

Select Committee Racing Bill.

This is apparently our opportunity to express our support or concerns at the proposed changes to the administration of our Racing Industry. I will address my views as they relate to the Thoroughbred Code with which I am more familiar.

My involvement spans a long period - a Board Member of Thoroughbred Breeders, Chairman of the Manawatu Racing Club, a Board Member of the NZ Racing Conference, Chairman of the NZ Racing Board for four years. My family and I have been breeding and selling yearlings since 1975, the major suppliers of sales yearlings for the last decade recognised as a leading vendor for this period. This involvement has been acknowledged with induction to both The Hall of Fame and Thoroughbred Racing's award for Outstanding Contribution to Racing.

Our current Minister of Racing has been consistent with his support and understanding of our industry. The commitment to reduce the wagering duties to a comparable level to that of our then newest competitors, the Gaming Machines was exercised when NZ First coalesced with the Helen Clark led Government of the time. His commitment to further tidy up our opportunities during this term of Government with the Point of Consumption, Racefields, and further wagering duty reduction is greatly appreciated.

However, Part Two of the Racing Bill is a long way from any understanding we may have had. The abolition of duties and collection of fees for the use of our intellectual property is a far cry from the attempt to restructure an industry that has been through many crisis successfully managed by very capable individuals with many varied skills. The tenure of the proposed changes seems to be predicated with the belief we are in the position we trying to recover from because of the previous administrators. The Bill provides for a Ministerial fallback position or intervention. If we dissect my concerns I would start with possible intervention in the composition of the Thoroughbred Racing Board. This is unacceptable, my view is that Boards selection process needs to return to the democratic process whereas in the past Regional Clubs elected the member for their region. This was always a competitive process, one which I was subjected to. The Board Members were a selection of very competent people who then gave their time for nothing. It is hard to imagine Clubs accepting a Ministerial appointment.

The opportunity for the Minister to have an ability to impose changes to any Clubs Constitution will, and should be treated with the same concern. Members of this Select Committee will have attended their local race meetings and will understand the passion and commitment of the local administrators. To suggest they are lacking the skill or acumen to maintain and run the club or to suggest at the higher level of Racing Administration that the Minister will impose people with the ability to manage their Code just will not work.

It needs to be recognised that this local involvement results in sponsorship, local effort, an event for the district. Attempt to impose on these people an outside direction will result in the outsiders running the event without the locals.

The intent to give the Codes the opportunity to direct a change in venue with any resulting funds being put to use elsewhere, or be subject to a Ministerial directive to sell is somewhat of a poison chalice to the Code. This proposal is considered part of the Messara Report, regretfully my view is it was an ill-informed recommendation, not because there shouldn't be change but apart from a couple of venues of value in the North Island, a significant amount of change has already occurred. In the North Island alone there are eleven clubs who have moved to more appropriate venues. As you can

imagine that leaves only a handful who over time will see the wisdom of change. There are only two of those possible venues who would contribute any significant capital, which hardly requires a draconian threat of a Ministerial directive. In fact, knowing who the jewel in the crown may be, I wish whoever the Minister is the best of luck.

The South Island with its sparsely populated length is entitled to have a reasonable geographic spread of venues. Those that are surplus would have little value, the same natural attrition will occur with two venues in the last six months changing venues. The Committee would be surprised at how many venues would not provide any capital as they are racing on local body land.

The changes to the Racing Integrity Board are a little beyond my brief, I will say though the only common interest the Codes have is the Totaliser Agency. Their sports are vastly different, it would seem to me this has the potential to grow to a cumbersome increased burden unless the Codes can keep the Board under control.

The Act of 2003 created one Board. My Chairmanship had finished two years earlier, but I supported the intent of the change. My tenure was of the Racing Board, in the same building the TAB operated with its own Board. The Combined Racing Industry Group was our conduit for the Codes, TAB, and Racing Board to meet. These were very useful meetings, which really set in motion the belief two Boards were superfluous. The process of progressing the change occurred subsequent to my retirement. It must be remembered the two Boards had dual members, however, two Chief Executives and Executive staff administering what is not really a complicated business in the same building, created more problems than necessary.

Under my Chairmanship, my Board was determined to devolve the Code management to the Codes. This was the intent of the 2003 Bill, however, a Board with one Code member for each Code and four independents changed the balance. Having a Chairperson of any business with a \$2.5 Billion turnover with no previous or current industry experience borders on the ridiculous.

We are a cash business, at the time of the 2003 Bill we had \$80m reserves. The problem with the new structure was the perception we were incapable of running our business and rather than operating as a wagering agency, they believed their role was to run racing. The independent Board Members were supposedly appointed with the agreement and support of the Code Chairpersons, without going into lengthy explanations suffice to say the Code involvement did not weigh as heavily as intended.

The Minister confirmed the appointments then and will again. So, what's different? There is no guarantee anyone with Code or Industry experience may make the grade.

There is a document from the appointed Chairman of the Ministers R.I.T.A. suggesting there should be a preference for Board members of commercial experience ahead of those in racing. An unusual vote of no confidence in a number of people I could list who clearly have not only outstanding credentials in both business and racing. I will remind the Committee since the majority of the Board were commercially independent, we have spent and pulled the plug on \$17 million for an upgrade on our betting platform, our new betting app, apparently in the vicinity of \$40+m, or twice budget.

The reserves, and a building gone, but stakes maintained by borrowing \$12m a year resulting in a \$40m debt. It would seem to me this is an industry that requires the understanding of those in it.

We ask of no more from any Government than the rightful opportunity to be responsible for our destiny. We have no idea who may be any future Minister, my Chairmanship was accountable to four Ministers, one of whom made a worthwhile contribution

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