

R2269 (ii) PAC33 B

7th December 2023

Ref : S1369 PAC33

Ms Sarah O'Farrell
Clerk
Committee of Public Accounts
Leinster House
Dublin 2 D02 XR20

Dear Ms O'Farrell

I refer to your letter of November 17th in relation to correspondence received by the Public Accounts Committee from May 12, 2023.

At the outset, I should highlight that the correspondence from May 12, 2023 predates subsequent and constructive engagements with representatives from the five racecourses (Kilbeggan, Limerick, Roscommon, Sligo and Thurles), throughout May and June 2023.

In this regard and specifically responding to the first point in your letter, I am pleased to report that, following a meeting between representatives of the HRI Media Rights Committee (MRC), which has the statutory rights to negotiate the sale of all media rights, and the five racecourses (Kilbeggan, Limerick, Roscommon, Sligo and Thurles), in June 2023 all 26 racecourses approved the proposed media rights deal covering the five year period from 2024-2028.

With regards to the second point in your letter, the Association of Irish Racecourses (AIR) did not request a Service Level Agreement with HRI in advance of the most recent sales process. HRI accepts that there may need to be a memorandum of understanding with the AIR in advance of the next sales process, although in the first instance this is a matter for the AIR to consider. HRI and AIR, as has always happened, will need to agree the basis on which the MRC undertakes the future sale of media rights which, as the PAC will appreciate, is a statutory function of the MRC. HRI and AIR enjoy a constructive and productive relationship, and HRI will seek to ensure that this continues to be the case in future media rights sales processes.

On the third point, HRI has not failed or refused to commence an independent review as claimed. HRI remains open, as we have indicated to the AIR since the last deal was agreed in 2016, to facilitating the AIR if they wish to progress an independent review of the distribution of media rights. However, presumably due to the historical absence of detailed data on the breakdown of betting activity and the intervention of Covid, no request for such a review was forthcoming from the AIR in the intervening period. HRI has recently reiterated to the AIR that we are waiting for them to provide us with their terms of reference and details as to how they might wish to progress an independent review.

It should be noted that the distribution methodology in the new media rights deal, with each racecourse's earnings now very largely attributable to their individual betting turnover, will effectively provide much of the information that was being sought at the time of the last deal

in 2016 when it was being claimed that the proposed distribution basis favoured the larger racecourses over the smaller ones. The detailed betting information which became available during the last media rights sales process demonstrated that the opposite was in fact the case, and that the smaller racecourses were in fact being subsidised by the larger ones under the previous distribution method.

In relation to some of the other points raised within the correspondence which the Committee received, the AIR itself undertook a review in 2017 and again in 2021, and shared the following findings with its members (quoting directly):

- “There is no evidence of HRI favouring their own tracks over non-HRI owned racecourses when allocating fixtures or grant assistance.
- The available evidence points to the fact that HRI are complying with the commitment given to allocate media rights monies earned by HRI over the period of the current contract to racecourse projects of either capital or revenue nature.
- No evidence of any bias in the allocation of prize money as between HRI tracks and non-HRI tracks”

In relation to the specific grant allocations received by the five racecourses and referenced in the correspondence received by the PAC (on page 58 of the meeting transcript), we believe that the figures presented are wholly misleading in relation to the period 2015-2020.

- Kilbeggan racecourse had grant aid of €895k approved by HRI for projects for which they sought funding, but then took the decision to proceed with only 3% of the works.
- The respective approximate percentages of the grant aid approved and drawn down by the four other racecourses were Sligo (9% of an approved €937k), Thurles (17% of an approved €48k), Limerick (54% of an approved €242k) and Roscommon (83% of an approved €492k).
- For the period 2015–2020, HRI approved works of €6.5m resulting in approved grant aid of €2.6m for the five racecourses listed above. Only €660k (25%) of the approved grant aid was drawn down as the five racecourses decided not to proceed with the other HRI approved projects.

In addition, since 2020, HRI has approved just under a further €3m in capital works, resulting in approved grant aid of €1.2m available to Kilbeggan, Limerick, Roscommon, Sligo and Thurles. HRI’s forecast for year end 2023 is that €718k (60%) of this approved grant aid will be drawn down for the period 2021–2023, again as some projects were not progressed by the five racecourses.

Overall, therefore, HRI has approved works of €9.5m resulting in potential grant aid of €3.8m for Kilbeggan, Limerick, Roscommon, Sligo and Thurles since 2015. HRI is forecasting that just 36% (€1.4m) of this potential grant aid will be drawn down as the racecourses decided to not proceed with certain projects. Hence, we believe the figures referenced in the correspondence received by the PAC (with comparisons to other racecourses) are misleading in not demonstrating the full financial support that HRI has approved for the racecourses concerned.

A detailed history of the capital schemes is provided below in table format for the PAC’s information.

Table A - Status of payments of closed schemes

	Total Schemes 2015 - 2020				
	Approved Cost	Approved Grant Aid		Paid Grant Aid	% Paid of Approved
Kilbeggan	2,227,415	895,452		27,696	3%
Limerick	594,832	242,416		131,889	54%
Roscommon	1,253,149	492,015		407,470	83%
Sligo	2,338,733	937,978		84,619	9%
Thurles	116,126	48,063		8,063	17%
	6,530,254	2,615,924		659,737	25%

Table B - Status of forecasted payments of open schemes:

	Total Schemes 2021 - 2023				
	Approved Cost	Approved Grant Aid		Forecast Grant Aid	% Forecast of Approved
Kilbeggan	929,510	371,804		371,804	100%
Limerick	429,200	171,680		40,000	23%
Roscommon	649,815	259,926		217,926	84%
Sligo	595,000	238,000		88,588	37%
Thurles	393,170	157,268		-	0%
	2,996,695	1,198,678		718,318	60%

Table C - Status of forecasted payments of all schemes since 2015:

	Total Schemes 2015 - 2023				
	Approved Cost	Approved Grant Aid		Forecast Grant Aid	% Forecast of Approved
Kilbeggan	3,156,925	1,267,256		399,500	32%
Limerick	1,024,032	414,096		171,889	42%
Roscommon	1,902,964	751,941		625,396	83%
Sligo	2,933,733	1,175,978		173,207	15%
Thurles	509,296	205,331		8,063	4%
	9,526,949	3,814,602		1,378,055	36%

In relation to other points made in the correspondence, there is no requirement for HRI to spend 50% of the Horse & Greyhound Racing Fund on long-term infrastructural projects to finance racecourse developments as claimed on page two of the letter received by the PAC. HRI complies with the annual budget parameters as set out by the Department of Agriculture, Food and the Marine which outlines our capital/revenue split.

Many of the other issues raised by the five racecourses in their correspondence with the PAC were examined in a private session (due to commercial sensitivity) by the Joint Oireachtas on Agriculture, Food and the Marine on 31st May 2023. It was following that meeting that the key representatives gained alignment on the current media rights deal.

Finally, it should be noted that the HRI Media Rights Committee is chaired by the chair of the AIR and includes a second AIR representative amongst its five members. The MRC has always sought to maximise the collective value of media rights revenues for Irish racing, and the strength of the collective was once again demonstrated by the five-year deal announced earlier this year and signed by all 26 racecourses.

Yours sincerely

A handwritten signature in cursive script that reads "Suzanne Eade".

Suzanne Eade
Chief Executive Officer