

A Statement of Affairs in the Racing Industry

Written by Marten Julian on 1 November 2010

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The Current Situation

I am not normally given to addressing the political or financial aspects of horse racing. However I firmly believe it's important that I share my feelings with you on the current situation facing those of us who contribute to and care for this sport.

Horse racing is in a parlous state at the moment and unless the economic structure of the industry improves we could soon be facing financial meltdown.

I could not, at this time, advise anyone to have a share in a racehorse at the lower end of the market.

Last week, for example, I was staying with a friend who found a race card from 1967 in which the prize-money for winning a selling race on the flat was £1,760. That would probably have covered a season's keep in those days. Yet there were races last week where the winner was set to receive less than £1,300, barely enough to pay for a month's training, let alone for a season.

The Facts

In 2007 the Levy, calculated as 10% of bookmakers' profits, peaked at £115 million. A proportion of this is given to racecourses for prize-money. This figure will now be dropping to £37 million, due to a fall in the amount bet on horse-racing and the relocation of Ladbrokes, Hills and other firms to offshore operations to avoid tax. The really worrying news is that it may drop a further 30% next year.

This fall has already led to 150 race meetings being scrapped, with 40 trainers having gone out of business in the last two years.

Since 2008 prize-money has dropped by around 27%. For example my local track, Cartmel, is facing a cut of over 50% from £148,000 to £72,000 for 2011.

We are now racing regularly for less than £2,000. Yet elsewhere, in Singapore for example, the minimum prize for winning is around £15,000. Indeed, in most other countries the cost of training and keep is covered by the proceeds from winning just two or three races. In the States \$50,000 claimers are a regular occurrence.

However without owners of low-grade horses being prepared to have runners at the lesser tracks – for instance on the all-weather surfaces through the winter – bookmakers would not have a product to sell or show on their screens.

So, in effect, owners of low-grade horses are being exploited by other areas of the industry who are reaping rich benefits.

The Figures

Average price of a yearling: £32,000

Training and keep: £17,000

Racing Fees (approx.): £5,000

Total Outgoings: £22,000

Average Owner's Winning Prize-Money: £1,900

So, taking these figures, which I must stress are approximate, a horse needs to win 11 races to cover its keep and that is before its purchase price is taken into account.

As an example from this season, Lang Shining has won six races but recovered just 75% of his purchase price (cost £20,000, won just over £15,000).

The Conclusion

There has been talk of owners taking industrial action. I am not sure I would go quite that far although I would not be averse to boycotting a meeting if the action were coordinated.

I would add that I hope things will change in the future.

Yet it costs the same to keep a cheap horse as it does an expensive one, and those of us who cannot afford to invest in top-class prospects are left to subsidise the day-to-day running of the industry for precious little reward and virtually no chance of profit.

There may be options open to us in the months to come - perhaps in the two-year-old market, where there are bonus incentives.

However I could not bring myself to encourage anyone to invest in a racehorse at this time unless the investment was structured and fine-tuned in a way which could offer a more reasonable chance of a return.

It is for these reasons, as things currently stand, that I am not prepared to encourage an ownership scheme.

As I say, perhaps the situation may improve in the months to come. I certainly hope so, for the sake of everyone who cares about a sport that many of us have grown to love.



Marten Julian