

STATEMENT OF INTENT AND BUSINESS PLAN

FOR RACING YEARS 2021-22 TO 2023-24





INTRODUCTION AND SUMMARY

Welcome to NZTR's Statement of Intent and Business Plan for the next three racing years. 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 2021-22 racing year, 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.

A MESSAGE FROM THE CHAIRMAN

This is our Statement of Intent and business plan, incorporating our already announced areas of action. The NZTR Board has already communicated our intention to put the industry first by making significant but sustainable change across the industry to deliver a better result for all.

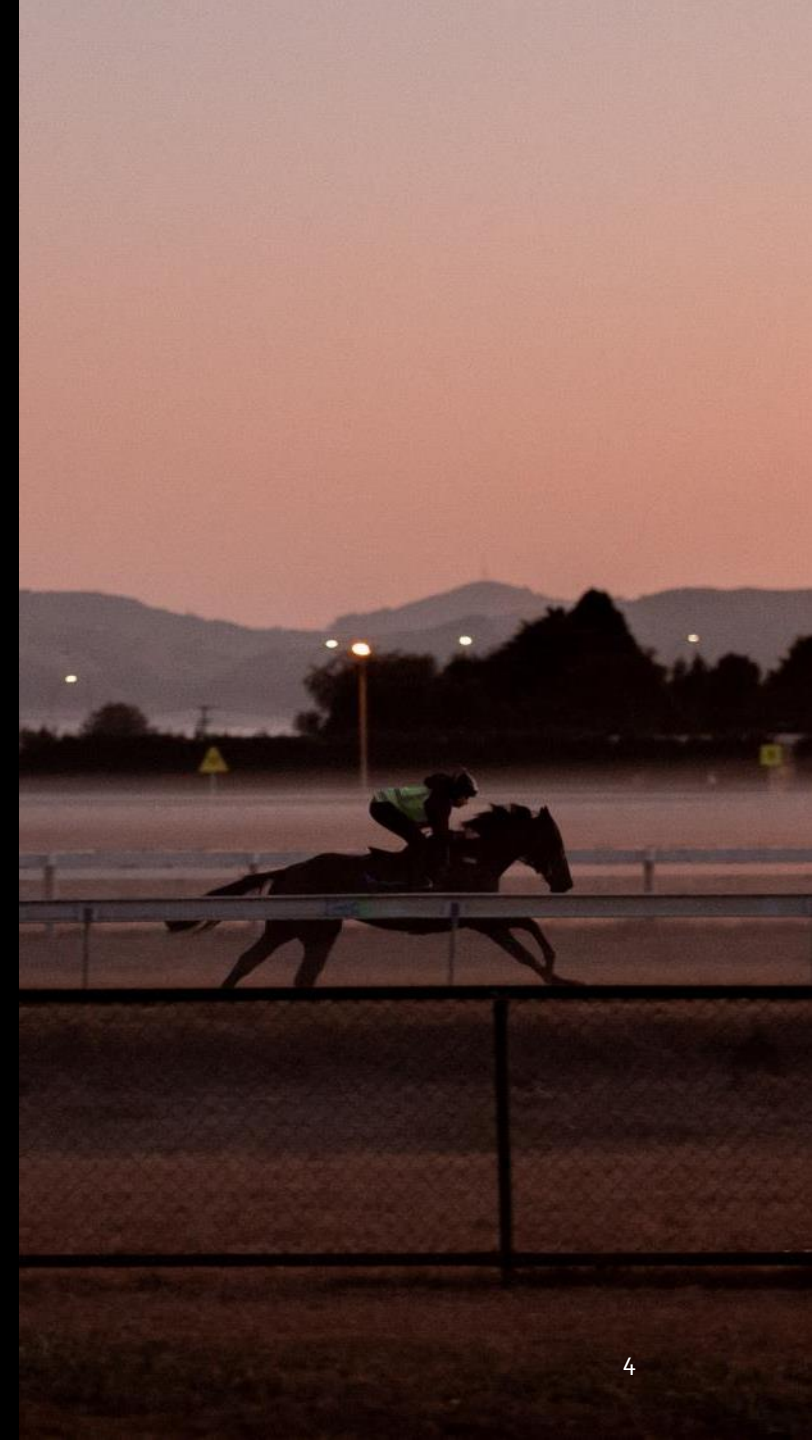
We expect to held accountable for the specific outputs we have promised to deliver. We look forward to reporting to you on our progress as we reshape the industry.



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:

- 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.





CORPORATE DOCUMENTS

This section of the Statement of Intent includes the documents required by the Act – NZTR’s Constitution, NZTR’s objectives, the Stakes, Clubs and Race Meetings Funding Policy, and a statement of NZTR’s accounting policy.

NZTR'S CONSTITUTION

NZTR's current Constitution is attached as an appendix to this Statement of Intent and is available on NZTR's website.

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

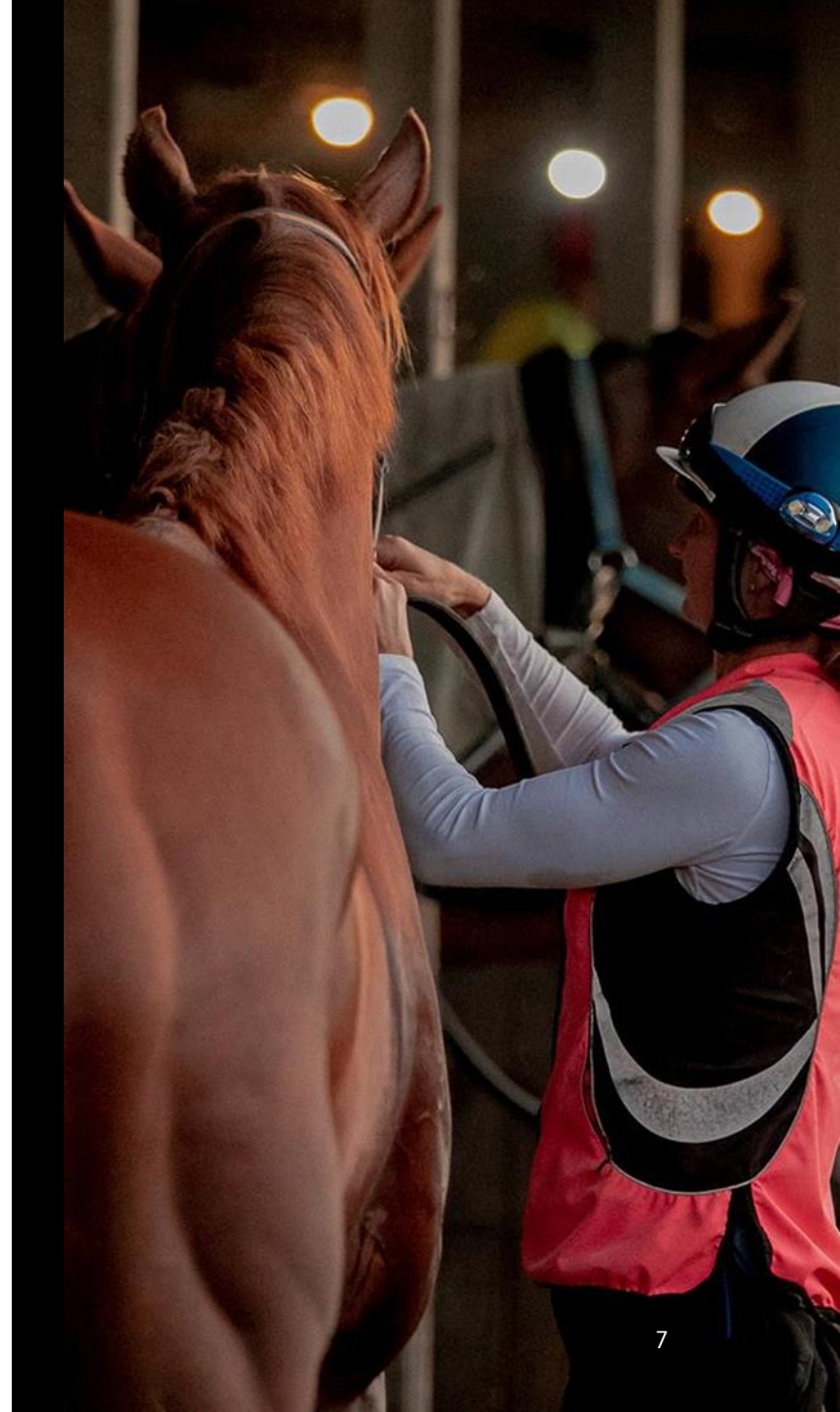
It will next be considered at NZTR's 2021 AGM in November.



NZTR'S 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.



STAKES, CLUBS AND RACE MEETINGS FUNDING POLICY

NZTR distributes around 92% of its revenue to the industry through the Stakes, Clubs and Race Meetings Funding Policy. In 2021/22 there will be an \$11.07 million increase in aggregate stakes.

The Policy sets out how NZTR distributes the funds it receives from TAB NZ, as required by section 19 of the Racing Industry Act 2020.

It is attached as an appendix to this Statement of Intent and is available on NZTR's website.



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.





NZTR'S PLANNED ACTIVITY

This section of the Statement of Intent sets the nature and scope of the activities NZTR will undertake over the 2021-23 racing years.

Given the uncertain environment, we have focussed on the 2021-22 racing year.

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 carrying out 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.

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

The following pages set out specific initiatives NZTR will pursue throughout the 2021-22 racing year.

LOVING THE HORSE – HORSE WELFARE

Horse welfare is one of NZTR’s core functions and at the heart of everything we do. During the 2021-22 racing year, NZTR will:

- Implement a 1 percent levy on all prizemoney to be applied to horse welfare initiatives,
- Support the rehoming of racehorses at the end of their careers, including through the development of a network of NZTR Acknowledged Retainers and through educating the owners of ‘second-career’ Thoroughbreds;
- Continue to enhance the whole-of-life traceability of the Thoroughbred herd;
- Implement and keep under review further restrictions on the use of the whip;
- Continue to support the New Zealand Horse Ambulance Trust; and
- Continue to play leadership role in horse welfare through the Thoroughbred Welfare Forum, the New Zealand Equine Health Association and New Zealand Equine Research Foundation;
- Continue to review and, where appropriate, restrict, the use of pharmaceuticals and other supplements in relation to racehorses.

NZTR will also work closely with the Racing Integrity Board as it develops its animal welfare functions, and will develop its existing relationships with Massey University’s veterinary school, MPI and the SPCA, including supporting the rescue of horses in cases of abuse or severe neglect. NZTR will continue to maintain a zero-tolerance policy towards doping or other mistreatment of Thoroughbred horses.



NZTR'S RESHAPING ACTIONS

NZTR has previously communicated its seven Reshaping Actions, which seize the once in a generation opportunity we have been given to reform our industry for the better. They are restated below.

RACING PRODUCT

The new Racing Industry Act 2020, including the introduction of Product Fees for overseas operators, provides a unique opportunity to review how we present our racing; not just race dates but the whole racing product.

By 31 July 2022, NZTR will have:

- Developed a suite of proposals including changes to the thoroughbred calendar to improve NZTR's racing product;
- Consulted with the industry on the proposed changes; and
- Commenced the implementation of racing product improvements, including potential calendar and programming changes.



VENUES

Our current venue structure places significant demands upon industry funds. There is a need for clubs and venues to adapt to stay relevant and sustainable.

By 31 July 2022, NZTR will have:

- Developed and consulted with the industry on the third phase of the NZTR Venue Plan;
- Completed an infrastructure investment strategy for thoroughbred racing's venue footprint; and
- Completed the construction of three synthetic racetracks.



PARTICIPANTS

Our existing workforce has wide-ranging levels of professionalism and competency combined with a lack of entry-level or informal qualifications for many roles. There is a significant opportunity to lift standards.

By 31 July 2022, NZTR will have:

- Developed, consulted on and commenced implementation of a new licensing structure;
- Set new or enhanced training and education requirements for each category of licence; and
- Set continuing professional development requirements for each category of licence.



RACING CLUBS

The current Club model is outdated and unsustainable with a duplication of resources and little focus on developing or retaining talent. Committees are largely run by volunteers with a praiseworthy passion for the industry, but with inadequate support or succession planning.

By 31 July 2022, NZTR will have:

- Finalised a new Club Funding Policy which incentivises the right outcomes from racing clubs;
- Developed a transition plan for the establishment of a Central Districts Club Hub; and
- Explored opportunities for other shared services and consolidation of racing clubs throughout New Zealand.



MARKETING AND PR

The perception and presence of racing in the mainstream media is poor. The industry has scarce and (often) poorly utilised resources in relation to marketing and PR expertise. The roles and responsibilities of the stakeholders are not clear, and we are not attracting new talent in this area.

By 31 July 2022, NZTR will have:

- Delivered a new network of club websites;
- Finalised matters relating to the industry's event management business;
- Agreed a future operating model for the industry's marketing and PR functions and commenced transition to that model.

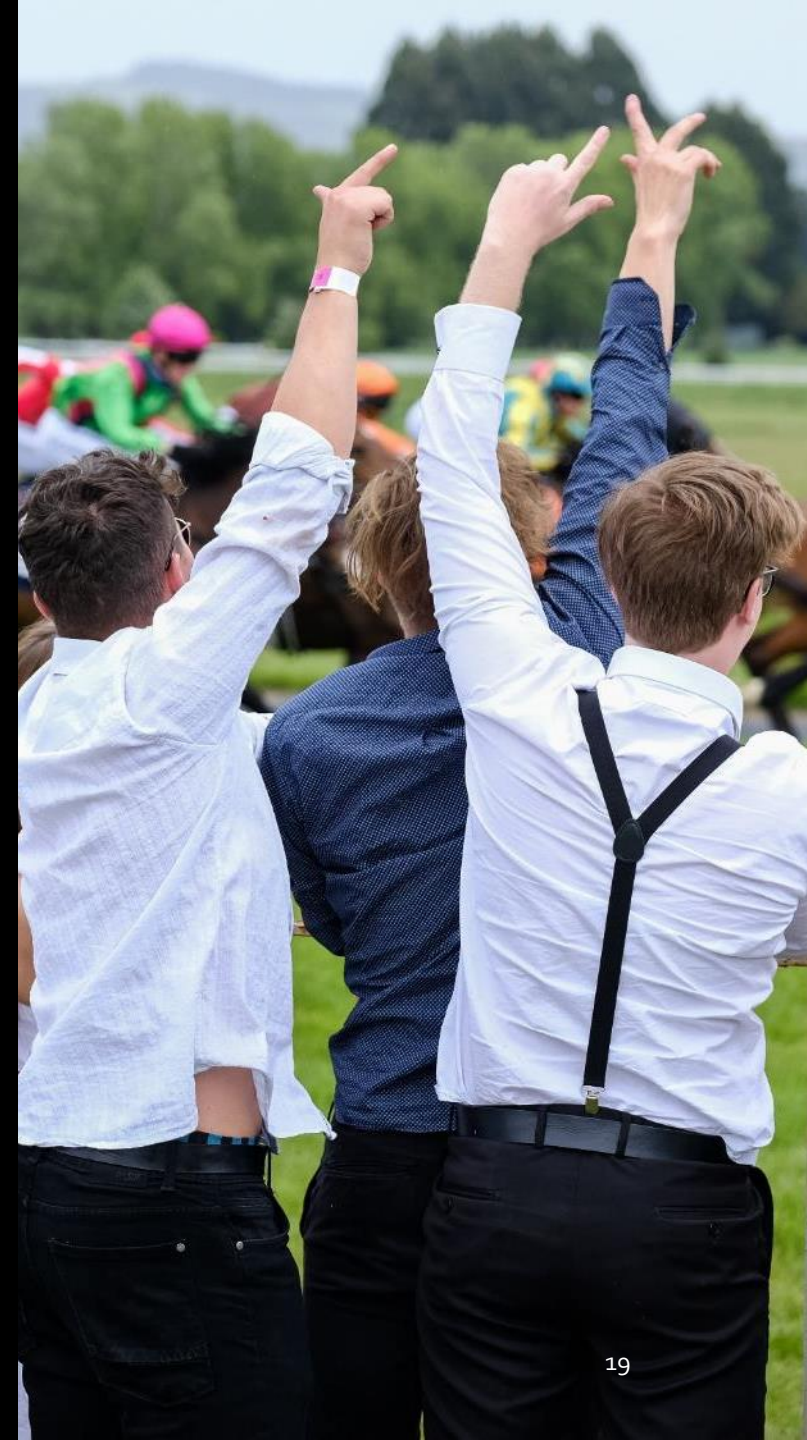


WAGERING AND CONTENT

NZTR has identified opportunities to work with partners to better promote and position the New Zealand racing product offshore. This work, commencing with the Australian market, will deliver improved returns to enable NZTR to invest and better reward participants.

By 31 July 2022, NZTR will have:

- Ensured that at least 95% of the Australian market is paying betting information use charges;
- Agreed a commercial framework for the use of thoroughbred intellectual property; and
- Implemented a strategy to grow New Zealand thoroughbred racing's share of the Australian market.



BUSINESS OF RACING

Despite our industry contributing \$1.6 billion to the economy annually, racing has not effectively used that size and scope to its advantage.

We own key assets, both physical and non-physical, but a disjointed approach to aggregating and monetising these assets has meant we've under-delivered on the returns available to the industry.

By 31 July 2022, NZTR will have:

- Completed, with clubs, a procurement audit and identified new opportunities for efficiencies; and
- Completed, with clubs, a sponsorship audit, and identified new opportunities for thoroughbred racing.





NZTR'S PERFORMANCE TARGETS

This section of the Statement of Intent sets out the performance targets and other measures by which NZTR's performance may be judged in relation to its activities.

OUR PERFORMANCE TARGETS

In line with the NZTR Board's commitment to action over rhetoric, 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. It will be clear by 31 July 2022 whether NZTR has delivered on its promises.

NZTR's performance targets for 2021/22 which we will report against in our 2021/22 Annual Report are:

- NZTR will deliver the 20 reshaping outputs identified in this statement of intent and business plan;
- NZTR will deliver the equine welfare actions identified in this statement of intent and business plan;
- NZTR will conduct 293 thoroughbred race meetings, and pay a minimum of \$60 million in total stakes;
- NZTR will build an operating reserve of \$6 million.

NZTR will continue to report the Key Performance Indicators for the wider industry as set out in the monthly Stakeholder Updates. These will improve as the impact of the 20 reshaping outputs take shape.