th>Non-departmental appropriations based on Main Estimates of Appropriations 2017/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.000</td>
<td>Racing Safety Development Fund - Racing clubs and code bodies can apply to the Fund for up to half of the total costs of projects that enhance safety in the racing industry, with a maximum payment of $0.050 million per project.</td>
</tr>
</tbody>
</table>

* Denotes a multi-category appropriation, which is a single appropriation made up of multiple categories (which can be different types of expenditure including output expenses, other expenses, and non-departmental capital expenditure) that all contribute to the same overarching purpose.
## Appendix D: Key contacts in the Department of Internal Affairs

### Chief Executive of Internal Affairs

**Colin MacDonald**  
Chief Executive  
Secretary for Internal Affairs  
Secretary for Local Government  
Government Chief Digital Officer  
04 495 9396  
027 498 3515

### Policy, Regulation and Communities

**Marilyn Little**  
Deputy Chief Executive  
04 496 1390  
021 228 8118

**Raj Krishnan**  
General Manager, Policy  
04 494 0572  
021 593 973
Appendix E: The racing industry

About the racing industry

Racing is a significant industry. There are around 5,000 breeders, 2,000 trainers, 27,000 owners and many staff employed by over 100 racing clubs and in support sectors. There are 119 racing clubs and 64 racetracks in New Zealand. The clubs run over 1,000 race meetings each year, attracting close to 1 million people.\(^8\)

The NZRB advises that thoroughbred and standardbred exports have been estimated at over $167 million to the New Zealand economy. In 2017, the three largest sales by New Zealand Bloodstock Limited resulted in 1,987 horses sold. These sales had a combined value of $118 million.\(^9\)

The NZRB commissioned a report in 2010 about the contribution of the racing industry to the New Zealand economy. The report indicated that in 2010 racing generated around $1.6 billion in economic value added. This was about 0.9 per cent of Gross Domestic Product in 2010.\(^10\) The NZRB has commissioned a report to provide updated information. We understand from the NZRB that this report will be completed by January 2018.

As well as generating economic value, racing also plays an important social role, particularly in rural communities. Many racecourses host occasional races but the facilities can be the focus of wider social activity, such as galas and fundraisers.

\(^8\) Source: New Zealand Racing Board.
\(^9\) Source: New Zealand Racing Board.
Racing and sports betting income

The figure below shows how income was received and distributions made for 2015/16. It also shows the Government’s funding of the racing industry through the $1 million Racing Safety Development Fund.

Figure 1: New Zealand Racing Board income and payments, 2015/16
The figure below shows that the NZRB distribution to the racing codes is between about 85 and 97 per cent of the respective racing codes’ total income. The racing codes’ other income is primarily from publications, licensing fees and other services to the industry. The figure below also shows the NZRB’s payments to the three NSOs that received the most income from sports betting agreements in 2015/16.

**Figure 2: NZRB distribution as a percentage of total income for racing codes and selected national sporting organisations in 2015/16**

The NZRB may only offer betting on sports where there is an agreement with the relevant NSO. The Racing Act sets out the minimum commission payable under these agreements.

Basketball, football, rugby union, tennis, rugby league, cricket, baseball, American football, darts and netball received the most income from sports betting in 2015/16. Their combined income was 95 per cent of the total income paid to NSOs from sports betting.
Appendix F: Key stakeholders in the racing industry

It is standard practice for us to support you in meeting with stakeholders. We will provide briefings before you meet with stakeholders including biographies. We will be available to attend meetings if you wish.

Figure 3: Key stakeholders in the racing industry

Minister for Racing
Responsible for the Racing Act and the Government’s racing policies. Appoints the members of the New Zealand Racing Board.

New Zealand Racing Board (NZRB)
Conducts TAB betting and sets industry policy. The NZRB distributes betting profits to the three racing codes, approves their annual business plans and determines the racing calendar.

Racing Integrity Unit (RIU)
Enforces the rules of the three racing codes. The NZRB and the three racing codes each hold a 1/4 share in the RIU.

Judicial Control Authority
An independent statutory body. Adjudicates on disputes regarding the rules of the three racing codes.

RACING CODE BODIES
- NZ Thoroughbred Racing
- Harness Racing NZ
- NZ Greyhound Racing Association

are responsible for the rules of racing, registering racing clubs and the sports' participants, and for funding racing clubs. They are funded by distributions from the NZRB.

RACING CLUBS
- promote, conduct and control race meetings, and the industry bodies represent the interests of industry participants, including racehorse and greyhound breeders, owners, trainers, jockeys and drivers. They must register with one of the racing codes.

RACEHORSE and GREYHOUND OWNERS enter their animals in races to win stakes. Their costs outweigh the likely returns.

TAB CUSTOMERS bet on the outcome of racing and sports events. TAB betting profits fund racing club amenities and stakes.
### Statutory bodies under the Racing Act 2003

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Contact</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand Racing Board (NZRB)</td>
<td>Chair: Glenda Hughes</td>
<td>The NZRB promotes the racing industry; facilitates and promotes racing betting and sports betting; and maximises its profits for the long-term benefit of racing. The NZRB pays the majority of its betting profits to the three governing bodies for thoroughbred, harness and greyhound racing. The NZRB has responsibilities under the Gambling Act and the Racing Act to prevent and minimise gambling harm. The NZRB has harm prevention and minimisation measures in place to meet these responsibilities.</td>
</tr>
<tr>
<td></td>
<td>Chief Executive: John Allen</td>
<td></td>
</tr>
<tr>
<td>Judicial Control Authority (JCA)</td>
<td>Chair: Bill Wilson QC</td>
<td>The JCA appoints judicial panels for race meetings and to hear non-race day inquiries relating to the rules of racing. It also appoints panels to hear appeals. A panel’s role is strictly adjudicatory.</td>
</tr>
</tbody>
</table>

### Racing code bodies (as defined in the Racing Act 2003)

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Contact</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZ Thoroughbred Racing</td>
<td>Chair: Dr Alan Jackson</td>
<td>The three racing code bodies are responsible for their respective rules of racing (thoroughbred, harness and greyhound racing) and for licensing and registering participants in their sporting code (horses, greyhounds, trainers, jockeys, drivers etc.). They also provide funding to the individual racing clubs.</td>
</tr>
<tr>
<td>Harness Racing NZ Inc.</td>
<td>Chair: Ken Spicer</td>
<td>Racing Clubs promote, conduct and control race meetings under the relevant rules of racing. In 2015/16, 62 thoroughbred racing clubs, 47 harness racing clubs and 11 greyhound racing clubs conducted 10,958 races.</td>
</tr>
<tr>
<td>NZ Greyhound Racing Assn</td>
<td>Chair: Craig Rendle</td>
<td></td>
</tr>
</tbody>
</table>
### Recognised industry organisations (as defined in the Racing Act 2003)

<table>
<thead>
<tr>
<th>Types of organisations</th>
<th>Organisations and roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry groups</td>
<td>Industry Groups represent the interests of various professionals and participants. The following organisations are noted in the Racing Act as recognised industry organisations:</td>
</tr>
<tr>
<td></td>
<td>• New Zealand Thoroughbred Racehorse Owners’ Federation</td>
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<tr>
<td></td>
<td>• New Zealand Thoroughbred Breeders’ Association</td>
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<tr>
<td></td>
<td>• New Zealand Trainers’ Association</td>
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<td></td>
<td>• New Zealand Jockeys’ Association</td>
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<td></td>
<td>• New Zealand Standardbred Breeders’ Association</td>
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<td></td>
<td>• New Zealand Trotting Owners’ Association</td>
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<tr>
<td></td>
<td>• New Zealand Harness Racing Trainers’ and Drivers’ Association</td>
</tr>
<tr>
<td>Other racing stakeholders</td>
<td>Racing Integrity Unit (RIU) investigates and prosecutes breaches of the rules of racing. It does this under formal written delegations from the three racing code bodies, which previously undertook these tasks.</td>
</tr>
<tr>
<td></td>
<td>New Zealand Bloodstock Ltd is New Zealand’s premier thoroughbred sales company. In January/February each year it runs the national yearling sales series in Karaka, South Auckland. This is the focal point of the thoroughbred breeding industry.</td>
</tr>
</tbody>
</table>