

RACING REVIEW COMMITTEE

THE RACING REVIEW

PART I:

THE RACING PRODUCT

April 2003

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EXECUTIVE SUMMARY

- 1. The report makes 76 recommendations for the eight elements of the Racing Product – fixtures, race planning, handicaps, prize money, appearance money, race entries and declarations, National Hunt racing and the British Breeding Industry.**
- 2. A new consumer-oriented racing product should be introduced, the basic structure of which is:**
 - The creation of 3 Tier Racing – Premier Racing, National Racing and Regional Racing.
 - The introduction of a 5 Class system for the Flat where each Class approximates to a 10-15lb range.
 - The narrowing of the handicap bands from up to 30lbs to 10-15lbs for all but a very small number of Flat handicaps.
 - The establishment of substantial prize money differentials between each Class.
 - Significant changes to the handicapping regulations.
- 3. The proposed new product structure represents a true meritocracy which encourages horses to be campaigned on their merits, rewards ability and incentivises connections to seek promotion rather than relegation.**
- 4. By putting in place a true meritocracy, the proposed new product structure re-establishes confidence among consumers in the integrity of British Racing.**
- 5. An urgent expansion of the Fixture List should take place in order to provide the racecourses, spectators, punter, owners, bookmakers and broadcasters with the increased level of product which they all seek and in order to maximise Racing's income and recover its market share of betting.**
- 6. Opportunities for all classes of horse should be provided on condition that each class of horse is rewarded according to its merit.**
- 7. The structure of 3 Tier Racing - Premier, National and Regional - mirrors the structure of football's Premier, Nationwide and Conference Leagues.**
- 8. National Hunt Racing can be sustained by the Committee's three most important of nineteen recommendations: to build the jumping population in order to improve field sizes, to develop the jumper's durability and soundness to enable it to race more frequently, and to programme provisional All-weather fixtures as an insurance against abandonments.**
- 9. British breeding can be sustained by the introduction of 25% Owners' Premiums for British-bred horses (50% for fillies and mares when jumping) and a further expansion of races for quality fillies and mares.**

For a Summary of each of the 76 Recommendations see Section 12 on page 72.

1. INTRODUCTION

1.1 Background to the Racing Review

1.1.1 Between June 2001 and May 2002, the British Horseracing Board (BHB), the Racecourse Association (RCA) and racecourses, benefitting from Government's far-sighted decision to replace General Betting Duty with Gross Profits Tax (GPT), negotiated long term contracts for data and pictures with the betting industry and media companies worth an estimated £1billion, at a stroke doubling the Racing Industry's income and providing greater financial stability and opportunity.

1.1.2 The BHB Board felt that, with the generation of substantial new income streams and the impending demise of the Levy Board, it was an appropriate time to initiate a thorough review of every aspect of British racing from both an industry and a consumer point of view. The BHB Board's decision to authorise a root and branch review of British Racing was announced by the Chairman at the BHB AGM on 13th June 2002.

1.2 Terms of Reference

1.2.2 In July 2002 the BHB Board agreed the Terms of Reference for the Review as follows:

“(a) In the light of the significantly enhanced revenue streams secured for British Racing and in order to maximise British Racing's potential as a top-class national and international spectator sport and betting medium, which competes with other leisure attractions and betting opportunities, and, having regard particularly to the requirements of British Racing and the interests of all those directly and indirectly involved in the sport, to research, review and consult all interests (as appropriate) on:

(i) the structure and content of British Racing and its Product (Fixture List, Racing Programme, Integrity, Recruitment and Training and Racing Experience) including, but not limited to:-

- the financial, administrative and governance structure
- the size of the horse population
- the size, shape and structure of the Fixture List
- the method of allocating fixtures
- the licensing of new racecourses
- the level and structure of race entry charges
- the structure and content of the racing programme
- the sourcing, allocation and distribution of prize money and appearance money
- Owners' and Breeders' Premiums and Breeders' Prizes
- general review of the composition and scope of integrity services
- general review of industry recruitment and training

- general review of relevant rules and orders
 - (ii) the creation and use of pre-race and racing data
 - (iii) the relationship between funding and the racing product
 - (iv) the raising of income
 - (v) the distribution of income and the Capital Fund in a manner which is fair to all parties
- (b) To make recommendations in an interim report to the BHB Board no later than November 2002.
- (c) In formulating its recommendations, to have due regard to all relevant competition law considerations.”

1.3 Composition of the Racing Review Committee

1.3.1 At the same time, the BHB Board also confirmed the composition of the Racing Review Committee (the Committee) as follows:

Peter Savill (Chairman)	Chairman, British Horseracing Board
Rupert Arnold	Chief Executive, National Trainers Federation
Chris Deuters	Vice President, Racehorse Owners Association
Robert Hughes	Chairman, Horserace Betting Levy Board
Mark Kershaw	Managing Director, Newbury Racecourse
Rhydian Morgan-Jones	Chairman, Industry Committee (Horseracing) Ltd.
Greg Nichols	Chief Executive, British Horseracing Board
David Oldrey	President, Thoroughbred Breeders Association
Julian Richmond-Watson	Chairman, BHB Racing Planning Committee

1.3.2 The members of the Committee were selected for their in depth knowledge of the Industry but it was made clear that, with the exception of the BHB Chief Executive, each member was acting in his personal capacity in the best interests of racing and not as a representative of his trade association or organization.

1.3.3 The meetings were attended not only by the Committee Members but also, when appropriate, by the senior BHB Executives from Race Planning, Finance, Marketing, Commercial and Secretariat. The Assistant to the Chairman acted as Secretary to the Committee.

1.3.4 During the 9 month period of the Review to date, from July 2002 to April 2003, the Committee met 18 times, with the majority of meetings lasting all day .

1.4 The Consultation Process

1.4.1 The Review was conducted initially through an all-encompassing consultation process divided into consultation with the consumer and consultation with the Industry.

1.4.2 Consultation with the consumer was conducted with racegoers and non-racegoers, punters and non-punters, sponsors and potential sponsors.

1.4.3 Consultation with the Industry and others was conducted with racecourses, owners, breeders, trainers, jockeys, stable lads, bookmakers, the media, trade associations, handicappers, opinion formers, the All Party Racing Group, Training Colleges and the British Horseracing Training Board, and BHB and Jockey Club staff.

1.5 Methodology of the Consultation Process

1.5.1 Consultation with the consumer was conducted through the following channels:

- Workshops for the media	12 people
- Opinion Formers' Research	42 people
- Sponsors, media, bookmakers	
- On course Racegoers' Survey	1,700 people
- Quantitative Racegoers' Survey	1,000 people
- Focus Groups	10 groups
- Omnibus Survey	4,200 people
- 7 Discussion Groups – Racecourses	All 59 courses
- Qualitative Research of hypotheses	1,000 people

1.5.2 Consultation with the Industry was conducted through discussion groups, questionnaires, letters and advertisements. 13 discussion groups were conducted with all sectors of the Industry, plus 7 with the media, 7 covering all racecourses and 3 with bookmakers, politicians and BHB and Jockey Club staff.

1.5.3 More than 130 detailed questionnaires were sent to, and completed by, the industry, media and racecourses.

1.5.4 More than 2,500 letters inviting comment were sent to owners, trainers, breeders and jockeys.

1.5.5 In addition an advertisement in the Racing Post, inviting readers to suggest how British Racing could be improved, drew over one hundred replies.

1.6 Division of the Racing Review into Three Sections

1.6.1 Following the initial consultation process, the Committee presented an interim report to the BHB Board on 2nd December 2002. This essentially outlined the findings of the consultation process, which had produced an encouraging degree of unanimity of views.

1.6.2 Following the BHB Board's endorsement of the Committee's general views of the way forward for British Racing, the Committee recommended that the Report be divided into three sections:

- The Racing Product (Part I)
- The Racing Experience (Part II)
- Financial, Administrative & Governance Structure (Part III)

1.6.3 The Committee took the view that the Racing Product section of the Report should be published as soon as it was completed at the end of April, to provide the maximum time for implementation of those recommendations approved for 2004.

1.6.4 The Racing Experience section of the Report would take longer to complete because of the time required to test the various hypotheses with a sufficient number of consumers. It is anticipated that Part II of the Report will be complete in time for presentation at the BHB AGM on 12th June 2003.

1.6.5 The Financial, Administrative and Governance Structure section of the Report is inextricably linked to the Office of Fair Trading's Rule 14 Notice concerning the BHB and Jockey Club Orders and Rules. It was originally anticipated that the Rule 14 Notice would have been issued by the end of 2002, thereby enabling BHB and the Committee to make recommendations for the future Financial, Administrative and Governance Structure of British Racing which took due consideration of competition issues. The three to four month delay has inevitably pushed back the timetable for completion of Part III of the Review and it is regrettably now questionable whether this section of the Report will be completed in time for presentation at BHB's AGM, as had originally been hoped. It is, however, anticipated that it will be completed by the end of June 2003.

1.7 From Consultation to Recommendation

1.7.1 After the initial consultation process, the Committee formulated specific proposals on a wide range of issues, reflecting the overall direction emanating from that process.

1.7.2 In early April, these proposals were taken through the same process of consultation as had been used at the outset in order to test reaction. As a result of this further extensive consultation, a number of changes were made to the proposals.

1.7.3 The BHB Board authorised the publication on 28th April of Part I of the Report which it agreed to start considering in full at its Board Meeting on 12th May.

1.8 The Content of Part I

1.8.1 Part I of the Racing Review covers the following elements of the British Racing product:

- Fixtures
- Race Planning
- Handicaps
- Prize Money
- Appearance Money
- Race Entry and Declaration
- National Hunt Racing
- British Breeding Industry
- Other Recommendations

1.9 General

1.9.1 The main recommendations in this Report concern the Flat rather than Jumping. This is partly because a special Review of Jumping took place in 1998 which has already resulted in a large number of changes being introduced, partly because the Committee felt that some of the major changes being recommended for the Flat were inappropriate for Jumping, and partly because the Committee considered that Jumping, in the light of the OFT Report, is at a precarious crossroads where certain changes, if implemented, could potentially destabilise it.

1.9.2 This Report does not cover issues which the Committee considered more appropriately covered in Part II (The Racing Experience) or Part III (Financial, Administrative and Governance Structure). Consequently issues such as metrication and modernization of language will be dealt with in Part II and the method of allocating fixtures, the composition and scope of integrity services, industry recruitment, staffing and training, orders and rules, creation and use of pre-race data, the relationship between funding and the racing product, the raising of income and the distribution of income and the Capital Fund in a manner which is fair to all parties, and punter issues will be dealt with in Part III.

1.9.3 The Committee did not take a view on new racecourse applications. This issue will be the subject of a separate Report by the Chief Executive by the end of June 2003.

1.9.4 The recommendations in this Report are evolutionary rather than revolutionary. They seek to recommend a structure for the sport which maintains and develops the high quality of British Racing while strengthening the integrity of the sport through the development of a much clearer system of meritocracy that rewards quality and commitment,

1.9.5 The Committee firmly believes that the structure and changes that it is recommending are vital for the integrity and health of the sport and are in the best interest of the consumer.

2. KEY MESSAGES FROM THE CONSULTATION PROCESS

2.1 Introduction

2.1.1 The far reaching consultation process produced an encouraging degree of consensus among all sectors of the Industry as well as among the Committee members.

2.1.2 The six key messages that emerged from the consultation process were:

- Re-establish the consumers' faith in the integrity of the sport.
- Put in place an improved meritocracy system where owners and trainers are encouraged to seek promotion for their horses to the next level rather than seek advantage through lowering their horses' ratings.
- Reverse Racing's loss of market share of betting and maximise Racing's income from betting.
- Ensure that all classes of horse are provided with racing opportunities rather than suffer elimination from the system, on condition that they are rewarded according to their merit and that the prize money pool for better horses is not diluted.
- Sustain the diversity of British Racing.
- Sustain the British Breeding Industry.

2.2 Re-establish the consumers' faith in the integrity of the sport.

2.2.1 During 2002 two television programmes (*Kenyon Confronts* and *Panorama*) accused British Racing of widespread corruption within the sport and expressed the clear opinion that punters, viewers and spectators, Racing's three largest consumer groups, could not have faith in the integrity of British Racing.

2.2.2 The Committee reviewed the current structure of the British Racing product in order to determine whether there were grounds for believing that the problems identified by the two television programmes were connected in any way with how the British racing product was constructed and whether the current structure of racing and the race programme system encourages, albeit unintentionally, an ethos where owners and trainers prefer to see their horses achieve a lower rating rather than a higher one. The Committee, in order to reach a conclusion, therefore had to consider whether there was a true meritocracy system currently in place which rewarded ability appropriately.

2.3 Put in place an improved meritocracy system

2.3.1 The Committee, while accepting that there was currently an outline meritocracy system in British Racing, based on race classifications and race values, under which horses were rewarded according to ability, found that it was a meritocracy which lacked a clearly defined structure. This lack of clarity resulted in the constant desire of owners and trainers either to go down the system or to go up the system as slowly as

possible. Handicappers were frequently encouraged to drop horses in the handicap suggesting that the current system was effectively an invitation to run horses other than on their merits.

- 2.3.2** The Committee therefore found that the current system was not a true meritocracy; that there were too many classes of race, too many handicap bands and too much weight differential in handicaps; and that the prize money differential between race classes was too small and too variable. Horses are currently required to give away up to thirty pounds in handicaps, enabling horses of up to thirty pounds inferior ability to win as much prize money as a horse thirty pounds its superior.
- 2.3.3** The Committee found many examples of races being run for higher prize money in one class of race than in the class above. One of the most blatant examples was the racecourse that recently ran a 0-110 Handicap Chase for £25,000 on the same day as a 0-125 Handicap Chase for £12,000.
- 2.3.4** The Committee found that lack of separation between fixtures, lack of a more distinct class of race system, lack of a narrower handicap band system and lack of a more distinct prize money structure with substantial increases from one class to the next all contribute to a culture where relegation is preferred to promotion and integrity is compromised, leading to the reputation of British Racing being questioned.

2.4 Racing's Loss of Market Share of Betting

- 2.4.1** As recently as 1999, horseracing's market share of betting turnover was around 70%-75%, with the Tote reporting the highest percentage. Racing's share of gross profit in 1999 was around 67%-70%. The figures included horseracing worldwide, since the betting industry paid levy on all, not just British, horseracing.
- 2.4.2** Six factors have combined to send this percentage into a significant downward spiral. First, early 2001 saw the outbreak of Foot and Mouth Disease which, along with unseasonably poor weather throughout the year, resulted in a record 228 abandonments.
- 2.4.3** Although BHB and the Jockey Club fought long and hard to keep racing going, the Betting Industry required more product than was available in Britain during this period in order to provide sufficient programming for its customers. Consequently, SIS increased greyhound coverage from 960 fixtures per year to around 1500 and expanded their international horseracing coverage, televising racing from France, Ireland, Italy, Dubai and South Africa. Bookmakers found that punters were willing to bet on these products, albeit in smaller numbers and quantities, and that their profit margins on these bets were considerably higher than on British Racing. This was partly because of punters' lack of familiarity with the horses but particularly because of foreign racing's higher margins per runner.

- 2.4.4** Greyhound margins are also historically higher than margins on British Racing because of the punters' propensity to bet on the straight forecast. As a result the Betting Industry emerged from 2001 with turnover down but profits up and a realization that, although British Racing was its core product, it should, as a strategy, develop its portfolio of lower cost, higher margin products in order to reduce its dependency on domestic Racing. The number of greyhound races covered by SIS remained at 1500 after the Foot and Mouth outbreak and foreign racing continues to be shown.
- 2.4.5** The second factor in British racing's loss of market share has been the transition to a commercial mechanism to replace the Levy, which the Government plans to abolish in 2005. The development of data as a charging mechanism has allowed Racing to take back control of its own destiny rather than depend on the unsatisfactory Levy process. However, as Racing cannot charge for data on foreign racing which it does not own, the commercial licensing agreements which for the next two years the Levy will mirror, have resulted in a further loss of market share in 2002 of about 3%, a figure which is rising with British Racing's failure to provide product for as many betting sessions as possible.
- 2.4.6** The third factor has been the switch in the basis of the taxation system from turnover to gross profits. This, in turn, has had two impacts. First, British Racing, which generally produces a lower margin for bookmakers than other sports, has automatically lost some of its market share by switching to gross profits as the basis for generating its income. Second, the deduction-free betting regime which has operated since the switch to GPT has increased the attraction of betting at short odds which has favoured football betting, pushing its market share from around 5% to 8%.
- 2.4.7** The fourth factor has been the emergence of Fixed Odds Betting Terminals (FOBTs). These terminals, which have been rolled out by most of the major bookmaking chains, are terminals which provide a facility for the betting shop punter to play a variety of casino-type games, the most popular of which are roulette and blackjack. British Racing now represents less than 50% of one major bookmaker's gross profit and it is no coincidence that that very same bookmaker has introduced FOBTs aggressively into its estate of betting offices. DCMS propose, in the forthcoming Gambling Bill, to restrict the number and prize levels of such terminals. In the meantime, the Gaming Board and the Association of British Bookmakers are discussing jointly securing a Declaration from the Court as to their legality under current legislation.
- 2.4.8** Betting exchanges have been a fifth factor in Racing's loss of market share. The rapid growth in the use of exchanges by punters has led to a shrinking of margins. The lower the margin, the less punters lose; the less punters lose on British Racing, the worse Racing's share of punters' total losses becomes.

2.4.9 And finally, the failure of British Racing to provide sufficient fixtures for the Betting Industry has also hurt its market share. If British product is not supplied, alternative product is offered by bookmakers which establishes its own share of the market.

2.4.10 The combined effect of all these factors has been to reduce British Racing's market share from over 70% of turnover to around 58% of gross profit, and in some cases below 50%, in the space of around three years. The commercial deal negotiated with bookmakers in April 2002 substantially raised Racing's projected data income from bookmakers from £67 million to £92 million but is now forecast to yield no more than £80 million. As a result, the Levy Board, through whom this income is paid, has already cut £5 million from its proposed prize money contribution for 2004 and has reduced other areas of previously planned expenditure.

2.4.11 The fall in Racing's market share is unsurprising. The Betting Industry needs product comprising a List of 1450 fixtures for which it is committed to pay an average of £26,000 per fixture for pictures. As an average fixture shown in betting shops generates up to a further £75,000 in data charges and racecourse profitability also increases, each fixture yields revenue of around £100,000. Yet British Racing is, during 2003, failing to provide 303 fixtures required by the Betting Industry, which could generate as much as an additional £7.9 million for racecourses in picture payments and as much as £30 million in total income for Racing.

2.4.12 Unless British Racing urgently addresses the issue of providing product that is required and regaining market share, the substantial financial gains made in the past two years through the commercial deals done with the betting industry are likely to be greatly reduced.

2.5 The provision of opportunities for all classes of horse rather than continued elimination from the system.

2.5.1 In recent years the numbers of horses eliminated from Flat races has risen substantially, as can be seen from the chart below. This partly reflects the increase in the horse population but also the increased frequency with which horses are expected to run, particularly on the All-weather.

Total Eliminations by Year and Code 1998-2002

Year	Flat	Jump	Total
1998	4446	944	5390
1999	5445	1138	6583
2000	6383	1029	7412
2001	10385	4313*	14698
2002	13117	1376	14493

* Impacted by the Foot and Mouth outbreak

2.5.2 Over 14,000 horses have been eliminated during each of the past two years, almost treble the number in 1998. Over ninety per cent of these eliminations took place on the Flat and the vast majority were those lowly rated Flat horses. Furthermore the chart below shows that eliminations are no longer confined to the spring and autumn but now take place in every month of the year.

Total Eliminations by Month 1998-2003					
Month	1999	2000	2001	2002	2003
Jan	95	120	261	826	1024
Feb	223	115	260	596	900
Mar	233	408	948	628	676
Apr	670	608	1598	1368	
May	914	1,003	2176	1669	
Jun	504	505	1221	1107	
Jul	275	299	691	746	
Aug	422	331	687	915	
Sep	1325	1799	2146	1733	
Oct	1283	1247	2390	1920	
Nov	413	643	1395	1761	
Dec	226	334	925	1224	
TOTAL	6583	7412	14698	14493	2600
Jan-Mar	551	643	1469	2050	2600

The number of eliminations in January to March 2003 has increased by 27 % over the previous year.

2.5.3 There was much debate during the consultation process about whether lowly rated horses should be excluded from the race programme, thereby preventing them from participating in British Racing, or whether they should be provided with opportunities. The large majority favoured the provision of opportunities

2.5.4 The Committee unanimously supported this view on condition that the rewards offered to lowly-rated horses on the Flat (0-45) matched their ability; that they earned rewards at a level below the current minimum values; and that the current fixture programme's total prize fund was not diluted in order to provide more opportunities for lowly rated horses.

2.5.5 The Committee considered that, instead, lowly rated horses should earn income for the Industry that could be channelled into better quality fixtures. The argument that the income such horses generate from betting should be hypothecated to them was not supported by the Committee which did not consider that the hypothecation of income into prize money had any place in the funding arrangements. Horses at Royal Ascot, Aintree and Cheltenham for example do not have the income generated from those fixtures divided amongst them. If they did, each race would be worth hundreds of thousands of pounds and the Grand National would be worth millions. Instead the money generated is directed downward to the benefit of other, lesser meetings with more

lowly rated horses. There is therefore no basis for arguing that lowly rated horses should benefit from the entire income generated by fixtures which are programmed for such horses.

2.6 The sustaining of the diversity of British Racing

- 2.6.1** There was a widespread belief that the diversity of British Racing was one of its major attractions with the geographic spread, variety of ambience and variation in layout of each racecourse contributing to its appeal. Jump racing was also viewed as a distinct product with an appeal to a distinct customer group, while All Weather Racing was seen as further evidence of the diversity of British Racing.
- 2.6.2** There was considerable concern that All Weather Racing, if left entirely to market forces, would bring about the demise of Jumping to the detriment of all those who not only enjoy the sport but who have little or no interest in Flat racing whether on turf or the All weather.
- 2.6.3** Racing employs large numbers of people and has many customers and stakeholders. It is the responsibility of the BHB to balance all interests so that no single customer or interest group gains control of the sport to the detriment of other customers or interest groups. The interests of the spectator are not the same as the interests of the punter and those of the punter not the same as those of the bookmaker. Nor are the interests of the Jumping spectator and punter the same as those of the Flat spectator and punter; nor are the interests of the racecourse the same as the interests of the owner, trainer, jockey and stable staff.

Market forces ensure that the strongest interest groups triumph over the weakest and the strongest customers are looked after to the detriment of the weakest customers. This is the threat that faces all the customers of National Hunt Racing if market forces are the only criterion.

2.7 The maintenance and development of the British breeding industry

- 2.7.1** One of BHB's stated aims is to "provide a race planning framework within which the breeding of quality bloodstock in Great Britain is stimulated; to support an adequately funded Breeders' Prizes Scheme; and to help promote, alongside other Breeding Industry initiatives, the quality of British bred and sold bloodstock, in order to compete effectively for a profitable share of the international bloodstock market."
- 2.7.2** The British Breeding Industry is umbilically linked to the British Racing Industry and is a major employer. The health of British breeding is also tied to the number and quality of both stallions and broodmares in Britain, since broodmares tend to reside close to the stallion population. As good class broodmares also tend to reside where they have established their racing credentials, any deficiency in a race programme for quality fillies will result in those fillies being transferred to race in countries with a suitable programme. Once departed, the mares seldom

return because they have the greatest value where their racing performance has been established.

2.7.3 The Committee found widespread concern about the health of British breeding and its inability to compete with Ireland's exemption of stallion income from taxation and with France's Owners' and Breeders' Premium Scheme.

2.8 Conclusion

2.8.1 The Committee, after presenting its initial findings to the BHB Board in early December 2002, proceeded to develop, for further consideration, specific recommendations designed to address these six key messages from the consultation process.

3. FIXTURES

3.1 Background

- 3.1.1** After the racehorse itself, fixtures are the fundamental element of the racing product. The number of fixtures required by the Industry needs to be approached from three angles.
- 3.1.2** First, how many fixtures can be sustained by the horse population in such a way that competitive field sizes can be maintained? This requires the horse population to be divided into several segments in order to determine both the appropriate split between Flat and Jumping fixtures and the breakdown of fixtures in terms of quality.
- 3.1.3** Second, the required number of fixtures must be looked at from the customer point of view. How many fixtures can sustain the interest of the spectator and how many does the betting industry require on behalf of the punter?
- 3.1.4** And finally, the needs of the racecourses themselves must be considered. Can they handle more fixtures from a turf management standpoint? Can they attract sufficient racegoers to additional fixtures?
- 3.1.5** All of these factors must be considered in putting together a Fixture List strategy for both the size and shape of the Fixture List. If one accepts the principle that this is governed initially by the horse population, there needs to be a structured Fixture List rather than a 'free for all'. This is because field sizes, which are governed by the relationship between the size and shape of the horse population and the number of fixtures, are of critical importance to Racing's key customers, spectators and punters, who expect to be provided with competitive racing. Such a structured Fixture List requires co-ordination by a body which balances the interests of all sectors of Racing for the good of all customers.

3.2 Current Situation

- 3.2.1** The chart below shows the number of Flat, All-weather and Jumping fixtures staged and programmed during each of the past five years, together with total abandonments.

<u>Actual Fixtures by Code 1998-2002</u>					
<u>Year</u>	<u>Flat Turf</u>	<u>All-weather</u>	<u>Jumping</u>	<u>Total</u>	<u>Abandonments</u>
1998	515	134	488	1137	56
1999	531	133	487	1151	55
2000	522	139	471	1132	94
2001	517	142	406	1065	228
2002	529	154	475	1158	75

Programmed Fixtures by Code 1998-2002

<u>Year</u>	<u>Flat Turf</u>	<u>All-weather</u>	<u>Jumping</u>	<u>Total</u>
1998	541	135	525	1191
1999	539	136	528	1203
2000	542	139	528	1209
2001	552	136	525	1213
2002	602	141	527	1270

3.2.2 During the same period the number of horses in training has also expanded:

Horses in Training 1998-2002

<u>Year</u>	<u>Flat</u>	<u>Jumping</u>	<u>Dual Purpose</u>	<u>Total</u>
1998	6656	4114	1823	12593
1999	6922	4332	1483	12737
2000	7223	4322	1186	12731
2001*	7545	4447	1318	13310
2002	7474	4264	1248	12986

* Note. The Statistics for horses in training for 2001 are inflated because of the Foot and Mouth outbreak which resulted in Point-to-Point horses being transferred into training yards because of the ban on Point-to-Points and which also resulted in horses being kept in training for a longer period during the year because so many opportunities to race had been lost between February and May 2001. In all probability the true horse population has risen consistently throughout the last five years.

3.2.3 The actual number of individual runners has also expanded.

Number of individual Runners by Code 1998-2002

<u>Year</u>	<u>Flat</u>	<u>All-weather</u>	<u>Jumping</u>	<u>Total</u>
1998	8544	3112	8425	15597
1999	11052	3249	8424	15846
2000	10961	3577	8317	16019
2001	9540	3924	8452	16485
2002	9591	4669	8704	16906

* Note. There is an element of double or triple counting since horses which have run on the Flat, All-weather or Turf get counted according to each Code they have run in.

3.2.4 The total number of runs per horse is another significant statistic in identifying the optimum Fixture List. The chart below shows the total number of runs by Code and the average number of runs per horse in training:

Total Runs and Average Runs per Horse 1998-2002

<u>Year</u>	<u>Flat</u>	<u>All-weather</u>	<u>Jumping</u>	<u>Total</u>	<u>Av. Runs</u>
1998	36599	9140	30463	76202	6.05
1999	38501	9616	30275	78392	6.15
2000	38161	10773	29168	78102	6.13
2001	41277	11863	29437	82677	6.21
2002	39516	13482	30654	83652	6.44

3.2.5 The resultant average number of runners per fixture is therefore as follows:

Average Runners per Fixture by Code 1998-2002

<u>Year</u>	<u>Flat</u>	<u>All-weather</u>	<u>Jumping</u>	<u>Total</u>
1998	71	68	62	67
1999	73	72	62	68
2000	73	78	62	69
2001	80	84	73	78
2002	75	88	65	72

Note: These figures show that an average Jumping fixture has around 10 fewer runners than a Flat turf fixture and over 20 less than an All-weather fixture, although it should be remembered that there are an average of 7.5 races per All-weather fixture compared to an average of 6.6 races per Jumping fixture.

3.2.6 The creation of a balanced Fixture List however is even more complex because of the desire of racecourses to race in the summer and the greater requirement of the betting industry for fixtures in the summer. The chart below shows the variation in the balance of the Fixture List at different times of the year.

Fixtures per Month by Code 2003

<u>Month</u>	<u>Flat</u>	<u>All-weather</u>	<u>Jumping</u>	<u>Total</u>
January	-	28	62	90
February	-	26	53	79
March	13	16	58	89
April	43	8	48	99
May	82	5	54	141
June	99	8	22	129
July	110	3	19	132
August	104	2	22	128
September	72	4	19	95
October	50	6	43	99
November	7	18	73	98
December	-	22	71	93
Total	580	146	544	1270

3.3 Findings of the Committee

3.3.1 The current fixture policy has contributed to Racing losing its market share and has cost Racing some £30 million in annual income.

In 2003 there are 303 BAGs criteria gaps. The definition of a criteria BAGs fixture is one where the betting industry has indicated that it is willing to pay £4,000 per race for all races at that fixture providing the races are not televised on terrestrial television.

The basic criteria for 2004 is as follows:

- 3 fixtures Monday to Friday afternoons and Sunday afternoons.

- 4 fixtures on a Saturday afternoons and Bank Holidays.
- 2 fixtures on Monday to Saturday evenings when betting shops are permitted to be open (April to August).
- 1 Saturday matinee or late afternoon meeting.

Each BAGs criteria gap costs racing around £100,000 in income, based on the loss of an average of £26,000 picture money (6.5 races average per fixture), £50,000-£75,000 data income (currently paid through the Levy) and up to a further £25,000 in additional racecourse profit. Thus, 303 criteria gaps at £100,000 per gap equates to £30 million in lost revenue per year.

In 2004, approximately 100 of these BAGs gaps will be filled, as 5th Saturdays, 3rd evenings and (some) Bank Holidays will wish to move out of the slots for which the betting industry will no longer pay and into some of the slots for which they will pay.

This will still leave some 200 gaps which, if not filled by Racing, will cost some £20 million in lost revenue and be filled by other product, for which Racing will receive nothing.

3.3.2 Customers want more fixtures.

Research has shown that Racing's key customers, spectators and punters, would welcome more fixtures, especially during their leisure time of evenings and Sundays. Broadcasters have also indicated that they would like to see more fixtures on specific days.

3.3.3 The Betting Industry wants more fixtures.

Bookmakers have clearly identified the times when they want more British Racing product and currently find that over 20% of that required product is not being supplied.

Bookmakers now want British Racing product on Sundays and all summer evenings as well as during the afternoons Monday-Saturday. This should enable Racing and the Betting Industry to find a mutually satisfactory solution to fixture programming.

3.3.4 Racecourses want more fixtures.

The Committee asked all racecourses how many more fixtures they could handle. Those turf racecourses which did reply indicated that they could handle a further 115 fixtures. This figure did not include either the all-weather tracks nor the eight new racecourse applications which are requesting fixtures.

3.3.5 Owners want more fixtures.

The Racehorse Owners Association (ROA) told the Committee that its members' most frequent complaint is no longer about prize money levels but about the lack of opportunities to race and the high level of eliminations. The chart on page 13 shows how eliminations have more than doubled since 1999 to around 14,000 per year. Over 90% of those

eliminations are on the Flat, with the vast majority being lowly rated Flat horses. In 2003 to date eliminations have increased by a further 27% over 2002.

3.3.6 The horse population is likely to expand even further.

The Committee commissioned a review by KPMG of the likely trends in the horse population over the next five years. KPMG found that changes in GDP were more likely to impact the horse population than changes in prize money. KPMG indicated that a 10% increase in GDP could result in a 5% increase in horses, while a 10% increase in prize money could result in a 2% increase in horses. Based on their GDP forecast, KPMG are of the view that the horse population could increase by as many as a further 2,300 over the next five years.

3.3.7 Any expansion of the Fixture List has to take into consideration the size and shape of the horse population as well as the funding of the expansion.

There is no justification for expanding the Fixture List if the horse population does not warrant it. The current Fixture List does not cater for lowly rated Flat horses for most of the year, nor for somewhat better class horses during April and May and particularly from September to the end of November. Unfortunately finding extra fixture opportunities in the autumn is not straightforward when most of the Sundays are already filled and it is not possible to race in the evening.

The Committee also found that any expansion of the Fixture List in 2004 would have to cater for lowly rated Flat horses since the Levy Board has made it clear that it will not fund any additional full BDR fixtures (in other words for better rated horses) and since the majority of horses that lack opportunities to run are lowly rated Flat horses. While it would be admirable to put on additional meetings for top-class horses, such meetings cannot be programmed if there is not the horse population to fill such fixtures nor funding to finance them.

3.3.8 There is concern about the proliferation of fixtures and expanding the Fixture List to cater for bad horses.

This concern was much debated by the Industry, the Media and the Committee. The Industry was particularly concerned about servicing an expanded Fixture List although there has been an identifiable shift in attitude since 1999 when the Industry was faced with having to choose between Saturday evenings and Sundays for staffing reasons.

There now appears to be an acceptance that, in the new commercial environment, the Industry has no choice but to expand and that, while every effort must be made to recruit sufficient staff in order to handle that expansion, those trainers who do not have sufficient staff will have to service only the fixtures that they can handle.

There was also concern about the jockeys' ability to handle an expanded Fixture List, bearing in mind the amount of travelling that is required, in addition to work riding and race riding.

The other concern, expressed particularly by the Media but shared by many in the Industry, is the potential downgrading of British racing which it considered would result from an increase in the Fixture List of between 20%-30% in order to integrate a significant number of lowly rated horses into the system. As horses rated 0-45 on the Flat currently represent 25% of the horse population, the integration of these horses into the current Flat programme could result in a large number of additional fixtures and represent half of the race programme for horses of this level. There would be clear implications for the image of British Racing and at least a perception of a devalued product.

3.3.9 There is increasing concern about the quality of turf management at a number of racecourses.

Although many courses have made great improvements over the last ten years and consistently provide a good standard of racecourse maintenance despite the cost, it is essential that owners and trainers and the industry have confidence that tracks are properly maintained and that a Code of Practice is strictly adhered to.

This applies equally to turf and All-weather surfaces although turf is far more difficult to maintain to a consistently high standard especially if racecourses have too many fixtures at the wrong time of year or wish to take on additional fixtures on grass.

The Neil Wyatt Groundstaff Awards have been very successful in encouraging many courses to compete and strive to achieve best practice. However, the Committee found that trainers were insistent that the standard of ground maintenance across British racecourses was still unacceptably variable.

3.3.10 There is lack of clear definition to the racing product.

While it is easy to tell the difference between Royal Ascot and a minor meeting, there is no identity or branding given to the large majority of fixtures, leaving customers unclear as to the quality of the product which they are experiencing. In this respect, British Racing is not only unlike any other sport but unlike French racing, where there is a clear distinction between Paris racing and Provincial racing, Japanese racing where there is a clear distinction between JRA and NAR racing, and Australian racing where there is a clear distinction between City racing and Country racing.

3.4 Recommendations of the Committee:

3.4.1 **Expand the Fixture List.**

The Committee found the evidence for an expansion of the Fixture List overwhelming from every standpoint. Expansion was sought by customers (both spectators and punters), racecourses, owners and bookmakers. Market share had clearly been eroded and was continuing to decline. There was also spare capacity in the horse population and open betting slots which were being filled by other products which the betting industry would prefer to be filled by British Racing. Indeed the Committee likened the current scenario to a supermarket that was short of canned fruit and ordered 300 cases from a manufacturer who had spare inventory sitting in his warehouse. Would the manufacturer have any reason not to sell that inventory to the supermarket? Unquestionably not.

However, Racing's surplus 'inventory' comprises mainly lowly rated Flat horses and, as has already been said, additional races and fixtures must therefore cater for these horses. These horses can be catered for in any one of three possible ways:

A. Adding additional races to existing fixtures while maintaining the current size of the Fixture List

This solution is impractical and unachievable for in order to provide sufficient opportunities for such horses, almost 80% of existing fixtures would have to add two extra races to every fixture. Apart from the fact that it is unlikely that 80% of racecourses would wish to run almost nine races per fixture, the pressure it would put on turf management and stabling makes this solution out of the question other than for All-weather fixtures which represent less than 20% of the Fixture List.

B. Combining existing races with the new races for lowly rated horses while expanding the Fixture List.

This solution, while practicable, is unappealing and was rejected by the Committee for three reasons:

- *The need to maintain the quality of British Racing.* Lowly rated Flat horses comprise 25% of the total Flat horse population. If two races for these horses were included in a six race fixture, then 60% of the entire Fixture List would contain one third of its race programme for such horses. If three races for these horses were included in a fixture then 40% of the entire Fixture List would contain half of its race programme for such horses. This would downgrade British Racing substantially by allowing these lowly rated horses to infiltrate the current race programme.
- *The need to establish clear definition to the Racing Product.*

Creating an amorphous mass of existing and new fixtures, all of deteriorating quality (ultimately 200 additional

fixtures would be required) would leave customers even less clear as to the quality of the product for which they were paying and receiving less value for the product.

- *Media criticism.*

The media have made it clear that an expansion that assimilated lowly rated horses into the existing system would not be well received.

Having rejected these two methods of expanding the Fixture List for lowly rated Flat horses, the Committee unanimously supported the third alternative which is identified in the recommendation in 3.4.2 below:

3.4.2 Separate the additional races for lowly rated Flat horses into separate fixtures solely for such horses.

Apart from the other two alternatives being either impractical or unappealing, the Committee believes that this is the correct way forward for the following reasons:

- Segregation is the first stage of the establishment of a true meritocracy for racing which currently exists in all other sports except racing.
- Segregation prevents the downgrading of existing fixtures.
- Segregation establishes a clear definition for the product.
- Segregation enables Racing to start to maximise its income in 2004.

3.4.3 Create 3 Tier Racing.

Once the Committee had decided that the additional races could only cater for lowly rated horses and that they should be grouped into separate fixtures rather than be assimilated into the current Fixture List, the Committee quickly came to the conclusion that the introduction of a three tier system was the correct way forward and the first stage in the establishment of a clear meritocracy system. The three tiers, which are explained in more detail below, should be defined as:

- Premier Racing
- National Racing
- Regional Racing

PREMIER RACING

- Premier Racing should be primarily a branding and marketing tool to identify Racing's premier product to its customers.
- For a fixture to qualify for inclusion in the list of Premier Racing fixtures, a course should have to fulfil certain criteria as to the quality of the races, the level of prize money and racecourse standards. A 'best practice' standard should be established to which each course running a Premier fixture should be required to adhere.
- Any racecourse should be able to aspire to run a Premier fixture providing it fulfils the criteria. It is anticipated that Premier Racing would comprise no more than 100 Flat fixtures

and 50 Jumping fixtures representing less than 10% of the Fixture List.

- Significant central marketing should be utilised to promote the prestige, quality and excitement of Britain's top flat and jump race meetings. The top races and racecourses should be defined and grouped to create a clearly marketable vehicle and Fixture List.

Marketing would invest at four levels:

- Excitement for the 'new' season – flat and jump
- Marketing campaigns to drive awareness, clearly 'signpost' racing and provide a narrative to the ultimate racing events under both codes:

National PR

Branded advertising

Affinity promotions

Support for racecourses and their local media

- Development of major new sponsorship opportunities for branded organisations

The Premier 'league' itself

A Group One 'grand prix' style series

Jumping Triple Crown

- Promotion of the horses, jockeys and trainers competing at the very highest levels, both through individual profiling and league tables

- Premier Racing should not be introduced until 2005 to allow fully adequate time to consult with racecourses about the necessary criteria and prepare a suitable marketing campaign.

NATIONAL RACING

- National Racing should comprise the vast majority of fixtures. The 1000-1100 plus fixtures would have very similar characteristics as at present, with a mix of race types.

- National and Premier Racing should represent the core British Racing product. The industry's goals must be to develop Premier and National Racing as the flag bearers for British Racing. Currently Premier and National fixtures would not be sufficient to fill the BAGs criteria gaps which is why the remaining 200 gaps will, for the time being, have to be filled with fixtures for lowly rated horses (see Regional Racing below).

- More emphasis however must be put on building the quality of the horse population and the industry's success should be gauged each year by an analysis of its success in doing so. Building the pyramid and putting a true meritocracy in place will enable these goals to be achieved and the Committee recommends that at the end of each year a detailed review of the quality of the horse population be carried out to assess:

(a) *The median rating of the horse population, currently 57.*
The industry should strive to improve that figure annually, each year considering whether the rating for

qualification for Regional Racing should be raised, as the quality of the total horse population improves.

- (b) *The number of Premier and National fixtures that can be sustained by a horse population of sufficient quality.* Currently around 1200, the industry should strive to fill all 1500 bookmaker criteria fixtures with Premier and National fixtures, at the same time reducing the number of Regional fixtures required. It should be explained to owners that owning lowly rated horses does not make economic sense. Many however will continue to own them regardless, for the love of the sport, and these horses will ultimately have to perform at shoulder times of the day for off-peak punters and spectators.

REGIONAL RACING

- Regional Racing should cater principally for Flat horses rated 45 and below, although horses rated higher than 45 should be able to run in sellers and claimers if they so wished; and in the restricted maiden races if they were so qualified.
- Regional Racing should, to the maximum possible extent, be decoupled from National Racing and treated as a separate product. It should have its own championship for owner, trainer and jockey; the programmes should be located in a separate part of the Programme Book and Calendar; wins by horses and jockeys should probably not count for penalties in races in National Racing; statistics in Regional Racing should not count towards the British Racing Championships nor be included in statistics provided by BHB to the IFHA for the purposes of international comparison. Regional Racing should be to National Racing and Premier Racing what the Conference is to the Nationwide and Premier Leagues in football.
- Prize money of £10,000 should be provided centrally for the 6 races, with a requirement that it be spent on that fixture. There should be no Minimum Values and any racecourse contribution to prize money should not count towards the Merit Table. The cost of integrity services of approximately £13,000 per fixture should also be met centrally and be of an identical standard to Premier and National fixtures.
- The race programme should consist of Banded Stakes (see definition on page 37) instead of handicaps, as well as claimers, restricted maidens, sellers and a few two year old races.
- Regional Racing would be open to any racecourse to stage; however, if any racecourse did not wish to stage such a meeting, there would be no pressure for it to do so.
- Regional Racing should not be introduced at this time for Jumping. As a result race values for lowly rated jumpers would exceed those for its Flat counterparts and should therefore assist the size of the N.H. horse population.

3.4.4. Introduce Regional Racing in 2004 on a test basis.

The Committee recommends that Regional Racing should be introduced in 2004 on a test basis, while a picture agreement is in place with the bookmakers. It is recommended that the following process should be followed:

- Stage 1 of the Fixture Allocation Process be completed so that any fixtures that will not receive picture money in 2004 have the option to be repositioned into slots that will receive picture money.
- Stage 2 should invite all racecourses to apply for Regional fixtures in any slot that is still open after Stage 1, and also indicate whether they wish to switch an existing fixture to a Regional fixture in return for running a National fixture in a new slot.
- The Fixture Allocation Group should then award additional fixtures having due regard to the horse population, the number of applications for a given day and the other factors which the Fixture Allocation Group takes into consideration in awarding fixtures.
- The results of the test should be reviewed after one year.

The process recommended by the Committee is one which essentially encourages a free market subject to the necessary criteria for establishing an annual fixture list. The Committee recommends that, in line with the wishes of the OFT that there be a freeing up of the marketplace, racecourses should be free to subscribe for fixtures and owners free to decide whether to support the fixtures with runners.

3.4.5 In order to enable the industry to service an expanded Fixture List, BHB should appoint a Recruitment and Training Director.

This recommendation has already received BHB Board approval and been implemented. The issue of recruitment and training will be dealt with in greater detail in Part III of the Racing Review.

3.4.6 The Jockey Club should review whether it believes regulations relating to jockeys' working hours should be introduced.

The expanded Fixture List will put an extra burden on jockeys who are not only required to race ride but are frequently called on to ride at exercise, in addition to driving to and from race meetings. The Jockey Club should consider whether it wishes to introduce regulations which would protect jockeys in the carrying out of their dangerous profession.

3.4.7 There should be stricter supervision of turf management.

The Jockey Club Racecourse Department and Inspectorate should be given greater powers to ensure that the General Instructions, which are the basis for a Code of Practice in track maintenance, are enforced. These Instructions should be reviewed by a Committee to include both

trainers and racecourse personnel in order to ensure that they can achieve best practice.

The Committee also recommends that the Inspectorate's advice should be given more weight in the fixture allocation process so that courses which race at unsuitable times of the year or too frequently can be encouraged to move to other slots.

4. RACE PLANNING

4.1 Background

4.1.1 This Section deals with race planning issues and race types and classification. Most of the recommendations impact the Flat rather than Jumping although a small number impact both Codes. Additional recommendations regarding Jumping are dealt with in Section 9 on page 59.

4.1.2 This Section does not deal with the prize money levels attaching to each race, which are dealt with in Section 6.

4.2 Current Race Programme

4.2.1 Races are currently divided into several Classes, A to G for Flat racing and A to H for Jumping. All races are categorised with an ascending scale of values for each letter and generally the quality of the horse for which the Class of race is designed graduates accordingly. Class A contains races of the highest quality and thus includes all Pattern and Listed races, with Class G including Selling races. Rating related races such as Handicaps and Classified Stakes are easily identified and thus categorised into a Class by the rating-band restriction contained with the race conditions. This clearly ensures that those races are catering for horses of a certain quality. Non-rating related races, such as Conditions Stakes, Maidens and Novices, are generally classified by the individual race value in each case, although there are some exceptions to this.

Unraced or unrated horses tend to utilise the Maiden races and progress into the programme of handicaps once they qualify for a rating. Flat Novice races for two year olds offer an opportunity for those that have won a race but are either not yet considered good enough for black-type races, or are ineligible for Nursery Handicaps. Older horses that are no longer qualified for Maiden races but are not included in the Central Rating System must search for an appropriate Classified Stakes, Conditions Stakes or black-type race, depending on the ability of the horse. For Jumping, winners can qualify for a rating immediately, regardless of whether they have run 3 times, and are thus eligible to run in handicaps if they so desire. The system of handicap qualification is complex but generally effective and the balance of handicaps versus weight-for-age races must cater for all grade of horse at each stage of their racing career.

The essence of a successful racing programme must be to:

- i) Provide the most competitive racing the horse population can sustain and to avoid very small fields.
- ii) Maintain or improve the quality of that population and also its size to the extent needed for competitive racing.

- iii) Ensure all horses are rewarded broadly in accordance with their ability over their entire careers.
- iv) Match opportunities to the horse population at all reasonable levels of ability.

As these aims are clearly to some degree in conflict with each other, the exercise is one of balancing the different factors involved. It is easy to plan a programme to reward the best horses to the exclusion of the rest or, on the other hand, to achieve competitiveness by an almost total reliance on handicaps. The race programme must provide a clear balance.

4.2.2 The chart below shows the number of Flat turf, All-weather and Jumping races staged during each of the past five years:

<u>Number of Races 1998-2002</u>				
Year	Flat Turf	All-weather	Jumping	Total
1998	3248	895	3171	7314
1999	3409	937	3182	7528
2000	3311	1038	3073	7422
2001*	3377	1058	2706	7141
2002	3419	1153	3119	7691

* Foot and Mouth outbreak

4.2.3 During the same period the average number of races per fixture also expanded.

<u>Average Races per Fixture 1998-2002</u>				
Year	Flat Turf	All-weather	Jumping	Total
1998	6.3	6.7	6.5	6.4
1999	6.4	7.0	6.5	6.5
2000	6.3	7.5	6.5	6.6
2001	6.5	7.5	6.7	6.7
2002	6.5	7.5	6.6	6.6

4.2.4 The breakdown by type of race is as follows:

<u>Flat Allocation by Race Types 2002-2003</u>				
	2yo	3yo	3yo+	All
WFA Races:				
Pattern/Listed	55	49	136	240
Conditions Stakes	68	29	70	167
Classified Stales	-	58	208	266
Maiden/Novice	606	239	233	1078
Seller/Claimer	<u>102</u>	<u>85</u>	<u>264</u>	<u>451</u>
WFA Total	831	460	911	2202
Handicap races				
Rated Stakes	-	40	99	139
Other	153	455	1342	1950
Maiden	-	12	33	45
Seller/Claire	<u>4</u>	<u>10</u>	<u>37</u>	<u>51</u>
Handicap Total	<u>157</u>	<u>517</u>	<u>1511</u>	<u>2185</u>
GRAND TOTAL	<u>988</u>	<u>977</u>	<u>2422</u>	<u>4387</u>

<u>Jump Allocation by Race Types 2002-2003</u>					
	Chase	Hurdle	NHF	Hunter	All
WFA Races:					
Other	34	35	7	101	1777
Novice/Maiden	470	714	35	35	1254
Sell/Claim/Clsfd	<u>12</u>	<u>132</u>	<u>156</u>	=	<u>300</u>
WFA Total	516	881	198	136	1731
Handicap races					
Other	692	613	-	1	1306
Novice/Maiden	145	149	-	-	294
Seller	<u>9</u>	<u>99</u>	=	=	<u>108</u>
Handicap Total	<u>946</u>	<u>861</u>	<u>1511</u>	<u>1</u>	<u>1708</u>
GRAND TOTAL	<u>1362</u>	<u>1742</u>	<u>198</u>	<u>137</u>	<u>3439</u>

4.3 **Findings of the Committee**

4.3.1 The current method of classification of races from A to H is not well understood and needs simplification. Much of this problem stems from the fact that there is no precise correlation between the class of race and the prize money paid, that there are too many overlapping handicap bands (eleven on the Flat and thirteen Jumping) and that the level of race values between each category is too compacted.

4.3.2 The Industry, with the general exception of racecourses, were of the view that there should be greater central race planning of all programmes through BHB, since the BHB Racing Department is the only organisation with the necessary information to develop the best race programme for the horse population.

- 4.3.3** The current Flat race programme has lost some of its shape since its last restructure in 1993. In 1993 (1995 for Jumping) races of each type were spread out by week to match demand. The shape then achieved has since been altered by racecourse adjustments to race conditions, although the BHB Racing Department has done a good job of preserving the essential shape of the programme and, in a number of ways, improving it.
- 4.3.4** Although the race programme for fillies has improved over the past ten years, and is due for a significant boost in 2003, the current programme still does not provide sufficient opportunities, especially for 4 year olds and upwards, at the higher end of the female population. This was clearly demonstrated in the April 2002 TBA paper, 'Opportunities for Fillies'.
- 4.3.5** The current race programme does not have a sufficient number of 3 year old only races, which are particularly required before the end of June. Three year olds are at a disadvantage to older horses in handicapping terms until mid-year. It is therefore important to ensure that there is an effective 3-year old only programme in order to encourage owners to retain their horses at the end of their 2-year old careers.
- 4.3.6** The race conditions of Classified and Maiden Auction races require change. Classified races below Class D do not offer sufficient range and flexibility and Maiden Auction races are restricted to horses sold at a very narrow group of sales companies.
- 4.3.7** Although significant progress has been made in the past five years in reducing the number of races with less than eight runners, there are still too many such races.

Races with less than 8 runners by Code 1998-2002

	1998	1999	2000	2002	98-02 %+/-
<u>Flat</u>					
1-4	205	155	156	141	-31
5-7	<u>878</u>	<u>890</u>	<u>794</u>	<u>739</u>	<u>-16</u>
<u>Total</u>	<u>1083</u>	<u>1045</u>	<u>950</u>	<u>880</u>	<u>-19</u>
<u>Jump</u>					
1-4	219	202	233	195	-11
5-7	<u>901</u>	<u>971</u>	<u>929</u>	<u>863</u>	<u>-4</u>
<u>Total</u>	<u>1120</u>	<u>1173</u>	<u>1162</u>	<u>1058</u>	<u>-6</u>
<u>All Races</u>					
1-4	424	357	389	336	-21
5-7	<u>1779</u>	<u>1861</u>	<u>1723</u>	<u>1602</u>	<u>-10</u>
<u>Total</u>	<u>2203</u>	<u>2218</u>	<u>2112</u>	<u>1938</u>	<u>-12</u>

Note: 2001 statistics have not been included because the Foot and Mouth outbreak which resulted in almost a quarter of all fixtures being lost has meant that the 2001 stats are totally inconsistent with other years.

4.4 Recommendations of the Committee

4.4.1 Place all Flat races in one of five Classes (1-5).

- Each Class should equate to a certain handicap band (see Section 5.4.1 on page 37) and carry clearly defined levels of prize money equating to the Class of race.
- Each race type, whether handicap or not, should be transposed from the current Grade A – G into Class 1-5.
- Open maidens should be allocated to the appropriate Class by reference to the prize money attaching to them.
- Condition races and other restricted races (maidens, claimers and sellers) should be allocated to the appropriate Class by reference to the race conditions.
- Penalties should, at least for the first year, continue to be earned according to the current system.
- Premier Racing should be Class 1.
- Regional Racing should be Class 5.

4.4.2 Make no change to the way in which responsibility for deciding the race programme of each fixture is exercised.

The Committee considers that, while the concept of greater central race planning has its attractions, the current relationship between racecourses and the BHB Racing Department works well and there are few examples of the Department being unable to find racecourses willing to put on the races required for the horse population. The Committee also found that the Racing Department is in the process of developing more sophisticated software systems to create more effective horse population tracking methods and race programme analysis, which will improve the Department's overall efficiency and its capability to provide courses with the best possible guidance on race programmes.

4.4.3 Continue the expansion of the programme for better quality fillies and mares.

While considerable progress has been made in reshaping and expanding the race programme for fillies in 2003, the programme should continue to be expanded for better quality fillies and mares, while bearing in mind that favouring one group of horses removes opportunities from others. A programme of races for fillies of Group race ability, coordinated throughout Europe, would also assist in giving owners and breeders an incentive to keep their best fillies in this part of the world.

4.4.4 Introduce more races, especially handicaps, confined to 3 year olds only especially before the end of June.

Not only do 3 year olds get large weight for age allowances early in the year, which makes it difficult on occasions for 3 year olds to get into the handicap in races against older horses, but there is evidence that 3 year olds are not competitive in handicaps against their elders, especially horses further down the ability scale, early in the season.

4.4.5 Allow all horses bought at major overseas Sales to be eligible for maiden auctions.

Horses bought at all Sales are currently eligible for median auctions but only horses bought at English and Irish Sales are eligible for maiden auctions. The Committee considers that this restriction is anti-competitive and protectionist and is not justified on the grounds of the sort of unlevel playing field found within the British Breeding Industry. However, in order to avoid horses being run through unrecognized non-specialist Sales in order to buy the horse back at an artificially low price, only horses bought at Sales conducted by members of SITA (Society of International Thoroughbred Auctioneers) should be qualified. Horses sold at English and Irish Sales will continue to be eligible automatically for relevant races. Those bought abroad will need to be validated by an official return of the purchase price.

4.4.6 Expand all Classified Stakes to have a 5lb band.

All Classified Stakes (and not just those currently Class D and above) should allow horses rated up to five pounds above the band (e.g. 0-70) to run, carrying up to an extra five pounds depending on their handicap mark. The fillies' allowance of three pounds should be retained on the grounds that, even with this allowance, fillies won 25% fewer Classified Stakes in 2000 and 2001 than they should have, based on their number of runs.

4.4.7 Reduce races with field sizes of less than eight to no more than 10% of the race programme.

Races with less than eight runners currently account for 25.3% of the programme, although the figure was as high as 30% as recently as 1998. The problem is much greater in Jumping, where races with less than eight runners accounted for 39.1% of races in 2002, than on the Flat where the comparable figure was 19.2%. The Committee recommends that the BHB Racing Department makes every effort within the new arrangements proposed to ensure that the number of small fields continues to be reduced.

4.4.8 Place more emphasis on merit when eliminating horses from oversubscribed races.

In keeping with a true meritocracy, the better horses should be protected from elimination whenever practical. For existing race types, the elimination procedures should remain the same. In Banded Stakes (see 5.4.2 on page 37) horses should be eliminated by the lowest band, with horses in the same band being eliminated by ballot.

4.4.9 Enable racecourses to programme a number of 'consumer interest' races (e.g. races for greys) that encourage media interest, are marketable and ensure competitive racing.

4.4.10 Enable more people to participate in the Claiming process for Claiming races by allowing telephone bids, provided the bidder is a registered account holder with Weatherbys.

This recommendation has already been submitted to the Race Planning Committee for introduction in July 2003.

5. HANDICAPS

5.1 Background

5.1.1 All horses, once qualified, receive a handicap mark off which they must run in handicaps. Handicap marks are updated weekly based on horses' performances in races during the preceding week. Horses generally qualify for a handicap mark after three runs, although two year olds must also have finished in the first four in order to run in handicaps until September. Horses that win on their first or second run will generally be given a provisional handicap mark which entitles them to run in appropriate Classified Stakes and, in the case of horses who have run twice, most handicaps.

5.2 Current Ratings Band and Handicap System

5.2.1 Some 50% of Flat races are handicaps of which 7.2% are Rated Stakes handicaps (i.e. narrow band handicaps). Some 50% of Jump races are also handicaps but less than one per cent are limited range handicaps.

5.2.2 Long band handicaps have a range of between 23lbs and 30lbs depending on the age group of the participants and the race conditions.

5.2.3 All handicaps are framed with the highest-rated horse entered being allocated the top weight, and the weights of the other horses being calculated relative to the top-weighted entry. If the highest-weighted horse declared to run is below the standard top weight for the race, the weight of the highest rated horse will be raised to that weight, and all other weights will be raised accordingly. In many handicaps this means that the weights rise from those originally allotted, including that of the lowest-rated horse.

5.3 Findings of the Committee

5.3.1 The current handicap bands are too wide and, in general, discourage a true meritocracy. The system assists horses of lesser ability to win prize money which is not commensurate with their talent and, at the same time, disenfranchises horses of greater ability who find themselves competing with horses of lesser ability for prize money at a level which that relative lack of talent cannot justify. This system and the resultant poor risk to reward ratio not only encourages owners of better class horses to sell them abroad but raise serious questions about integrity, as highlighted in *Kenyon Confronts* and *Panorama* last year.

5.3.2 In Flat racing, Rated Stakes handicaps (narrow band handicaps) have become increasingly successful and are now well established as part of the Race Programme.

- 5.3.3 Certain traditional major handicaps are suited to being long handicaps. Their appeal is based on large field sizes which can only be assured if long handicaps apply.
- 5.3.4 The current handicapping rules which prevent once-raced winners from running in handicaps limit opportunities for such horses.
- 5.3.5 These rules which, other than in exceptional circumstances, enable a horse to run in handicaps after three runs, regardless of its finishing position should encourage owners and trainers to run horses entirely on their merits prior to being handicapped.

5.4 Recommendations of the Committee

5.4.1 **All Flat handicaps for 3 year olds and for older horses rated 46 and upwards, other than Heritage Handicaps (see 5.4.3 below), should be run as narrow-band handicaps with a 15lb weight range (10lbs for Class 1 (101-110) and Class 4) in Classes 1-4.**

The figures below are taken from the ratings file in October 2002.

<u>Class of Race by Prize Money</u>	<u>Ratings of horses and handicaps</u>	<u>Penalty Category</u>	<u>Percentage of Horse Population</u>
1 (Premier)	86+	A, B or C	14%
2	71-85	D	19%
3	56-70	E	25%
4	46-55	F	17%

Note: 25% of the Flat horse population is rated 45 and below.

Horses rated between 111-115 would be able to run in Class 1 handicaps (101-110) and would carry up to 5lbs above the top weight depending on their rating.

This system of limiting all handicap bands to either 10 lbs or 15 lbs is a fundamental part of the meritocracy system which will have significant benefit to punters and racegoers in encouraging a higher standard of integrity. It will not only result in greater fairness but also encourage owners and trainers to seek promotion for their horses to the next higher class in order to obtain greater rewards without having to give away excessive weight.

5.4.2 **There should be Banded Stakes rather than Flat handicaps for horses rated 45 and below.**

The new meritocratic structure of narrow-band handicaps set out in 5.4.1 above has major benefits to integrity. However, the system could be far less effective in the context of very moderate horses due to the inevitably small prizes on offer for lowly rated horses and the obvious related temptations engendered by low prize money. Accordingly, the Committee recommends that precise ratings for horses below 46 should

not be published in order to make it more difficult to calculate the impact of any given run on the rating of one horse against another. Instead such horses should be placed in published bands as follows:

<u>Unpublished Ratings</u>	<u>Published Band</u>
41 - 45	A
36 - 40	B
31 - 35	C
0 - 30	D

Races for horses in Bands A, B or C should be programmed as Banded Stakes. There should be no Band D Stakes. Horses in the four bands should be able to run in any Banded Stakes at level weights providing that horse is not in a higher band than the band of the programmed race. Penalties should be applied if the handicapper has been unable to reassess the horse before it runs again.

No races should be programmed for fillies at this level, neither should a sex allowance apply. However the weight for age scale should be used and few races would be likely to be restricted to specific age groups.

Guidance should be provided on the correct conditions to be attached to races such as sellers, claimers and restricted maidens in Class 5. Such races should not be governed by ratings levels, nor should they have specified minimum values.

5.4.3 A limited number of high profile, traditional long-band handicaps (to be called Heritage Handicaps) should continue to be run, providing they fulfil certain conditions:

These conditions should be:

- They are at least 0-105 handicaps
- They carry at least £50,000 in added money
- They have a top weight of 9st 10lbs unless a horse is rated over 110 (9st 7lbs if the race is a 3 year old only handicap)

A list of proposed Heritage Handicaps is attached at Appendix I on page i.

5.4.4 The change to a system of narrow-band handicaps and the elimination of long-band handicaps other than Heritage Handicaps should be carried out over a two-year period in 2004 and 2005 to enable a smooth transition.

The transition should be effected as follows:

(a) 2004

- The new system, whereby all handicaps, other than Heritage Handicaps, become narrow-band handicaps should be introduced at the start of the 2004 Flat Turf season (March 2004).
- However, weights should continue to rise so that the

highest-rated horse moves up to the top weight. This would allow some horses to move into the handicap even though they were rated in the Class below. This should enable the Racing Department to ensure that the correct number of races in each Class are programmed for 2004.

(b) 2005

- Providing the BHB Racing Department was satisfied that the race programme changes had been implemented to an appropriate degree, narrow-band handicaps should be set in 2005 so that, if the highest-rated horse to run is rated, for example, four pounds below the top rating, the horse would carry four pounds below the top weight.

The proposed narrowing of the handicap bands poses a real challenge to the BHB Racing Department. Because the narrowing of handicap bands, by definition, reduces the number of opportunities in each class, extra care has to be taken to programme the correct number of races.

A further difficulty for the BHB Racing Department is caused by the fixture congestion during the summer period, when field sizes are traditionally under pressure and the margin for error in programming will be even less. Geographically distant racecourses would be potentially worst affected and particular care would have to be taken with races for such courses.

On the other hand, the proposed narrowing would have two positive race planning effects. First, it would enable the BHB Racing Department to match the horse population to opportunities more easily, since horses will be directed to their own class of race. Currently, with up to a 30lb range, the planners have no idea whether a horse rated 60 will run in any one of seven handicap types from 0-60 to 0-90.

The second positive effect would be the levelling out of field sizes. While concern will no doubt be expressed about the risk to field sizes, some large field sizes would be reduced with the narrowing of bands, ensuring that horses take up other opportunities in races which might previously have been undersubscribed.

5.4.5 All horses with a handicap mark within or below the rating range of the handicap band should be entitled to run in that handicap (unless balloted out).

However, if rated more than 15lbs (10lbs if running in Class 1 (101-110) or Class 4) below the top rated horse (in 2004) or below the top rating of the band (from 2005), a horse would run from out of the handicap with the lowest weight permitted.

5.4.6 The title ‘Rated Stakes’ should be dropped and all narrow band handicaps renamed ‘Handicaps’, with ‘Heritage Handicaps’ distinguishing long band from narrow band handicaps.

5.4.7 Flat handicap ratings should be published in the Racing Calendar, putting the rating into the appropriate column marked Class 1,2,3,4, or the band letter (A,B,C or D) into Class 5.

5.4.8 Narrow band handicaps appear to be unsuitable for Jumping.

The fewer number of horses, the current field size problems and the larger number of handicap bands would indicate that a narrow band handicap system for Jumping would carry severe risk that field sizes would become even smaller. Indeed the lack of success of Limited Handicaps in Jumping suggests that this fear is justified.

The Committee felt that, although narrow band handicaps could probably be introduced for horses rated up to 110, the impact of introducing narrow-band handicaps should be assessed on the Flat before any further consideration is given to programming them, even on a limited basis, for Jumping.

5.4.9 Narrow band handicaps should not be introduced for two year old racing at this time.

There is no indication that two year old racing needs restructuring, and, as the nursery for mature horses, two year olds should be allowed to find their true level of merit before being put into a more structured system.

5.4.10 Once raced winners should be allowed to run in all handicaps other than Heritage Handicaps and handicaps with a value of more than £25,000.

The narrowing of the handicap bands and exclusion from Heritage Handicaps reduce the opportunity for horses to obtain a favourable handicap mark by winning a maiden at a small racecourse with a view to earning substantial prize money in a valuable handicap. A low mark would now put that horse into a lower class handicap or force it to run out of the handicap in a better class handicap where previously it would have got into that handicap above the minimum weight.

This restructure should reduce the benefit to owners and trainers from playing the system with once-raced winners. The Committee therefore recommends that once-raced winners should in future be eligible to run in handicaps, other than Heritage Handicaps and those worth more than £25,000. Once-raced winners would not be able to run in such races until they had run at least three times. This proposal, if implemented, would help resolve the previous difficulty of finding opportunities for once raced winners.

5.4.11 All horses other than two year olds, prior to 1st September, should only be eligible for a handicap mark after their third or subsequent run if they finish in the first six in any of their first four runs.

This proposal would generate more competitive racing, encouraging horses to finish in the first six in order to obtain a handicap mark and encouraging trainers to place their horses in suitable maiden or other races in order to finish in the first six. This would enable handicappers to better assess the relative merits of each horse and further improve the integrity of the sport.

Any horse which fails to finish in the first six in any of its first four races should become eligible for a handicap mark after its fourth run.

Two year olds should adopt the revised handicap regulations relating to older horses from 1st September of their two year old careers.

6. PRIZE MONEY

6.1 Background

6.1.1 Prize money is the lifeblood of Racing. It is a critical ingredient in growing the horse population so that the Industry's income can be maximized. It needs to be at a level which both enables British Racing to compete successfully with other major racing nations and is sufficient to retain existing owners and attract new ones.

6.1.2 Prize money has increased substantially during the past five years and is expected to increase again in 2004. Despite these advances, in 2003 there are still 303 fixtures which the betting industry require but which are not being provided by Racing. These fixtures could generate up to £30 million in increased annual income for the Industry, but need sufficient horses to fill them. This, in turn, requires a strategy to attract more owners, retain more owners for longer and entice the best horses to race in Britain.

6.2 Current Prize Money Structure

6.2.1 Prize money trends since 1998 are illustrated below:

Year	HBLB	Racecourses	Owners	Divided Race	Total
	£	£	£	Fund	£
1998	28,910,096	23,712,224	10,539,543	496,813	63,658,676
1999	32,503,221	24,269,458	11,666,754	623,550	69,062,983
2000	33,287,121	26,709,960	11,056,125	637,100	71,690,306
2001*	32,623,356	26,478,407	11,306,532	1,253,750	71,662,045
2002	39,416,303	31,611,677	11,870,973	1,304,250	84,203,203
2003**	48,818,000	37,547,000	11,870,973	1,304,250	99,540,223

* Figures depressed by Foot and Mouth and weather with 228 fixtures abandoned

including the Cheltenham Festival

** Estimated

6.2.2 However Britain's owners still lose more than their counterparts in other major racing nations as can be seen from the chart below, which shows the percentage of keep and training costs recovered by owners in prize money:

Percentage of Keep & Training Costs Recovered by Prize Money 1998-2004

<u>Year</u>	<u>GB</u>	<u>Ireland</u>	<u>France</u>	<u>Italy</u>	<u>USA</u>	<u>Japan</u>	<u>Australia</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
1998	22	22	54	51	47	87	43
1999	21	24	54	60	55	85	41
2000	21	26	54	50	52	80	43
2001	23	27	54	N/A	53	78	42
2002*	26	32	N/A	N/A	N/A	N/A	N/A
2003*	30	33	N/A	N/A	N/A	N/A	N/A
2004*	32	32	N/A	N/A	N/A	N/A	N/A

* Estimated

6.2.3 As owners and racecourses contribute more to the Flat prize fund and more races are divided on the Flat, the total prize fund is weighted heavily towards Flat Racing, as can be seen from the chart below:

Flat Racing

<u>Year</u>	<u>HBLB</u>	<u>Racecourses</u>	<u>Owners</u>	<u>Divided Races</u>	<u>Total</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>%</u>
1998	17,234,139	16,695,146	8,018,036	389,238	42,336,559	67
1999	19,352,958	17,287,722	9,015,588	499,400	46,155,668	67
2000	19,867,465	18,915,910	8,674,143	517,850	47,975,368	67
2001	20,296,855	19,663,755	9,320,903	988,050	50,269,563	70
2002	23,793,236	21,706,375	9,306,914	1,093,600	55,900,125	66
2003*	29,038,000	25,028,000	9,306,914	1,093,600	64,466,514	65

*Estimated

Jumping

<u>Year</u>	<u>HBLB</u>	<u>Racecourses</u>	<u>Owners</u>	<u>Divided Races</u>	<u>Total</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>%</u>
1998	11,675,957	7,019,078	2,521,507	107,575	21,324,117	33
1999	13,150,263	6,981,736	2,651,166	124,150	22,907,315	33
2000	13,419,656	7,794,050	2,381,982	119,250	23,714,938	33
2001	12,326,501	6,814,652	2,086,315	265,700	21,493,168	30
2002	15,641,759	9,886,610	2,564,059	210,650	28,303,078	34
2003*	19,780,000	12,519,000	2,564,059	210,650	35,073,709	35

*Estimated

- 6.2.4 In order to create a system of prize money values which equate approximately to the merit of the horse, BHB has operated a system of Minimum Values for each class of race. The 2003 Minimum Values are attached at Appendix II on page iii.
- 6.2.5 Prize money is currently split between placings under Order 194 in a variety of ways. (See Appendix III on page v).
- 6.2.6 Prize money also is currently split between owner, trainer, jockey and stable staff under Order 194 in a variety of ways. (See Appendix III on page v).

6.3 Findings of the Committee

- 6.3.1 There is not a sufficiently clear meritocracy system for the winning of prize money. This is largely caused by the handicap bands being too wide. However, the comparatively small differentials between Minimum Values, allied to the high number of race classes (eight for Jumping and seven for Flat) and the flexibility that racecourses have to establish their own race values have led to some races being worth far more than races in the class above.
- 6.3.2 Prize money, especially for better class races, should be shared between more placed horses.
- 6.3.3 There is strong opposition to the concept that racecourses alone should decide how much prize money to pay the connections (owner, trainer, jockey, stable staff), on the grounds that it provides courses with the opportunity to induce trainers and owners to run horses by offering them higher percentages, thereby reducing payments to jockeys and stable staff.
- 6.3.4 The structure of payments to placings and connections is unnecessarily complicated and should be simplified.

6.4 Recommendations of the Committee

- 6.4.1 **There should be a substantial differentiation between prize money for each race Class in order to create an improved meritocracy system where owners and trainers seek promotion for their horses.**
The BHB Racing Department should recommend the prize money levels for each class in order to create such a meritocracy and provide a substantial differentiation while continuing to leave racecourses flexibility in their race programmes.

The prize money differential between each Class is expected to be in the 50%-70% range. Such a differentiation is required in order to create a true meritocracy.

6.4.2 Prize money for a race in one Class should not exceed that of the Class above.

If a racecourse considers it necessary to increase prize money to attract runners, it should make available appearance money for this purpose. If a course simply wants to increase or decrease prize money, it has the freedom to run a race in a higher or lower class.

6.4.3 Prize money should be paid to the following placings:

Class 1	-	1st six
Class 2	-	1st five
Class 3	-	1st four
Class 4	-	1st three
Class 5	-	1st three

This should be a Guideline to a racecourse rather than a BHB Order, giving the course the freedom to decide exactly how it wishes to allocate its prize money between placings.

6.4.4 Prize money should be divided between the placings as follows:

<u>Percentage Allocation of Prize Money between Places</u>						
<u>Number of Prizes</u>	<u>Win</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>5th</u>	<u>6th</u>
Six	60	20	10	5	3	2
Five	60	22	10	5	3	-
Four	60	25	10	5	-	-
Three	60	30	10	-	-	-

This simplified structure would also be a Guideline to a racecourse rather than a BHB Order.

6.4.5 Payments to connections should be made under Order rather than Guideline for the reason stated in 6.3.3 above and should be simplified following consultation within the industry.

6.4.6 Flat races for amateurs, ladies and apprentices should be programmed in the appropriate Class with the appropriate level of prize money for that Class rather than downgraded as at present.

At present, such races can be programmed at the prize money level of the Class below. However, with the reduction in the number of Classes and the substantial prize money differentiation between the new Classes, it would be inappropriate for a distinction to be drawn between these types of race and the other race types.

The existing regulations regarding prize money for amateur and conditional races for Jumping should remain unchanged.

7. APPEARANCE MONEY

7.1 Background

- 7.1.1** The Appearance Money Scheme was first introduced in 1993. Its aim is to encourage owners to run their horses in particular categories of race at particular times where field sizes are below average. It is also intended to increase betting turnover by achieving field sizes of at least eight runners and thereby encouraging each way betting.
- 7.1.2** In 1993 the Scheme, funded by the Levy Board in that year to the tune of £500,000, provided payments of £30 plus VAT per horse which ran more than a specified number of times. In 1995/96 the Scheme became more targeted. Because of the fear that the costs to owners of Sunday racing would result in small field sizes, the Scheme was restricted primarily to Sunday racing with all races on that day qualifying for payments. Payments rose to £200 per runner, increasing to £300 subsequently. Horses running in certain targeted races received appearance money of up to £500 per runner.
- 7.1.3** The Scheme continued, in broadly this form and subject to annual review, until 2001. At this time BHB was concerned that the Scheme encouraged the participation of some horses of a very moderate standard which had limited chances of success in the relevant race. Therefore, from November 2001, BHB applied a level, above which all horses must be rated to qualify for a payment. This rating level is 45 for flat races, 75 for Jump races, with the exception of Jump Grade 2 Pattern Races where the level is a rating of 100. This system continues in operation (see 7.2 below), with a yearly review of conditions by the BHB Race Planning Committee.
- 7.1.4** Customs & Excise agreed that appearance money and prize money are different kinds of payment. The payment of appearance money represents commercial income for the owner for VAT purposes. The link between VAT reclamation – estimated to be worth £20m annually to the Industry - and appearance money has brought the Scheme centre stage. In December 2002, Customs & Excise confirmed that the VAT Scheme for Racehorse Owners would be extended until at least 2005.
- 7.1.5** The appearance money payments are administered by Weatherbys and divided between owner, trainer, jockey and stable staff.

7.2 Current Scheme

- 7.2.1** The current Scheme covers horses in the following races (subject to the horse meeting the rating requirement):
- Flat Conditions Stakes (Class B&C)
 - Flat Classified Stakes (rated 0-75 or above)
 - Novice Chases (Classes A,B,C that are weight for age)
 - Novice hurdles (Classes A,B,C that are weight for age)

- Juvenile hurdles (Classes A-E)
- Grade 2 Jump Pattern Races
- All Sunday Races

7.2.2 The Scheme, making payments of £300 plus VAT per qualifying horse per race, paid out £2.29m in 2002 compared with £2.86m in 2001. The chart below shows total payments made under the Scheme since 1995.

<u>Year</u>	<u>£</u>
1995	607,824
1996	593,497
1997	596,897
1998	403,742
1999	296,100
2000	1,247,692
2001	2,861,300
2002	2,285,100

7.3 Findings of the Committee

7.3.1 The Appearance Money Scheme, wherever it has been directed, has had a beneficial impact on the number of runners.

<u>Average Field Sizes Before and After Appearance Money</u>		
Appearance Money Type	Before Appearance Money	After Appearance Money
Sundays	9.93	11.22
Classified Stakes	7.18	11.73
Condition Stakes	6.67	9.36
Juvenile Hurdles	9.29	11.73

7.3.2 With the reluctance of some trainers to support Sunday racing because of the staffing situation and with the reluctance of some owners to support Sunday racing because of the increased costs, a Sunday Appearance Money Scheme to attract runners is of prime importance.

7.3.3 The Scheme continues to be abused by certain trainers, who run horses in certain races despite those horses being entirely uncompetitive. This abuse has continued, despite the establishment of ratings thresholds in order to qualify for appearance money. The problem is greatest in Conditions Stakes.

7.3.4 Racecourses show little or no interest in funding appearance money despite many courses staging races which attract too few runners. It appears that courses prefer to rely on the Levy Board to provide and fund the Scheme.

7.4 Recommendations of the Committee

7.4.1 Appearance Money for the Flat should only be paid to horses rated no more than one class below the race Class in which the horse is running, instead of to all Flat horses rated 45 and above.

This would reduce the continued abuse of the system in Condition Stakes. Horses without a rating however would continue to get appearance money in qualified races regardless of the type of race.

7.4.2 Appearance money for Jumping should continue to be paid to all horses rated 75 and above in Juvenile Hurdles, Novice Chases and Novice Hurdles and to all horses in Grade 2 Pattern Races which have a rating of 125 or above (110 for Novice Pattern Races). Payments should be made for handicaps to all horses with a handicap mark no more than 40lbs below the top rating of the handicap band, with a minimum mark of 75.

These changes would reduce any further abuse of the system and prevent accusations of misdirection of money. Horses without a rating would continue to get appearance money in qualified races regardless of the type of race.

7.4.3 Appearance money should not be paid for Regional Racing.

Although Flat horses rated 45 and below will be faced with substantial costs on Sundays, the Committee, noting that appearance money is not currently paid to such horses, could not justify recommending appearance money support for such lowly rated horses.

7.4.4 Racecourses should be encouraged to pay appearance money.

This proposal is developed further in 8.4.2 on page 52.

7.4.5 Appearance money should be paid to all mares running in Steeplechases.

This proposal is to be implemented from 1st July 2003.

8. RACE ENTRY AND DECLARATION

8.1 Background

8.1.1 Britain historically has had the highest race entry costs among the major racing nations, with the exception of Ireland and Germany as can be seen below.

Year	<u>International Owners' Contributions as a Percentage of Prize Money 1998-2001</u>						
	G.B. %	Ireland %	Germany %	France %	Italy %	Australia %	Japan %
1998	16.6	34.7	32.5	7.9	6.2	n/a	0/7
1999	16.9	33.3	25.5	8.2	4.3	2.6	0.8
2000	15.4	32.2	11.7	7.6	4.7	3.9	0.8
2001	15.8	30.9	16.4	8.3	n/a	4.0	0.8

8.2 Current System for Race Entry and Declaration

8.2.1 In 2002, 14.1% of the overall prize fund was contributed by owners' entry fees with Flat owners contributing 16.7% and Jump owners 9.0%. Although the figures are still high, they have reduced significantly since 1990 when the overall figure was 22%.

<u>British Owners' Contribution as a Percentage of Prize Money 1998-2002</u>			
Year	Flat	Jumping	Total
1998	18.9%	11.8%	16.6%
1999	19.5%	11.6%	16.9%
2000	18.1%	10.0%	15.4%
2001	17.5%	9.2%	15.8%
2002	16.7%	9.0%	14.1%

8.2.2 The entry system divides into two sections: – early closing races and five-day entries. The five-day entry system was changed in November 2000. The main changes were a reduction of stakes for Non-Pattern races from between 1% and 0.5% of the Money Added to Stakes, to between 0.75% and 0.25% of the Money Added to Stakes. The stakes for all Pattern races were permitted to be in the following ranges:
Group 1 – 0.5%-1.5% of the Money Added to Stakes;
Group 2 – 0.5%-1.25% of the Money Added to Stakes
Group 3 – 0.5%-1% of the Money Added to Stakes

8.2.3 Following an initial review by the Racing Review Committee in autumn 2002, the race entry fees were changed again in November 2002. The main change was to reduce the charge for all five-day entries to between 0.2% and 0.5% of the money added to stakes.

8.2.4 The main characteristics of the current system for early closing and sales races are as set out in Appendix IV on page ix.

8.2.5 In addition to the entry charges which are added to stakes, owners and racecourses pay to BHB an administrative charge of £12.85 plus VAT and £4.95 plus VAT respectively for every entry made. In 2002 the administration charges paid by owners and racecourses amounted to £3.022 million and £1.344 million respectively.

8.2.6 As can be seen from the chart below, owners contribute over 30% of the prize fund for Flat Pattern Races but under 13% for Jump Pattern Races. They also contribute over 75% of Flat Sales Races. This explains why the owners' contribution to the Flat prize fund is almost double that of the Jump prize fund in percentage terms.

<u>Owners' Percentage Contribution to Pattern and Sales Prize Fund 1998-2002</u>				
	1998	2000	2001	2002
Flat Pattern	29.49	29.72	31.97	30.62
Flat Sales	83.38	85.78	79.18	75.83
Jump Pattern	13.39	11.95	9.79	12.59

8.2.7 The total contribution by owners to the Prize Fund since 1998 is as follows:

<u>Owners' Contribution to the Prize Fund 1998-2002</u>					
	1998	1999	2000	2001	2002
	£m	£m	£m	£m	£m
Flat	8.02	9.02	8.67	9.32	9.31
Jump	<u>2.52</u>	<u>2.65</u>	<u>2.38</u>	<u>1.98</u>	<u>2.56</u>
Total	<u>10.54</u>	<u>11.67</u>	<u>11.05</u>	<u>11.30</u>	<u>11.87</u>

8.2.8 There are more race entries per race on the Flat than Jumping but more race entries per runner Jumping than on the Flat. Entries per race and per runner have both increased by around 20% since 1998:

<u>Race Entries per Race 1998-2002</u>			
Year	Flat	Jumping	Total
1998	21.6	21.2	21.4
1999	22.9	21.9	22.5
2000	24.3	22.3	23.5
2001	27.0	25.9	26.7
2002	27.4	24.1	26.0

<u>Race Entries per Runner 1998-2002</u>			
Year	Flat	Jumping	Total
1998	1.99	2.21	2.08
1999	2.07	2.30	2.16
2000	2.16	2.35	2.22
2001	2.25	2.28	2.30
2002	2.43	2.53	2.47

8.2.9 All declarations are required 24 hours before the race except in the case of Sunday races, Group 1 races, All-weather races during the winter (an experiment) and a few select handicaps, which all require 48-hour declarations.

8.3 Findings of the Committee

8.3.1 Race entry charges still represent too high a percentage of the total prize fund although they dropped substantially in 2002.

8.3.2 Race entry charges are much higher than they appear because the total cost of race entries is obscured by the administration charges to owners and racecourses which together add almost 40% to the entry fees contributed by owners. In many instances the cost of administering the race entry exceeds the cost of the entry itself.

8.3.3 As individual race entry charges have reduced, so the number of race entries has increased. The period 1998-2002 saw a 30% increase in race entries but only an 10% increase in runners (eliminations account for some of the entry increase). The ratio of entries to runners has increased from 2.08 to 2.47 in the same period.

Race Entries – Ratio of Entries to Runners 1998-2002

Year	Entries	Runners	Ratio (Ent/Run)
1998	158,389	76,219	2.08
2000	173,438	78,102	2.22
2001	189,922	82,677	2.30
2002	206,657	83,652	2.47

8.3.4 The proliferation of Flat entries is likely to abate if narrow band handicaps are introduced since the number of realistic opportunities for each horse will decrease.

8.3.5 The system of ‘Added To Stakes’ is an unclear method of identifying race values.

8.3.6 The number of eliminations has increased as a result of trainers being able to view the number of declarations on the Weatherbys system pages. This allows them to identify the likelihood of their horse being balloted out and their entry fees reimbursed.

8.3.7 There is no evidence that the introduction of 48-hour declarations on the All-weather in the winter of 2002/03 has resulted in any additional income to Racing, racecourses or Attheraces.

8.3.8 The introduction of universal 48-hour declarations would decrease the chances of finding the best opportunities for horses and reduce the competitiveness of British Racing.

8.3.9 Major races and meetings, where alternative opportunities for horses are few, would benefit from 48-hour declarations by allowing the media and betting industry more time to promote the events.

8.4 Recommendations of the Racing Review Committee

8.4.1 The race entry system for five-day entries should remain unchanged for both Flat and Jumping following the changes made in November 2002:

- The Committee originally intended to recommend a system based on the French model, believing that the only way to reduce entries was to introduce a forfeit system where undeclared horses paid a penalty for pulling out.

- However, after consultation with the industry during April, the Committee came to the conclusion that the proposed system should not be introduced for the following reasons:

- Assuming the Flat system of narrowband handicaps is introduced in 2004, the number of race entries will fall because horses will not be qualified for as many races as at present.

- A forfeit system would not reduce the costs to the owner if the trainer continued to make as many entries as at present. On the contrary, it could increase the costs to the owner which would defeat the purpose of the exercise.

- Britain is unique both in the plethora of its fixture list and its changing weather patterns. This almost requires trainers to enter races in the hope of changing ground conditions and, penalising them when the weather does or does not change, could be argued to be unfair.

- Introducing a forfeit system on top of a new narrow-band handicap system could reduce the competitiveness of the programme considerably.

- Although Jumping will not, at least initially, be converted into a narrow-band handicap system, the weather conditions in winter and concerns about field sizes in Jumping led the Committee to recommend the status quo for Jumping as well.

8.4.2 Racecourses should be encouraged to pay appearance money.

Racecourses should look to pay appearance money as a means of reducing the unacceptably high number of races with less than eight runners. Appearance money payments by racecourses count towards the Merit Table, assist owners and in generating commercial income and have been shown in Section 7.3.1 on page 47 to assist in increasing field sizes to the benefit of racecourses' customers.

8.4.3 A Committee Sub-Group, which has already been set up, should review the current early closing entry systems for Pattern and Sales Races.

Because of their complexities, the Pattern and Sales Race entry systems should be looked at with great care. Each Sales Race and early closing Pattern Race should be reviewed separately and discussions held with each Sales Company and racecourse to find a consensual way forward. The Sub-Group should also review ways to ensure that the best horses are able to run in all early closing races.

8.4.4 Goals should be set to reduce entry fees as a percentage of the total prize fund as follows:

- Flat and Jumping 5-Day Entry Races	:	5%
- Jumping Pattern Races	:	10%
- Flat Pattern Races	:	20%
- Sales Races	:	50%

This would have the effect of reducing the overall percentage of the prize fund contributed by owners to less than 10% from a current level of 14.1%.

8.4.5 Racecourses should show all prize money for a race as ‘Total Prize Fund’ rather than ‘Added To Stakes’.

This would give a clearer and more accurate picture of the total prize money on offer. However, it would probably require at least a year of monitoring the impact on entry fees of the narrow handicap band system before Flat racecourses would feel comfortable moving to ‘Total Prize Funds’.

Moving to ‘Total Prize Funds’ should also resolve the problem of prize money, which is ‘unclaimed’ because there are fewer runners than places offering prize money, being divided between the other placed horses. Under the ‘Total Prize Fund’ system, this money would be unpaid and available for other races.

8.4.6 In the interests of transparency, the amount contributed to each fixture’s prize fund from HBLB, Owners and Racecourses respectively should be identified.

BHB should urge the media, especially the Racing Post, to publish not only the day’s total prize fund but also the breakdown between contributors.

8.4.7 There should be a gradual extension of 48-hour declarations providing the benefits of changing from 24-hour declarations can be clearly identified.

The Committee carefully considered the view of the media (notably evening newspapers) that 48-hour declarations were preferable to 24-hour declarations, particularly for the major meetings where the extra time to generate stories and media attention is invaluable. It

concluded that the case to justify the wholesale transfer to 48-hour declarations had not, on the evidence provided, been made.

Britain is unlike most other racing jurisdictions where racing takes place only twice a week and opportunities are easy to identify. British Racing, with its five-day entry system and wide handicap bands, provides a plethora of opportunities for horses, and trainers wish to be in a position to assess the best race in which to run. Changes in going, especially during the winter, also mitigate against universal 48-hour declarations.

8.4.8 Heritage Handicaps and all Group Races for the Flat as well as major Jumping handicaps should be converted to 48-hour declarations in 2004.

The strongest case for 48-hour declarations was put for the better class meetings where the media and betting industry understandably wish to promote the events and where the argument about trainers needing to consider alternative opportunities is weakest.

8.4.9 All Premier race meetings should have 48-hour declarations if introduced in 2005.

The Committee considered that, for the same reasons identified in 8.4.8 above, Premier meetings, which are not expected to exceed 10% of the Fixture List, would benefit from 48-hour declarations.

8.4.10 Racing should be willing to switch to more general 48-hour declarations upon evidence of significant signed contracts between Attheraces and foreign bookmakers with a pre-condition to closing that British Racing switch to 48-hour declarations.

It is unfair to expect Racing to move to universal 48-hour declarations, given the objections to the proposal, on the basis that it will assist in generating income in the future. Significant conditional contracts however should be sufficient to justify a switch to 48-hour declarations.

8.4.11 Reserves should be allowed for Heritage Handicaps

Up to two reserves should be permitted for Heritage Handicaps (where there is no consolation race eg Ayr Silver Cup) which must be willing to travel to the meeting and receive £300 appearance money in the event they do not get into the race. Reserve status should be optional and reserves should only be permitted up to 8am on the day of the race.

9. NATIONAL HUNT RACING

9.1 Background

9.1.1 Jumping, although an integral part of British racing, is in many respects a completely different sport to Flat racing. Many owners own horses that run only under one Code or the other, trainers tend to train under one Code or the other and many spectators attend either Flat or Jumping fixtures but not both and many punters bet on either Flat or Jumping but not both. Amongst racecourses, only 18 of the 59 race under both Codes with 24 of the remainder specialising in Jumping.

9.1.2 Jumping is an extremely popular sport. In 2002, 2,029,357 people attended 474 Jumping fixtures compared to 3,528,401 attending 684 Flat fixtures. Of the top 50 betting races in 2002, 30 were Jumping.

9.1.3 However, there is widespread concern for the future of Jumping which brings so many people so much pleasure. The advent of All-weather racing in the winter has drawn a large number of horses away from Jumping, putting pressure on field sizes and competitiveness. If the Office of Fair Trading succeeds in allowing racecourses to race whenever they wish, the foundations of Jumping are likely to be undermined and the finances of Jumping transferred to All-weather racing. An important part of the sport of Racing would, in all probability, ultimately disappear.

9.2 Current Status of Jumping

2001 statistics have not been included because the Foot and Mouth outbreak, which resulted in almost a quarter of all fixtures being lost, has meant that the 2001 statistics are totally inconsistent with other years.

9.2.1 There has been a 4% expansion of the Jumping Fixture List over the past five years.

<u>Actual Jumping Fixtures 1998-2002</u>		
Year	Programmed	Actual
1998	525	486
1999	528	486
2000	528	469
2002	527	474
2003	544	n/a

9.2.2 The number of jumpers and dual purpose horses in training however has decreased by over 7% while this 4% expansion in fixtures has taken place.

Jumpers and Dual Purpose in Training 1998-2002

Year	Jumpers	Dual Purpose	Total
1998	4114	1823	5937
1999	4332	1483	5815
2000	4322	1186	5508
2002	4264	1248	5512

9.2.3 As a result Jumping field sizes have decreased during the same period:

Percentage of races with less than 8 runners by Code 1998-2002

Year	Flat	Jumping	Total
1998	26.1%	35.3%	30.5%
1999	24.0%	36.9%	29.5%
2000	21.8%	37.8%	29.6%
2002	19.2%	39.1%	25.3%

9.2.4 Horses and field sizes with 8 or more runners have decreased despite substantial increases in prize money during the last five years:

Prize Money for Jumping 1998-2002

Year	Chase £m	Hurdle £m	Bumper £m	Total £m
1998	11.654	9.269	0.398	21.321
1999	12.540	9.889	0.478	22.907
2000	13.282	9.930	0.502	23.714
2002	15.468	12.173	0.661	28.303

9.2.5 At the same time attendances and average attendances have also increased:

Total and Average Jumping Attendances 1998-2002

Year	Total Attendance	Average Attendance
1998	1,896,787	3,903
1999	1,951,238	4,015
2000	1,927,391	4,110
2002	2,029,357	4,281

9.3 Findings of the Committee

9.3.1 There have been a considerable number of changes implemented in Jumping during the past five years as a result of the 1998 National Hunt Review.

Unlike Flat racing, a review of National Hunt Racing was conducted in 1998. The following are the main changes implemented as a result of

the 1998 National Hunt Review and subsequent initiatives by the BHB Race Planning Committee:

- Introduction of Classified races, novice handicap hurdles, British bred bumpers, Listed races for mares, Hands and Heels races, Intermediate races, Beginners steeplechases, Junior bumpers, supplementary entries for Grade I races.
- Reduction in early closing races and a shortening of early closing dates.
- Introduction of the N.H. Pattern Book.
- Abolition of automatic top weights and a reduction in top weights in handicaps.
- Introduction of an Incentive Scheme of £400,000 for introductory hurdle races, high value mare races and 2 mile hurdle races.

9.3.2 Unless the problems of abandonments and field sizes in Jumping can be quickly addressed, there will be growing pressure, that will be hard to resist, from the betting industry to replace Jumping fixtures with All-weather fixtures during the November-March period.

There are two main concerns about Jumping fixtures. First, the risk of abandonments which, if resulting from a prolonged period of bad weather, can seriously impact the revenue streams of both bookmakers and Racing. And, secondly, the reduced interest for Racing's customers of about 40% of Jumping races having field sizes of less than 8 runners.

Indications are that, unless these problems are solved quickly, bookmakers would like to see two All-weather fixtures every day during the core period of November to March. This would mean that six Jump fixtures a week (approximately 150 fixtures a year representing almost one third of the Fixture List) would be moved out of BAGs criteria slots, thereby losing their funding. This would lead to a severe contraction of the Jumping Fixture List, the disappearance of a number of Jumping courses and the erosion of the foundations of Jumping which would, almost certainly, lead to its gradual demise

9.3.3 There are insufficient horses in the Jumping population, which is still decreasing, in relation to the Jumping Fixture List.

As has already been seen, Jumpers have declined by 7% since 1998 while fixtures have increased by 4%, resulting in almost 40% of all Jumping fixtures having field sizes of less than 8 runners.

9.3.4 Jumpers do not run frequently enough.

Jumpers only run an average of 3.6 times per year compared to their Flat counterparts which run an average of 5.5 times a year. While it is unlikely that jumpers will ever run as frequently as Flat horses, this low figure is contributing to the problems of Jump racing.

9.3.5 Jumpers get injured more frequently than their Flat counterparts, discouraging owners from participating in Jumping and resulting in fewer horses, fewer runners and smaller field sizes.

The statistics show conclusively that jumpers run a far greater risk of injury than Flat horses:

Average Incidence of Fractures and Tendon Injuries

July 2000-2001

Race Type	Fractures		Tendon Injuries	
	%	1 in	%	1 in
All-weather	0.104	961	0.123	757
Flat (turf)	0.151	662	0.061	1,639
Bumpers	0.234	427	0.101	990
Hurdles	0.336	297	0.641	156
Steeplechases	0.503	198	0.772	129

Source: Jockey Club

9.3.6 The Cheltenham Festival increasingly dominates the Jumping Calendar.

The Cheltenham Festival, while undoubtedly the jewel in Jumping's crown, overshadows the rest of the Jumping programme. This makes it difficult for other Jumping fixtures to establish a meaningful profile.

9.3.7 Summer Jumping has been highly successful.

Summer Jumping was introduced in 1995 to fill some of the criteria gaps when Flat horses had difficulty in filling all of the fixtures.

The statistics below show how successful Summer Jumping has become:

Actual Summer Jumping Fixtures and Races 1998-2002

Year	Fixtures	Races
1998	30	190
1999	45	282
2000	38	236
2001	39	253
2002	46	288
2003	41	257

Summer Jumping Field Sizes 1998-2002

Year	Average Field Sizes
1998	10.1
1999	10.4
2000	9.4
2001	11.7
2002	9.6

Prize Money for Summer Jumping 1998-2002

Year	Prize Money (£)
1998	852,210
1999	1,332,053
2000	1,264,093
2001	1,373,178
2002	1,695,917

Total & Average Summer Jumping Attendances 1998-2002

Year	Total Attendance	Average Attendance
1998	89,888	2,996
1999	183,009	4,066
2000	129,162	3,399
2001	132,041	3,386
2002	172,913	3,758

The Committee found that the success of Summer Jumping helped to overcome initial concerns about its viability and concluded that it contributes to the valuable diversity of British Racing as well as help relieve the pressure on the summer Flat programme.

9.4 Recommendations of the Committee

9.4.1 The Committee concluded that its recommendations should be structured according to five objectives for Jumping:

- To expand the numbers of Jumpers in training.
- To build the durability of Jumpers and encourage them to race more frequently.
- To maintain Jumping fixtures in BAGs criteria slots providing the problems of abandonments and field sizes can be addressed.
- To increase the profile of Jumping during the last quarter of the calendar year and prior to the Cheltenham Festival.
- To create more competitive Jumping.

A. RECOMMENDATIONS TO INCREASE NUMBER OF JUMPERS IN TRAINING.

9.4.2 Provide British-bred jumpers of all ages with 25% Owners' Premiums in addition to the prize money.

The Committee recommends that Owners Premiums should only be paid for Flat racing to horses aged 2, 3 and 4. This should encourage owners of British-breds to switch their horses to Jumping at the end of their four year old careers.

9.4.3 Provide British-bred jumping fillies and mares of all ages with 50% Owners' Premiums.

Such Premiums should encourage owners of fillies and mares, which currently make up only 19% of the Jumping horse population, to send them Jumping. This could also serve the useful purpose of reducing

the number of mares at stud and ensuring that more mares prove their merit on the racecourse before retiring to stud.

9.4.4 Maintain existing race values for 0-75 rated jumpers by not introducing Regional Racing for jumpers.

The Committee was concerned that the introduction of Regional Racing for Jumping could drive a vital part of the jumping population out of the sport. It therefore recommended that jumpers of similar ability to 0-45 Flat horses should continue to receive better rewards than their Flat counterparts, as the costs of owning a jumper (which takes much longer to get to the track than a Flat horse) are commensurately larger.

B. RECOMMENDATIONS TO BUILD THE DURABILITY OF JUMPERS AND ENCOURAGE THEM TO RACE MORE FREQUENTLY.

These recommendations fall into two categories: one which provides the environment for Jumpers to develop greater soundness, and one which proactively encourages horses to race more frequently through inducements.

9.4.5 Develop a strategy and a programme to build the physical and mental durability of jumpers, thus enabling them to become a part of Jumping at an earlier age.

It has already been seen how the risk of injury to bumper, hurdle and chase horses far exceeds the risks to Flat and All-weather horses. Therefore any programme that builds durability can have only a positive impact on horses' ability to run more frequently. All veterinary evidence to date points to the advantages of training jumpers from a younger age. The Committee recommends that further consideration be given to the following methods by which durability may be increased and the risk of injury diminished:

- Further expansion of a race programme for horses which have not raced on the Flat.
- Expansion of 3 and 4 year old bumpers.
- Introduction of All-weather bumpers. Bumpers are generally run as the last race on a turf card on the worst ground.
- Ongoing analysis of racecourse accident and injury data, as collected by the Jockey Club Veterinary Officer at every meeting. This should give the Jockey Club Veterinary Department much greater ability to identify the risk factors and thus introduce strategies to reduce them.
- Introduction of Sales for two year old 'stores' and 'pre-training' Sales in which horses are seen cantering and jumping.
- Development of a practical 'going' meter and new types of fences.

9.4.6 Introduce a special end of season Appearance Money Scheme for chasers rated 140 and above, which have run at least five times.

Almost half of the chasers rated 140 and above run four times or less during the year. Consequently many of the handicaps, other than major handicaps, and condition races finish up with small fields. Furthermore, with the continuation of long band handicaps in Jumping, these horses are consistently giving away 26-28 lbs to considerably inferior horses and are unlikely to receive the benefits of the narrow band handicap system, for reasons already discussed. The Committee recommends that these horses should be given significant end of season appearance money payments if they are rated 140 on either April 1st or the last day of the season and have run at least five times during the season. Providing the initial trial of this programme is successful, consideration should be given to extending it to hurdlers of similar ability.

9.4.7 Appearance money should be paid to all mares in steeplechases.

Such payment would encourage mares to go chasing and is a recommendation of the BHB Race Planning Committee which has already been implemented.

C. **RECOMMENDATIONS TO MAINTAIN JUMPING FIXTURES IN BAGS CRITERIA SLOTS.**

The Committee recognised the significant problems created by abandonments and small field sizes which negatively impact Racing's income, and concluded that, if these problems could be managed, there was no reason why existing Jumping fixtures should not be maintained in BAGs criteria slots. These recommendations are not designed to artificially protect Jumping against the threat of All-weather.

9.4.8 Racing should programme provisional Flat All-weather fixtures at the 5-day entry stage where the weather forecast gives reason to believe that already programmed fixtures may be abandoned.

Provisional Flat All-weather races are a common occurrence in Racing around the world: entries are taken and the race is put on if another race does not fill. In Britain it is generally apparent several days in advance whether the weather is likely to cause abandonments. In such circumstances, a provisional programme of races at a designated All-weather racecourse would be advertised and entries taken. If it appears probable that a fixture will be abandoned, declarations for the provisional All-weather meeting can be taken at either the 24 or 48-hour declaration stage and the fixture run. In the event that the Jump fixture under threat is not abandoned, leaving four fixtures and a the Betting Industry probably willing to pay for only three of the four fixtures, it is recommended that the Levy Board should compensate the course which does not receive picture money from a special fund established for that purpose.

9.4.9 Ensure that field sizes for Jumping progress towards matching those of the All-weather.

The Betting Industry have indicated that All-weather racing is more profitable than Jumping. The statistics below give some indication as to the cause of the problem:

Average All-weather and Jumping Field Sizes Nov-March 1998-2003

Year	All weather			Jumping		
	1/11- 31/3	1/4- 31/10	Full Year	1/11- 31/3	1/4- 31/10	Full Year
1998	9.67	10.32	9.87	9.45	9.40	9.61
1999	10.10	10.64	10.26	9.38	9.94	9.51
2000	10.08	11.37	10.57	9.33	9.43	9.49
2001	10.92	12.06	11.42	10.10	11.52	10.88
2002	11.69	11.63	11.69	10.18	9.51	9.83
2003	11.52	n/a	n/a	10.26	n/a	n/a

**All-weather and Jumping Small Fields Comparison
November 2002 – March 2003**

Code	Fields Under 5	Fields 5-7
Jumping	6.0%	28.0%
All-weather	0.4%	7.0%

The problem is clearly primarily one of field size. The smaller the field the more likely that margins will be lower. The BHB Racing Department must continue to work with racecourses to increase Jumping field sizes, removing any justification for replacing Jumping fixtures with All-weather meetings.

D. RECOMMENDATIONS TO INCREASE THE PROFILE OF JUMPING DURING THE LAST QUARTER OF THE YEAR AND PRIOR TO THE CHELTENHAM FESTIVAL.

9.4.10 Introduce a Winter Triple Crown and Grand Slam.

There are strong arguments for the introduction of a Winter equivalent of the Summer Triple Crown and Grand Slam, in order to increase the profile of Jumping during the last quarter of the year. There should be several qualifiers who must then win two further specified races to win the Triple Crown and a fourth race that would comprise the Grand Slam. Ideally, the King George VI should be the Triple Crown leg, and the Gold Cup the Grand Slam leg, in order to focus the Triple Crown towards the last quarter of the year. Further work is required to identify the qualifiers and the second leg.

9.4.11 Introduce an International Invitational Race in early December.

The Nakayama Grand Jump, run in Japan in April, attracts significant international interest. A similar event in Britain with substantial prize money and sponsorship would be similarly attractive.

9.4.12 Build at least two more weekend Jumping Festivals in addition to the two existing Cheltenham Festivals in November and March.

Jumping badly needs at least two more significant events during the season to increase its profile. Weekend meetings during the winter have considerable attraction and should be encouraged not only for major Festivals but also for mini Festivals at small courses. There is an opportunity to develop these two-day weekend meetings along the lines of the hotel industry's 'Winter Break Weekends'.

E. **RECOMMENDATIONS TO CREATE MORE COMPETITIVE JUMPING.**

Two recommendations have already been made, to increase the number of jumpers and to encourage them to run more frequently. There are four other recommendations which would also increase competitiveness.

9.4.13 Convert an appropriate proportion of Novice Chases to Beginners Chases.

Beginners Chases are for horses which have won hurdle races but not a chase while Maiden Chases are for horses which have won neither a hurdle nor a chase. There is an increasing tendency for good class novice chasers to carry penalties in a number of lower grade novice chases where others are reluctant to take them on, leading to uncompetitive racing. By converting an appropriate proportion of Novice Chases to Beginners Chases, winners of a chase should be more likely to compete with other similar winners, creating more competitive races for both Novice Chases and Beginners Chases.

9.4.14 Maintain existing long handicap bands for all N.H. handicaps for the present.

The Committee was concerned at the prospect of creating uncompetitive races if narrow band handicaps were introduced for Jumping. The larger weight range from top to bottom, the fewer horses in the Jump horse population and the current field sizes in Jumping have led the Committee to recommend that, at least at present, long band handicaps for all races should be retained. However, narrow band handicaps for horses rated below 110 could probably be introduced without damaging field sizes. The whole issue of narrow band handicaps for Jumping should be revisited at the end of 2004 when a fair appraisal of the Flat programme can be made.

9.4.15 Novices should run at least 3 times in a Chase before being eligible for a Class A or B Handicap Chase.

Such a system, introduced for hurdlers not long ago, should now be extended to chasers, in the best interests of maintaining the integrity and competitiveness of the sport.

9.4.16 Increase the number of mares' races.

The encouragement to mares to go Jumping has been particularly successful and is likely to become more so with the introduction of Owners' Premiums and the expansion of the Appearance Money Scheme. In anticipation of an increasing number of mares participating in Jumping, the Committee recommends that the number of mares' races, which already attract good field sizes, should be expanded.

F. OTHER RECOMMENDATIONS

The Committee also made a number of other recommendations.

9.4.17 The Jockey Club should carry out a further review of the efficacy and safety of re-introducing Jumping on All-weather tracks.

The Jockey Club declared All-weather Jumping unsafe in 1994 following a series of accidents and a fatality. With the advent of the Polytrack surface, the Committee believes that it is time to revisit this decision and consider whether it is safe to hold Jumping fixtures at an All-weather racecourse which can provide a satisfactory surface and obstacles.

9.4.18 Bumpers for British-bred horses should be removed from the race programme.

The Committee supports unrestricted Racing wherever possible. Bumpers for British-breds were introduced in 2000 to encourage British breeding and there are currently 17 races of this type. However, with the introduction of Owners Premiums for British-breds, the Committee considered that there was no longer any justification for this restricted race type.

9.4.19 Develop closer ties with Point-to-Pointing.

As hunting comes under increasing threat, it is important that BHB develops closer ties with Point-to-Pointing to ensure both its survival and that of Jumping. Point-to-Pointing has always been an excellent nursery for jockeys, administrators, stewards and even trainers. Whatever happens over the hunting issue, such considerations should encourage links between the two Codes to be fostered.

10. BRITISH BREEDING INDUSTRY

10.1 Background

10.1.1 The British breeding industry has been in decline for the past decade and in much sharper decline in relation to its main competitor, Ireland, since records in their present form became available in 1970. Foal production in Britain peaked in 1991 at 5,656 and has since dropped to 5,156 in 2002. Since 1970, production has risen by only 29.5% and the number of horses racing in Britain has increased by almost exactly the same percentage. During the same period in Ireland, foal production has risen by 329%, more than ten times the rate of increase in Britain.

10.1.2 It is therefore clear that the expansion of the number of horses in training in Britain has been supplied largely by Irish breeders. Of the principal reasons for this, lower keep costs in Ireland, are now of far less significance than Ireland's very favourable tax regime and, in particular, the exemption of stallion income from any form of tax.

10.1.3 The scale of the problem is graphically shown in the table below which compares foal production in Britain and Ireland since 1994:

<u>Foals Produced 1994-2002</u>		
Year	Great Britain	Ireland
1994	5,225	6,369
1995	5,361	6,573
1996	5,198	6,556
1997	5,220	7,130
1998	5,233	7,718
1999	5,361	8,119
2000	5,194	8,791
2001	4,971	9,206
2002	5,156	10,214

During this nine-year period foal production in Britain has actually fallen by 1.4%, whereas in Ireland it has risen by 60.4%.

10.1.4 Although France has had less of an impact on British breeding, the French Owners' and Breeders' Premium Schemes have been a strong source of support for the French breeding industry and encouraged stallions to stand in France which might otherwise have stood in Britain.

10.1.5 Premiums of between 48% and 85% over and above the prize money won are payable to owners of French-bred horses on the Flat, and premiums of between 14% and 19% are payable to the breeders of French-bred horses both on the Flat and Jumping. In 2001 French Owners' and Breeders' Premium payments totalled over £16 million and over £12 million respectively.

10.2 Current Assistance for British Breeders

10.2.1 Currently there are no Owners' or Breeders' Premium Schemes available for British breeders. (A Breeders' Premium Scheme provides for the payment of a percentage uplift on the prize money to the breeders of winners and placed horses in certain categories of race).

10.2.2 There is however a Breeders' Prize Scheme (see details of the 2003 Scheme in Appendix V on page x) which has been in place since 1993 and is currently funded by the Levy Board. In 2002 British-bred horses accounted for the winners of approximately 53% of Flat races and 36% of Jump races.

10.2.3 The principal terms of the 2003 Breeders' Prize Scheme are as follows:

- Qualified horses must be by a stallion resident in Britain out of a mare ordinarily resident in Britain and either foaled in Britain or, if accompanying its dam to visit a stallion abroad, it must return with its dam and stay in Britain between 1 October as a foal and 1 July as a yearling, other than in exceptional circumstances.
- Only races of Class D or above qualify for prizes for the Flat. All steeplechases except Hunter Chases qualify but no Hurdle races, except N.H. Maiden and Novice Hurdles and Bumpers, qualify for prizes for Jump races.
- Payments to the winner only of 25% of the minimum value of the Jump race and 10% of the minimum value of the Flat race are made to the breeder of qualified horses.

10.2.4 The Breeders' Prize Scheme cost the Levy Board £1.58 million in 2001, £1.83 million in 2002 and is projected to cost up to £2.4 million in 2003.

10.3 Findings of the Committee

10.3.1 There is clear evidence that the British breeding industry is still in decline. This would be more marked but for the continued support for British breeding by some of the major Arab owners. Largely due to their investment, the relative decline in numbers is still more marked than in quality but the strength of the better Irish stallions is in danger of becoming overwhelming.

10.3.2 Additional efforts should be made to assist the British Breeding Industry in order to provide a more level playing field with Ireland in particular. The continued support of those willing to ignore the fiscal advantages of standing stallions in Ireland and stand them in Britain cannot be taken for granted.

10.3.3 Britain has the foundations of a strong breeding infrastructure. It has suitable land and expertise and lacks only the ability to operate on equal fiscal terms. If part of Britain's mare pool is not to be enticed abroad, more must be done to encourage stallions to stand in Britain.

- 10.3.4** British Racing should be as open as possible. The continuation of races restricted to home-bred horses, as promoted for example, in France should not therefore be supported.
- 10.3.5** While there is support for the continuation of Breeders' Prizes there is a strong view that all funding of incentives for British breeding should be concentrated into paying the highest possible percentage for Owners' Premiums.
- 10.3.6** The goals of the Levy Board in promoting British breeding are different to the aims of the BHB. While the objects of the Levy Board require it to direct funds for the "improvement of the breed", BHB aims are to improve the size and scope of British Breeding and increase employment.
- 10.3.7** The whole thrust of the proposed changes to handicapping and related programmes is towards meritocracy and thereby enhanced integrity. This is of great benefit to the breeding industry in terms of maintaining the international standing of the sport in this country and consequently the value and marketability of its stock.

In broad outline, the improvements now proposed build on the programming changes of 1993, the classification of races and related minimum values. These arrangements, from the Pattern downwards, are the essential foundations on which meritocracy must be constructed and its further development, linked to the Owners' Premium Scheme, will be of great importance to the breeding industry.

10.4 Recommendations of the Committee

10.4.1 Introduce an Owners' Premium Scheme for British-bred horses in 2004.

- BHB should support British breeding and employment within the industry by facilitating the purchase of stallions to stand in Britain and by supporting the breeding and rearing of horses in Britain. The goal should be to encourage the use of British-based stallions to enable British breeders to compete for the purchase of stallions and to encourage the retention of mares and the rearing of young horses in Britain.

- The principal terms of the Scheme should be as follows:

Definition of British-bred: the definition of a British-bred foal is one which is by a British-based stallion, out of a mare ordinarily resident in Britain and either foaled in Britain or, if foaled abroad while its dam is visiting a foreign stallion, one which is back in Britain by 1st October of its year of birth. All foals must be resident in Britain until 1st July of their yearling year.

Age qualification: payable on the Flat to 2, 3, 4 year olds only; no age restriction for Jump racing.

Class of race qualification: all Class A to D races, plus all Class E maiden and novice races, on the Flat. All Class A to D Jumping races, plus Bumpers and all Class E novice chases and hurdles.

Level of payment: 25% premium on all prize money for qualified races except fillies and mares where, for qualified N.H. races, the rate should be 50%. Maximum premium of £25,000 for winners and £10,000 for placed horses.

Introduction Date: 1st January 2004.

Horses Qualified: all British-bred foals born on or after 1st January 2002 for the Flat, and all British-bred foals born on or after 1st January 1999, unraced under either Code as at 1st May 2003, for Jumping.

- The estimated cost of the Scheme is:

2004	£1.1 million
2005	£3.5 million
2006	£6.0 million
2007	£6.2 million
2008	£6.6 million
2009	£6.9 million
2010	£7.1 million
2011 (on)	£7.2 million

Note: Estimates make no assumption over increasing race values or expansion of the Fixture List of the better class races involved nor of improved number of British-bred runners.

- The advantages of the proposed Scheme are as follows:
 - It would stimulate interest at the sales in British-bred horses, encouraging owners to stand stallions in Britain, encouraging mare owners to send their mares to British-based stallions, and making it easier for those wishing to stand stallions in Britain to compete for their purchase.
 - It would encourage owners to keep their mares and rear their foals/yearlings in Britain thereby creating employment in the British breeding industry.
 - It would encourage owners to transfer horses aged five and up from Flat to Jumping since, after a horse has passed the age of four, premiums would only be payable for Jumping.
 - It would encourage owners to send fillies and mares Jumping, since they would earn 50% premiums for Jumping as opposed to 25% or zero on the Flat.

10.4.2 Continue the Breeders' Prize Scheme.

The Thoroughbred Breeders' Association (TBA) firmly believe in the success of the Breeders' Prize Scheme and expressed a preference for a continuation of the Scheme rather than transferring the funds into the Owners' Premium Scheme. Although the limited funding of the Breeders' Prize Scheme reduces its impact, it is felt to have worked particularly well for the N.H. breeder who, for reasons explained elsewhere in this Report, has a vital role to play in maintaining and developing Jumping.

The Scheme should continue to be funded by the Levy Board, with funding expanding in line with the increase in prize money in Minimum Values but the Scheme should be reviewed in 2005 in order to determine whether it would be preferable to convert the Scheme into the Owners' Premium Scheme.

10.4.3 Continue to expand the number of races for quality fillies and mares.

Statistics show that mares tend to reside close both to the stallion population and to the location of their racing performance. Consequently, if British Racing does not provide sufficient opportunities for quality three-year old and up fillies and mares to establish their merit at an appropriate reward, their owners will move them to race where better opportunities and rewards do exist. Once a filly or mare moves, for instance to the United States, to establish its merit, it is unlikely to return to Britain as a broodmare.

The TBA Paper, Opportunities for Fillies, presented in April 2002, showed convincingly that the British programme for fillies beyond the age of two was inferior to that of both France (for three year olds) and the United States (for three year olds and upwards).

The programme for fillies and mares in 2003 has been greatly enhanced with more Listed races, Group race upgrades and a target of a further 41 races for fillies and mares over and above 2002. However, the programme still needs further expansion and the Committee recommends that the BHB Racing Department should continue to work with racecourses to programme even more such races in 2004 and beyond.

11. OTHER RECOMMENDATIONS

There are six other recommendations which the Committee made which did not fit into any other section of the Report:

11.1 Encourage the development of All-weather racing.

All-weather racing has made considerable strides in the past few years and the Polytrack surface at Lingfield has met with universal acclaim. All-weather racing had enabled Flat racing to operate year round in the same way as Jumping is now an annual sport.

The Committee believes that All-weather racing should be developed as an integral part of the diversity of British Racing, without compromising the value of Flat Turf or Jumping in a balanced programme which caters for all of Racing's customers. In particular the Committee encourages the development of better quality All-weather racing to cater for better class horses.

11.2 Develop a British Racing Hall of Fame.

The Committee strongly recommends that the industry build a National Hall of Fame at a suitable location in order to showcase the history of British Racing and honour the sport's most famous contributors. An annual selection process and induction would provide the sport with a powerful marketing and media opportunity. The Hall of Fame should also include a resource, educational and archive centre that could form the basis of a repository for racing information .

11.3 Introduce the weighing of all horses at the racecourse prior to a race.

The Committee recommends, in the interest of the integrity of the sport and for the protection of its customers, that weighing machines should be installed on all racecourses so that all horses can be weighed prior to a race and the weight of the horse become a matter of public record. This practice is compulsory in a number of other racing nations and is a further source of information to assist the punter in identifying the horses with the best chance of winning. This information is of particular value given that horses in Britain are not trained on the racetrack.

11.4 Encourage racecourses to install sectional timing.

Sectional timing is an enormous aid to punters if used correctly. The growth of All-weather racing is likely to heighten interest in this concept and it is now receiving much more media attention that it did a couple of years ago.

11.5 Make no changes to the start and finish of the racing seasons.

There has been much discussion about the importance or otherwise of having an appropriate start and finish to the Flat and Jumping seasons. The Committee found that this was not an issue in any other racing nation where the beginning and end of the calendar year was generally the start and finish of a racing season.

The Committee felt that it was unnecessary to recommend any change to the racing seasons. This would therefore mean that the Flat turf season would

start with the Doncaster Lincoln meeting and end with the Doncaster November meeting; the All-weather season would start immediately following the Doncaster November meeting and finish with the Lingfield mid-March meeting. The Jumping season would start the day after the Sandown April meeting and finish with the Sandown April meeting, with a week's break in September.

11.6 Introduce floodlights on more racecourses.

At present, only Wolverhampton has floodlights. There is an urgent need for at least one other racecourse – whether new or existing – to install floodlighting in order to be able to offer an evening product throughout much of the year. The betting industry should be encouraged to obtain government approval for the changing of the appropriate Order to enable late opening from September to March, as soon as another floodlit course is on stream.

12. SUMMARY OF THE RECOMMENDATIONS

12.1 FIXTURES

- Expand the Fixture List.
- Separate the additional races for lowly rated Flat horses into separate fixtures.
- Create 3 Tier Racing.
- Introduce Regional Racing in 2004 on a test basis.
- Appoint a Recruitment and Training Director.
- A review of jockeys' working hours.
- Supervise turf management more strictly.

12.2 RACE PLANNING

- Place all Flat races into one of five Classes.
- Make no change to the way in which responsibility for deciding the race programme of each fixture is exercised.
- Continue the expansion of the programme for better quality fillies and mares.
- Introduce more races, especially handicaps, confined to 3 year olds only.
- Allow all horses bought at major overseas Sales to be eligible for maiden auctions.
- Expand all Classified Stakes to have a 5lb band.
- Reduce races with small fields to no more than 10% of the race programme.
- Place more emphasis on merit when eliminating horses from oversubscribed races.
- Enable racecourses to programme a number of 'consumer interest' races.
- Enable more people to participate in the Claiming process for Claiming races by allowing telephone bids.

12.3 HANDICAPS

- All Flat handicaps for 3 year olds and up rated 46 and higher, other than Heritage Handicaps, should be run as narrow-band handicaps with a 10-15lbs weight range in Classes 1-4.
- There should be Banded Stakes rather than Flat handicaps.
- A limited number of high profile, traditional long-band handicaps, to be called Heritage Handicaps, should continue to be run, providing they fulfil certain criteria.
- The change to a system of narrow-band handicaps should be carried out over a two-year period to enable a smooth transition.
- All horses with a handicap mark within or below the rating range of the handicap band should be entitled to run in that handicap.
- The title 'Rated Stakes' should be dropped and all narrow bands handicaps renamed 'Handicaps' with 'Heritage Handicaps' distinguishing long-band from narrow-band handicaps.
- Flat ratings should be published in the Racing Calendar putting the rating into the appropriate column marked Class 1, 2, 3, 4 or the band letter (A, B, C, D) into Class 5.
- Narrow-band handicaps appear to be unsuitable for Jumping at the present time.
- Narrow-band handicaps should not be introduced for two year old racing at this time.

- Once-raced winners should be allowed to run in all handicaps other than Heritage Handicaps and handicaps with a value of more than £25,000.
- All horses, other than two year olds prior to 1st September, should only be eligible for a handicap mark after their third or subsequent run if they finish in the first six in any of their first four runs.

12.4 PRIZE MONEY

- There should be a substantial differentiation between prize money for each race Class in order to create an improved meritocracy system where owners and trainers seek promotion for their horses.
- Prize money should be paid to placings according to the level of the Class with most placings being paid in the highest class.
- Prize money should be divided between placings and connections in a more simplified way.
- Flat races for amateurs, ladies and apprentices should be programmed in the appropriate Class with the appropriate level of prize money for that Class rather than downgraded as at present.

12.5 APPEARANCE MONEY

- Appearance money for the Flat should only be paid to horses rated no more than one class below the race Class in which the horse is running, instead of to all Flat horses rated 45 and above.
- Appearance money regulations for Jumping should be changed to discourage abuse of the system.
- Appearance money should not be paid for Regional Racing.
- Racecourses should be encouraged to pay appearance money.
- Appearance money should be paid to all mares running in steeplechases.

12.6 RACE ENTRY AND DECLARATION

- The race entry system for five-day entries should remain unchanged for both Flat and Jumping following the changes made in November 2002.
- Racecourses should be encouraged to pay appearance money as a means of reducing the unacceptably high number of races with less than eight runners.
- A Committee Sub-Group, which has already been set up, should review the current early closing entry systems for Pattern and Sales Races.
- Specific goals should be set to reduce entry fees as a percentage of the total prize fund.
- Racecourses should show all prize money for a race as 'Total Prize Fund' rather than 'Added To Stakes'.
- In the interests of transparency, the amount contributed to each fixture's prize fund from HBLB, Owners and Racecourses respectively should be identified.
- There should be a gradual extension of 48-hour declarations providing the benefits of changing from 24-hour declarations can be clearly identified.
- Heritage Handicaps and all Group Races for the Flat as well as major Jumping handicaps should be converted to 48-hour declarations in 2004.
- All Premier race meetings should have 48-hour declarations if introduced in 2005.
- Racing should be willing to switch to more general 48-hour declarations upon evidence of significant signed contracts between Attheraces and foreign

bookmakers with a pre-condition to closing that British Racing switch to 48-hour declarations.

- Reserves should be allowed for Heritage Handicaps.

12.7 NATIONAL HUNT RACING

- Recommendations should be structured according to five objectives for Jumping.

- Provide British-bred jumpers of all ages with 25% Owners' Premiums in addition to the prize money.

- Provide British-bred jumping fillies and mares of all ages with 50% Owners' Premiums.

- Maintain existing race values for 0-75 rated jumpers by not introducing Regional Racing for jumpers.

- Develop a strategy and a programme to build the physical and mental durability of jumpers, thus enabling them to become a part of Jumping at an earlier age.

- Introduce a special end of season Appearance Money Scheme for chasers rated 140 and above, which have run at least five times.

- Appearance money should be paid to all mares in steeplechases.

- Racing should programme provisional Flat All-weather fixtures at the 5-day entry stage where the weather forecast gives reason to believe that already programmed fixtures may be abandoned.

- Ensure that field sizes for Jumping progress towards matching those of the All-weather.

- Introduce a Winter Triple Crown and Grand Slam.

- Introduce an International Invitational Race in early December.

- Build at least two more weekend Jumping Festivals in addition to the two existing Cheltenham Festivals in November and March.

- Convert an appropriate proportion of Novice Chases to Beginners Chases.

- Maintain existing long handicap bands for all N.H. handicaps for the present.

- Novices should run at least 3 times in a Chase before being eligible for a Class A or B Handicap Chase.

- Increase the number of mares' races.

- The Jockey Club should carry out a further review of the efficacy and safety of re-introducing Jumping on All-weather tracks.

- Bumpers for British-bred horses should be removed from the race programme.

- Develop closer ties with Point-to-Pointing.

12.8 BRITISH BREEDING INDUSTRY

- Introduce an Owners' Premium Scheme for British-bred horses in 2004.

- Continue the Breeders' Prize Scheme.

- Continue to improve the number of races for quality fillies and mares.

12.9 OTHER RECOMMENDATIONS

- Encourage the development of All-weather racing.

- Develop a British Racing Hall of Fame.

- Introduce the weighing of all horses at the racecourse prior to a race.

- Encourage racecourses to introduce sectional timing.

- Make no changes to the start and finish of the racing seasons.

- Introduce floodlights on more racecourses.

13. CONCLUSIONS

13.1 The Racing Review was an inclusive process. Four months of consultation were followed by four months of deliberation and a further month of consultation about those deliberations. The six key messages which the industry and interested parties initially conveyed were assimilated and dissected. The recommendations which emanated were then applied to those messages and validated. The Committee believes that the concerns expressed during consultation about those issues have been addressed as follows:

13.2 Re-establish the consumer's faith in the integrity of the sport.

13.2.1 The Committee believes that it has answered this request by recommending the introduction of:

- An improved meritocracy system where owners and trainers are encouraged to seek promotion for their horses to the next level rather than seek advantage by lowering their horses' ratings.

13.3 Put in place an improved meritocracy system.

13.3.1 The Committee believes that it has answered this request by recommending the introduction of:

- 3 Tier Racing.
- 5 Class System for the Flat
- Universal narrow band handicaps.
- Substantial prize money differentiation between the Classes.
- Changes to the Handicapping Rules.

13.4 Reverse Racing's loss of market share of betting and maximise Racing's income from betting.

13.4.1 The Committee believes that it has answered this request by recommending:

- The expansion of the Fixture List.
- The filling of BAGs criteria slots in 2004.
- The introduction of Regional Racing.
- The building of the horse population.
- The introduction of more competitive racing.
- Ways to make the product more attractive.

13.5 Ensure that all classes of horse are provided with racing opportunities rather than suffer elimination from the system, on condition that they are rewarded according to their merit.

13.5.1 The Committee believes that it has answered this request by recommending:

- The expansion of the Fixture List.
- The introduction of Regional Racing.
- The development of a better structured meritocracy.

13.6 Sustain the diversity of British Racing.

13.6.1 The Committee believes that it has answered this request by recommending:

- Ways to strengthen National Hunt Racing.
- An environment in which racecourses can flourish.
- The expansion of All-weather racing.

13.7 Sustain the British Breeding Industry.

13.7.1 The Committee believes that it has answered this request by recommending:

- The introduction of Owners' Premiums for British-bred horses.
- The continuation of the Breeders' Prize Scheme.
- The continuation in the improvement of races for quality fillies and mares.