



# Mark Johnston's

## Cruddace's comments wide of the mark

**‘E**CONOMICALLY ILLITERATE’. An interesting phrase. I’ve never seen it used before. Clever. Hardly surprising, therefore, that it should be Martin Cruddace, CEO of ARC, who used it in an interview with Bill Barber for the Racing Post.

It was assumed by many to be directed at those individuals who have recently called for more transparency over the way in which media rights payments from the betting industry flow through racecourse coffers and, consequently, it was met with incredulity by many. Was Martin Cruddace really daring to call the likes of Julie Harrington, chief executive of the BHA, John Brown, former chairman of William Hill, or Peter Savill ‘economically illiterate’?



Martin Cruddace

Later, in an interview with Matt Chapman, he clarified his comment and claimed that it was the principle of looking at only one income stream, when racecourses can have very different business models, which is economically illiterate. He was not, it seems, being condescending to any individual, but he did go on to say: ‘Those racecourses that stand up and say “We give 100 percent of our media rights to prize-money” demonstrates a level of economic naivety that would be embarrassing for a five-year-old’.

**I**F I was on the board or among the executive team at York, the racecourse that this comment was undoubtedly directed against, I would take offence at that. If their claim is true – I hope it genuinely refers to all their income from the Racecourse Media Group (RMG) and doesn’t exclude the bonuses and dividends that they receive over and above the per-race rates – then they are perfectly entitled to say it, regardless of how their business model differs from those of Martin Cruddace’s Arena Racing Company (ARC) tracks.

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**“ Martin Cruddace doesn’t mind insulting people or putting them in what he sees to be their place ”**

and he caused a further stir by saying: ‘What I am not ever going to allow is for a trainer or an owner to tell this company how it should be run or what it should spend money on’. I can certainly sympathise with him on that. It infuriates me that racecourses – and ARC tracks tend to be more involved than most - try to dictate how trainers should pay their employees with courses making a payment of £150 for those attending a Sunday evening fixture, and signing into the stables with their stable pass, when they have no knowledge of how the workload is spread across the team. There are many other instances where they disregard the fact that trainers, like racecourses, might have different business models.

**O**CCASIONALLY they make ex-gratia payments to owners when meetings have been abandoned and they make these payments directly into the owner’s account despite them having no knowledge of whether or not the owner is the one having suffered the loss. As many of you will know, Johnston Racing policy is that we make no charge for transport or any other expenses incurred on the day if a horse is a non-runner, regardless of the reason, and so we can be out of pocket to the tune of thousands on pounds when a meeting is abandoned. We aren’t even informed if a payment has been made directly to the owner’s account. The racecourse simply assumes that the owner has paid.

But, as far as I can see, no trainer or owner is suggesting that we should tell Martin Cruddace how he should run his racecourses. No trainer or owner wants to tell him what he should pay his staff, what terms or conditions they should be employed under, or how they should be deployed. And no trainer or owner would dream of telling him what he should charge for entry or for the products he sells, whether that is ‘pictures’ to the betting industry or a pint of Guinness. No, all we want is to be able to set the price for

our own product. We have to accept that, unlike most businesses, we can never expect to set our price based on the actual cost of production, that would be beyond our wildest dreams. We have to accept that owners will still bear the brunt for

# Straight Talking

putting on the show and so some are asking to see what the racecourses are getting for selling on our product and are willing to set the price based on what the racecourses can reasonably be expected to pay.

That might still be a bit back-to-front compared to the average pricing policy but it would surely be an improvement on the current situation whereby the racecourses effectively tell us what we will get and steadfastly refuse to tell us what margin they are making on our product, and why there appears to be such a massive discrepancy between what one end-user (the bookmaker) is paying and what we are getting in prize-money.

**M**ARTIN Cruddace will probably say, as he did to Matt Chapman, that the information is all available through Companies House. But that wouldn’t be the full story, would it Martin? We’re not that economically illiterate. Companies House will tell us that

ARC had an operating profit in 2022 of £550,000 (down from £6.5m the previous year) and what was formerly the Northern Racing side of their business made £3.3m (down from £6.9m the previous year). Once interest payments on loans from related Reuben Brothers-controlled companies were taken into account, ARC made a loss before tax of £25.3m and Northern made a loss before tax of £5m.

And somewhere in this spider’s web of companies is The Racing Partnership, which is also owned by Reuben Brothers and is the body through which the media rights money is channelled. I don’t know whether TRP made a profit or a loss or whether it is a company registered in the UK or in the British Virgin Islands, as is the case with the holding companies behind the racecourses, but I think we can rest assured that, somewhere along the line, Reuben Brothers are making a profit on British racing or Martin Cruddace would be out of a job and would be less condescending about other people’s ‘economic literacy’.

## THE TRUE COST OF RACING

**H**AVING TOUCHED in my main piece on the £150 payment made by the racecourse for each member of staff attending a Sunday evening fixture, I’d like to give you a bit more insight into the economics of taking horses to a meeting like that.

We had three runners at the first Wolverhampton evening meeting, in consecutive races, and we sent four staff members including the horsebox driver. Those staff members earned between £312.25 and £407.35 each for the day including their wages, overtime, expenses, time off in lieu and the new Sunday evening racing payment. The total paid out by us to staff was £1,374.58, of which £600 was reimbursed by the racecourse and £291 of staff expenses was re-charged to owners. The net staff cost, therefore, to Johnston Racing

was £483.58.

The owners, of course, also paid for transport, totalling £1,324.80. We, therefore, are left with £841.22 to cover the transport costs which include diesel for the 368-mile round trip, tax, insurance, maintenance and depreciation on a vehicle that costs around £180,000.

More runners on the vehicle would have made it a more viable trip for Johnston Racing provided we were still using our own vehicle, but we would rarely have more than three runners at a meeting like this and, if we had to use an outside transporter, the transport costs would be far greater. If we had fewer horses on, the losses for us would be greater, despite fewer staff being required. Maybe Martin Cruddace is right after all – trainers and owners must be economically illiterate, or naïve.

## Handicaps hinder competition

**O**H, RELIEF. I am not alone. Peter Howes of Southmoor, Oxfordshire (Racing Post letters, January 7), under the heading ‘Handicaps Blunt Talent’, questions whether British racing can still be thought of as a sport due to the predominance of handicaps.

However, it has to be admitted that Mr Howes and I are in a tiny minority. Even David Elsworth is saying that handicaps make racing more competitive and that we need more of them. As much as I respect the great man, I cannot agree with him.

He argues that, if there were more handicaps at the highest level, more people would be likely to take on the likes of Constitution Hill ‘if they were getting a stone off him’. I think that it is our reliance on handicaps that prevents trainers from being willing to take on the superstars in level-weight or conditions races. They know that running closer than would be predicted by the ratings to a vastly superior horse will result in an unrealistic rise in handicap rating and will condemn their horse to running in a grade or two above its true ability.