



1<sup>st</sup> March 2017

FEI Dressage & Jumping Departments

Dear FEI,

### **HARMONIZATION OF JUMPING & DRESSAGE ENTRY FEES AND REQUIREMENTS**

As requested by the FEI we have been reaching out to our organizers, athletes and other stakeholders to discuss the FEI's intent to harmonize Entry Fees and OC obligations to athletes in Jumping and Dressage. We started down this path with the aim of meeting the FEI's template that was presented at the 2016 General Assembly albeit utilizing a period of introduction. However, we find that we now have more questions than answers and feel that the implementation of any "harmonization" should be studied in detail prior to a final plan being put forward for approval.

What is harmonization? Entry Fees are a significant income stream for U.S. Organizers. Harmonization of a single income stream alone, takes no account of variations in standard OC costs or impediments to other income streams: Is it practical to harmonize one income stream and not the others? Can the FEI realistically bring any harmonization to the actual costs of running Events? Athletes rightly want a cap on what OCs can charge and also want OCs to provide a universal standard of support. Conversely, many athletes are professionals and make money from competing and from having clients compete – they need competitions. In a sport that is seen to bring huge sums of money to the global economy, why should OCs not be able to make money as well as others linked to the sport?

Between regions and countries there are differences, perceptions but also misconceptions. For example these are some of the arguments we hear;

- Trade Stand / Vendor income is minimal for U.S. Events compared to some European Events.
- At many Shows in the U.S. the vast majority of personnel working at the Show are paid and are not volunteers
- It costs more to get officials to U.S. Shows than European Shows
- Equestrian has a bigger piece of the TV market in Europe and it is cheaper to televise events in Europe
- Europe relies on Pay Cards, U.S. relies on VIP hospitality / additional charges



In reality there are differences between Disciplines and between Events but if the Entry Fees are reduced in Dressage we will see Events in the U.S. ceasing to be able to run FEI competitions. This is perhaps not helped by some costs, legislated by FEI Rules that are seen as illogical. For example the GRs state an “appropriate” number of Stewards are required but the requirement (within the Draft Schedule) to have a minimum of 4 Stewards, with no regard to the number of entries, drives up the “per horse / athlete” cost for OCs”. This is equally applicable to Jumping: Perhaps a more appropriate definition of *appropriate* is required?

Some other thoughts / considerations;

- ❖ There have already been challenges that have come about from conversion rate fluctuations – what will the impact be on harmonized Entry Fees listed in local currencies?
- ❖ Athletes want a Cap on Entry Fees which the USEF fully supports. Should OCs be able to have flexibility with Entry Fees if they want to attract the top riders or should they have flexibility to offset Entry Fees against athletes giving “Value in Kind” to the Show?
- ❖ Running Events is, to many, a business; should the “free market” be allowed to come in to play?
- ❖ We want to encourage and gently nudge our organizers to “put their shoulders to the wheel” and bring “the common man in off the streets” (to quote the FEI) in order to generate spectator revenue but there also has to be a reality to what is being asked of them. Maybe a review of the application of the broadcast rights should sit alongside this project (i.e. assisting OCs with easier access to FEI held footage).
- ❖ There is significant sponsorship provided by stakeholders (owners and sometimes athletes) in the U.S; this is especially the case in Dressage.

In considering “harmonization” should the “cost of living” variations be a factor. A few comparisons, drawn from a financial page on the web (so not confirmed or guaranteed):

- You would need around £4,305.77 (\$5,382.62) in Los Angeles, CA to maintain the same standard of life that you can have with £3,300.00 in Brighton, GBR, (assuming you rent in both cities). This calculation uses our Cost of Living Plus Rent Index to compare cost of living. This assumes net earnings (after income tax).
- You would need around €4,191.36 (\$4,475.10) in West Palm Beach, FL to maintain the same standard of life that you can have with €2,700.00 in Aachen (assuming you rent in both cities). This calculation uses our Cost of Living Plus Rent Index to compare cost of living. This assumes net earnings (after income tax).



- You would need around £5,017.31 (\$6,272.11) in Washington, DC to maintain the same standard of life that you can have with £2,600.00 in Liverpool (assuming you rent in both cities). This calculation uses our Cost of Living Plus Rent Index to compare cost of living. This assumes net earnings (after income tax).

We received a suggestion from a Dressage OC; a proposal that would see a slow reduction in Entry Fees, whilst slowly increasing other charges. Net; no change to overall costs.

To clarify, the USEF still supports the introduction in 2018 of the Rule in Annex VI to the Jumping Regs that states

*Horses may not take part in national competitions and international competitions at the same Event, effective 1 January 2018.*

Our recommendation is that further work is needed on “harmonization” (both in Dressage & Jumping); we recommend that an international working group is created that can really dig in to looking at a system that takes in to account all the factors related to entry fees and OC obligations. Maybe this group needs to look at other sports where the organizers build the theater and facilitate the play. We would recommend that this Group is not made up solely of Organizers and Athletes in order to ensure nonpartisan thinking and also that it has representation from a number of Continents. In addition we recommend the following

1. A clearer definition needs establishing regarding what “harmonization” really means and whether it is practical to apply “harmonization” to a significant element of the revenue stream without addressing the differences between Events and Regions in expenses and / or other revenue streams.
2. The new FEI Jumping Invitation system may well have an impact on certain income streams, especially in Europe (or so it is rumoured). It is perhaps sensible to wait and see what the impact of the Invitation System is on all Organizers prior to trying to fix Entry Fees and OC obligations. Perhaps European Organizers will want to adopt the U.S. model.
3. The new Jumping Event Classification System needs to be established and implemented prior to finalizing harmonization of Entry Fees etc
4. We support the protection of CIOs and CI-W Events and accept that the structure should take account of the importance of these Events.
5. A system of “offsets” could also be considered. For example if a Young Horse Class is run with reduced Entry Fees / Costs this might allow an OC to charge less / provide less in another area; this would perhaps form part of the ECS.



6. We fully support a clearer definition of what can be charged by OCs and what they must provide. We recommend that there is a “table of options” which is clear and gives OCs “options” and athletes a clear picture of what it will cost to compete at the Event. Included in this is a need for a review of what Organizers have to provide in terms of Officials.

7. If harmonization does result in a reduction to what OCs have to provide for athletes and grooms (e.g. accommodation / food) there should be consideration to the impact of availability and cost of hotels and food and maybe a requirement for OCs to facilitate if not pay for.

8. The impact of harmonization on Venues running Series needs studying in more detail.

There are many changes and developments underway within the FEI and it may be that harmonization in its entirety may only be achievable once further analysis has been undertaken and new initiatives have been allowed to settle down.

Kind regards,

**Will Connell**

Director of Sport

t (Gladstone) 908 326 1154

t (Lexington) 859 225 2076

m 859 447 5280

e [wconnell@usef.org](mailto:wconnell@usef.org)