

The Irish Greyhound Board (IGB) is a commercial State body established under the Greyhound Industry Act 1958, with the objective of improving and developing the greyhound industry. It operates under the aegis of the Department of Agriculture, Food and the Marine since 2010.

The Irish Greyhound Board welcomes the conclusion of the Comptroller & Auditors General's (C & AG) Review of the Limerick project - Construction of a new greyhound track & head office facilities in Greenpark, Limerick to replace Markets Field and old headquarters for the organisation which previously had been housed in two separate buildings in the city. The Limerick issue has dominated discourse on the work of IGB for many years and the organisation is pleased to acknowledge the report as the defining commentary on the project.

The report from the C&AG does make reference to the advantages the new facility has to offer to the greyhound industry to include:

- The existing properties in the Markets Field and the Henry Street head office property would have required substantial investment to maintain safe working conditions.
- The new head office building allows for new improved information technology infrastructure which is important to the plans of the IGB to sell greyhound racing to a wider television and betting audience.
- The Markets Field stadium had been experiencing significant losses. Continued investment in the Limerick racing facilities, was important in order to compete with similar entertainment offerings.
- Without development of improved facilities there was a risk that the industry could have been permanently damaged in the mid-west region. While the decline in greyhound ownership has declined by 32% nationally, 2007 through to 2013, the decline in the Limerick region was 19%.
- The development of the stadium has led to wider economic benefits which cannot easily be measured. Such benefits include
 - ✓ Improved number of benefit nights (Limerick hosted 46 such benefit nights in 2013)
 - ✓ Additional sponsorship Limerick generated €207,798 sponsorship for the greyhound industry when compared to sponsorship generated in 2007 (€71,066).

From 2007 through to 2010 IGB invested €27.8m in fixed asset additions and stadium improvements. €15.3m was financed from internal operating resources, with the remainder, €12.5m subject to bank borrowings. The IGB have now completed this capital programme. There are no outstanding capital commitments nor is there a significant capital programme envisaged in the near future.

IGB accepts that the C & Ag's report raises serious concerns about the adequacy of the analysis informing the decision to proceed with the Limerick project.

The IGB accepts and have implemented the five C& AG recommendations contained within the report, which primarily deal with the requirements for appropriate capital and risk appraisal for future projects.

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IGB bank borrowings have increased significantly since 2008, from a net bank borrowing level of around €10.4 million in 2008 to a net bank borrowings position at 31 December 2013 of €21.8m.

Results from Limerick track and tote operations have been below the levels projected in the Capital appraisal model presented to the Board in 2008 & 2009 and are forecast to remain so in the period to 2015. The following table summarises the actual results 2007 through to 2013. Stadium operations were operational in October 2010.

REVIEW OF LIMERICK TOTAL TRACK PERFORMANCE 2007 THROUGH TO 2013

	MARKETS FIELD			TRANSITION	GREENPARK		
	2007	2008	2009	2010	2011	2012	2013
	€	€	€	€	€	€	€
<i>Stadium Sales</i>	338,612	345,759	261,357	382,659	704,882	488,804	486,076
<i>Stadium Loss</i>	(246,090)	(216,174)	(179,533)	(130,642)	(124,047)	(363,461)	(243,271)
<i>Tote Sales</i>	1,436,768	1,318,578	806,797	1,012,483	1,976,450	1,796,842	1,664,432
<i>Tote Profit</i>	138,714	109,902	62,277	131,402	331,661	256,449	244,241
<i>Total Stadium Results</i>	(107,376)	(106,272)	(117,256)	760	207,614	(107,012)	970
<i>Attendees</i>	44,778	42,466	31,289	37,163	60,500	55,860	54,320
<i>Sponsorship</i>	71,066	59,172	40,636	78,176	104,495	97,425	207,798

Limerick results for 2011 exclude exceptional item relating to the sale of Markets Field for €1.5m

These combined results along with decreasing profits in other stadia, means that IGB faces significant challenges in reducing its debt to more sustainable levels.

Original proposals supporting the Greenpark development envisaged the sale of three assets, old Head office Building, Meelick Lands and Markets Field at a projected value of €8.0m. Only one of these assets was sold at €1.5m (the Markets Field). The other assets remain available for sale however current market value have been much reduced due to the drop in property values, they current represent a combined market value of circa €1.2m.

The independent study commissioned by the Department of Agriculture, Food and the Marine into matters relating to the Irish Greyhound Board undertaken by Indecon International Consultants recommended the development of an asset disposal strategy to reduce the level of borrowings to an appropriate level suitable to the current IGB business model. The Board have accepted this recommendation and are currently advancing proposed sales of assets, most notably Harold's Cross.

Financial accounts for the Board are being prepared adopting the principle of the Going Concern basis. IGB believe this remains appropriate based on projections and actions detailed within IGB's reply to Indecon's

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independent review of the Irish Greyhound Industry, which included projected increases in Board operating surplus along with future sale of assets and increases in operating surpluses are based on:

- a. The annual allocation of funds from the Oireachtas under the Horse and Greyhound Racing Act 2001. In 2014 €10.84 million was made available to the IGB, this allocation is budgeted to increase to €13.64m for 2015,
- b. Increased profits from racing facilities which will be supported by new income streams from off-stadium wagering and streaming of racing events to international markets.

IGB have reached an agreement with their Banks on restructure of the loan facilities which will come into effect once the security held by the Bank has been legally perfected.

As outlined the financial statements for 2013 continue to be prepared on the Going Concern basis. While the forecasted profits projected from new income streams did not materialise in 2014 due in principle to reconciliation of information technology platforms, IGB remain confident that significant returns will be generated for the Industry over future years from secured contracts with co-mingling partners and supply of live racing pictures to the wagering market. IGB are currently finalising contracts with an established TV provider within the Wagering Industry and have contracts with some of the largest wagering partners that are due to commence during quarter 1 2015. IGB are encouraged by the support and financial commitment made by these wagering outlets for their future use of the IGB racing product. The demand for the Irish Greyhound Racing product is greatly enhanced with the badge of a semi state organisation.

IGB have approved the majority of subsidiary account and will shortly be finalising the 2013 annual report.

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Financial Performance - The Irish Greyhound Board 2012 to 2013

Comparison of BnG Income & Expenditure Accounts 2013 to 2012	Ref	2013 €m	2012 €m	% Change
Turnover from racing facilities		28.79	30.02	
Less Tote pay outs		(16.06)	(17.08)	
Turnover from racing activities net of tote pay-out	(i)	12.74	12.94	(1.6%)
Allocation from the Horse & Greyhound Racing Fund		11.00	11.26	(2.3%)
Prize money payments		(7.85)	(7.20)	9.1%
Operating & administration costs		(15.03)	(14.43)	4.2%
Earnings before Interest Tax depreciation and grant amortisation (EBITDA)		0.85	2.56	(66.7%)

Other Key Performance Indicators

Average tote spend per meeting	€11,897	€12,060
Sponsorship received	€0.90m	€0.90m
Prize money payments	€7.80m	€7.20m
Attendances	687,510	720,470
Average number of meetings	1,753	1,837
Average attendance per meeting	392	392

(i) Turnover from racing activities represents revenue earned from race meeting and includes tote receipts (net of tote pay-outs), bookmaker income, gate receipts, catering income, sponsorship, entry fees etc.

The results for 2013 are in line with those projected within the Strategic Plan, subject to the non-cash expenditure item relating to increase of deferred benefit liabilities over pension assets held.

Projected operating surpluses for 2014 remain challenging due to the aforementioned delay in new income streams, investment in the information technology structure of the IGB and reduced number of spectators attending IGB venues.

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The Indecon Report

This independent study was undertaken by Indecon International Consultants and commissioned by the Department of Agriculture, Food and the Marine into matters relating to the Irish Greyhound Board.

The 69 page report contains commentary on governance, financial, regulation and welfare issues and outlines 27 recommendations to which IGB was directed to respond. IGB has done so and for the benefit of Members, outlines the following.

IGB Response:

The objective of the IGB response to the Indecon report is to ensure the long term sustainability of the Irish Greyhound industry. In this way the IGB will restore the confidence in the industry. The actions to be undertaken are grounded on four central themes of Governance; Finance; Regulation and Welfare. These actions will be based on measurable targets which are transparent and included in the IGB responses. Work has already commenced on the implementation of the report and it is intended that by end of 2015 a substantial amount of the actions will be implemented or at least very significantly advanced. The response will be advanced by working with all industry stakeholders and developing solutions for the industry. The IGB has committed to regular updates to the Minister and the Department.

Governance

In the area of Governance key actions include Board Members no longer being local directors to enable more focus on main Board activity. In addition a review and restructure will be undertaken of the subsidiary structure to implement the most effective solution for the industry and to create on-going feedback mechanisms between local representatives and the IGB. A critical part of the IGB response to Governance is the bolstering of risk management and internal audit to ensure that public funds are properly utilised to maximum outcome for the industry. Our governance initiatives will be supplemented by a staff training needs analysis and other initiatives.

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Summary projection 2015 to 2017 of the IGB Financial Plan - Excluding Asset Disposal				Cumulative for the 3 years
	2015 €000	2016 €000	2017 €000	€000
Race grants reverted to 2012 level	750			750
Calibration of racing	360			360
Head office review of operational expenditure including levy restructure	105	120	62	287
Projected Financial Improvement from Review of Stadia operations	312	342	296	949
Projected Financial Improvement from Review of Tote incorporating co-mingling, TV and related operations	608	461	92	1,160
Total adjustment to IGB projected operational profits	2,134	922	449	3,506

Race grants reverting to 2012 levels in 2014, implemented by the Board are projected to total = €284,000

The table above provides the high level detail of the IGB targets over the next three years.

These targets will be achieved through an asset disposal strategy of both core and non-core assets; the calibration of racing, new co-mingling and fixed odds partnerships, new TV content deal and alternative sources of income. These targets will be achieved while also resolving the deficit in the defined benefit pension scheme.

The IGB has also committed to the introduction of a new incentive scheme together with an increase in prize money once resources become available. In future, funding will be targeted at those tracks delivering the most based on measurement of key metrics, to secure long term industry viability.

Regulation

The introduction of strong regulatory measures is the cornerstone to restoring confidence in the industry nationally and internationally. A new Regulatory plan is to be launched which will be driven by strategic intelligence lead testing. There are a number of parallel initiatives underway including a review of Standard Operating Procedures in the areas of Anti-doping and sampling; a review of race night operations, track maintenance and racetrack security. The IGB is about to launch an independent review into anti-doping and medication control. This review will issue recommendations which will allow the IGB to then consider any changes to legislation, practices and policies required to ensure both the advancement of the Boards commitment to the welfare of the greyhound and that the integrity of the Irish Greyhound Industry is derived from a level playing field. The expertise for the review includes independent high level and wide current knowledge and perspective on science and policy of medication and doping control in greyhounds and across animal sports, veterinary medicine and animal welfare, conduct of reviews, regulation of sports, and the ability to work constructively and communicate across a wide range of internal, national and international stakeholders. A Scientific group is also being established to advise on rules relating to doping and medication control. Conditions may be attached to trainers' licences if necessary, post initial interview stage of application in order enable the IGB take stronger action in the event of any breach of racing regulations and ensure licensed

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parties are vetted for suitability at the gateway of the industry. A review is also taking place of the provision of laboratory services to the IGB to ensure that the services provided are the most effective and cost efficient solutions available.

New legislation will be required to implement some of the commitments in the IGB, including the ability for IGB and Irish coursing club to serve separate exclusion orders and the powers to undertake off track testing. In addition a suite of statutory instruments will be required to underpin the new regulatory changes;

The regulatory measure will deliver greater transparency to the industry. A new online resource centre has already been set up on our website and through this the IGB will publish more test data; guidelines on penalties and other regulatory changes. The resource centre will also be used to facilitate consultation on the various new SOPs as these are being developed.

Welfare

The welfare of all greyhound before during and after racing is of critical importance to the IGB. The IGB is committed to greater use of existing powers; more interaction with trainers before issuing trainers licences and endorsement of Trainers Licences found to be in breach of regulations. The IGB will also issue Exclusion Orders to owners and trainers found in breach as well as issue fixed payment notices and welfare notices. The IGB will also explore the possibility of increasing financial penalties. Once resources permit the IGB will also provide additional support to rehoming greyhounds. The IGB resource centre will also be used to publish more welfare related data.

Conclusion

There is no doubt that the IGB has faced some very difficult challenges in recent years. These challenges have touched all aspects of its governance, finance, operations, personnel and stakeholders. The IGB is determined that the measures it takes as part of its implementation of the Indecon and Comptroller and Auditor General recommendations in this report will ensure a strong and vibrant future for this indigenous Irish industry