



NEW ZEALAND THOROUGHBRED RACING

STATEMENT OF INTENT AND
BUSINESS PLAN 2023-25

New Zealand Thoroughbred Racing Inc

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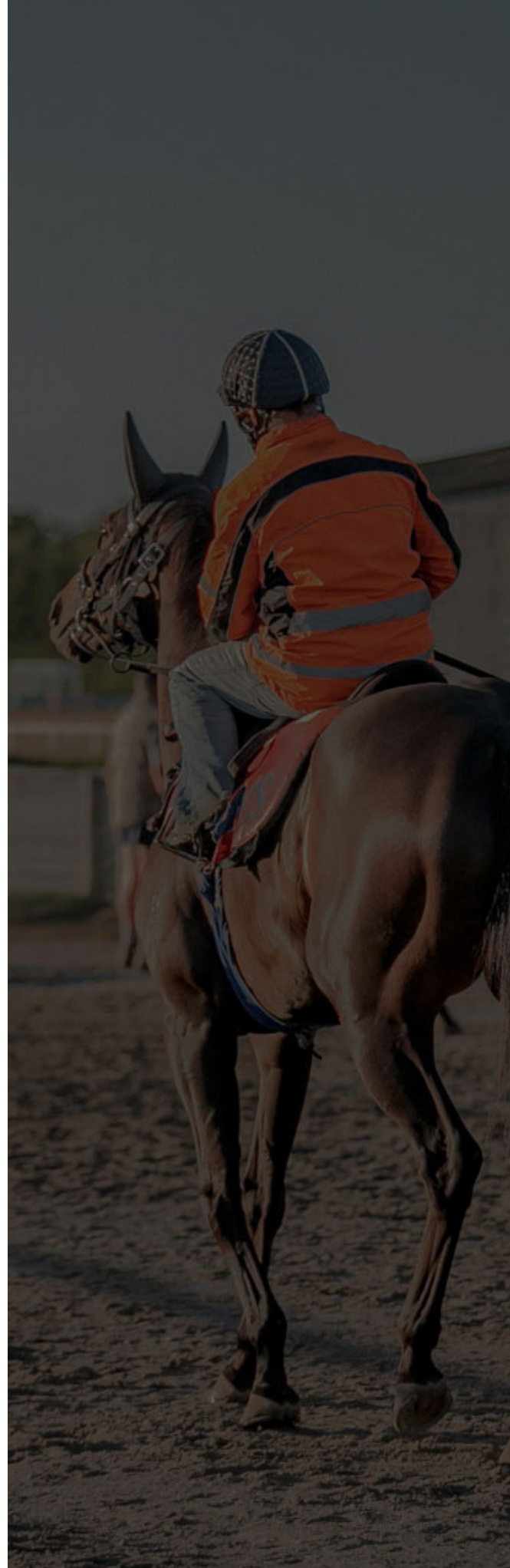
NEW ZEALAND
THOROUGHBRED **RACING**



PUREI HŌIHO NĀTI O AOTEAROA

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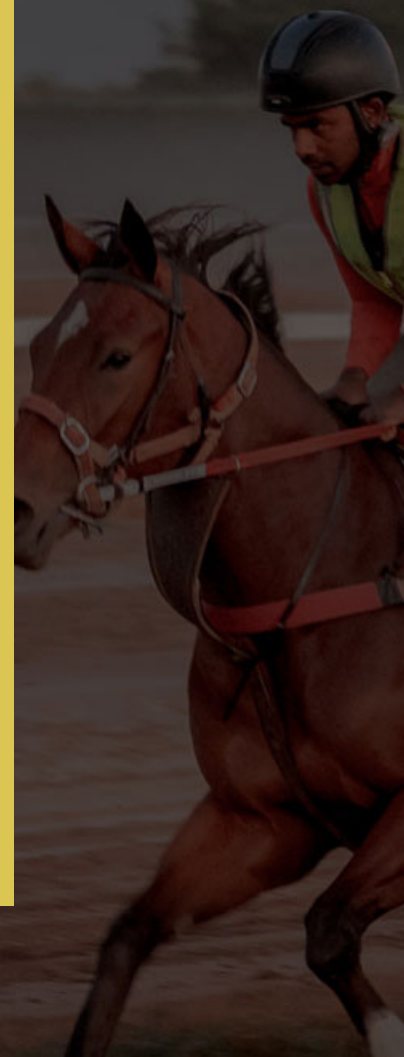


INTRODUCTION & SUMMARY

Welcome to NZTR's Statement of Intent & Business Plan for the next three racing seasons. These documents have been prepared in accordance with the requirements of the Racing Industry Act 2020.

They set out NZTR's strategies and plans for the future, with a focus on the 2022/23 racing season, and set out the verifiable measures against which clubs and participants can measure NZTR's performance.

Importantly, through the requirement to consult with racing clubs on the Statement of Intent, the industry has had input into both NZTR's strategies and NZTR's performance measures.



STATEMENT FROM CHAIR & CEO

The Board and Management have a clear focus and direction, and this Statement of Intent & Business Plan summarises the key initiatives and opportunities around what is planned to guide our actions during 2022/23.

In addition to the \$10m injected into stakes in season 21/22 a further \$7.3m will be distributed in season 22/23. \$4.4m of this will be directed into our Top 20 wagering days, lifting all Group and Listed races in this group substantially. A further \$2.4m will go toward increasing our industry minimums from \$12k to \$14k.

The introduction of a \$10m Sustainable Reserve is designed to release funds into the industry over the next 5 years. In 2022/23 will see an initial \$1m made available to fund free License Renewals for all categories of licences, an Innovation Fund of up to \$500k available for all clubs not hosting a Top 20 race day and support to market the inaugural Top 20 concept. Beyond the 2022/2023 up to \$2m a year will be released in addition to business-as-usual funding into key initiatives in stakes, infrastructure, marketing, and stakeholder professional development.

Among other BAU activities across 2022-23 include working to lift our performance in the areas of Health & Safety and People & Culture.

This Statement of Intent & Business Plan also provides direction to the key strategic areas of focus that the Board and management have agreed, and these include:

- **Track infrastructure** – creating a comprehensive five-year infrastructure plan to ensure our most used tracks meet industry and community needs. An Infrastructure reserve fund of \$10m has been created with a projected annual spend of between \$2.5 - \$3m. The Board have also agreed that a floor of \$4m will be available for infrastructure at all times.
- **Wagering and Participation growth** – the launch of a new series that promotes our Top 20 race meetings will aim to increase wagering domestically with TAB NZ, and internationally with our now 29 Australian wagering partners, as well as increase our on-course participation on these race days and showcase the best of racing in New Zealand.
- **Marketing of the National Sport** – with the launch of a new series promoting our 20 top race meetings, focusing on the National Sport and its ongoing promotion, as clubs continue to promote the race days and events.

STATEMENT FROM CHAIR & CEO

These three areas dovetail to provide New Zealand Thoroughbred Racing with the optimum opportunity to continue to grow revenue and provide returns to our stakeholders which reflect their efforts.

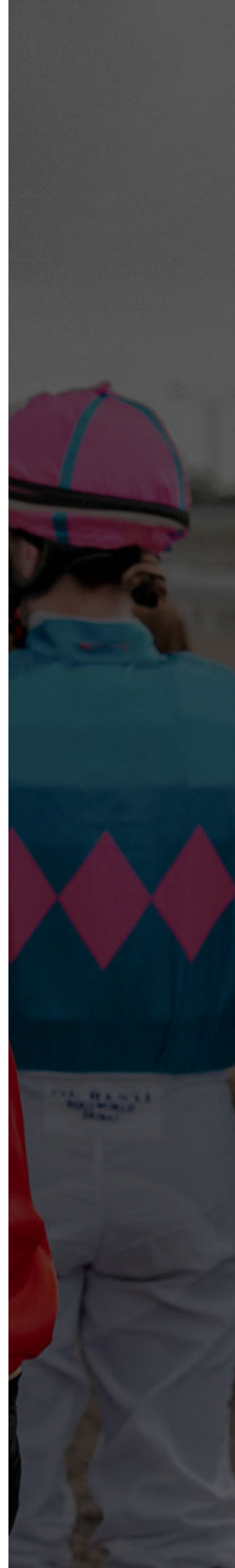
This is our ignite, excite, and reward growth plan and we trust the industry will be as enthusiastic and energised as the NZTR Board and management when they envisage the season ahead.



Cameron George
NZTR Chair



Bruce Sharrock
NZTR CEO



STATEMENT OF INTENT AND BUSINESS PLAN OUTLINE

The contents of NZTR's Statement of Intent and Business Plan are prescribed by the Racing Industry Act 2020.

- NZTR's Constitution, as required by section 6 of the Incorporated Societies Act 1908;
- NZTR's objectives;
- The nature and scope of the activities to be undertaken by the code;
- A statement of NZTR's policy for distributing funds received from TAB NZ to racing clubs registered with the code (the Stakes, Clubs and Race Meetings Funding Policy);
- The performance targets and other measures by which NZTR's performance may be judged in relation to its activities; and
- A statement of NZTR's accounting policies.

VISION & VALUES



Together shaping a **bright** future
for our **people**, our **horses**

CORE VALUES



DIVERSITY

*Embracing differences
across our truly diverse set
of participants*



INTEGRITY

*Consistently upholding high standards
of professionalism, transparency and
ethical behaviour in racing*



COMMUNITY

*Supporting the strength of connection that
we have among our people*



OPPORTUNITY

*Enabling success based on
merit, skill and experience*



LOVE RACING

*Passion of the participants, beauty of
the horse and glory of the sport*



WHANAUNGATANGA

*Kinship, connection and a feeling of belonging
developed through shared experience*

CORPORATE DOCUMENTS

This section of the Statement of Intent & Business Plan includes the documents required by the Act – NZTR’s Constitution, NZTR’s objectives and a statement of NZTR’s accounting policy.



CORPORATE DOCUMENTS

NZTRs constitution

NZTR's current Constitution is available on [NZTR's website](#).

It was most recently amended by racing clubs at NZTR's 2021 Annual General Meeting to enhance the role of the Members Council in acting as a conduit between NZTR and the industry, considering the enactment of the Racing Industry Act 2020.

It will next be considered at NZTR's 2022 AGM in November.

NZTRs objectives

NZTR's statutory objective is set out in section 14 of the Act and is "to develop and promote racing conducted by the code". NZTR's constitutional objectives are:

- Promoting and advancing thoroughbred racing in all its forms in New Zealand; and
- Maintaining and striving to further improve conditions that support positive welfare outcomes for thoroughbreds in New Zealand; and
- Considering and dealing with all matters submitted to Thoroughbred Racing in accordance with this Constitution and the Rules

Statement of Accounting Policies

NZTR's financial statements are prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP").

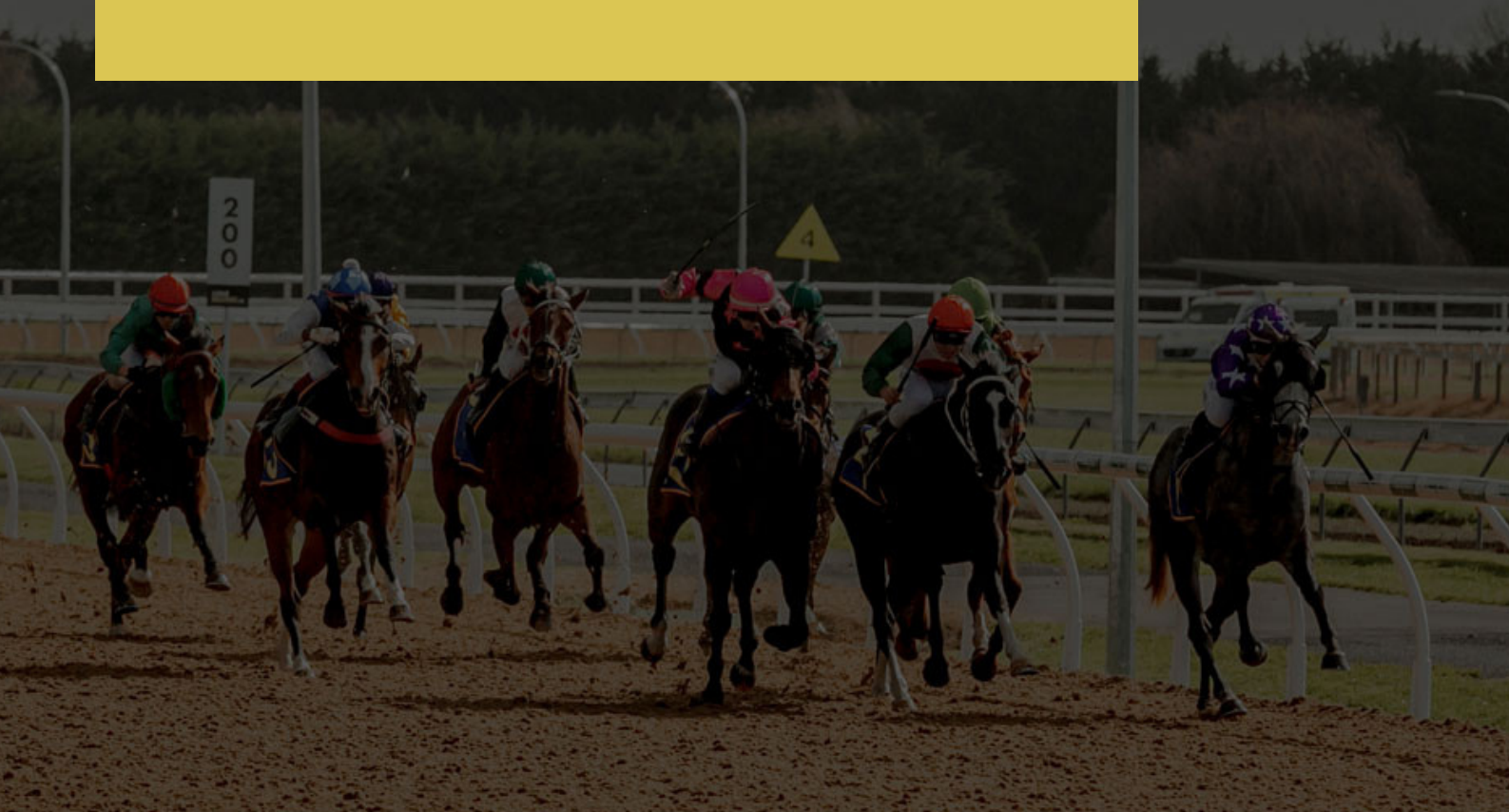
They comply with Tier 1 Public Benefit Entity Standards (PBE IPSAS), which are the New Zealand equivalents of the International Public Sector Accounting Standards (IPSAS) and other financial reporting standards as applicable for Tier 1 not-for-profit entities.



LOVE RACING.NZ

NZTR'S CORE FUNCTIONS

This section of the Statement of Intent & Business Plan sets the nature and scope of NZTR's core functions that we will undertake over the 2023-25 racing seasons.





NZTR'S CORE FUNCTIONS

During the reporting period, NZTR will pursue its statutory objective under the Racing Industry Act 2020 of developing and promoting thoroughbred racing by conducting its various core functions under the Act, including but not limited to:

- Governing and regulating thoroughbred racing in New Zealand by (among others) continuing to revise and review the New Zealand Rules of Racing, licensing industry participants, and administering the New Zealand Stud Book.
- Programming race meetings, administering the New Zealand Pattern, setting minimum stake levels, and distributing funding received from TAB NZ and other sources to the industry as stakes and club funding.
- Promoting New Zealand thoroughbred racing internationally and securing appropriate commercial returns for international racing rights; and
- Working collaboratively and constructively with TAB NZ, the Racing Integrity Board, and the other Codes on industry strategy as provided for in the Act.
- Promoting and developing best practice programs in Horse Welfare.
- Increasing the capability and capacity of the racing and breeding workforce by improving training, education, and welfare programmes.
- Lifting performance around Health & Safety by undertaking a review and update of resources available for clubs when preparing documentation as part of their Funding Policy compliance.
- Embarking on an industry-wide wellness programme to introduce a People & Culture framework which ensures our industry provides an environment which encourages positive wellbeing.

The above items are a high-level summary of the various 'business-as-usual' functions NZTR is required to conduct under the Act.

STRATEGIC AREAS OF ACTION

The following pages set out specific areas of action NZTR will pursue in 2022/23. We are prioritising our work against three focus areas; Improving Track Infrastructure, Wagering & Participation and Marketing of the National Sport.



IMPROVING TRACK INFRASTRUCTURE

What does success look like?

In the long term, success means having a sustainable network of fit for purpose venues for racing, trials and training that meet industry and community needs and provide better and more consistent track surfaces resulting in:

- Increased wagering (domestically and internationally) on our racing as the attractiveness and quality of our racing improves.
- Greater investment in our racing surfaces
- Improved Horse Welfare

Priorities for next year

Our key priorities for Infrastructure are:

- Developing a 5-year programme for reconstruction and/or upgrading of our key venues and a budget for undertaking the necessary work, and developing the order of priority for undertaking each identified track reconstruction/update
- Continuing to advance discussions on potential Bay of Plenty and Waikato Regional solutions and supporting clubs in Canterbury and the Central Districts in an endeavour to agree regional solutions for racing, trials, and training in their regions, considering the expected impact of the synthetic tracks at Riccarton Park and Awapuni.
- Encouraging clubs to work together in regions to deliver a sustainable footprint of racetracks and customer facilities

Milestones

- | | |
|---|---------------------------|
| 1. Finalise a 5 Year Infrastructure Plan (for the 2022/2023 to 2027/28 seasons). | By October 2022 |
| 2. Complete the construction of, and commence racing on, the Awapuni synthetic track. | By May 2023 |
| 3. Complete the reconstruction of, and recommence racing on, the Te Aroha track. | By 31 January 2023 |
| 4. Complete the installation of plastic running rails at all our racing venues. | By 31 July 2023 |



WAGERING & PARTICIPATION

What does success look like?

Improved wagering performance at 293 thoroughbred race meetings at 33 venues with an increased focus at our Top 20 key race days that drive superior wagering and on course customer outcomes. Improving our wagering returns from international wagering operators and content partners will also be a key outcome.

Priorities for next year

A primary objective is to position our Top 20 wagering days in the calendar for incremental growth.

The Directions Paper developed in 2021 provided an overview of the wagering market and a series of initiatives which NZTR will look to advance the progress of in 2022/23. The introduction of the Twilight series over summer was immediately advanced and delivered positive results.

Contractual arrangements are now in place with 29 overseas betting operators, and we are now receiving regular monthly reporting from those operators that have signed up. This has given us an understanding of market share in Australia and the opportunities for growth.

The transition to the Single National System will be completed in 2022/23. By adopting the Racing Australia software as a service delivery model NZTR can focus on its core role of the administration of the thoroughbred code. This recommendation reduces risk, compliance costs and allows us to be more focussed to deliver better customer service to our stakeholders.

The renegotiation of the Tabcorp agreement is a critical activity in the next 12 months to improve access to global wagering markets.

Milestones

- | | |
|--|-------------------------|
| 1. Development and promotional strategy of the 20 key wagering days. | By August 2022 |
| 2. Strengthen content strategy to effectively monetise data and vision. | By October 2022 |
| 3. Delivery of targeted marketing activities with Australian wagering operators. | By November 2022 |
| 4. Single National System go live | By April 2023 |
| 5. Renegotiation of the Tabcorp agreement. | *By October 2023 |

**Planning and preparation in the 2022/23 season*



MARKETING OF THE NATIONAL SPORT

What does success look like?

New Zealand thoroughbred racing requires an overarching marketing and promotional strategy to grow our sport. To grow interest and participation, we will cater for all fans – new and old, expert and beginner. We plan to attract younger, more digitally-savvy and more socially connected fans. We will have our stories accessing greater mainstream media platforms.

We will innovate in key customer periods of the year to drive greater punter and mainstream interest, highlighting the sport in multiple ways. We have flagship events (like every major sport) - between September and April, most of our feature days are during the summer months, it is our competitive advantage in the Australasian schedule. As our national sport we will support this period where our best racing at our best venues is conducted.

Priorities for next year

Our key priorities for Marketing will be focussed on three key areas:

- Completion of the new LOVERACING.NZ website – which brings together our investment into the Club network and our main fan site. This will deliver a modern, mobile responsive fan experience through significantly improved delivery of data, content and media.
- Creation of a new strategy that supports our Top 20 race days in our key customer periods. An emphasis would be on excellence with our best racing at our best venues.
- Execution of marketing initiatives into the Australian market, working with WSPs to grow interest and revenue in the Australian market.

Milestones

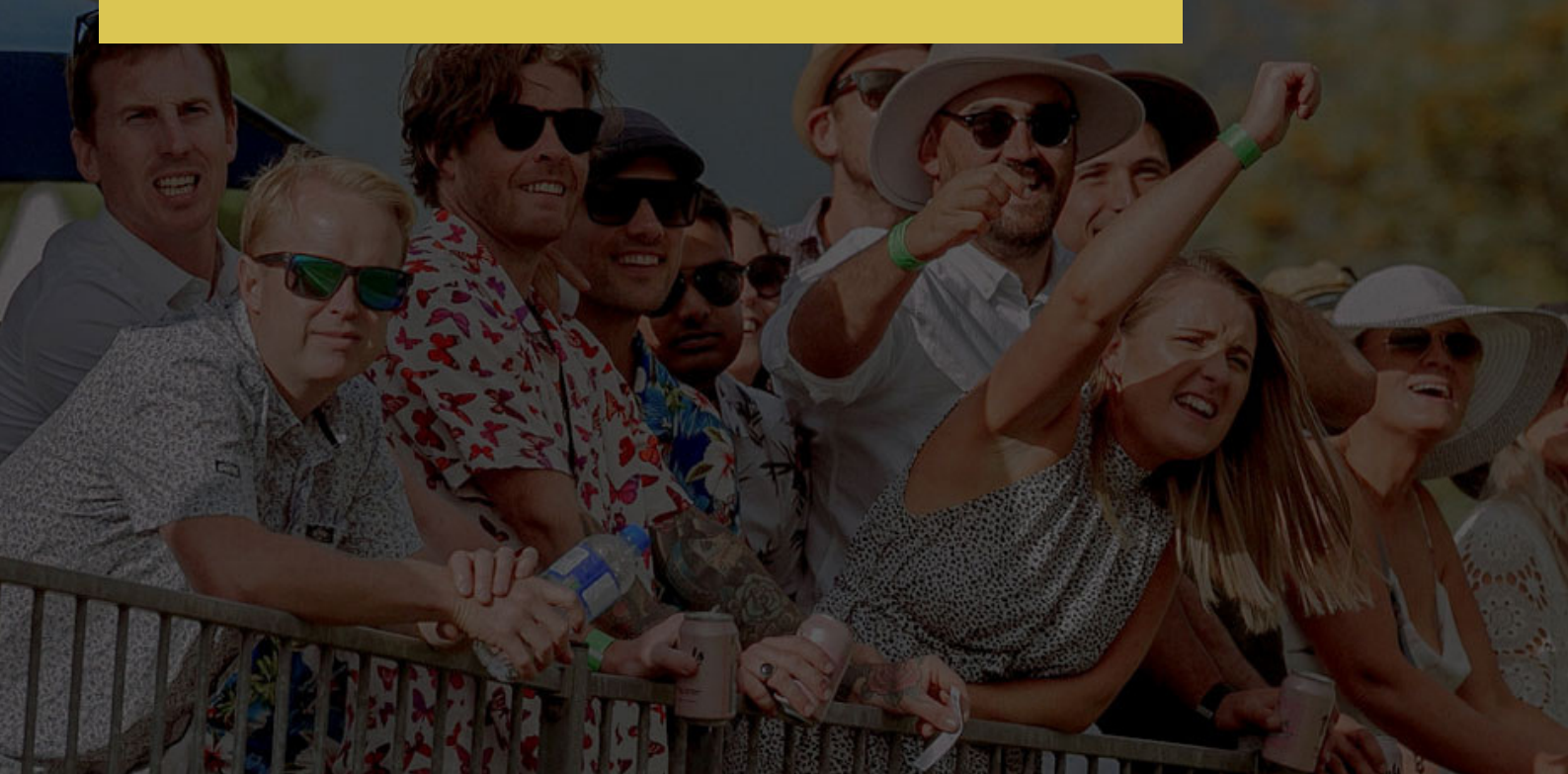
1. Launch of a new series that promotes our Top 20 race meetings.
2. Launch of new LOVERACING.NZ website.
3. Revamped strategy to grow ownership and syndication model.



By August 2022
By October 2022
By April 2023

FINANCIAL & PERFORMANCE

This section of the Statement of Intent & Business Plan sets out the financials and performance targets that NZTR may be judged in relation to its activities.





BUSINESS FINANCIAL COMMENTARY

NZTR strategies for the 2022/2023 through to 2024/2025 season are incorporated into the Financial Tables overpage. The following commentary summaries the proposed changes to prizemoney.

While total NZTR Income is budgeted to increase by less than \$2m compared to the 2022 forecast, the 2021/22 Forecast is projecting a surplus of \$7.6m and total reserves are Forecast to reach over \$25m at the end of 2021/2022 This enables NZTR to further lift its funding of the industry in 2022/2023.

2022/23

- Stakes funding is budgeted to increase by more than \$7m in 2023.
- \$3.8m of these increases would be concentrated on our Top 20 wagering events, eight Iconic and twelve Premier meetings. The focus on these events is to further lift the profile of our late spring/summer and early autumn racing when NZ racing has a competitive advantage.
 - G1s increase to \$300k up from \$220k
 - G2s increase to \$140k up from \$110k
 - G3s increase to \$100k up from \$80k
 - Listed \$80k – up from \$60k
 - Iconic meeting minimums increase to \$60k up from \$50k, with Open races increasing to \$70k
 - Premier meeting minimums increase to \$50k up from \$40k
- \$2.4m to be directed towards increasing the minimum stakes at our Industry Day meetings to \$14k a race up from \$12k. (Industry Opens remain at \$15k)
- The two other G1 races not held on Iconic or Premier meetings also increased to \$300k.
- The other G2 races not held on our Iconic or Premier meetings will be increased to \$120k.
- G3 races outside of Iconic or Premier meetings increase to \$85k from \$80k.
- Listed races outside of Iconic or Premier meetings increase to \$65k from \$60k.
- Targeted South Island increases of \$400k in August, February, and March (Canterbury Grand National, Dunedin Gold Cup, Invercargill Gold Cup and Otago Southern Mile)

Guidance for 2023/2024:

- All increases above maintained.
- Feature minimums to increase.

Guidance 2024/2025:

- All increases above maintained.
- Industry Day minimums to increase.
- Group and Listed races minimums to increase.



BUSINESS FINANCIAL COMMENTARY

Infrastructure Reserve

- NZTR proposes increasing funds in the Infrastructure Reserve to \$10m.
- The Infrastructure Reserve will hold a minimum future balance of \$4m whilst disbursing funds on approved infrastructure commitments.

Sustainable Reserve

- A Sustainable Reserve of \$10m is also being created to enable reinvestment back into the industry over the following five seasons, including into industry initiatives, stake increases, infrastructure, club marketing, shared services and club development schemes and industry professional development.

Club Funding

- Club Funding is budgeted to increase over the next three years. Increases in funding will be compliance based, with more detail to be provided in future discussions and in the Draft Funding Policy.

General

- A break-even budget is planned for 2023 and small surpluses forecast for 2024 and 2025.
- Cash Reserves will sit at around \$5m over the next three seasons. NZTR will need to carry overall reserves of at least \$12m at any one time to enable it to fund outgoings over the peak summer racing period.
- Interest income is included in Other Income.
- NZTR has been investing in modern digital systems to support the future of the industry. These systems will go-live in the 2022/23 season. The investment is included in the NZTR Costs.

FINANCIAL TABLES

| | Actual 2021 | Forecast 2022 | Budget 2023 | SOI 2024 | SOI 2025 |
|---|----------------|------------------|----------------|---------------|---------------|
| Income | | | | | |
| TAB NZ/RNZ Funding | 85.24 | 98.07 | 98.25 | 101.69 | 106.26 |
| Other income | 3.90 | 3.58 | 4.25 | 4.25 | 4.25 |
| Sustainable Reserve allocation | | | 1.00 | 2.00 | 2.00 |
| Total - NZTR income | 89.14 | 101.64 | 103.50 | 107.94 | 112.51 |
| Expenses | | | | | |
| Stakes Funding | 51.80 | 62.39 | 70.53 | 73.53 | 77.52 |
| Club and Meeting Funding | 13.98 | 14.96 | 16.48 | 17.48 | 18.48 |
| Total - Industry Funding | 65.78 | 77.35 | 87.02 | 91.01 | 96.00 |
| Other Industry Costs | 6.07 | 8.58 | 7.62 | 7.66 | 7.89 |
| NZTR Costs | 6.72 | 8.13 | 8.86 | 8.33 | 8.59 |
| Total NZTR expenses | 78.56 | 94.06 | 103.50 | 106.99 | 112.48 |
| Surplus | 10.57 | 7.58 | 0.00 | 0.95 | 0.02 |
| Position of Reserves as at 31 July | | | | | |
| Infrastructure Reserve | 4.30 | 10.00 | 7.50 | 5.50 | 4.00 |
| Sustainable Reserve | | 10.00 | 9.00 | 7.00 | 5.00 |
| Cash Reserves | 13.58 | 5.46 | 5.46 | 5.91 | 4.93 |
| Total Reserves | 17.88 | 25.46 | 21.96 | 18.41 | 13.93 |
| Split of expenses | | | | | |
| Stakes Funding | 65.9% | 66.3% | 68.1% | 68.7% | 68.9% |
| Club and Meeting Funding | 17.8% | 15.9% | 15.9% | 16.3% | 16.4% |
| Total - Industry Funding | 83.7% | 82.2% | 84.1% | 85.1% | 85.3% |
| Other Industry costs | 7.7% | 9.1% | 7.4% | 7.2% | 7.0% |
| Total Industry costs | 91.4% | 91.4% | 91.4% | 92.2% | 92.4% |
| NZTR core costs | 8.6% | 8.6% | 8.6% | 7.8% | 7.6% |
| Total NZTR expenses | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Stakes Funding to NZTR Income | 58.1% | 61.4% | 68.1% | 68.1% | 68.9% |



NZTR PERFORMANCE TARGETS

NZTR's performance targets are focussed on specific measurable operational deliverables which NZTR alone can deliver, rather than more abstract metrics dependent on a number of factors.

NZTR's performance targets for 2022/23 which we will report against in our 2022/23 Annual Report are:

- NZTR will deliver the key milestones identified in this statement of intent;
- NZTR will conduct 293 thoroughbred race meetings, and pay a minimum of \$70 million in total stakes;
- NZTR will continue to operate with total reserves of \$12 million.

NZTR will continue to report the Key Performance Indicators for the wider industry as set out in the monthly Stakeholder Updates.



DIRECTORY

NZTR

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LOVERACING.NZ

BOARD MEMBERS

Cameron George - Chair
Jason Fleming
Mike Clarke
Andrew Fairgray
Bruce Sherwin
Andrew Flexman
Dean Lawrence

MANAGEMENT TEAM

Bruce Sharrock - CEO
Martin Burns
Dan Smith
Tim Aldridge
Tony Severinsen
Tracy Tutty



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