

**MINUTES OF A MEETING OF THE CROSS PARTY GROUP ON
SCOTTISH HORSERACING AND BLOODSTOCK INDUSTRIES
HELD ON TUESDAY 6TH MARCH AT 5.30PM
IN THE SCOTTISH PARLIAMENT**

PRESENT

Miles Briggs MSP (MB);
Rachael Hamilton MSP (RH);
Neil Bibby MSP (NB);
Richard Fitzgerald (RF), Racecourse Media Group;
Seb Vance (SV), Racecourse Media Group;
Bruce Hunter (BH), Ladbrokes Coral;
Stephen Orr, (SO), William Hill;
Donald Morrison (DM), Association of British Bookmakers;
Hazel Peplinski (HP), Perth Racecourse;
Jonathan Garratt (JG), Kelso Racecourse;
Bill Farnsworth (BF), Musselburgh Racecourse;
John Prideaux (JP), Musselburgh Racecourse;
Ken McGarrity (KM), Racehorse Owners Association;
Stephen Rafferty, Musselburgh Racecourse;

In attendance:

Delly Innes, Scottish Racing (minutes)

1. UPDATE FROM RICHARD FITZGERALD, CHIEF EXECUTIVE & DIRECTOR OF RACECOURSE MEDIA GROUP (RMG)

RMG has developed at a terrific rate since its inception in 2004 and expanded from a TV channel, Racing UK, into a multi-faceted rights business and major deliverer of revenue – via media licence fees – to racecourse shareholders. Media rights are now the biggest revenue-generator with RMG forecast to deliver £108m to its 37 racecourse shareholders in 2018. RMG is 100% owned by 37 shareholder racecourses.

The company has grown organically, especially through its digital platforms, and the bet-2-view streaming operation exceeded 90m streams in 2017. The 37 racecourses have also substantially grown revenues through the betting shop service, Turf TV, which was founded in 2008, and from 1st April, the racecourses' LBO rights will be distributed by SIS, which will result in reduced 'leakage' and help contribute to more than £100m being paid to the 37 racecourses in 2018.

RMG will be welcoming Irish racing to the Group as of 1st January 2019 in a five-year deal. Irish and RMG's British racing rights are inextricably interwoven and will be packaged and positioned to tell the full story of the Jumps and Flat seasons. The definitive racing package will prove an easier proposition to market and sell, and will financially and strategically benefit all the racecourses. RMG will be rebranded accordingly, to reflect the channel's as being more of a definitive racing channel, rather than being regionalised.

When Kelso and Perth joined RMG in 2012, it meant that all five Scottish racecourses came under the RMG umbrella – a move which enables RMG to work closely with Scottish Racing and the racecourses in marketing and exploiting those rights as one package.

The Scottish fixture list, with more than 700 races, is an integral part of the Racing UK and Betting Shop schedules, dovetailing perfectly with the English fixtures, and from next year, the Irish fixtures too.

RMG provides marketing, digital, broadcast and PR support to the five racecourses, which enables the stories to be told to the widest audience and drives footfall through targeted offers and discounts. The Scottish Racing Season Ticket offers free racing to all Racing UK members during September, as do designated Club Days at each of the five racecourses and the Winter Season Ticket.

RMG distributes 100% of profits to its racecourse shareholders to support the industry and media rights earned the Scottish racecourses £10.8m in 2017, which is largely reinvested in prize-money, facilities and integrity measures.

RMG has led the negotiation on the mainstream TV deals, and the current incumbent ITV is in its second year of a four-year-deal. ITV main's audience figures are up on Channel 4's, while ITV4 is now starting to rival Channel 4 for its audiences for like-for-like meetings.

The Scottish Grand National at Ayr is one of the UK's top five most watched horseracing fixtures on TV, pulling in 0.9m viewers for race itself.

94 days of racing were shown on ITV in 2017, which covered racing from Musselburgh, Hamilton and Kelso.

The ITV deal allows regional coverage and STV2 dipped their toe in water in Summer 2017, with more to come hopefully this year.

RF commented on the British Government's gambling consultation, which proposes to cut the maximum stakes on Fixed Odds Betting Terminals (FOBTs) from £100 to between £50 and £2. RF highlighted the risk that a £2 stake limit, in particular, would impact on revenue to the sport and cautioned against it, owing to the financial impact this would have on Scottish racing. He welcomed reform to the Horserace Betting Levy, which now ensures a return from all betting activity on British racing back to the sport's grassroots.

RF stated that he has seen a vast improvement in the quality of Scottish tracks and the customer experience that is now on offer, due to investment back into the racecourses.

JG added that RMG provides 40% of Kelso Racecourse's revenue, which underpins racecourse investment for the future, and commitments for prize money to attract owners and trainers to race in Scotland.

In response to a question from RH regarding ITV, RF replied that ITV's production costs are primarily funded by bookmaker advertising, which also includes a media rights payment. This is of benefit to the racecourses, which can then increase their own sponsorship revenue for those races which are shown on ITV. RMG controls the terrestrial rights of 37 racecourses, but are also joined by the 23 racecourses which are not contracted to RMG, and this is then sold as a package to ITV. JG added that ITV Racing often discusses the wider area that the racecourse is situated in, which produces tourism benefits.

Further to RF's comments on FOBTs, DM emphasised the negative impact that a £2 maximum stake will have on Scotland.

NB asked RF about the success of the promotional days in Scotland. RF replied that Club Days, Scottish Season Ticket days and the Winter Season Ticket promotion work very well, and bring around 300 RUK members to the racecourses per day, who would otherwise watch racing on the Racing UK channel.

RH asked how Scotland can receive more funding from the Levy. JG replied that more horses being trained in Scotland will assist the racecourses, as an increase in runners will drive up revenue in media payments. With more racehorse owners in Scotland, prize money will be

retained in Scotland, helping trainers to encourage owners. KM mentioned that the Racehorse Owners' Association (ROA) is working with Scottish Racing and the National Trainers' Federation (NTF) to encourage ownership. The number of racehorses being trained in Scotland is currently 3.7% of the national total, and the ROA is working on a national ownership strategy aimed at all types of racegoers. This will then drive income towards the trainers, the racecourses, the bookmakers and the sport in general.

2. ANY OTHER BUSINESS

BF asked MB if he had received a reply from the Minister for Public Health & Sport regarding the East Lothian Council's (ELC) vote to operate the racecourse as a newly-formed/compliant Associated Committee, initially on an interim basis. This will see the Musselburgh Joint Racing Committee (MJRC) reconstituted as the Musselburgh Racing Associated Committee (MRAC), comprising four Elected Members (with cross-party representation).

MB has received a commitment from the Minister's office that she will be happy to chair a round-table discussion with stakeholders from Musselburgh Racecourse and the ELC. JP added that the BHA has requested the ELC to provide their long terms plans for sustainable governance of the racecourse by 23rd March 2018.

3. DATE AND TIME OF NEXT MEETING

Tuesday 19th June 2018 at 5.30pm.