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## Rt. Hon Winston Peters, Minister for Racing

Proactive release of Cabinet material regarding the Racing Industry Bill 2019

5 December 2019

These documents have been proactively released:

*11 November 2019, CAB-19-MIN-0574 Minute: Review of Racing: Paper 3 – Racing Industry Property; and*

*11 Nov 2019, Cabinet Paper: Review of Racing: Paper 3 – Utilising Racing Industry Property to Support Industry Revitalisation.*

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant sections of the Act that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to Redactions:

- **Budget sensitive**
- **Section 9(2)(f)(iv)** - the confidentiality of advice tendered by Ministers of the Crown and officials
- **Section 9(2)(h)** – legally privileged

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**Two property objectives are proposed to guide the contribution of racing property to industry revitalisation**

26. Forty-three of the current 63 racing venues<sup>7</sup> are owned freehold by race clubs (with most of the balance on leased or reserve land). Two key objectives have been identified to guide decision-making regarding racing property:
- 26.1 *the value of racing property should be retained in the industry* – the value of club property should be retained in the industry for revitalisation and not be distributed for other purposes, unless this is warranted to enable the club to race at another venue, and/or to recognise the community interest in a surplus venue (see paragraph 34); and
- 26.2 *the value of racing property should be used for maximum industry benefit* – e.g. if a club's venue is no longer required for racing, then the proceeds from the surplus venue should be able to be used by the associated racing code to refurbish retained venues, which will help drive industry revitalisation.
27. These property objectives recognise the viability of the racing industry depends on the retention and optimal use of capital within the industry. It is proposed the property objectives be included in a new purpose statement for the Act.
28. The first property objective (the value of racing property should be retained in the industry) could challenge the views of some who may see the local community having an interest in the club's assets (e.g. if the community has contributed to a venue through working bees, etc). As discussed below, when there is a demonstrable local community interest in a surplus venue, a one-off payment to it may be appropriate and should be considered.
29. Venues and other assets are held by clubs, which are incorporated societies whose members have no pecuniary interest in the assets of the club. Club members can continue to derive utility from the venue proceeds by participating at retained venues that will be revitalised.
30. The proposed property objectives are given effect through proposals in this paper to:
- 30.1 realise the opportunity to use surplus venues to refurbish retained venues; and
- 30.2 amend club wind-up provisions to retain capital in the racing industry and support its use for maximum industry benefit.

**Agreement by negotiation is the best way to decide the vesting of surplus venues, where this is possible**

31. The FVP process involves the three racing codes assessing venues against criteria to decide which venues are no longer required for racing (i.e. are surplus). The relevant code will then engage with the club concerned regarding why the venue is surplus, whether the club wants to race at an alternate venue or not, and the use of any potential funds from the sale of the surplus venue. The FVP process also includes a negotiated process to resolve any dispute about the use of funds from the sale of the club's surplus venue.

<sup>7</sup> Excludes 6 training venues. There are 69 venues in total.





























