



Bringing Experienced Owners Together - Joining Forces to Buy Better Horses - Campaigning for Change

**BEST OF
THE BLOG**

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The Bizarre World of Bloodstock Prices vs. Prize-Money for Grassroots Owners. Change is much needed.

"A figure of 26p in the £ cost recovery has been used for some time, i.e. on average owners lose 74p in the £. But at the lower end of the sport it drops to an even more pathetic 8p. It is vital to get more prize-money into the hands of ordinary owners."

Sometimes in British racing it can feel as though you are occupying a parallel universe. Whenever you go to the sales, you cannot help but be astounded by the enormous prices now being paid for bloodstock. So, for example, at the Tattersalls' Cheltenham sale on 21st April, twelve lots sold for more than £100,000, five for £200,000 +, with an average price of £85,729 (up 89% on last year) and a median of £50,000 (up 25%). Last year, 34 lots sold for £1,546,000 while this year 35 went for £3,500,000. You can only agree with the auctioneers when they said it was "yet another remarkable sale". But that was nothing compared with the Craven Breeze-Up sale which I also went to earlier that week at Newmarket. Records were smashed in every direction, with the average being 144,082 guineas and a median of 110,000. Global demand has never been higher, and there seems to be no shortage of ultra-high net worth individuals prepared to pay these sums.

So when you step out of this rarefied level into another universe, i.e. that occupied by the grassroots owner, you can't help but be startled by the paucity of prize-money. Earlier in April, trainers Richard Hannon and William Haggas aired their criticism, drawing on the example of pitiful prize-money at Windsor and Southwell. Hannon Jr. struck the right chord, stating that prize-money is now "bordering on the outright disrespectful to racing professionals". They intend to reduce their runners and withdraw support for tracks such as this.

That's not to say that there isn't substantial prize-money available at some meetings, as was seen at the Cheltenham Festival, Aintree Grand National meeting and the All-Weather Championships at Lingfield on Good Friday. The key problem though is that the prize-money as you come down through the ranks, particularly to Classes 5 and 6, becomes derisory.

Encouragingly the racing industry is well aware of this problem. When I went to the British Industry Road Show held at Cheltenham in early March, there was a reaffirmation of the four prime targets: 1,000 additional horses in training by 2020 + betting participation levels up 5% by 2018 + racecourse attendances to reach 7 million by 2020 + £120m extra income for the sport per annum by 2018. Even more encouraging is the latest news that the European Commission has finally given state-aid approval to the Government's plans for levy reform. Betting operators who had previously evaded levy because they were based offshore must now contribute to British racing's funding, from betting on the sport. All operators will have to pay 10% of their gross profits on betting on British racing and it is estimated that this will bring in £30-40 million plus per year, which can be reinvested into the sport.

While there is bound to be a fairly lengthy queue to get their hands on that additional income, Richard Wayman, the Chief Operating Officer of the BHA, at the Road Show demonstrated that he is fully aware of the serious problem at grassroots level. A figure of 26p in the £ cost recovery has been used for some time (i.e. owners on average lose 74p in the £), but in fact when you look at the lower end of the sport it drops to an even more pathetic 8p. In a persuasive presentation, Richard stated that it is vital to get more money into the hands of ordinary owners while also improving the raceday experience and simplifying the needlessly complex racing administration.

I'm hoping that a number of initiatives are pursued with real conviction once the additional levy funds start to flow:

- Renegotiate the minimum values for low-end racing in Britain. £3,500 total prize-money for a race means that the winner of that race doesn't even cover their costs for a month. That has to be increased, and will give more return to owners in Class 5 / Class 6 races.
- Redirect prize-money away from top Group / Graded races and improve the return at Class 3 and below.
- Do the same for races where there is a huge gap between win prize-money and 2nd and 3rd places. Raise the money considerably for those in the frame.
- Monitor what race tracks are actually doing, and penalise those that run a meeting with races only at the minimum values. Be similarly strict with tracks that have one valuable race, but at the expense of their lesser races.
- Set a clear goal for increasing cost recovery by the average grassroots owner by 2020. This should be a clear objective for both the BHA and the Racecourse Association.

Finally Philip Freedman, the much-admired Chair of the Horsemen's Group, has emphasised that the decline in owners since 2007 has actually been greater than the decline in horses in training. The huge risk is that new owners don't come into the sport in the numbers needed, and equally that existing owners exit or reduce their involvement. It is definitely time now for major change and hopefully levy reform will provide the funds. Grassroots prize-money should become the #1 focus of attention for the BHA and the other bodies in the Tripartite Agreement. Without that, the base of the pyramid will crumble, with very serious consequences.

