



## BRIEFING

### Synthetic Racing Tracks

<b>Date:</b>	20 March 2019	<b>Priority:</b>	Medium
<b>Security classification:</b>	Sensitive	<b>Tracking number:</b>	2051 18-19

Action sought		
	Action sought	Deadline
Hon Grant Robertson <b>Minister Finance</b>	<b>Agree to:</b>  <b>Approve</b> the New Zealand Racing Board's application for a \$ [redacted] grant from the Provincial Growth Fund  OR  <b>Decline</b> the New Zealand Racing Board's application for a \$ [redacted] grant from the Provincial Growth Fund.	25 March 2019
Hon Phil Twyford <b>Minister of Transport</b>		25 March 2019
Hon David Parker <b>Minister for Economic Development</b>		25 March 2019
Hon Shane Jones <b>Minister for Regional Economic Development</b>		25 March 2019
Fletcher Tabuteau <b>Parliamentary Under-Secretary to the Minister for Regional Economic Development</b>		<b>Note</b> the contents of this briefing.

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Robert Pigou	Head of the Provincial Development Unit	Privacy of natural persons [redacted]	✓
David van der Zouwe	Acting Head of Investment Management	Privacy of natural persons [redacted]	
Aaron Hape	Principal Advisor Investment Management	Privacy of natural persons [redacted]	

The following departments/agencies have been consulted
N/A



**PROVINCIAL  
DEVELOPMENT  
UNIT**

**Minister's office to complete:**

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

**Comments**



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#### Purpose

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This briefing asks for you to either approve or decline a \$<sup>Commercial Information</sup> grant from the Provincial Growth Fund (PGF) to establish synthetic racing tracks in Cambridge.

#### Recommended action

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The Ministry of Business, Innovation and Employment recommends that you:

#### Synthetic Racing Tracks

- a **Note** that New Zealand Racing Board on behalf of the Cambridge Jockey Club is seeking a \$<sup>Commercial Information</sup> grant from the PGF to establish a synthetic track for racing and training, located in Cambridge, Waikato.

*Noted*



**PROVINCIAL  
DEVELOPMENT  
UNIT**

**b Agree to:**

**Approve** New Zealand Racing Board's application for a \$ <sup>Commercial Information</sup> grant from the PGF.

*Agree / Disagree*

**OR**

**Decline** New Zealand Racing Board's application for a \$ <sup>Commercial Information</sup> grant from the PGF.

*Agree / Disagree*

Robert Pigou  
**Head of the Provincial Development Unit**  
Ministry of Business, Innovation and Employment

18 / 03 / 2019

Hon Grant Robertson  
**Minister of Finance**

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Hon Phil Twyford  
**Minister for Transport**

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Hon David Parker  
**Minister for Economic Development**

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Hon Shane Jones  
**Minister for Regional Economic Development**

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## Synthetic Racing Tracks

### Project overview

<b>Name of the project</b>	Synthetic Racing Track - Cambridge
<b>Region</b>	Waikato
<b>Applicant</b>	New Zealand Racing Board on behalf the Cambridge Jockey Club (Cambridge)
<b>Total project value</b>	\$ <sup>Commercial Information</sup>
<b>Amount of funding sought from the PGF</b>	\$ <sup>Commercial Information</sup>
<b>Financial instrument recommended</b>	Grant

1. The Synthetic Racing Track proposal seeks \$<sup>Commercial Information</sup> from the PGF to establish a synthetic track for racing and training, situated at Cambridge. The application has been made by the New Zealand Racing Board on behalf of the Cambridge Jockey Club.
2. The establishment of synthetic tracks is a key recommendation of the recent review of the New Zealand racing industry undertaken by John Messara, commissioned by the Minister of Racing, Rt Hon Winston Peters. The industry led 'Future Venue Plan', undertaken by the New Zealand Racing Board, New Zealand Thoroughbred Racing, Harness Racing New Zealand and Greyhound Racing New Zealand, closely aligns with the John Messara review recommendations.
3. The proposal is to initially develop a synthetic track at Cambridge, to be built during <sup>Commercial Information</sup>, with track construction and commissioning taking a total of <sup>Commercial Information</sup>. The project is time critical and construction work will need to commence by <sup>Commercial Information</sup> at the latest in order to ensure that the track can be completed before <sup>Commercial Information</sup>, as wet weather will materially affect the ability to lay the synthetic track. Any delays now will push project delivery out 12 months.
4. To ensure the surface and infrastructure is fit for purpose the applicant has drawn on expertise from Australia, where synthetic tracks have been in use for around 15 years. Officials are aware that there have been significant advances in the quality and consistency of the synthetic options over the past 10 years. In addition, it has become clear that maintenance is a key factor in how the tracks perform. Other learnings have been also taken from the UK, Hong Kong and Singapore, which all have synthetic track racing. The suppliers that are being asked to tender have experience in each of these destinations.
5. Once the synthetic track has been constructed, the Cambridge Jockey Club will meet the cost of maintaining the track, which it will be able to meet from regular funding provided by New Zealand Thoroughbred Racing as well as from track fee revenue. No additional funding will be sought from the PGF to meet the cost of maintaining the track once it has been installed.



6. On 21 December 2018, the applicant sought to change the focus of the original application for the reason that they found it more appropriate to build the track for predominantly training and trials rather than to conduct full race meetings. Full race meetings are still able to be undertaken should the track need to be utilised with urgency.
7. The total project cost for the original application sat at \$<sup>Commercial Information</sup>, however, because the amended application removes the requirement to build equipment to undertake full race meetings, this decreases the total project cost to \$<sup>Commercial Information</sup>. Detailed costings are still to be provided by the applicant. The applicant is still seeking a \$<sup>Commercial Information</sup> grant from the PGF.
8. The Provincial Development Unit (PDU) notes that as part of the New Zealand Labour Party and New Zealand First Coalition Agreement, supporting NZ First's Racing Policy is identified as a Coalition Priority. We understand that this proposal falls within that policy given the recommendations from the John Messara "Review of the New Zealand Racing Industry".

#### *Contingency for coalition agreement items*

9. The Racing Ministerial Advisory Committee, the New Zealand Racing Board, New Zealand Thoroughbred Racing, and the Cambridge Jockey Club have been consulted and are supportive of the proposal and the subsequent amendments to the original proposal.

#### *Contingency for coalition agreement items*

10. A contingency of \$<sup>Commercial Information</sup> of PGF funding has been set aside for coalition agreement projects. Part of this contingency has already been utilised.

11. <sup>Commercial Information</sup>

#### **Management and governance**

12. Ownership of the track sits with the Cambridge Jockey Club and the proposed PGF funding would be contracted directly with the Cambridge Jockey Club.
13. A Project Control Group has been established for the development of the track comprising two representatives of each of the Cambridge Jockey Club, the New Zealand Racing Board, and New Zealand Thoroughbred Racing. In addition, a project team would be established for the implementation of the track.

#### **Next steps**

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14. Subject to decisions by Ministers, the next steps are:
  - a. Finalise any further due diligence matters;
  - b. Prepare and negotiate the grant agreement documents.
  - c. Obtain confirmation of co-funding amounts;



- d. Review and agree the selected contractors' terms and conditions to undertake the work;
- e. Review the detailed project plan, governance, and project management structure; and
- f. Obtain confirmation of project costs and payment schedule.