



Canterbury regional review

Report to Racing New Zealand

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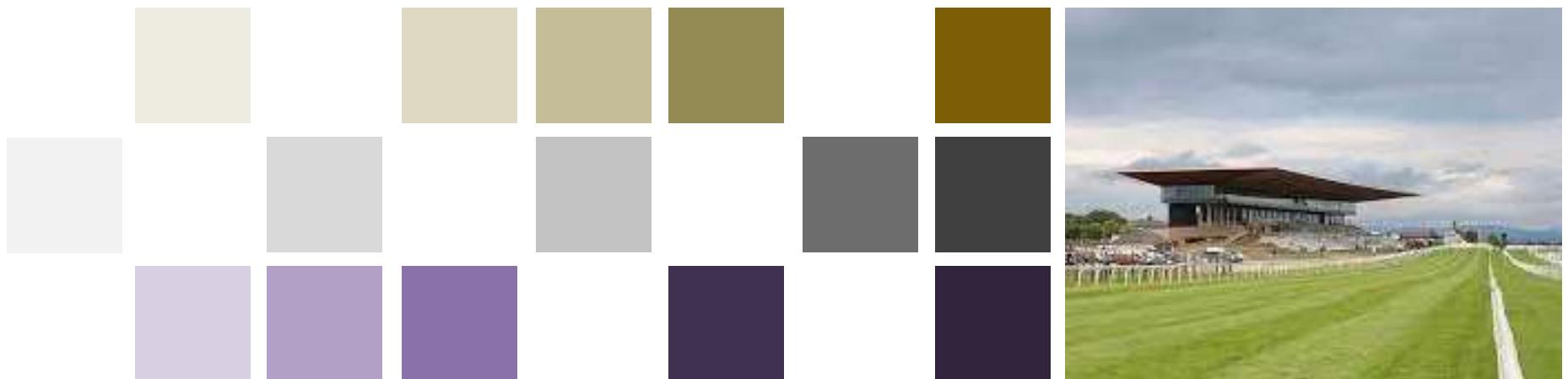


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Glossary of terms

Greyhounds – Greyhound Racing New Zealand

Thoroughbreds – New Zealand Thoroughbred Racing

Harness – Harness Racing New Zealand

North Canterbury – sub-region of Canterbury north of Waimakariri

Mid Canterbury – sub-region of Canterbury between Rakaia and Rangitata rivers

South Canterbury – sub-region of Canterbury between Rangitata and Waitaki rivers

North Otago – territory between Waitaki and Shag rivers

Greater Christchurch – includes Banks Peninsula, Selwyn District, Christchurch City

Greater Canterbury – for the purposes of this review includes area from North Canterbury to North Otago

Wagering – Total betting turnover excluding export turnover

1. Executive summary

We have been tasked with undertaking a review of racing of the three codes (greyhounds, harness and thoroughbreds) in the Greater Canterbury region. This review includes Oamaru (which fits in geographically with Canterbury because of its proximity to Canterbury) and also Kaikoura.

Our focus is specifically to form recommendations on venues and operations for the next 10 years and beyond. Inevitably, we are required to look at the number of venues and determine whether the codes have the right mix of venues to serve the interests of the industry.

The status quo picture is clear: the current footprint is too large, which is limiting the returns to owners. However, it is important to offer nuance on the current situation and it is necessary to speak to each code.

- For **greyhounds** it is clear that since Forbury Park closed, Addington has taken on an unsustainable role, which represents a major risk for the code. While in the short term having racing taking place close to where trainers are located is an improvement on previous arrangements, it is not sustainable in the long term: a second venue is required which is close to where trainers are located.
- Addington also has an outsized importance for **harness**. However, the problem for the standardbred code is that there are nine venues in Canterbury, not all of which are sustainable. Like for greyhounds, the balance of racing has moved north from Otago and Southland, with most horses in training being based in Greater Christchurch and North Canterbury.
- The **thoroughbred** population is also based predominantly in the northern part of the region. Although racing takes place only at four venues currently, it is clear that with the synthetic surface, further rationalisation can take place.

Our review has involved visiting each of the venues, meeting the clubs at those venues, reviewing financial information and other submission

materials, talking to other identified interested parties, and meeting with the management groups of the codes. We have reviewed betting turnover and training statistics, and we have undertaken a media search for relevant information. We are grateful for the transparency and availability of all stakeholders.

We have formed a long list of options and assessed those options against specific criteria relating to: the quality of the product for wagering, optimisation of owners' returns, sustainability of venues and the social licence.

Our core recommendation is for greyhounds and harness to continue at their main hub of Addington in the short term, and for thoroughbreds to continue at Riccarton.

From there we recommend that *Ashburton be confirmed as the dual-code (possibly tri-code) subsidiary venue to Addington and Riccarton*, and that when investment monies are available to look at facilitating opportunities for new trainers of standardbreds and, possibly, dogs.

- From there, harness and thoroughbreds could *maintain Oamaru* on a watching brief until the dust has settled post-Covid and other changes have bedded in.
- Harness will *continue racing at Kaikoura, Methven and Motukarara*, but will review those arrangements as needed.
- We further recommend that *Rangiora be disposed of after 23/24 season and that racing cease at Timaru (after 23/24) and Orari (after 22/23)*.
- It will be necessary to keep Addington under review given its complex infrastructure portfolio and to explore seriously a greenfield option. We recommend that this review take place between 5 and 10 years from now.

Finally, we make a number of non-venue recommendations related to the long term sustainability of the codes in Canterbury and, in particular, the need to make sure there is a medium and long-term plan in place for capital replacement.

2. Objective of this review

From the terms of reference:

"The purpose of the reviews is to ensure an accurate understanding of thoroughbred, harness and greyhound racing within Canterbury, and how the industry can be developed to ensure its success and sustainability over the next ten years and beyond."

It is clear so far from the review that there is a viable future for each of the codes in Canterbury. For harness and greyhounds, it is not an exaggeration to say that the success of racing in Canterbury is a necessary condition for the success of the respective codes in New Zealand.

How we have conducted this review

In carrying out this review we have built on work that we undertook previously in Otago-Southland. As for that review, we undertook a site visit to each racecourse in Canterbury and met with the clubs that conducted racing at those venues. Our visit also included a tour of the facilities. We talked with the clubs about their views of the industry, the state of their infrastructure, financial position, volunteer base, and medium and long-term plans.

- We have conducted interviews with interested parties including owners, trainers, and other racing participants in the Canterbury region. Both the code management and the clubs have suggested names to us, which we have followed up on. We have provided our interview summaries to each club and have updated those summaries based on feedback.
- A significant amount of data has been provided to us on wagering performance between the 2014/15 season and the 2020/21 season. We have reviewed how each venue has performed when assessed by betting turnover and the stakes that have been distributed.
- We have reviewed the financial accounts of each club and formed a picture of the contribution that each venue makes to the code. Note that the contribution of a club cannot be assessed solely on financial terms: the ability of a club to attract patrons and provide a good experience for industry participants is important too.
- We have looked at the training statistics for each code. We were interested in the location of trainers. When assessing the mix of venues, it is important to take account of the proximity of venues for trialling

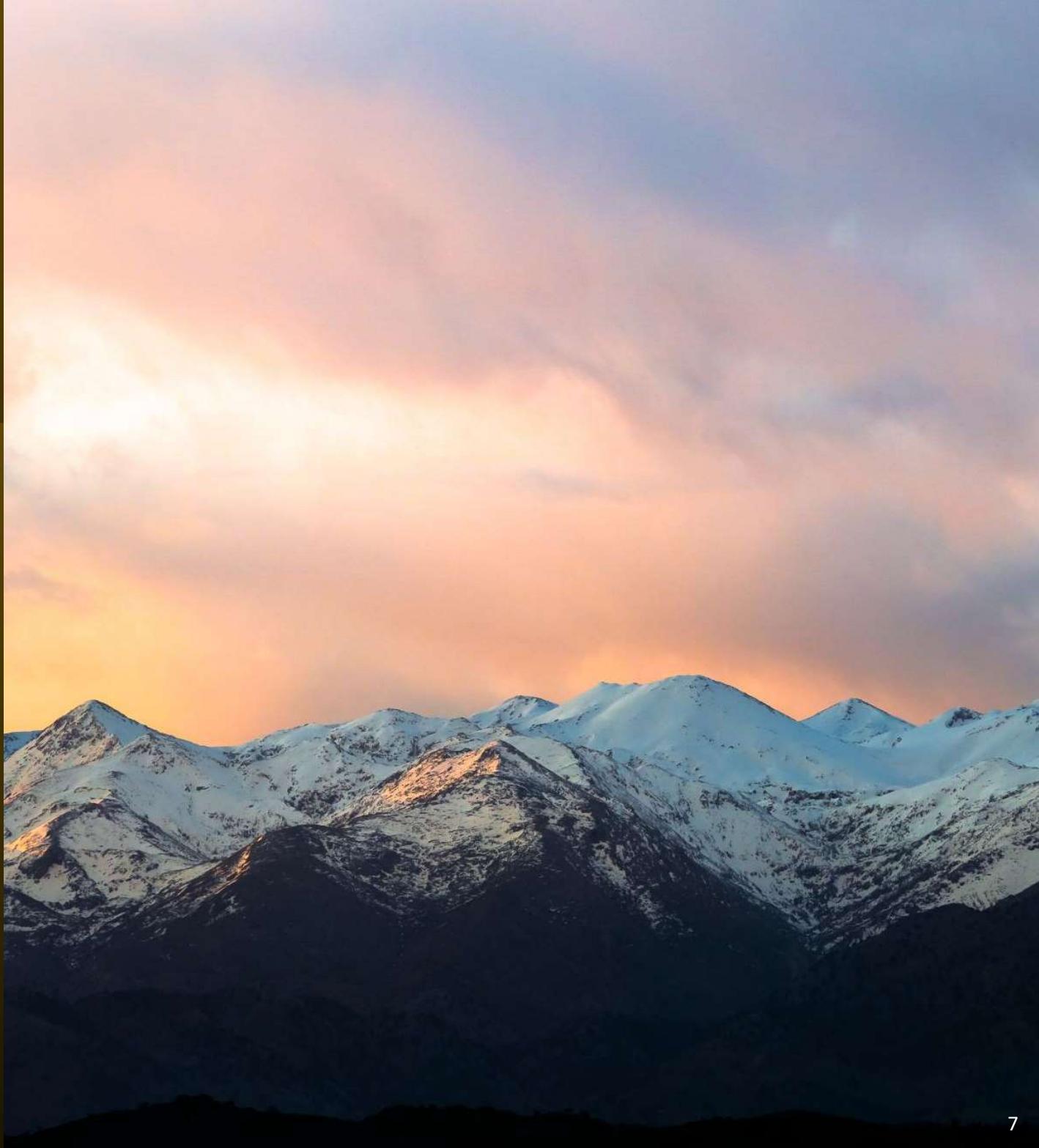
and racing to trainers: if venues are too far away, then owner returns are affected adversely and, if stakes cannot be increased to compensate, animal numbers will fall away by attrition.

At each stage we have met with the codes to provide progress updates. We have discussed options with each code separately and, where there are issues that affect more than one code, we have discussed those in a joint forum.

We note that we visited Oamaru as part of the Otago-Southland review and recommended that it be placed within the scope of a Canterbury review.

The recommendations we make are our own and not those of NZ Racing.

3. **Revisiting the Otago- Southland review**



Sapere Otago-Southland report

In early 2021, Sapere prepared a report for Racing New Zealand to provide an in-depth understanding of the three codes – thoroughbred, harness, and greyhound racing. Focusing on Otago and Southland, the report aimed to explore future options with a view to increase the success and sustainability of the industry. Arising from this report were several industry-wide issues. We draw on these issues to add context to the current state of the racing industry, and where possible, link them to the Canterbury racecourses.

Industry wide issues

The Otago-Southland review found that the racing industry was suffering from a general market decline, marked by lower returns to owners, a decline in wagering, and some facilities falling into disrepair or behind in renewal. The authors found several issues attributing to this. Of the issues identified, several were common to the racing industry, notably:

- Racing popularity decreasing.
- Animal populations were declining across all codes.
- Large grandstands are empty of spectators and are largely stranded assets.
- There are other priorities for industry spend.

Racing popularity decreases

One of the largest issues facing the industry, both domestically and internationally, is the declining popularity of racing. Similarly, there were downward trends found in breeding industry participation as well as evidence of an ageing workforce and volunteers.

Animal population declines

Globally, foal crop is declining. Racing popularity decreases and cost increases have placed downward pressure on breeding numbers, as breeding has become less financially viable. Over the past 20 years, New Zealand's foal crop has decreased significantly with a similar trend being shown in Australia. Trainers and clubs will be forced to attract horses from outside their areas, and revenue earned by exporting foal crop overseas will decline.

Grandstands are empty and can be largely stranded assets

The authors found that larger courses with multiple stand assets are likely to have overcapacity issues, given that on-course attendance was declining with the trend likely to continue. The low-usage or unused assets are likely to deteriorate, with racecourses having less incentive to undertake the required maintenance. If not maintained, these can pose a health and safety risk. For the industry, this means monitoring the forecasted attendance and expected demand against the current provision for seating/standing capacity. If the issue presents itself, careful decision-making will be required to remove (potential) surplus assets and minimise excess maintenance expenditure.

Smaller courses were said to have assets that more closely align with the current on-course attendance and audience expectations. These smaller venues hold few race meetings a year, and the course assets are enough to meet the demand for seating or standing viewing space for the individual races. They may have – either now or in the future – fixed assets for trainers and for other venue users, but these are generally small-scale and single-storey.

What has changed since the Otago-Southland review – greyhounds

Sapere's report contained several recommendations. Those relevant to the Canterbury racecourses included:

- the closure of Forbury Park Raceway, and
- for greyhounds, the exit from Forbury Park and Ascot Park and the move to a one-turn venue closer to Christchurch.

Forbury Park Raceway, located in Dunedin, was consequently closed on 8 July 2021. The closure had several flow-on impacts throughout the sector.

For **greyhounds**, the effect was for Addington to increase racing activity significantly. Addington has gone from hosting 1,717 races in 2018/19, the last complete year prior to the Covid pandemic, to over 2,400 planned for 2021/22, an increase of 683 races. This increase more than makes up for the closure of Forbury, which hosted 372 races in 2018/19, and a diminished schedule at Ascot Park.

Venue	2018/19	2021/22	Change
Addington	1717	2400	683
Ascot Park	391	175	-216
Forbury Park	372	0	-372
Total	2480	2575	95

What has changed since the Otago-Southland review – harness

Harness racing has moved in the direction of Christchurch. Since 2018/19, 185 additional races have featured in Canterbury, while 95 fewer races have taken place in Otago-Southland.

Part of the reason for this shift is the closure of Forbury Park, which had been the second busiest venue in the South Island in 2018/19.

On a net basis, Otago-Southland has managed to keep around half of Forbury's dates. At the same as picking up the remainder of Forbury's dates, Canterbury has also added dates from North Island venues.

Venue	2018/19	2021/22	Change
Addington	403	593	190
Ascot Park	182	209	36
Ashburton	62	98	36
Cromwell	12	11	-1
Forbury Park	193	0	-193
Gore	58	22	-36
Kaikoura	16	16	0
Methven	55	74	19
Motukarara	76	75	-1
Oamaru	99	79	-20
Omakau	11	11	0
Orari	22	20	-2
Phar Lap Raceway	69	39	-30
Rangiora	107	111	4
Roxburgh	11	11	0
Waimate	11	0	-11
Wingatui	2	16	14
Winton	89	147	58
Wyndham	58	85	27
Total	1,536	1,617	90
<i>Otago Southland</i>	<i>616</i>	<i>512</i>	<i>-95</i>
<i>Canterbury</i>	<i>920</i>	<i>1105</i>	<i>185</i>

What has changed since the Otago-Southland review – thoroughbreds

Thoroughbred racing has changed little overall as a result of the Otago-Southland review. The changes that have taken place have been within each region rather than cross-regional movements.

Of note for the review is that Riccarton has picked up a number of dates from Timaru and from Motukarara. These transfers are related to the recommendations of the Messara Report.

Otago-Southland has lost a number of dates, which is largely due to small changes across several venues rather than a major upheaval. This situation confirms a trend that has been ongoing since 2014/15. We note also that over 30 per cent of starters in Otago-Southland come from outside those provinces. This proportion horses trucked in has been increasing, which is indicative of a weak horse population in Otago-Southland.

Venue	2018/19	2021/22	Change
Ascot Park	55	56	1
Ashburton	60	56	-4
Cromwell	10	16	6
Gore	42	40	-2
Kurow	8	8	0
Motukarara	10	0	-10
Oamaru	13	24	11
Omakau	8	0	-8
Phar Lap Raceway	66	32	-34
Riccarton Park	203	240	37
Riverton	34	33	-1
Waikouaiti	6	0	-6
Waimate	7	0	-7
Wingatui	110	96	-14
Winton	8	0	-8
Total	640	601	-39
<i>Otago Southland</i>	281	249	-32
<i>Canterbury</i>	359	352	-7

4. Regional summaries

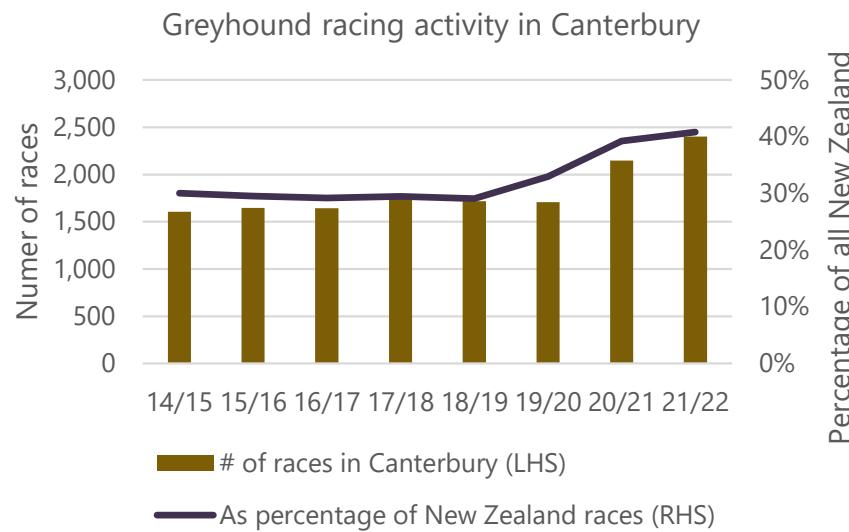
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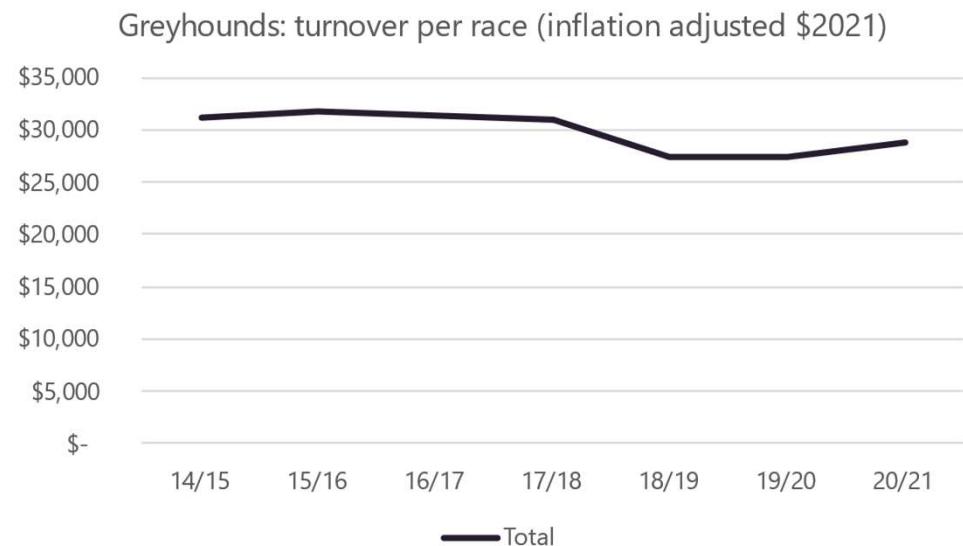
Greyhound racing in Canterbury summary

In recent years, Addington has become the lynchpin of greyhound racing in New Zealand.



The chart above shows that the number of races per year has increased from just over 1,500 to 2,400. As seen earlier, part of the reason for this is the closure of Forbury Park and a decline at Ascot Park, but there are close to 100 races more taking place in the South Island than there were in 2018/19. Addington was scheduled to host over 40 per cent of all greyhound racing in New Zealand in 2021/22, a proportion that will be even higher in reality with Hatrick Raceway out of commission temporarily.

At the same time, total turnover per race has eased off slightly, from \$31,123 in 2014/15 to \$28,775 (expressed in \$2021).

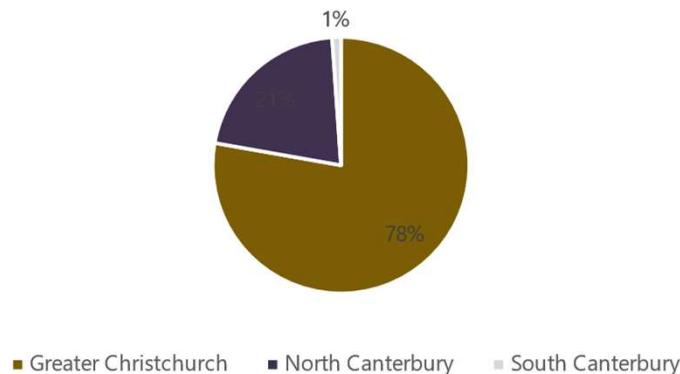


Noting again that Canterbury lacks an alternative racing venue for greyhounds, there is a risk for the code that **over two-fifths of its revenue would be put at risk if Addington were unavailable.**

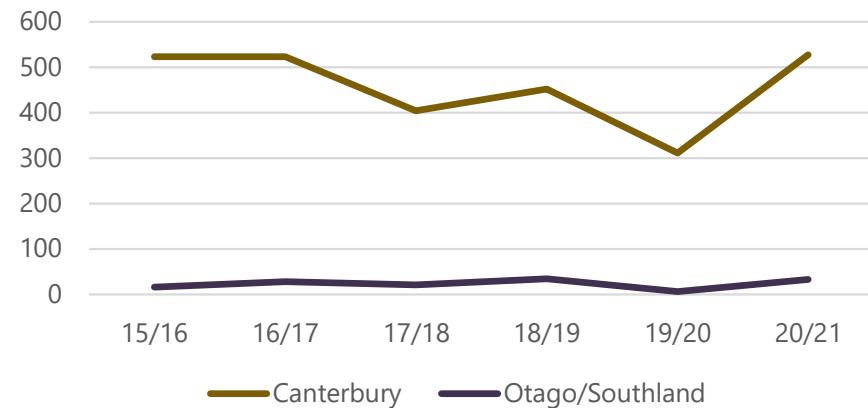
Greyhound training

Greyhound numbers remain strong in Canterbury. After a slump in 2020, pup numbers have recovered to 2015 levels. Dogs from Canterbury are known to be supplied to North Island kennels as needed. Trainers from Canterbury travel to Southland to race, without which it is difficult to see a viable track at Ascot Park.

Location of trainers (weighted by dog numbers)



Pups whelped - South Island



Most of the training takes place in greater Christchurch. However, in recent years the number of dogs in North Canterbury has increased significantly from a low base, with dog numbers tripling since 2014/15.

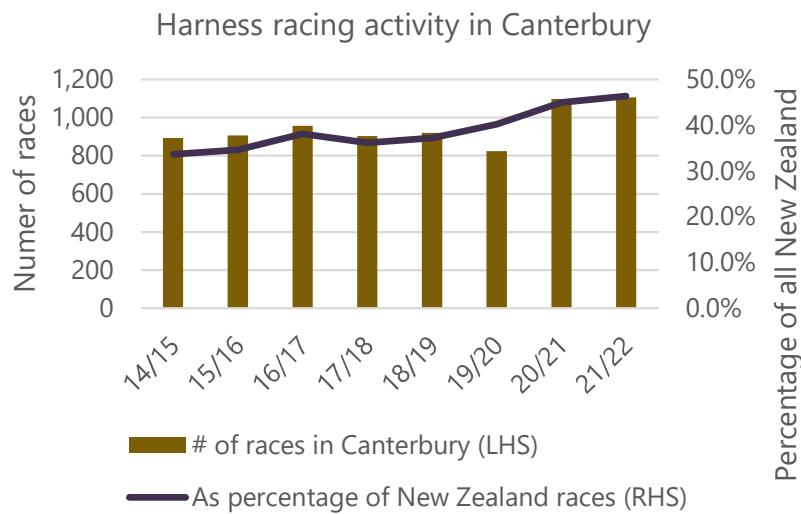
Statement of issues – greyhounds

For each of the codes, we identified the regional issues that presented. For greyhounds, the issues were as follow:

- Ensuring the future of the industry by meeting animal welfare standards expected by the community – the social licence.
- Opportunities for new trainers are important, especially with the dominance of large established kennels.
- Addington is at capacity for greyhound meets, which suggests that the development of a second track within the greater Canterbury region is essential for:
 - operating as a backup if Addington is out (e.g. for track rework or following an adverse event)
 - facilitating code growth by enabling additional race meets and complementing the two-turn track at Addington.

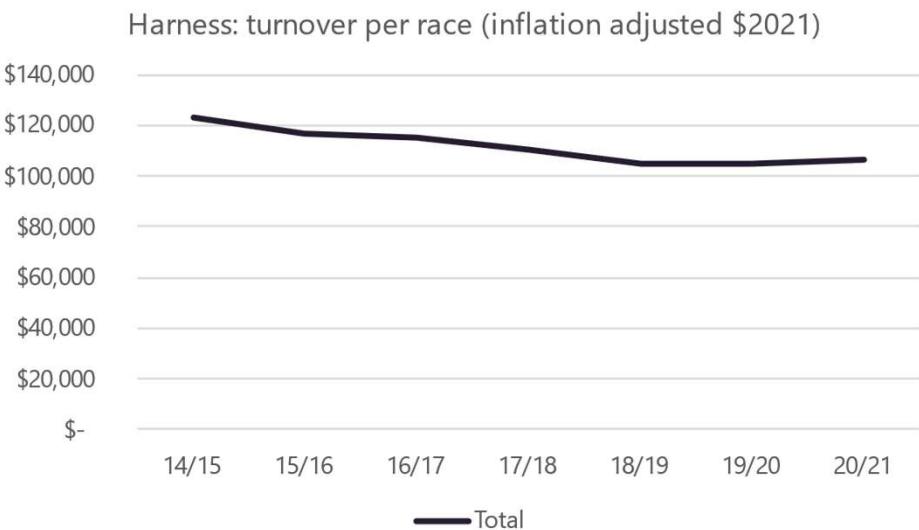
Harness racing in Canterbury summary

Canterbury is the essential region for harness racing in New Zealand: it provides the critical mass to administer the code and to provide horses to the rest of the country.



The chart above shows that in recent years Canterbury has gone from hosting 34 per cent of all racing to over 46 per cent scheduled for 2021/22. Because of its higher turnover per race compared to the rest of the country, Canterbury is responsible for about 51 per cent of all turnover.

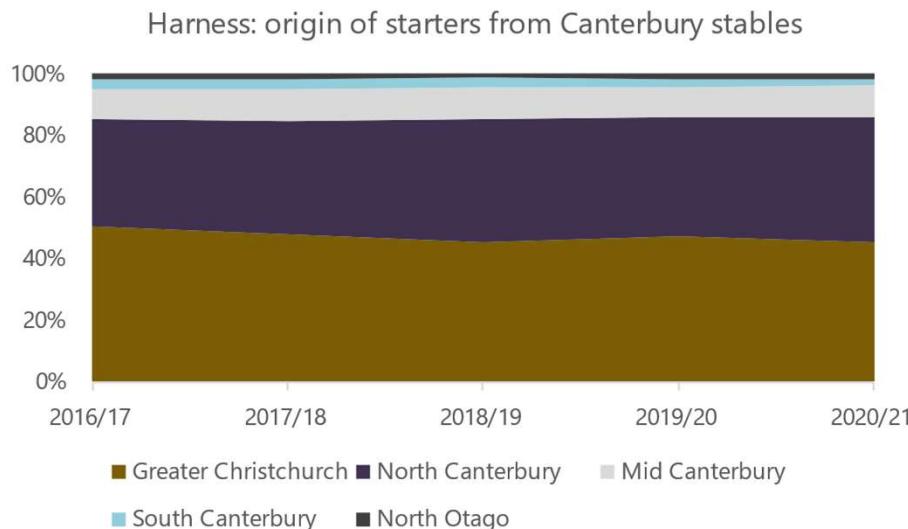
Of particular concern for the code, however, is that turnover per race has been declining in real terms over the period of analysis. The decline is reasonably even across the board, but the main effect has come from a decline of returns from weekend racing in off-peak periods.



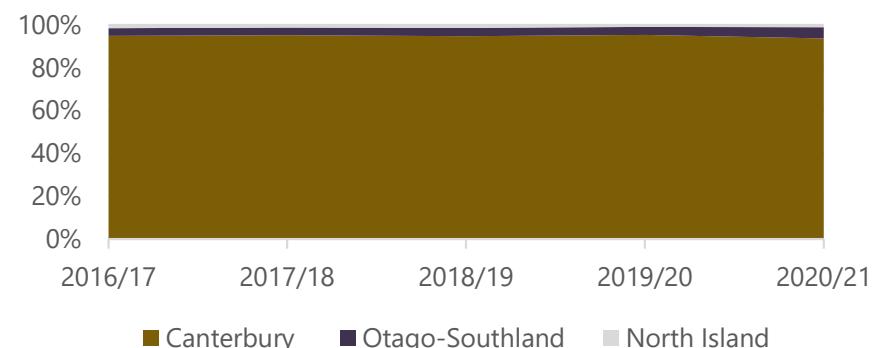
We note that at the same time that the code has been effective in maintaining, and even increasing across some race classifications, the real value of stakes.

Standardbred training

In Canterbury, 94 per cent of horses that race were trained at Canterbury. Some horses travel into the region to race with a notable increase in the flow from Otago-Southland north during the 2020/21 season. However, the flows are overwhelmingly in the opposite directions: **measured by days in training, 54 per cent of horses in New Zealand are trained in Canterbury**, whereas only 46 per cent of all races take place there. Both the North Island and Otago-Southland have an imbalance, which requires that Canterbury-trained horses travel to fill.



Harness racing in Canterbury: origin of starters



The majority of horses in the wider Canterbury region are located close to Christchurch or in North Canterbury. The proportion in those two areas has stayed close to 85 per cent; however, in recent years there has been a shift towards North Canterbury. Our information suggests that most North Canterbury horses train on private land away from established racecourses.

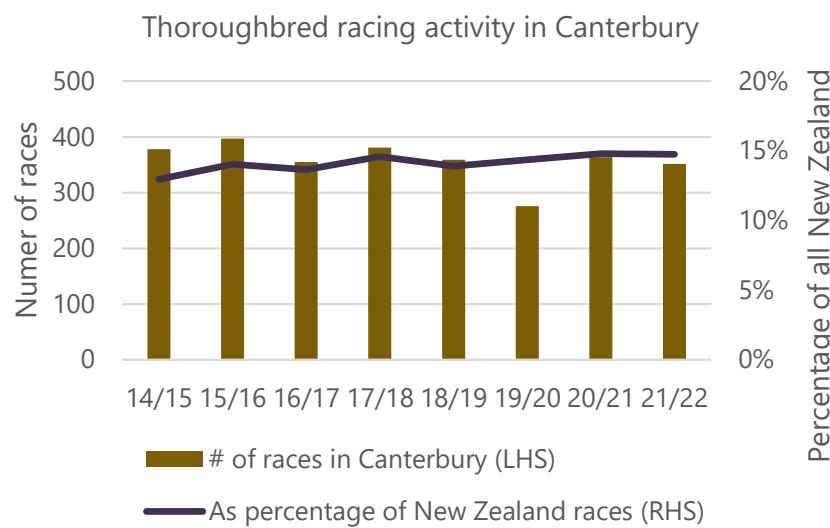
Statement of issues – harness

The issues for harness are as follows:

- Racing is taking place at too many venues, increasing the cost base with insufficient gain for the industry.
- Future of Addington – ensuring that the best use of the facility is made in the interests of the code.
- Professionalising, where appropriate, the racing activity within Canterbury by which we mean enhanced shared services, improved asset management, and, if necessary, creating paid roles to make better use of existing capacity.
- Harness needs to co-ordinate a number of issues with Thoroughbreds, including:
 - exiting Rangiora,
 - Motukarara Sports Centre and,
 - thoroughbred decisions on the future of Ashburton, Oamaru and Timaru.

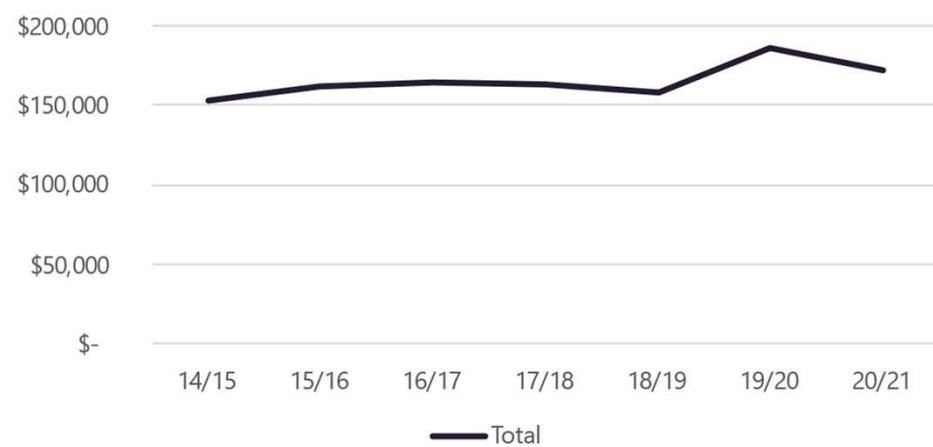
Thoroughbred racing in Canterbury summary

Canterbury is the fourth biggest region for thoroughbred racing in New Zealand, behind Auckland, Waikato, and Manawatu-Wellington. However, for the South Island it is essential, with it representing 60 per cent of all racing turnover.



The chart above shows that in recent years the number of races has remained reasonably flat, while the share of New Zealand racing has edged up, indicating a relative decline in other parts of the country.

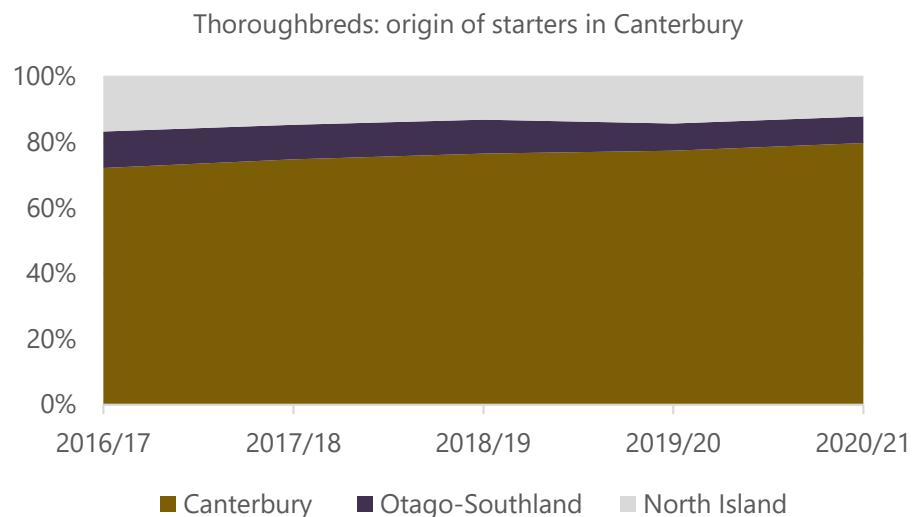
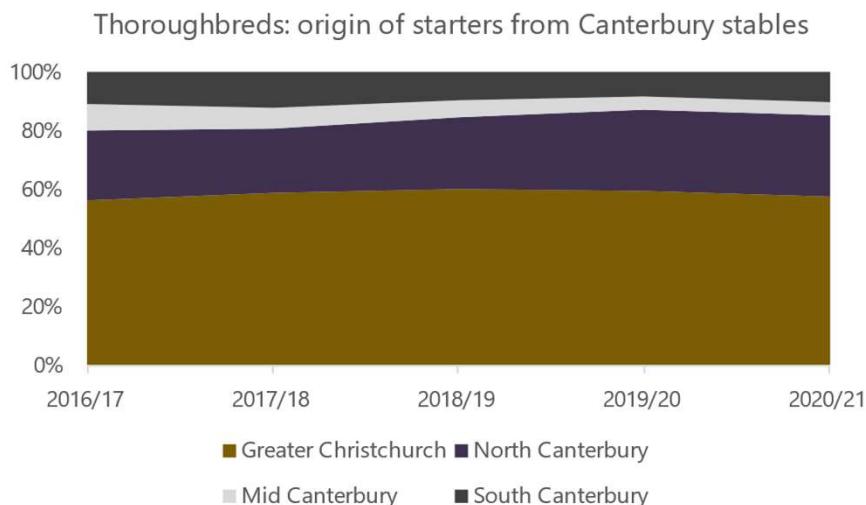
Thoroughbreds: turnover per race (inflation adjusted \$2021)



Turning to the measure of turnover per race, we see that overall the code has been effective in increasing turnover per race year-on-year (about 2 per cent per annum in real terms). The greatest contributions to this increase have come from weekend racing events.

Thoroughbred training

Canterbury has become a more important area for training since 2016. The number of Canterbury-trained starters has increased by 25 per cent, while those from outside Canterbury have decreased.



North Canterbury and Greater Christchurch dominate the wider Canterbury area, with 85 per cent of starters trained in the area. Of Canterbury starters trained at racecourses in 2020/21, the numbers were:

- 268 at Riccarton
- 83 at Rangiora
- 71 at Timaru
- 27 at Ashburton.

Statement of issues – thoroughbreds

The issues identified for thoroughbreds are as follows:

- Rounding off the implementation of the Messara Report recommendations and tweaking where appropriate.
- Ensuring that Riccarton can develop as a hub with sufficient cash flow to maintain its assets, especially the synthetic track.
- Co-ordinating preferred venues with harness to ensure that venues can operate profitably.
- Professionalising racing activity.

Major cross-code issues

There were a number of cross-code issues needing to be addressed. We identified those issues as follows:

- Venue future – how many venues are needed? The venues where the views of multiple codes need to be taken into consideration are:
 - Rangiora
 - Ashburton
 - Oamaru
 - Timaru.
- Location of second greyhound track and capacity at Addington.
- Professionalisation of operations.
- Conversion of reserve land.

How many venues?

A particular issue for each of the codes is determining how many venues are needed to optimise the returns for the industry. There is not a straightforward answer as there are several criteria that need to be considered.

At a high level we need to consider how to ensure that we can **maximise the returns** to owners. We can do this by looking at the minimum number of venues needed to deliver the racing volumes needed to support current animal numbers, and then choose the most profitable venues to deliver those races.

Determining the most **profitable** venues is an exercise in looking a number of factors, including:

- **betting turnover** at that venue, adjusted for season, holidays, day of the week, etc
- **proximity to trainer location** (reduces costs of travel for trainers)
- **proximity to TAB infrastructure** (reduces costs to serve the venue)
- **capability of volunteer base** which can deliver, if effective, sponsorship monies, attendance income, etc.

Opportunities for trainers to operate at a track are an important consideration given the cost of land and also the need for animals to experience racing conditions.

The codes also need to consider **redundancy**, i.e. having the right mix of venues so that if one is taken out for repairs or because of an adverse event, there is an alternative racing venue.

Venue safety is an important consideration. Tracks where significantly more animals are injured than at others are adverse to the future of the codes.

Finally, the codes need to consider the public. Hosting a crowd helps with two objectives:

- First, hospitality receipts can be considerable and help to fund a club's activities.
- Second, over the long term it is important to bring new people into the industry who will be the punters of tomorrow.

There is also the matter of **option value**: a venue owned by the code can be converted to cash, which may be the better use of that venue if there is a good investment case for that capital.

Each of the codes has a slightly different calculus to consider.

- Greyhounds do not have public attendance in any meaningful sense and the venues are cheap to run. Proximity to trainers is important as well as opportunities for dogs of different abilities.
- Harness tracks are cheaper to maintain and require less space than thoroughbred tracks. Much training can take place away from existing venues.
- Thoroughbred tracks are expensive to maintain and are affected by weather conditions. Trainers require the use of a venue for practice.

Greyhound venue considerations

At present, greyhounds have a single venue in Canterbury, Addington, which we estimate is the busiest greyhound venue in Australasia. The calendar for 2021/22 has Addington hosting 200 race meets, meaning that in most weeks Addington hosts greyhound racing on Monday, Tuesday, Thursday and Friday, with a smattering of Sunday races throughout the year.

Looking at greyhound racing in Victoria, the busiest venue, Healesville, is scheduled to host 133 race meets for the 2021/22 season. Most venues in Victoria host around 100 races per annum.

The backup venues for Addington are located too far away to offer a meaningful replacement if racing cannot take place in Christchurch. Ascot Park is a 14-hour return drive from Christchurch (also the venue is less suited to most dogs, and is less attractive to online punters). For trainers, getting to the North Island venues would be uneconomic unless a satellite base could be set up there, an option available only to the biggest operations.

Taking into consideration the criteria of venue redundancy and proximity to trainers, the case for a second venue near Christchurch is very strong.

There are two additional considerations that the code may wish to take into account:

- Track shape (to address animal welfare concerns, provide opportunities for different dogs for racing, minimise costs, and provide an attractive proposition to punters).
- Possibility of working as a training location for new entrants to the industry.

These considerations will need further consideration as the business case for a second track is put together.

A cost-benefit analysis is not necessary at this stage to justify a second venue. Recent analysis shows that there is a positive return within a short period from investment into a greyhound track to add 60 race meets to the calendar. In this case the calculation is that there is a material risk of 200 race meets being removed from the calendar if Addington is out of action.

If the second venue is successful then consideration may want to be given to another track, with a different configuration, which could be located at an existing greyhound venue.

From the perspective of greyhounds racing there are three key elements at play:

1. Trainers are almost all located in Greater Christchurch and North Canterbury.
2. With the closure of Forbury Park and reduced schedule at Ascot Park, GRNZ's presence in Otago-Southland is greatly diminished. Establishing a track at Oamaru may help rebuild GRNZ's presence within this region with support from the Otago Greyhound Racing Club.
3. From the South Island perspective, GRNZ's current locations are geographically dispersed. It is a long way from Addington, Christchurch to Ascot Park, Invercargill.

Harness venue considerations

In the 2021/22 season there are 106 race meets planned to take place in the Canterbury region. Of those, 62 will be hosted at Addington, followed by 11 at Rangiora and 10 at Ashburton. Other venues host less than 10, and Kaikoura and Orari host only two racing meets each. On average, for the nine race courses there are just over 11 race meets scheduled. Excluding Addington, the average number of race meets per venue is five.

If we look across the Tasman to Victoria, in 2021/22 the average number of race meets per venue is 23.8. The busiest venue is Tabcorp Park in Melton with 82 race meets. Shepparton with 68 and Bendigo with 62 are other busy venues. Four venues have two or fewer race meets.

We suggest that the conclusion to take from this comparison is that there is not a one-size-fits-all approach. Some venues are very busy but the code in Victoria is comfortable with less busy venues, presumably on the basis of them making a contribution to the industry. The question is how to measure whether a venue is making a contribution.

From the overall sense of capacity and redundancy, it would clearly be possible to run existing racing activity with two venues on all-weather tracks; the obvious venues are **Addington** and **Ashburton**.

It is worth looking at the remaining venues and evaluating whether maintaining them on the calendar is worth it.

- **Kaikoura** hosts two meetings per year over a holiday weekend, which we note is the Marlborough regional holiday. Because Kaikoura is the only Canterbury venue that can make use of this date, there is no advantage to moving to another venue. The club is well-run with significant community support. Racing turnover is good. The venue is on reserve land and there is no financial advantage to closing it.
- **Rangiora** is well located for the North Canterbury catchment with adequate (although declining) turnover. The issue for Rangiora is that the harness code owns 5/12ths of the club and thoroughbreds have already decided to exit. Buying thoroughbreds out and reducing the footprint does not stack up as a business proposition as there is sufficient capacity elsewhere for trials.
- **Methven** and **Motukarara** are both grass track venues which outperform (though not spectacularly) the regional average for turnover when corrected for environmental factors. While Methven's performance has been flat, Motukarara has grown over the years. If the clubs are considered to be sustainable and the infrastructure is not costing too much to maintain, then these venues could be maintained.
- **Orari** has been in decline, although it ran a successful event in November 2020. The venue is not considered essential and some aspects, such as the need to cross a road, and the poor state of the stalls, are considered health and safety risks.
- **Oamaru** and **Timaru** are both dual code venues. We consider these elsewhere in the context of cross-code issues. Neither performs strongly, but Oamaru outperforms Timaru.

Thoroughbred venue considerations

Racing is scheduled to take place at four venues across Canterbury in 2021/22. These venues are Ashburton, Oamaru, Timaru and Riccarton. There are 42 race meets scheduled, or an average of 10.5 race meets per venue.

Looking at thoroughbred venues in Victoria in 2020/21, the average number of race meets per venue is 8.5. However, of the 65 venues there are 19 that host only a single race meet every year. The busiest venues are Pakenham with 37 race meets and Ballarat with 36.

As for harness racing, there is clearly an uneven distribution of racing with some venues providing the critical mass for the industry, while some smaller venues need to justify their existence on whether they can add value to the code at the margins.

It is clear that prior to the construction of the synthetic track there was a need to maintain a higher number of venues to ensure that tracks had sufficient time to recover between races and that a winter venue was available. Timaru was clearly useful in this respect; however, that capacity is not critical in the same way.

Because of the cost of maintaining track infrastructure, it is clear that it would be preferable to drop venues from the calendar unless a venue is fully able to fund the operating costs (track, additional travel costs, venue infrastructure).

The question arises as to how far to go and which venues to retain. Riccarton and Ashburton are the two frontrunners because of their proximity to the large horse populations in Greater Christchurch and North Canterbury.

It is difficult to justify both Oamaru and Timaru remaining as venues, but it might be possible for the clubs present at those venues to present a business case that retains one of them.

Greyhound-only options

The options for greyhounds to be considered in isolation are:

- Status quo – keep operating with Addington as the sole venue.
- Go to an RFP process and invite proposals from existing racecourses for hosting.
- Make the decision regarding the second track based on the location of existing dog trainers.

Further decisions will be required regarding the shape of the track and whether to facilitate training options for new entrant trainers to the industry.

Harness-only options

- Status quo – continue operations at Rangiora as sole tenant; licences continue to be granted at all venues.
- Two-venue option – limit operations to Addington and Ashburton.
- Two-venue-plus option – with sub-options:
 - retain Kaikoura, Methven, Motukarara and Orari
 - retain Kaikoura, Methven and Motukarara
 - retain Kaikoura and Motukarara.
- Addington relocates to a greenfield site – would require certainty that significant capital can be released from Addington sale, and that the New Zealand Trotting Cup would retain its cachet (unless alternative model chosen).

Thoroughbred-only options

- Thoroughbred-only options are limited as each of the venues where racing takes place – with exception of Riccarton – is a dual-code venue.
- The code has already made the decision to invest in Riccarton with the synthetic track and will need to build up horse numbers to maintain and replace the track in future.

5. Venue summaries (key statistics and betting performance)

For each of the venues

For each of the harness, thoroughbred and multicode venues*, we

- record key statistics on racing and training,
- set out betting performance: we compare a club's performance compared to other venues in New Zealand where at least four races have taken place over the analysis period in a category, standardising for:
 - code
 - day of the week
 - holiday weekend
 - peak/ off-peak period
- "score" on a range of criteria such as importance to wagering, trainers, or punters.

**No score or comparison of betting performance has been undertaken for greyhounds racing at Addington as there's only one venue for the code within the region.*

Venue summary – Rangiora

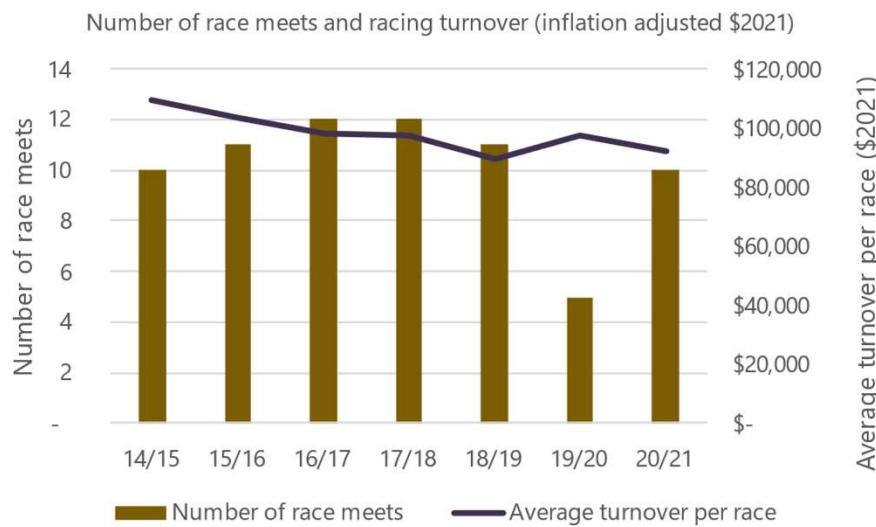
- **Value in exchange** – \$15m*, split \$8.75m to thoroughbreds, and \$6.25m to harness.
- **Racing activity** – no thoroughbred racing; 11 harness racedays, 356 harness trials and 148 harness workouts
- **Training activity** – 83 thoroughbreds were trained at Rangiora in 2020/21, a few pacers. Reservations about club management.
- **Club viability** – The course is supported by the community, with the harness club's Christmas at the Races event on December 19th attracting around 3,000 people. Maintenance and insurance costs are high however, and thoroughbreds wish to exit the venue.
- **Options** –
 - Status quo.
 - Harness acquires thoroughbred's interest; sell down of live zoned residential land.
 - Both codes sell down; possible plan change of rural zoned land to residential.



*Modelled is the value of selling the land under the current zoning under the proposed district plan. Future changes to zoning may significantly increase value.

Rangiora – wagering performance (harness)

Rangiora has hosted between 10 and 12 race meets per annum since 2014/15, with the exception of the Covid-affected 2019/20 year.



Betting turnover has declined in real terms over that period, but consistent with the rest of the code in Canterbury.

Looking at how Rangiora performs based on its allocated dates we find that it performs adequately, but not spectacularly.

Average turnover/race	Rangiora	New Zealand	Difference
Peak Fri/Sat/Sun	\$105,732	\$96,623	9%
Off peak Fri/Sat/Sun	\$91,655	\$90,054	2%
Off peak holiday	\$117,189	\$90,235	30%

Scoresheet:

Category	Comment	Score
Club balance sheet	Reasonable level of financial reserves	Yellow
State of infrastructure	Some asbestos contamination, which would be costly to remediate.	Red
Revenue from non-racing activities	Insignificant	Red
Special character - public attendance	Some but not highly significant	Yellow
Opportunity cost	Would likely contribute more to code from sale than by retention	Red
Wagering performance	Average wagering performance	Yellow
Proximity to training population	Well located for training populations, which have moved increasingly north	Green
Potential for hosting training and trialing	Plenty of space and capacity for training and trialling	Green
Indispensability for code	Important for trials and workouts at present, but not needed if alternative can be found	Yellow

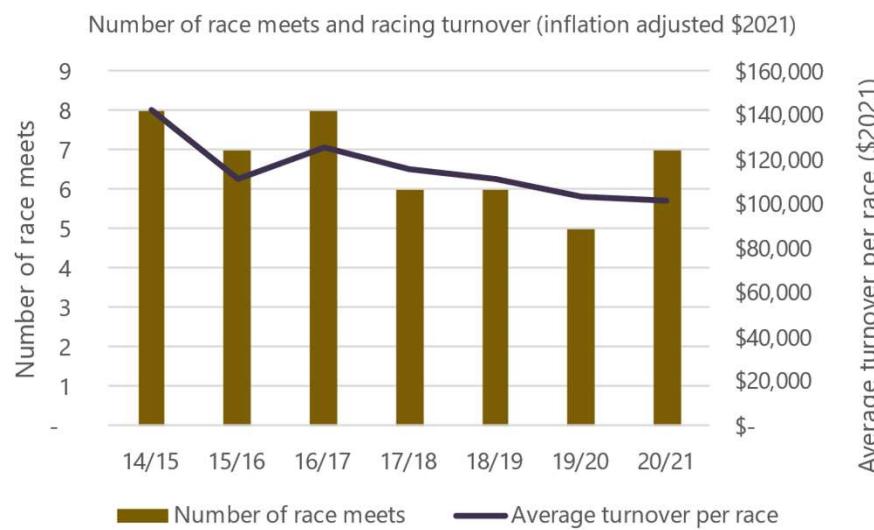
Venue summary – Ashburton

- **Value in exchange** – None. The track and facilities are positioned on reserve land.
- **Racing activity** – 10 harness meets; 7 thoroughbred meets scheduled in 2021/22, 242 harness trials and 55 harness workouts.
- **Training activity** – Little harness training, 27 thoroughbred horses trained at the grounds in 2020/21.
- **Club viability** – The clubs work well with each other. Keen to host a greyhound track.
- **Options** –
 - Status quo.
 - Add a greyhound track.
 - Develop training facilities.



Ashburton – wagering performance (harness)

Ashburton has hosted between six and eight race meets per annum since 2014/15, with the exception of the Covid-affected 2019/20 year.



Betting turnover has declined in real terms over that period, but consistent with the rate of decline experienced by the code across Canterbury.

As a harness venue, Ashburton tends to outperform the benchmark result.

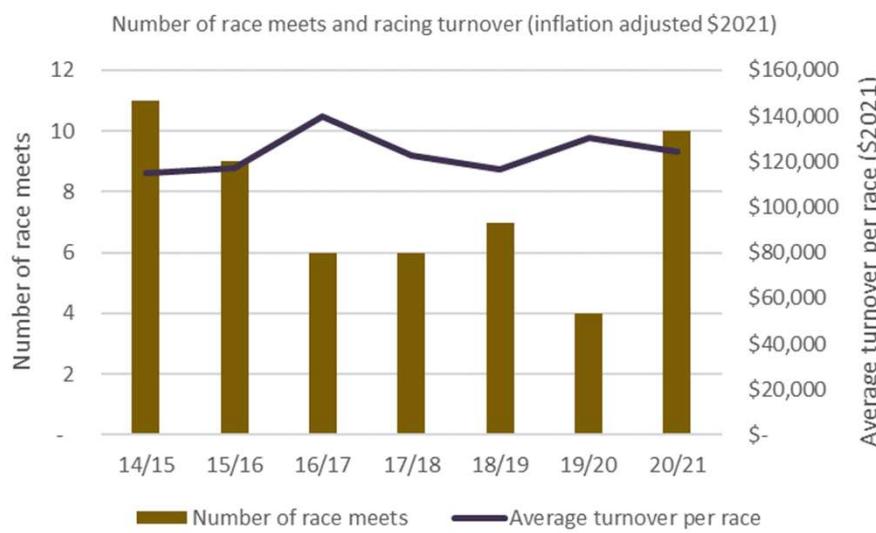
Average turnover/race	Ashburton	New Zealand	Difference
Peak weekday	\$111,935	\$78,269	43%
Peak holiday	\$137,497	\$118,078	16%
Off peak Fri/Sat/Sun	\$91,852	\$90,054	2%
Off peak holiday	\$138,364	\$90,235	53%

Scoresheet:

Category	Comment	Score
Club balance sheet	Good level of cash and investments	Green
State of infrastructure	In good condition	Green
Revenue from non-racing activities	Adequate	Green
Special character - public attendance	Not highly significant	Yellow
Opportunity cost	No sale value	Green
Wagering performance	Significantly above benchmark	Green
Proximity to training population	Close to Canterbury base	Green
Potential for hosting training and trialing	Has potential	Green
Indispensability for code	Of importance as second hub	Green

Ashburton – wagering performance (thoroughbreds)

Ashburton has hosted between six and 11 race meets per annum since 2014/15, with the exception of the Covid-affected 2019/20 year.



Betting turnover has stayed fairly consistent in real terms over this time period.

As a thoroughbred venue, Ashburton tends to underperform against the benchmark result.

Average turnover/race	Ashburton	New Zealand	Difference
Peak weekday	\$116,748	\$137,081	-15%
Peak Fri/Sat/Sun	\$150,465	\$169,409	-11%
Peak holiday	\$204,485	\$178,127	15%
Off peak weekday	\$101,955	\$118,504	-14%
Off peak Fri/Sat/Sun	\$109,779	\$155,676	-29%

Scoresheet:

Category	Comment	Score
Club balance sheet	No information available	Red
State of infrastructure	In good condition	Green
Revenue from non-racing activities	Unknown	Red
Special character - public attendance	Insignificant	Yellow
Opportunity cost	On reserve land	Green
Wagering performance	Below average wagering performance	Red
Proximity to training population	Close to horse population	Green
Potential for hosting training and trialing	Not strategic need for code	Yellow
Indispensability for code	Important because of location	Green

Venue summary – Addington

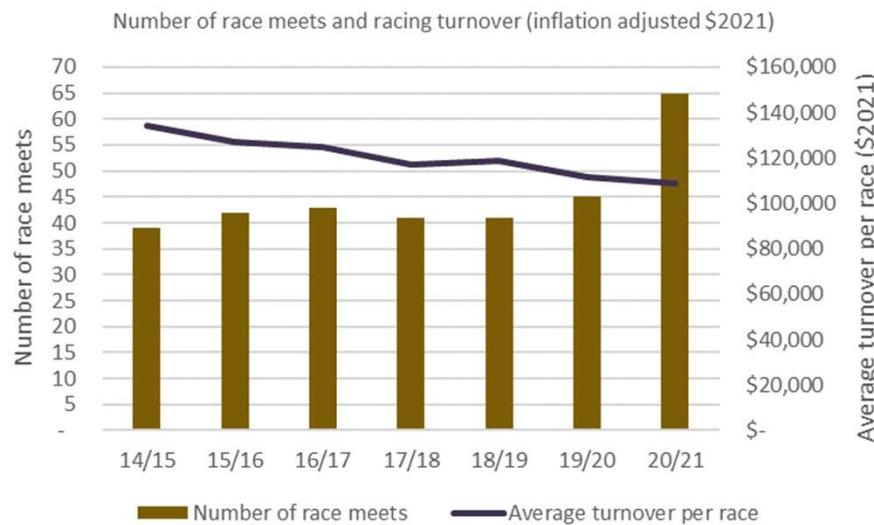
- **Value in exchange** – \$58m*
- **Racing activity** – 62 harness meets; 157 greyhound meets scheduled in 2021/22. 33 trials and three workouts are scheduled (all harness).
- **Training activity** – There is no training currently occurring at Addington.
- **Club viability** – NZ Metro Trotting club has a strong financial position, significantly diversified revenue streams, a well-paying tenant in Christchurch greyhound racing club and a large number of meet dates.
- **Options:**
 - Status quo.



*modelled is an estimate of costs associated with a private plan change and a mixed use development with sale occurring in 2032. \$58m value is the estimated sale price of \$70m discounted to the present at 2% per annum to account for inflation. Making predictions about property markets this far into the future carries significant uncertainty and this figure should be treated as a high-level estimate.

Addington – wagering performance (harness)

Addington has hosted between 40 and 65 race meets per annum since 2014/15.



Betting turnover has declined in real terms over that period, but consistent with the rate of decline experienced by the code across Canterbury.

As a harness venue, Addington tends to outperform the benchmark result, with strong outperformance in peak holidays in particular.

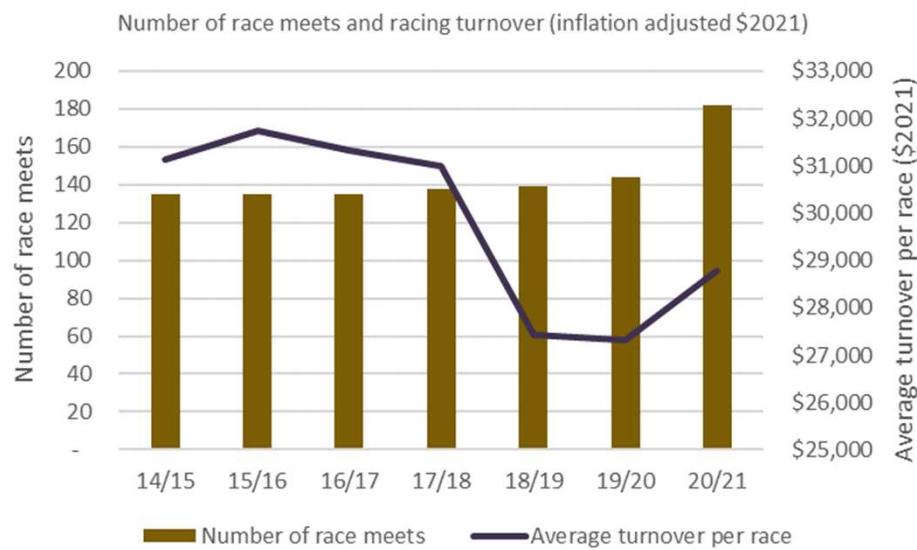
Average turnover/race	Addington	New Zealand	Difference
Peak weekday	\$95,198	\$78,269	22%
Peak Fri/Sat/Sun	\$102,893	\$96,623	6%
Peak holiday	\$438,518	\$118,078	271%
Off peak weekday	\$87,260	\$71,678	22%
Off peak Fri/Sat/Sun	\$102,529	\$90,054	14%
Off peak holiday	\$132,452	\$90,235	47%

Scoresheet:

Category	Comment	Score
Club balance sheet	Strong balance sheet but questions about whether returns are maximised	Green
State of infrastructure	Mixed: mostly good, but some buildings need a decision on future	Yellow
Revenue from non-racing activities	Good but could be better	Green
Special character - public attendance	Main event for Harness is hosted there; essential for code	Green
Opportunity cost	Needs to be continually reviewed	Yellow
Wagering performance	Solidly outperforms benchmark	Green
Proximity to training population	Good	Green
Potential for hosting training and trialling	Not suitable for training but trialling needs to be considered	Yellow
Indispensability for code	As a strategic venue that brings people it has long term value	Green

Addington – wagering performance (greyhounds)

Addington has hosted between 130 and 180 greyhound race meets per annum since 2014/15, with a steady upward trend over time.



Betting turnover per race has declined slightly in real terms over that period, from \$31,000 per race to \$29,000 per race in 2021 dollars

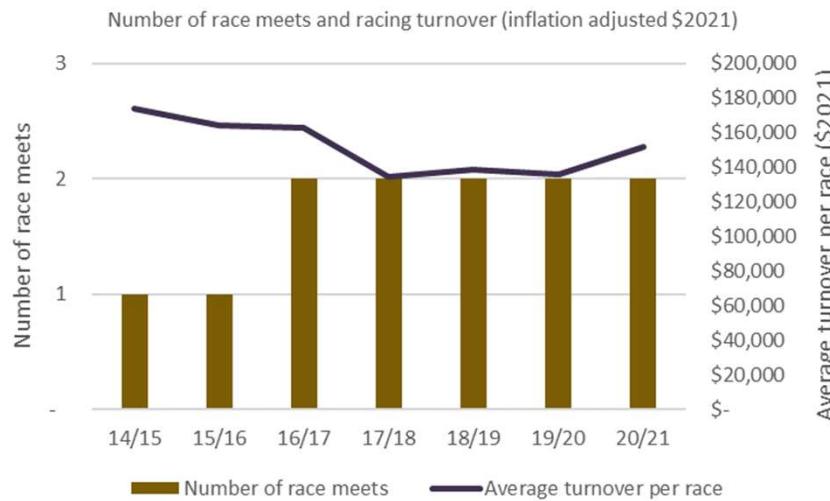
Venue summary – Kaikoura

- **Value in exchange** – None. The facilities and track are on reserve land.
- **Racing activity** – 2 harness meets scheduled in 2021/22. No trials or workouts.
- **Training activity** – Limited training occurs on site with three trainers using the track for training purposes during the 2020/21 season.
- **Club viability** – The club has an active group of volunteers and is effective at seeking additional revenue. The club is happy with its dates and would not have capacity for more.
- **Options:**
 - Status quo.
 - Transfer dates elsewhere.



Kaikoura – wagering performance (harness)

Kaikoura hosted one race meet per annum over the 2014/15 – 2015/16 seasons adding another race meet from 2015/16 onwards.



Betting turnover has declined in real terms over that period, but consistent with the rate of decline experienced by the code across Canterbury.

As a harness venue, Kaikoura tends to outperform the benchmark result.

Average turnover/race	Kaikoura	New Zealand	Difference
Peak Fri/Sat/Sun	\$124,792	\$96,623	29%
Peak holiday	\$160,965	\$118,078	36%

Scoresheet:

Category	Comment	Score
Club balance sheet	Reasonable level of financial reserves	Yellow
State of infrastructure	Adequate for needs; can be rented out	Yellow
Revenue from non-racing activities	Adequate for the size of the racecourse	Yellow
Special character - public attendance	Strong support from community and industry	Green
Opportunity cost	Important as a venue for bringing new people in; little gain in ceasing racing	Green
Wagering performance	Performs well for time of year and date	Green
Proximity to training population	Not good, not terrible	Yellow
Potential for hosting training and trialing	Very little	Red
Indispensability for code	As a strategic venue that brings people it has long term value	Green

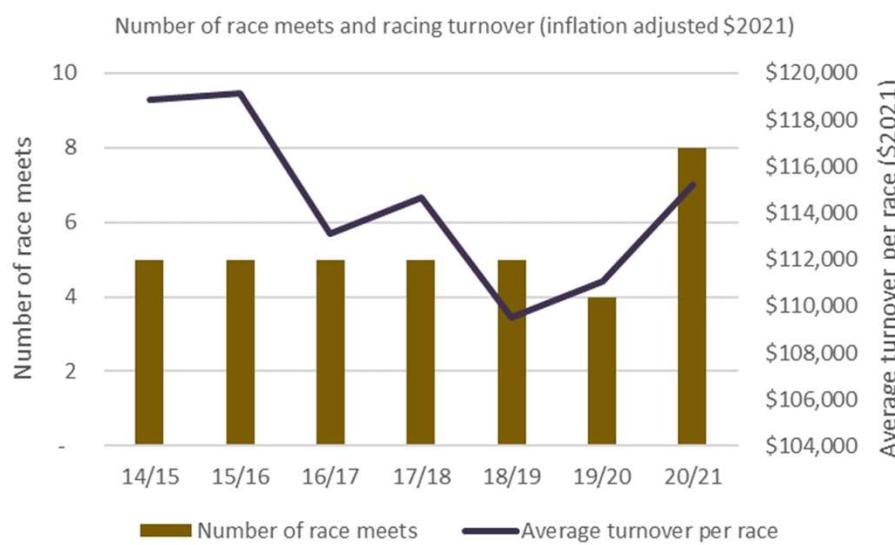
Venue summary – Methven

- **Value in exchange** – \$16m.
- **Racing activity** – 7 harness meets scheduled in 2021/22, 24 trials and 54 workouts scheduled for the 2021 calendar.
- **Training activity** – 15-20 trainers use the track annually.
- **Club viability** – The club has a strong financial position having recently sold down a number of residential sections. The club plans to complete residential development, reinvest the proceeds into the grounds and establish an investment fund to ensure a strong future financial position.
- **Options:** –
 - Status quo.



Methven – wagering performance (harness)

Methven has hosted between five and eight race meets per annum since 2014/15, with the exception of the Covid-affected 2019/20 year.



Betting turnover has declined in real terms over that period, but consistent with the rate of decline experienced by the code across Canterbury.

As a harness venue, Methven tends to outperform the benchmark result.

Average turnover/race	Methven	New Zealand	Difference
Peak Fri/Sat/Sun	\$124,631	\$96,623	29%
Off peak Fri/Sat/Sun	\$106,653	\$90,054	18%

Scoresheet:

Category	Comment	Score
Club balance sheet	Good level of cash and investments	Green
State of infrastructure	Reasonable: the club knows what is needed	Yellow
Revenue from non-racing activities	Good	Green
Special character - public attendance	Reasonable attendance, good track	Green
Opportunity cost	In club ownership, but little development potential	Yellow
Wagering performance	Good	Green
Proximity to training population	Reasonable proximity to Christchurch	Yellow
Potential for hosting training and trialing	Could be developed further	Yellow
Indispensability for code	Not indispensable, but grass track is generally popular	Yellow

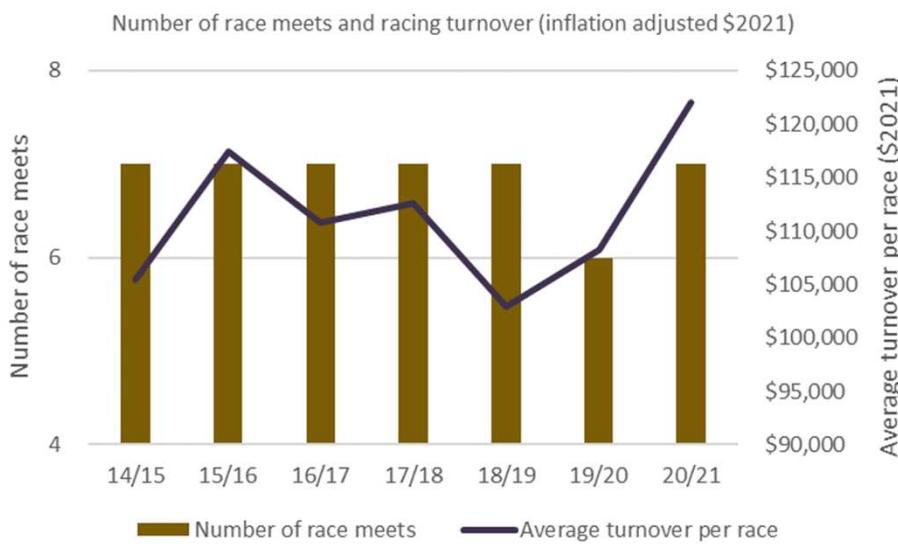
Venue summary – Motukarara

- **Value in exchange** – \$1.5m-\$2m. The facilities are on private property, the track is on reserve land.
- **Racing activity** – 7 harness meets scheduled in 2021/22. 80 workouts (all harness) and no trials scheduled for 2021/22.
- **Training activity** – Motukarara caters to a number of smaller trainers with an estimated 140 horses in training spread across 100 trainers during the 2020/21 season.
- **Club viability** – The jockey club has ceased utilising the track and facilities and has started the process of extricating itself from the joint venture. The harness racing club is motivated to pursue alternative revenue streams to increase sustainability of the venue over time.
- **Options:** –
 - Status quo.



Motukarara – wagering performance (harness)

Motukarara has hosted seven race meets per annum since 2014/15, with the exception of the Covid-affected 2019/20 year.



Betting turnover per race has fluctuated in real terms over that period, increasing slightly in recent years.

As a harness venue, Motukarara tends to slightly outperform the benchmark result.

Average turnover/race	Motukarara	New Zealand	Difference
Peak Fri/Sat/Sun	\$110,338	\$96,623	14%
Peak holiday	\$141,539	\$118,078	20%
Off peak Fri/Sat/Sun	\$100,226	\$90,054	11%
Off peak holiday	\$102,447	\$90,235	14%

Scoresheet:

Category	Comment	Score
Club balance sheet	Reasonable balance sheet, but can MSC be supported without thoroughbreds?	Yellow
State of infrastructure	The grandstand needs to be sorted; but other infrastructure is okay	Yellow
Revenue from non-racing activities	Acceptable	Yellow
Special character - public attendance	Adequate	Green
Opportunity cost	On reserve land; little advantage to selling	Green
Wagering performance	Outperforms benchmark across all date groupings	Green
Proximity to training population	Good	Green
Potential for hosting training and trialing	Reasonable potential with location and facilities	Green
Indispensability for code	Not indispensable, but grass track is generally popular	Yellow

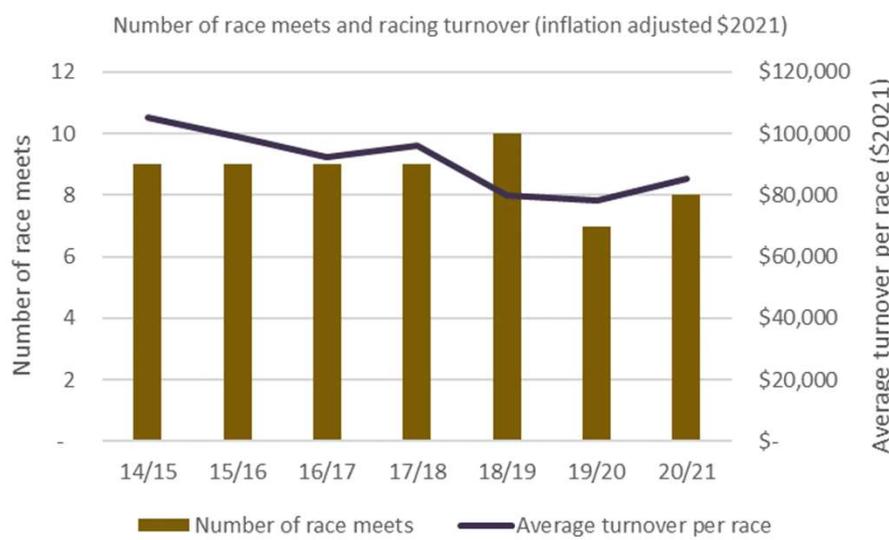
Venue summary – Oamaru

- **Value in exchange** – None. The track and facilities are on reserve land.
- **Racing activity** – 8 harness meets; 3 thoroughbred meets scheduled in 2021/22, 77 trials and 5 workouts (all harness).
- **Training activity** – 4 harness trainers based at track, 12 trainers use the track for fast work.
- **Club viability** – A number of issues of sustainability, including grandstand, and solvency of jockey club. Keen to host greyhounds.
- **Options** –
 - Status quo.
 - Exit.
 - Keep as bridge to Otago.



Oamaru – wagering performance (harness)

Oamaru has hosted between eight and 10 race meets per annum since 2014/15, with the exception of the Covid-affected 2019/20 year.



Betting turnover has declined in real terms over that period, but consistent with the rate of decline experienced by the code across Canterbury.

As a harness venue, Oamaru tends to perform close to the benchmark result.

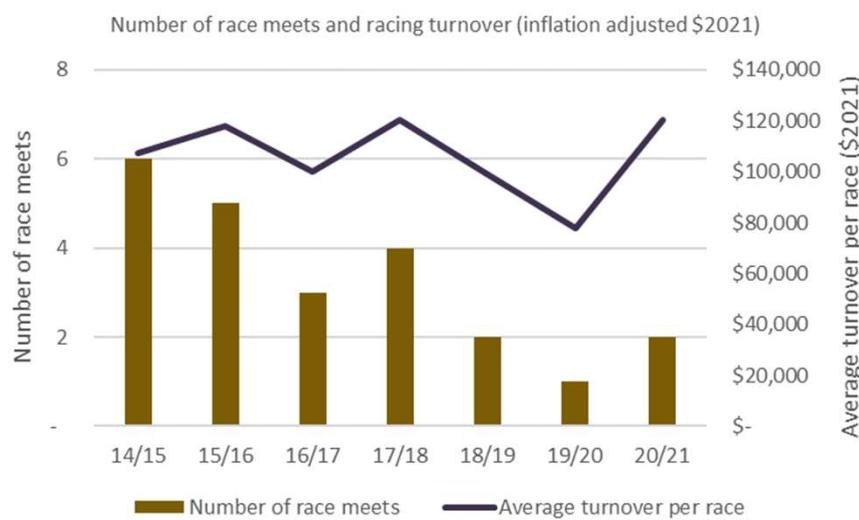
Average turnover/race	Oamaru	New Zealand	Difference
Peak weekday	\$88,286	\$78,269	13%
Peak Fri/Sat/Sun	\$96,189	\$96,623	0%
Off peak Fri/Sat/Sun	\$93,016	\$90,054	3%

Scoresheet:

Category	Comment	Score
Club balance sheet	Good level of cash and investments	Green
State of infrastructure	In moderate state	Yellow
Revenue from non-racing activities	Good	Green
Special character - public attendance	Not highly significant	Yellow
Opportunity cost	No sale value, reserve land	Green
Wagering performance	OK	Yellow
Proximity to training population	Some local horses but far from Christchurch	Yellow
Potential for hosting training and trialing	Not much more than at present	Yellow
Indispensability for code	Could be of use as a bridge but need to keep under review	Yellow

Oamaru – wagering performance (thoroughbreds)

Oamaru has hosted between two and six race meets per annum since 2014/15, with the exception of the Covid-affected 2019/20 year.



Betting turnover has fluctuated in real terms over that period, between \$80,000 - \$120,000 per race in 2021 dollars.

As a thoroughbred venue, Oamaru tends to underperform the benchmark result.

Average turnover/race	Oamaru	New Zealand	Difference
Peak weekday	\$77,839	\$137,081	-43%
Peak holiday	\$96,042	\$178,127	-46%
Off peak weekday	\$99,576	\$118,504	-16%
Off peak Fri/Sat/Sun	\$119,751	\$155,676	-23%

Scoresheet:

Category	Comment	Score
Club balance sheet	Insignificant	Red
State of infrastructure	Moderate state	Yellow
Revenue from non-racing activities	Insignificant, but supported by harness club	Yellow
Special character - public attendance	Insignificant	Yellow
Opportunity cost	No sale value, reserve land	Green
Wagering performance	Not great, underperforms vs benchmark	Red
Proximity to training population	Not relevant	Red
Potential for hosting training and trialing	Not relevant	Red
Indispensability for code	Possibility as a bridge; needs to be monitored	Yellow

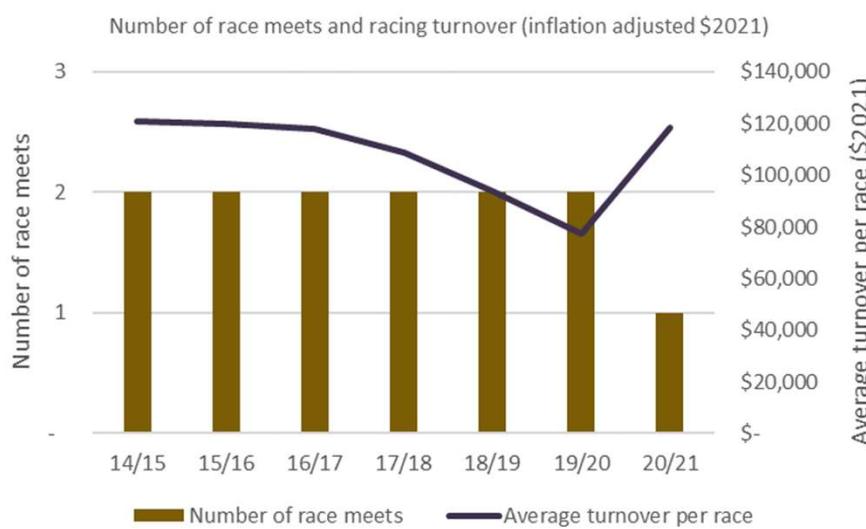
Venue summary – Orari

- **Value in exchange** – None. The track and facilities are on reserve land.
- **Racing activity** – 2 harness meets scheduled in 2021/22. 17 trials and 9 workouts are scheduled (all harness).
- **Training activity** – 4 trainers used the facilities during the 2020/21 season.
- **Club viability** – The club has a solid financial position though may struggle to meet long-term maintenance costs without additional dates. The infrastructure poses health and safety risks however, as horses need to travel across the road from stabling area to race.
- **Options:** –
 - Status quo.
 - Divest.



Orari – wagering performance (harness)

Orari has hosted two race meets per annum since 2014/15, with the exception of the 2020/21 season.



Betting turnover has declined in real terms over that period, slightly faster than the rate of decline experienced by the code across Canterbury. Turnover per race notably increased sharply when the number of race meets fell to one per annum.

As a harness venue, Orari tends to outperform the benchmark result.

Average turnover/race	Orari	New Zealand	Difference
Peak Fri/Sat/Sun	\$118,798	\$96,623	23%

Scoresheet:

Category	Comment	Score
Club balance sheet	Adequate level of cash and investments	Yellow
State of infrastructure	Costly to maintain, but in adequate condition	Yellow
Revenue from non-racing activities	Average	Yellow
Special character - public attendance	Reasonable for time of year	Yellow
Opportunity cost	No sale value	Green
Wagering performance	Good	Green
Proximity to training population	Not considered an option	Red
Potential for hosting training and trialing	Reasonable proximity to Christchurch	Yellow
Indispensability for code	Not indispensable	Red

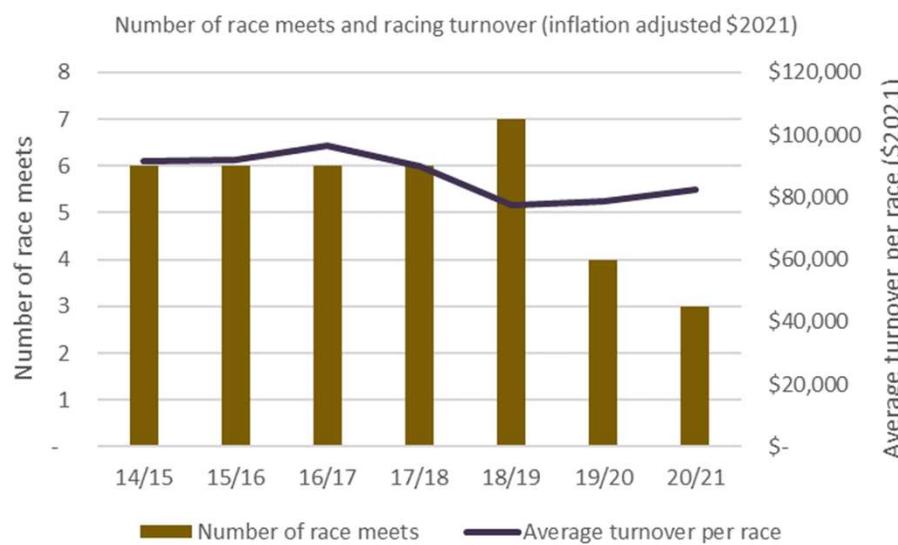
Venue summary – Phar Lap

- **Value in exchange** – None. The track and facilities are on reserve land.
- **Racing activity** – 4 harness meets; 4 thoroughbred meets scheduled in 2021/22. No trials or workouts.
- **Training activity** – South Canterbury has diminished as a training area for standardbreds over the past five years, with little training activity at Timaru. Seventy-one thoroughbred horses used the track for training in 2020/21.
- **Club viability** – Clubs are active and work well together, but with insufficient dates to ensure sustainability of venue over time.
- **Options:**
 - Same as for Oamaru.



Phar Lap – wagering performance (harness)

Phar Lap has hosted between three and seven race meets per annum since 2014/15, with the exception of the Covid-affected 2019/20 year.



Betting turnover has declined slightly in real terms over that period, but consistent with the rate of decline experienced by the code across Canterbury.

As a harness venue, Phar Lap tends to perform similar to the benchmark result.

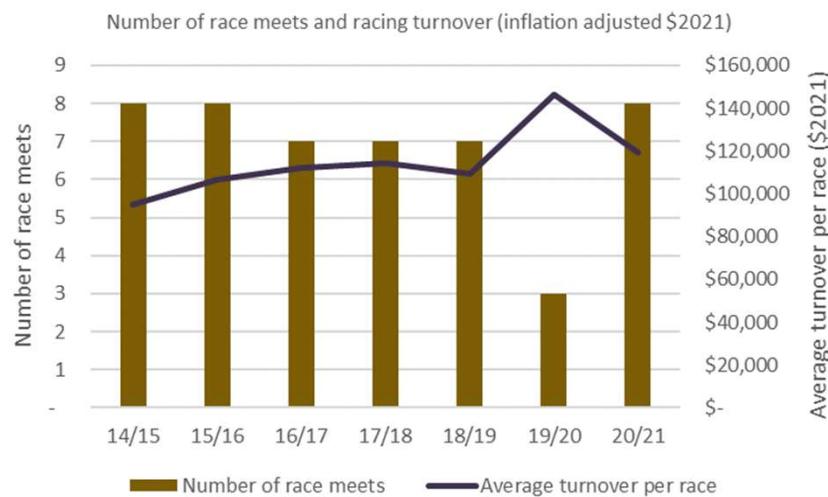
Average turnover/race	Phar Lap	New Zealand	Difference
Peak weekday	\$72,064	\$78,269	-8%
Peak Fri/Sat/Sun	\$92,141	\$96,623	-5%
Off peak Fri/Sat/Sun	\$88,241	\$90,054	-2%

Scoresheet:

Category	Comment	Score
Club balance sheet	Good level of cash and investments	Green
State of infrastructure	No great concerns	Green
Revenue from non-racing activities	Notable	Green
Special character - public attendance	Insignificant	Yellow
Opportunity cost	No sale value	Green
Wagering performance	Not great	Red
Proximity to training population	Too far	Red
Potential for hosting training and trialing	Has potential but requires that it be developed as a training base, which is unlikely	Yellow
Indispensability for code	Not indispensable	Red

Phar Lap – wagering performance (thoroughbred)

Phar Lap has hosted between seven and eight race meets per annum since 2014/15, with the exception of the Covid-affected 2019/20 year.



Betting turnover has increased steadily in real terms over this period, growing from \$95,000 to \$120,000 per race in 2021 dollars.

As a thoroughbred venue, Phar Lap tends to underperform the benchmark result.

Average turnover/race	Phar Lap	New Zealand	Difference
Peak Fri/Sat/Sun	\$116,675	\$169,409	-31%
Peak holiday	\$165,911	\$178,127	-7%
Off peak weekday	\$101,869	\$118,504	-14%
Off peak Fri/Sat/Sun	\$99,976	\$155,676	-36%
Off peak holiday	\$82,131	\$161,327	-49%

Scoresheet:

Category	Comment	Score
Club balance sheet	Reasonable level of financial reserves	Green
State of infrastructure	No great concerns	Green
Revenue from non-racing activities	Notable	Green
Special character - public attendance	Insignificant	Yellow
Opportunity cost	On reserve land	Green
Wagering performance	Not great, significantly underperforms against the benchmark	Red
Proximity to training population	Some training	Yellow
Potential for hosting training and trialing	Potential for more training, but still distance from where racing is taking place.	Yellow
Indispensability for code	Not indispensable	Red

Venue summary – Riccarton

- **Value in exchange** – None. The racecourse is on reserve land.
- **Racing activity** – 28 thoroughbred meets scheduled in 2021/22.
- **Training activity** – With the arrival of the synthetic track, 250 horses trained at Riccarton Park in the 2020/21 season. There is significant capacity for increased training activity.
- **Club viability** – The club has a strong financial position and diversified income streams. Sustainability questions may arise over the recently installed synthetic track if the number of horses in training cannot be increased.
- **Options:**
 - Status quo.
 - Improve training infrastructure.



Riccarton – Synthetic track requirements

Maintenance requirements

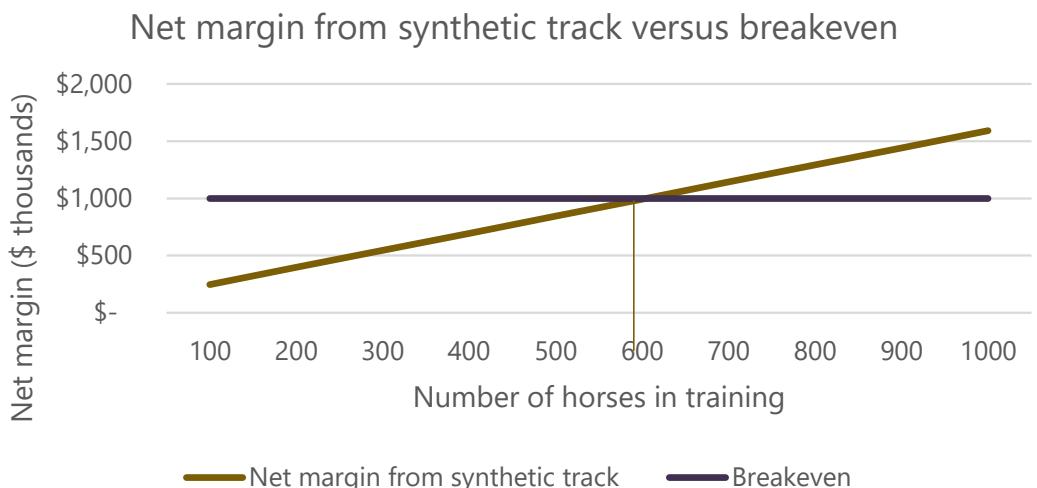
There is a question about what Riccarton needs to generate in cash flow to maintain the synthetic track. Synthetic tracks need to be replaced every 10 years, and there is also mid-life renewal needed at some point before that. We estimate that it will be necessary to generate about \$1m per annum in cash flow from industry days, training, and trials.

Estimated training numbers

Currently with only 250 horses in training our view is that there is insufficient activity. Our modelling indicates that an increase to 600 horses in training, plus sustaining 12 trial days and 12 industry days, that Riccarton could return just under \$1m in net margin. Of this, just under \$0.5m would come from training activities (once direct costs have been deducted). Without the contribution from horses being trained it will be necessary to source a top-up from elsewhere.

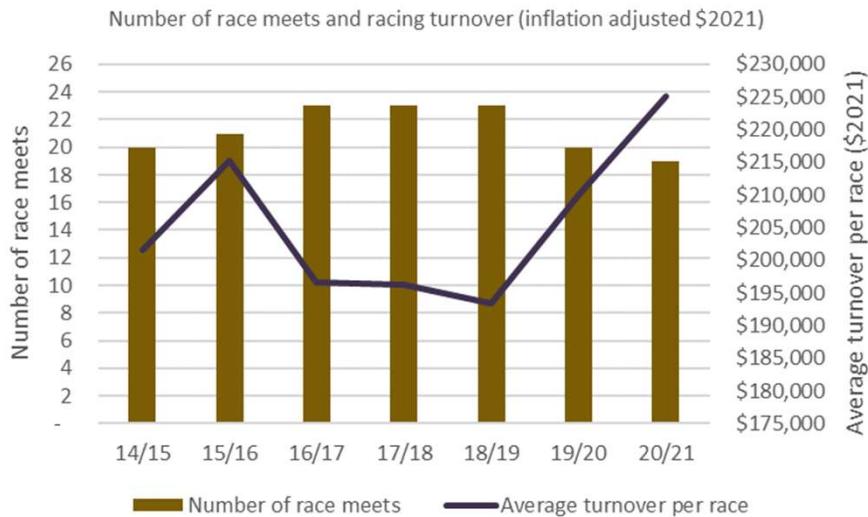
The cost of hedging

The risk of not being able to recruit enough trainers means that Thoroughbreds may be tempted to keep open the possibility of returning to closed racecourses if there is a possibility that the synthetic is not replaced. However, keeping open this option is costly and could be an unwelcome diversion of resources. For the moment Thoroughbreds should focus on the success of Riccarton and look to rerun the numbers in about eight years.



Riccarton – wagering performance (thoroughbreds)

Riccarton has hosted between 19 and 23 race meets per annum since 2014/15.



Betting turnover has fluctuated in real terms over that period, increasing steadily in recent years.

Riccarton performs as expected vs the benchmark in most periods, while significantly outperforming during holiday meets.

Average turnover/race	Riccarton	New Zealand	Difference
Peak weekday	\$147,758	\$137,081	8%
Peak Fri/Sat/Sun	\$162,022	\$169,409	-4%
Peak holiday	\$354,186	\$178,127	99%
Off peak weekday	\$119,745	\$118,504	1%
Off peak Fri/Sat/Sun	\$166,650	\$155,676	7%
Off peak holiday	\$246,062	\$161,327	53%

Scoresheet:

Category	Comment	Score
Club balance sheet	Reasonable level of financial reserves	Green
State of infrastructure	Grandstand needs work	Yellow
Revenue from non-racing activities	Important revenue from feature day	Green
Special character - public attendance	Very important for thoroughbred racing in South Island	Green
Opportunity cost	On reserve land	Green
Wagering performance	Average - good wagering performance with stand-out outperformance vs benchmark during holiday events	Yellow
Proximity to training population	Well located for training with synthetic track	Green
Potential for hosting training and trialling	Plenty of space and capacity for training and trialling	Green
Indispensability for code	Very important for viability of code	Green

6. Options identification and assessment criteria

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Each code has specific success criteria

In the *short to medium term*:

- **Greyhounds** require a backup for Addington that is close to where the existing dog populations are located.
- **Harness** needs to reduce its cost base where feasible, and to finalise arrangements at Motukarara and Rangiora with Thoroughbreds.
- **Thoroughbreds** need to support the investment into the synthetic track at Riccarton and put it on a sustainable footing; and reduce its cost base where feasible.

- **Harness** should look at providing opportunities for new trainers and ensuring that Addington, its flagship venue, is meeting the needs of the code.

- **Thoroughbreds** will need to continue to evaluate its operations to ensure that there is critical mass in Canterbury. Any operations outside of Canterbury need to be considered in light of whether they add to or detract from the industry.

For *long-term success*:

- **Greyhounds** must look at getting new trainers into the sport and ensure that the track infrastructure is conducive to meeting obligations required to keep their social licence.

Options are becoming clear

We assume that the codes make their own decisions around venues where there are no cross-code issues: Kaikoura, Orari, Methven, Riccarton and Addington. It is clear both harness and thoroughbreds maintain a major venue close to Christchurch.

Harness and thoroughbreds need to co-operate on Rangiora, Ashburton, Timaru and Oamaru, while also needing to attend to an issue over the Motukarara Sports Centre.

We have recommendations around professionalisation of the operations as complementary to the decision on venues.

Deciding on the location of a second greyhounds venue is an influencing factor but which will probably follow the harness and thoroughbreds lead, unless a tie-breaker is needed.

We make it clear that our recommendations are intended to cover the next five-year period. After that it will be necessary to:

- Continue to evaluate Addington and assess whether a greenfield would best deliver the harness code's requirements.
- Assess on a regular basis the footprint of the industry, removing unneeded venues if needed.
- Assess the performance of the synthetic track at Riccarton and decide on whether its replacement is financially viable.

How we assess the options

Quality
product for
wagering

Owners'
return is
optimised

Venues are
sustainable
and
resilient

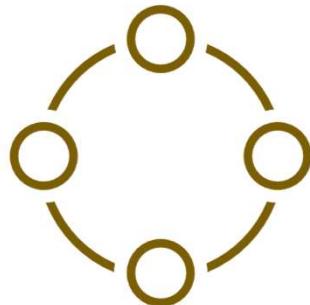
Social
licence

Assessment criteria

Criteria	Description
A quality product for wagering	<ul style="list-style-type: none">The consistency of the product supplied, meaning races happen at the right times, the races are competitive, and the quality of the racecourses is high.An increase in the stakes paid per race. Larger stakes increase the quality of animals participating, increase the consumer betting confidence and provide a stronger return to owners.Attractiveness to international markets.
Owners' return is optimised	<ul style="list-style-type: none">Stakes increase over time.Costs to participants are reduced (e.g. from travel) and training opportunities are provided.There is consistency of decision making and long-term certainty of dates to support investment.

Criteria	Description
Venues are sustainable and resilient	<ul style="list-style-type: none"> • The venues have a sufficiently robust and relevant operating model with diverse revenue streams and less or no reliance on industry funding. • Course infrastructure is fit for purpose and there is a high-quality asset management plan for renewal or removal of legacy infrastructure. • There are quality facilities for trainers. • There is close, co-operative interaction with owners, tenants and visiting clubs.
Social	<ul style="list-style-type: none"> • Animals are kept safe and travel distances are minimised. • Courses are safe and supervision is appropriately detailed. • Venues create other event opportunities and embed themselves in their communities. • Volunteering and its community pay-off is supported.

Option 1: status quo



We developed a range of options, the first of which is to keep on doing what is currently being done. This is the status quo option.

- Codes continue to incur high fixed costs when there is significant excess capacity, the cost of which is a detriment to industry profitability.
- Some venues may fail, which will leave pieces that need be picked up by the central administration at inopportune times.
- Rangiora continues its uneasy existence.

Option 2: the two-hub model



- Each of the codes maintains its Christchurch base with one other Canterbury venue as a minor hub, which will be a tri-code venue. Harness will likely continue to race at two or three other special character venues.
- The logical venue for the subsidiary hub is Ashburton because of its proximity to Christchurch.
- This option will entail the removal of licenses from Oamaru, Timaru, and Rangiora and careful thinking about how to maximize the option value of those venues.

Option 3: the two-hub model “plus one”



As the two hub model but with one of Oamaru or Timaru continuing to operate. The main reason to retain one of these venues is to bridge the gap between Canterbury and Otago.

- It is possible to develop this option as a stop-gap to see how things proceed following the closure of Rangiora and the centralisation of operations in South-Canterbury and North Otago and make a final decision in a few years?
- The location of the greyhound track may be a factor here, but greyhounds would need 10 years of certainty (on the basis of needing to cover the cost of capital over that period) before investing in a second track at Timaru or Oamaru.

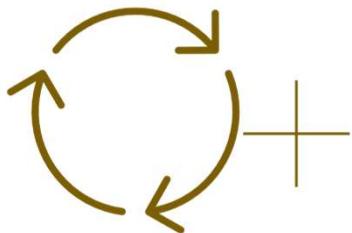
Option 3: Oamaru or Timaru?



There is a question as to which of Oamaru or Timaru makes more sense for the industry. There are multiple considerations.

- Timaru is closer to where horses are trained in Greater Christchurch and North Canterbury. It also has a good working relationship between the two codes.
- Post-closure of Forbury park, a large number of southern trainers have relocated north, re-establishing themselves around Oamaru. Oamaru is superior for harness from a training perspective.
- Oamaru is located closer to Otago and Southland and offers a better mid-way point for cross regional meetings. It performs better than Timaru as a harness venue. The thoroughbred club at Oamaru is not in a strong position, however.
- Oamaru presents option value to Greyhounds, with the possibility of the Otago Greyhound Racing Club choosing to re-base there. However, most dogs will continue to travel from the greater Christchurch area unless significant change takes place.
- We note that the NZTR venue plan intends the retention of Oamaru and for Timaru to cease racing. The Messara report intended the closure of both.
- We suggest that the codes work with the clubs, making it clear that only one venue is needed and invite them to put forward a joint proposal. On the basis of the analysis contained within, and produced in conjunction with, this report, our recommendation is to retain Oamaru and close Timaru.

Sub-options for harness



There are more harness venues and more complex sub-options (options following on from the main decisions).

Sub-option A: Retain Kaikoura, Methven, Motukarara and Orari (and keep both Timaru and Oamaru regardless of thoroughbred decision)

- Our view: this option would be expensive and involve a higher cost to the Harness code than at present which would be unacceptable

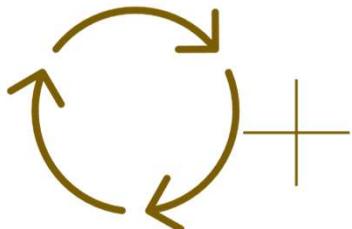
Sub-option B: Reduce to minimum track requirement – Kaikoura and Motukarara.

- Our view: this option goes too far at this point; it is not clear that there is sufficient capacity at Addington and Motukarara at present.

Sub-option C: Retain Kaikoura, Methven, and Motukarara

- **Our view: this is the preferred option for the immediate future to strike the right balance**

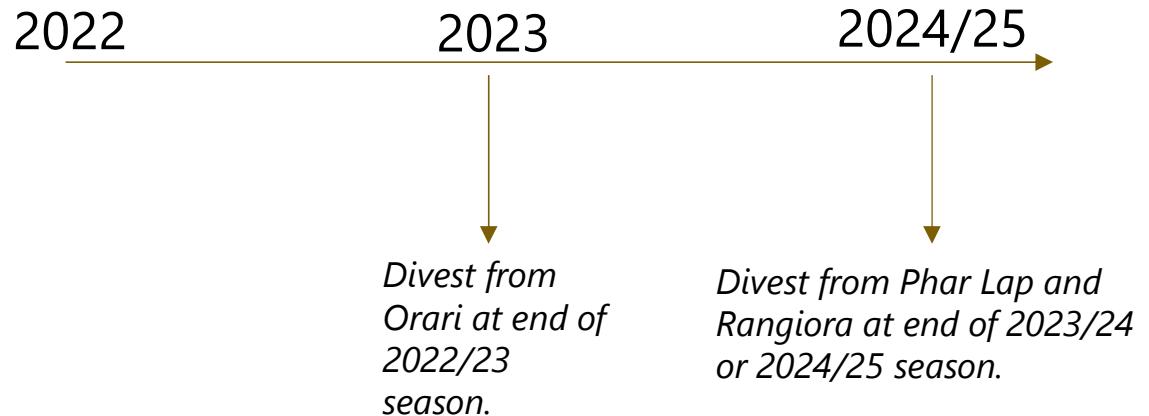
Sub-options for harness – preferred



Our preferred option is as follows:

- We assume that Addington and Ashburton are a given for retention and that a joint decision will be made on Rangiora and a preference for Oamaru or Timaru. Our recommendation is to retain Oamaru and divest from Rangiora, reinvesting the proceeds elsewhere in the region.
- Kaikoura should stay because of its special character, which makes its retention a net benefit to the industry.
- Methven and Motukarara remain
- Orari to close at the end of the 2022/23 season.

Suggested divestment timeline



7. Option scoring and conclusion

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Our conclusion – Option 3 with caveats

The options scoring below reveals a few clear messages:

1. The status quo (option 1) is the least preferred option for all codes, but for different reasons. For greyhounds the major issue is around venue resilience; for harness the main issues are owners' return and sustainability of some venues; and for thoroughbreds the biggest issue is the sustainability of Riccarton and funding the ongoing maintenance of the synthetic track.
2. Option 2 (the two-hub model) is the narrowly preferred option for both thoroughbreds and harness, but greyhounds is indifferent (on the grounds that it makes little sense presently to locate a track at a greater distance from existing dog populations).
3. Option 3 (the two-hub "plus-one" model) scores marginally below option 2, but it does retain options for the codes which may turn out to be of importance in the medium term.

The major question for harness and thoroughbreds is what it would take to bridge the gap between options 2 and 3, because the difference is not large.

The issue comes down to whether a further venue – in this case Oamaru or Timaru – adds or subtracts from industry sustainability. Having had regard to each venue's characteristics, it seems that the arguments for retention come down to three: proximity to Otago-Southland, ability of clubs to generate income not otherwise available, and possibility of hosting training in an area where land is

cheaper. Other criteria (special character, wagering performance) do not distinguish these two racecourses materially.

In terms of the criteria where there are differences to consider:

- **Proximity to Otago-Southland** – the argument of some stakeholders is that the retention of one of these venues is an attractive proposition as a meeting point between Canterbury and the southern regions. Thus, the retention of a track improves the position for trainers based further south.
- **Generating income** – Oamaru has traditionally done a good job at generating additional revenue streams. Timaru also generates some revenue.
- **Training base** – Oamaru has some pull as a training venue for harness. Timaru has thoroughbreds. However, thoroughbred training at Timaru is not in the strategic interests of the code as horse numbers at Riccarton need to increase.

Conclusion:

In our view option 3 (a two hub "plus one" model) makes the most sense at least in the short term, with caveats. An interim decision to leave one of Oamaru or Timaru operating may allow the codes to observe how the dust settles once other clearer-cut decisions are taken. A watching brief would be put on the remaining venue to monitor its success as a bridging venue, its ability to nurture a training population, and the development of additional non-racing revenue streams that justify its maintenance as a venue.

Preferred option – strawman

Ashburton becomes a subsidiary hub, and a tri-code venue with the development of a second greyhound track.

Rangiora is wound up and the codes use the proceeds to invest in measures to help sustain racing in Canterbury.

Orari is closed as a harness venue at the end of the 2022/23 season. The harness footprint is kept under review.

The Oamaru and Timaru clubs are requested to make proposals for the future of racing in North Otago and South Canterbury. Oamaru is preferred at this stage.

Oamaru versus Timaru

There is an inevitable question that needs to be put as to which of Oamaru or Timaru best meets the needs of the codes. The decision is not clear cut as there are several criteria and associated questions that need to be considered.

First we need to consider the necessary conditions. That is, based on the likely calendar dates that the codes would make available, are the venues capable of hosting the racing activity in the sense that the tracks at those times of year are suitable, and the clubs have the capability to host?

- *Our view: the weak link in the chain is the Oamaru Jockey Club, which has small reserves and whose racedays have not been particularly successful. The Timaru clubs assert that their tracks are suitable in all weather and are superior to Oamaru.*

Second, we look at the opportunity costs. What is the value of the venues in alternative use?

- *Our view: both venues are on reserve land. It has yet to be tested whether the codes can draw some sort of dividend by putting the land to work in an alternative sense. It may be possible to retain some sort of training facility, but this is less valuable to the thoroughbred code.*

Third there is the question of whether the clubs can generate non-wagering revenue to meet the fixed costs of operating.

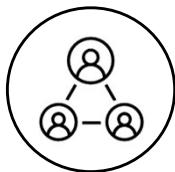
- *Our view: if a venue can generate sufficient non-wagering revenue (e.g. ticket sales, venue hire, training fees, hospitality, recreation and camping fees) to cover the fixed operating costs of a venue, then that weakens the rationale for removing licences from a venue as there is limited payoff from moving away from that venue. It might be possible to put a challenge to the venues that it is necessary for them to self-finance the maintenance of the venues over time.*

Fourth the codes need to consider the costs of other parties, the TAB and trainers in particular. Industry profitability can be enhanced if costs can be reduced.

- *Our view: looking at the venues it can be reasonably determined that because of Timaru's proximity to the Canterbury training base then there is an advantage to it. However, Oamaru is a fillip for the Otago Southland regions, and improves profitability for southern trainers, which is strategically important to the code.*

Conclusion: The decision on which venue meets the codes needs best is finely balanced. What tips the scales in favour of Oamaru is its proximity to Otago Southland, which acts to improve profitability for those trainers based there.

We make five further recommendations that apply to all options.



Professionalisation of the code operations should be further developed. Each venue needs to have a comprehensive asset management plan. Shared operations (e.g., finance) should be encouraged. Venues outside Addington and Riccarton could be operated as spokes of a hub. The club role should be limited to event promotion and presentation formalities.



The second greyhound track should complement the two-turn configuration at Addington and should ideally be close to where trainers are based. A straight track or some other configuration that meets high standards of animal welfare is preferable. Facilitating entry of new trainers should be considered for this second venue (e.g., by allowing dogs to be kennelled at the venue).



Harness should reduce to a smaller footprint but ensure that its character venues are retained, which attract new punters and are considered an enjoyable activity for trainers and owners. Each code should consider whether it is necessary to invest in infrastructure that encourages new trainers.



Both Addington and Riccarton need to be monitored carefully. Event revenue is important to their sustainability. Their future as successful venues relies on generating sufficient cashflow to maintain assets. Addington in particular needs a formal review between five and ten years from now.



Where the codes are no longer racing on reserve land, consideration should be given to maximising the potential return to the industry from exiting those venues. At one end of the spectrum this could mean generating goodwill with the local community, and, at the other, getting agreement to generate some sort of tangible return if the local council and other key stakeholders are amenable to revision of the legal terms.

The following scores were informed by a tri code workshop

Option 1 – Status quo – scoring

Category		Greyhounds	Harness	Thoroughbreds
Quality product for wagering	Score (1=poor, 10 = excellent)	8		
	Explanation	The two turn track at Addington is attractive for punters and performs well.	There is a good variety of racing; performance is above average in general, but some venues could perform better.	Venues perform as expected on the whole with some weaker performances.
Owner's return is optimised	Score	9		
	Explanation	A single venue close to dog populations keeps costs down for owners.	Some venues require additional travel for trainers; maintaining too many venues keeps costs high and restricts possible returns.	Maintaining additional venues which do not enhance the industry return is restricting returns to owners.
Venues are sustainable and resilient	Score	2		
	Explanation	Having a single venue without a backup presents too much of a risk.	Trying to maintain the current level of infrastructure will bleed resources.	Question mark of whether there is sufficient turnover at Riccarton to maintain synthetic track; problem of excess capacity.
Social licence/ community support	Score	4	8	8
	Explanation	Proximity to trainers is good; but Greyhounds has a number of issues to contend with that are not Canterbury-specific but which will require the right decisions to be made in Canterbury.	The current racing footprint is expansive and provides many communities access to racing.	Each club is keen to keep operating at its own venue.
Overall score		23	21	22

Option 2 – 2 hub scoring

Category		Greyhounds	Harness	Thoroughbreds
Quality product for wagering	Score (1=poor, 10 = excellent)	10	8	8
	Explanation	An additional track offers more options for punters.	More racing at preferred venues; especially if investment in the right places.	More racing at preferred venues, although some questions about attraction of synthetic.
Owner's return is optimised	Score	8	8	8
	Explanation	Costs of operating two venues will reduce returns somewhat, however lower returns are offset by greater certainty.	Two hubs close to horse populations and increased investment in remaining courses will benefit owners; trials need to be hosted away from Rangiora.	Two hubs will reduce costs; however some trainers may exit on the basis of their preferred venue not being maintained - risk needs to be managed.
Venues are sustainable and resilient	Score	8	6	7
	Explanation	Some risks to manage with a larger footprint; however resilience improved greatly.	Ongoing risks around Addington.	Can Riccarton generate sufficient training activity to fund maintenance of the synthetic track?
Social licence/ community support	Score	6	7.5	7.5
	Explanation	Greyhounds will need to work hard to maintain community trust.	Some stakeholders will be upset; link to Otago will be stretched.	Goes further than the current venue plan, which will disappoint; disappointment for volunteers.
Overall score		32	29.5	30.5

Option 3 – “2 hub + one” scoring

Category		Greyhounds	Harness	Thoroughbreds
Quality product for wagering	Score (1=poor, 10 = excellent)			
		10	7.5	8
Owner's return is optimised	Explanation	Same as option 2.	The additional venue is probably less attractive than racing at the alternative.	No strong improvement on option 2.
	Score			
Venues are sustainable and resilient		8	6	6.5
	Explanation	Option of moving further south remains a possibility, which has costs and benefits.	The horses are located close to Christchurch, a venue further south costs more for owners. Necessary to develop a large training population further south to justify.	A venue further south is distant from where horse populations are, which reduces net returns to owners when they race there.
Social licence/ community support	Score			
		8	5	6.5
	Explanation	Same as option 2.	Higher operating costs required to maintain the larger number of venues increases the risks for everyone.	Increases costs for the industry.
	Score			
		6	9	9
	Explanation	Same as option 2	Preferred option for communities	Preferred option for communities
Overall score		32	27.5	30