

RACING INDUSTRY

TRANSITION AGENCY

The Racing Industry Transition Agency Guidelines for the Application Of Net Proceeds to its 'Racing' Authorised Purposes

Background

The Racing Industry Transition Agency (RITA) mainly 'applies' the net proceeds generated from its Class 4 Gaming Operation to its own 'Racing' Authorised Purposes for the Promotion, Control and Conduct of a Race Meeting (as defined in the Racing Act 2003). RITA has determined that at least 80% of its net proceeds shall be applied to its 'Racing' Authorised Purposes.

RITA will also 'distribute' net proceeds to the communities of New Zealand, in accordance with its 'Sports' Authorised Purpose, and has determined that up to 20% of its net proceeds shall be distributed under its 'Sports' Authorised Purposes.

RITA reviews its criteria, method, systems and policies for the application and distribution of net proceeds at least annually.

The Guidelines below relate to the application of net proceeds to RITAs 'Racing' Authorised Purpose.

RITA 'Racing' Authorised Purpose

RITA may apply net proceeds, to the authorised purpose set out below.

Those proceeds may be:

To provide for the promotion, control and conduct of race meetings under the Racing Act 2003, including (but not limited to):

- 1. Applied directly by RITA for any such purpose; or*
- 2. Distributed by RITA to a racing code (as that term is defined in the Racing Act 2003) for any such purpose; or*
- 3. Distributed by RITA to a racing club (as that term is defined in that Act) for any such purpose after RITA has had such consultation with the relevant code as NZRB may consider appropriate; or*

4. *Distributed by RITA to the Judicial Control Authority or the New Zealand Racing Integrity Unit (or any other panel, committee, tribunal or body referred to in e) or f) below) for any such purpose.*

The authorised purpose referred to above is to provide for the promotion, control and conduct of race meetings under the Racing Act 2003, including (but not limited to):

- a) *The provision and maintenance of grounds, building and facilities where these are primarily used for race meetings;*
- b) *Stake money for any types of races;*
- c) *The provision and maintenance of on-course facilities for horses and greyhounds, trainers and jockeys/drivers;*
- d) *The creation, compilation, production or publication (whether itself or through third parties) of information (whether in printed or electronic form or in any other medium) about New Zealand race meetings and/or New Zealand races and/or animals or persons participating in the New Zealand racing industry;*
- e) *The operations, personnel and assets of, or allocated to, the Judicial Control Authority (as that term is defined in that Act) and any panel, committee or tribunal appointed by that Committee and of any other body established to participate in the administration of the New Zealand racing judicial system; and*
- f) *The operations, personnel and assets of, or allocated to, the New Zealand Racing Integrity Unit or any other body established to perform all or some of the same or similar functions as that Unit performs.*

But excluding the following:

- i. Payments, other than stake money, to horse or greyhound owners or trainers;*
- ii. Payments to professional jockeys or drivers;*
- iii. Activities or expenses in connection with the breeding of racehorses or greyhounds.*

Net Proceeds Committee

RITA has established a 'Net Proceeds Committee' (NPC). The NPC is comprised of selected members of the Board of RITA.

The NPC will meet **at least** quarterly to make decisions on the application of net proceeds to 'Racing' Authorised Purposes.

Application of net proceeds – what net proceeds can and cannot be applied to:

The NPC may decide to apply net proceeds, either to RITAs own costs or through the Codes (as defined in the Racing Act 2003) to any purpose that falls within its 'Racing' Authorised Purpose, including (but not limited to):

- the costs of promoting race meetings (for example, Trackside costs, the costs of publishing the racing calendar, costs of promotion of a particular series e.g. Summer Racing);
- provision of racecourse grounds, buildings and facilities (for example, racetrack surfaces, grandstands or marquees);
- maintenance of such grounds, buildings and facilities;
- payment of stakes;
- provision of on-course facilities for horses and greyhounds, trainers and jockeys/drivers (for example, stables, kennels, trainers or jockeys rooms).

The definition of 'Racing' Authorised Purpose does not extend to:

- the costs of promoting betting only, rather than promoting race meetings (for example, the costs of advertising a new type of bet);
- the purchase of alcohol, payment of bar staff or maintenance and provision of bar facilities at any racecourse;
- payments, other than stake money, to horse or greyhound owners or trainers;
- payments to professional jockeys or drivers;
- activities or expenses in connection with the breeding of racehorses or greyhounds;
- naming rights (RITA may pay the stakes for a race, itself or through the Code, but should not seek nor accept naming rights to the race).

The NPC is free to choose between different applications of the net proceeds – it may decide to apply all available net proceeds to one purpose, or across a number of purposes.

If the NPC elects to apply the net proceeds through the Codes:

- it will specify how those net proceeds are to be applied, and the Code will be required to complete an attestation in that regard;
- the Committee may determine the proportion each Code will receive of any such net proceeds – importantly, the Committee is not bound by section 16 of the Racing Act 2003.

We note that if the Net Proceeds Committee decides to apply net proceeds to RITAs own costs, there will not necessarily be an increase in RITAs surplus of a like amount. It could be, for example, that the Net Proceeds Committee decides to fund an item that was not previously included in the budget, or that other costs increase.
