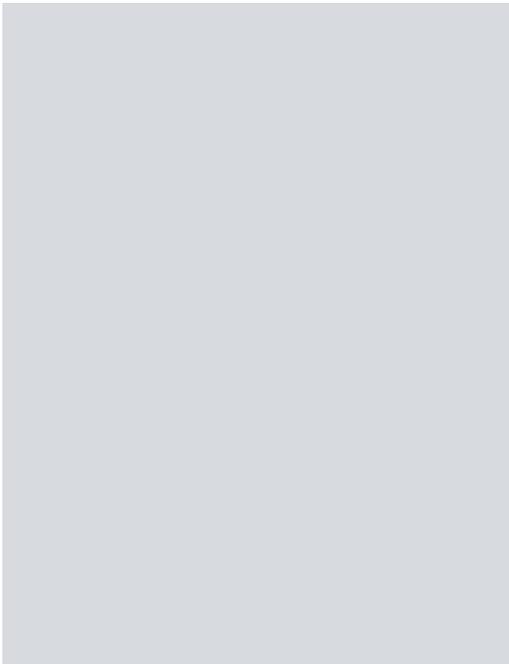


NZTR



ANNUAL REPORT 2005
NEW ZEALAND THOROUGHBRED RACING



FRONT COVER:
DULUX NZ COLOUR MAP WELLINGTON
CUP DAY AT TRENTHAM

THIS PAGE TOP:
SUMMER RACING AT ELLERSLIE

MIDDLE:
SUMMER RACING AT AWAPUNI

LOWER:
SUMMER RACING AT TRENTHAM

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BOARD & MANAGEMENT

BOARD OF DIRECTORS

Chairman & Central Region	Guy Sargent
Northern Region	David Ellis
Northern Region	Rob McAnulty (resigned November 2004)
Northern Region	Alistair Sutherland (appointed November 2004)
Central Region	John Rattray
Southern Region	Brian Kinley
Southern Region	Keith Neylon
Small Clubs	Dr Murray Blue
NZ Trainers' Association	Graeme Sanders
NZ Thoroughbred Breeders' Association	Nelson Schick
NZ Thoroughbred Racehorse Owners' Federation	John Rennie

SENIOR EXECUTIVE STAFF

Chief Executive	Allan Fenwick <small>BCA, FCA</small>
Assistant Chief Executive	Simon Cooper
General Manager Corporate Services	Campbell Moncur
General Manager Racing Services	Alan Cole
Senior Handicapper	Dean Nowell
Handicapper	Tim Aldridge
Keeper of the Stud Book	Justin Blackburne
Accountant	Nelson Chamberlain <small>ACA</small>
Racing Control Administration Manager	Phil Tolley
Registrar of Racehorses	David Nicholls
Information Systems	Doug Toulmin

STIPENDIARY STEWARDS

Noel McCutcheon (Chief), Stewart Ching, Alan Coles, Keith Hawea (resigned 31 May 2005), John Hunter (retired 7 March 2005), John Oatham

RACECOURSE INSPECTORS

John McKenzie (Chief), Bob Bevege, Bryan McKenzie, Robin Scott, Don Wisely

OTHER OFFICE BEARERS

Medical Consultant	Dr Bill Treadwell <small>MB, CHB, FRCGP, BSc</small>
Director Equine Bloodtyping/Parenting Validation	Dr Ian Anderson <small>PhD, BVSc, MACVSc</small>
Official Analyst	Dr Geoff Beresford <small>PhD, MNZIC, MAORC</small>
Veterinary Consultants	Professor Cliff Irvine <small>DSc (Hon) DSc, FACVSc, BVSc, ONZM</small>
	Dr Andrew Grierson <small>BSc, BVSc, MRCVS</small>



STANDING (LEFT TO RIGHT): MURRAY BLUE, ALISTAIR SUTHERLAND, GRAEME SANDERS, BRIAN KINLEY, JOHN RATTRAY, JOHN RENNIE, ALLAN FENWICK (CE) SITTING (LEFT TO RIGHT): DAVID ELLIS, GUY SARGENT (CHAIRMAN), KEITH NEYLON INSET: NELSON SCHICK





CHAIRMAN'S STATEMENT

THE 2004/05 SEASON HAS PROVIDED THE FIRST SENSIBLE OPPORTUNITY TO ABSORB AND TO REACT TO INITIAL CHANGES TO OUR INDUSTRY AS A DIRECT RESULT OF THE RACING ACT 2003.

The New Zealand Racing Board, born out of the Racing Act, has been tasked with 'improving the health of the racing industry,' not just wagering. This more proactive and encompassing role, in comparison with its predecessor – the NZ Racing Industry Board – has, of course, required changes to our roles and responsibilities.

This Annual Report, therefore, addresses three fundamental questions, which will, together, determine our future:

1. What are the responsibilities and roles of New Zealand Thoroughbred Racing and what services should it provide?
2. What has New Zealand Thoroughbred Racing achieved in 2004/05?
3. What are New Zealand Thoroughbred Racing's objectives over the next three years?

WHAT ARE THE RESPONSIBILITIES AND ROLES OF NEW ZEALAND THOROUGHBRED RACING?

Following the first full year after the passing of the Racing Act, we are in a position to identify where we, as the code governing body, can add most value to most racing participants.

The Racing Act is clear. Our functions are to:

1. Receive and allocate Racing Board distributions to the thoroughbred code:
 - Consider Racing Board proposals on surplus distribution and retention of reserves (Section 16)
 - Receive distributions paid to the code by the Board under Section 16 (Section 17)

- Determine how much of those distributions must be distributed among registered racing clubs, and apportion and pay those amounts (Section 25)
2. Regulate the conduct of thoroughbred racing:
 - Make, maintain and publicise racing rules for the thoroughbred code. Those rules may, subject to the general law, provide for any matter relating to the conduct of races and racing that the racing code thinks fit (Sections 29 & 32)
 - Amend those racing rules, subject to consultation, approval and notification requirements (Sections 30 & 31)
 - Enforce those racing rules (Sections 33-35)
 - Participate in making appointments to the Judicial Control Authority which oversees adjudication and enforcement of those rules (Sections 36-38)
3. Set objectives and demonstrate accountability:
 - Prepare a 3-year statement of intent and business plan, including the thoroughbred code's policy for distributing funds received from the Board, and deliver those documents to the Racing Board (Section 23)
 - Prepare and send to the Racing Board audited financial statements (Section 28)
4. Participate in the Racing Board's governance and decision-making:
 - Directly nominate one member of the Racing Board's governing body and participate in recommending three other members (Sections 11 & 12)
 - Consult with the Racing Board about:
 - a the Board's business plan (Section 20)
 - b the determination of racing dates (Section 42)
 - c the terms of reference for performance and efficiency audits of the Racing Board (Schedule 2)

In addition, each racing code is a product provider, the governing body of which aims to bring a proactive leadership role to:

1. Represent the collective interests of code participants in regulatory matters and other government interactions to and through the Racing Board
2. Ensure that consideration of issues and subsequent decisions are made from an objective perspective, with the interests of the racing industry to the fore, rather than from individual cluster or sector points of view
3. Provide a central secretariat for the thoroughbred code
4. Support Racing Board objectives and proposals at a code level while ensuring that they are fair for thoroughbred racing and all its stakeholders
5. Develop the code's technical and business skill base and research and development requirements
6. Certify the code's licensing and warrant compliance

WHAT SERVICES SHOULD NEW ZEALAND THOROUGHBRED RACING PROVIDE?

In accordance with the above 'job description,' the services we provide encompass eleven main activities:

1. Racing Control
2. Fund Distribution
3. Stud Book
4. Registration
5. Licensing
6. Programming and Handicapping
7. Raceday Services (National Racing Bureau)
8. Financial Services
9. IT and Database Management
10. Communications, Sponsorship, Ownership
11. Publishing

WHAT HAS NEW ZEALAND THOROUGHBRED RACING ACHIEVED IN 2004/05?

At the start of the 2004/05 season New Zealand Thoroughbred Racing embarked on a strategic change programme titled A Passion for Racing. In preparation for this we upgraded our management infrastructure by establishing a Senior Management Group responsible for policy and co-ordination and for reviewing and monitoring the annual Business Plan.

With this in place, we identified our priorities with the specific twin aims of improving New Zealand Thoroughbred Racing's performance and the profitability and efficiency of thoroughbred racing.

In assessing our work over the past 12 months, it is important to consider the transitional environment in which

we were operating. This was most evident in negotiations involving the two pillars of our planning process – funding policy and the calendar – and the marketing of our sport. Implementing change while trying to ensure a high level of 'business as usual' activities for all our customers has been just one of many challenges through 2004/05.

The key projects tackled through 2004/05 were:

1. A review of the Pattern of Racing and adoption of the Review Committee's subsequent recommendations. These included implementing steps to re-emphasise the industry's strength in middle distance and staying races to ensure that the New Zealand industry can regain its former position of strength, a new Auckland March Carnival and the re-positioning of feature races including the NZ Mercedes Derby and the Auckland Cup.
2. A review of New Zealand Thoroughbred Racing's Board operations to ensure effective governance in accordance with the Institute of Directors' guidelines.
3. The introduction of micro-chipping for all foals born in New Zealand.
4. The planning stages of a Warrant of Fitness Programme aimed at ensuring that race venues meet required levels of customer – human and animal – standards.
5. Recognition of the importance of and a subsequent review and strengthening of industry communications, particularly between the Racing Board, New Zealand Thoroughbred Racing and its stakeholders, and between the thoroughbred industry and its customers.
6. The introduction of a ratings-based handicapping system, including an independent review after six months of operation, and the first steps to race-programming based upon ratings-based handicapping.
7. A review of future technology requirements and the start of a stepped introduction of online services to replace predominantly paper-based services. As the thoroughbred code's central secretariat, it is vital that New Zealand Thoroughbred Racing invests in technology for the long term.
8. Improvements to New Zealand Thoroughbred Racing's business planning and budgeting, including an independent review of its accounting systems and subsequent adoption of the review's recommendations.
9. The development of a first comprehensive list of performance measures for the thoroughbred code.
10. A change of New Zealand Thoroughbred Racing premises to the Racing Board's National Office in Petone and the start of an extensive programme to realize all potential synergies with the Racing Board and the other codes. This includes office support; information and form collection, exchange and dissemination; IT support and database management; website development; and financial analysis.
11. Further development of Regional Racing Clusters with the aim of introducing them in the 2005/06 season.

12. Knowledge transfer from New Zealand Thoroughbred Racing's current CE to senior management and his successor, to be appointed at the start of the 2005-06 season.
13. Publication of the 30th New Zealand Stud Book containing the stud records of 11,609 mares.
14. Introduction of Thoroughbred Bonus Scheme races in 2004/05 season in partnership with The New Zealand Thoroughbred Breeders' Association.
15. A complete review of industry fees, to ensure a 'user pays' structure reflecting a fair estimate of cost-per-transaction incurred.
16. Helping to initiate New Zealand Champions – The National Racing Museum and Hall of Fame, and an annual event to recognise inductees to the Hall of Fame.
17. Identifying the key annual events in the thoroughbred calendar, which will bring most value to the industry, and facilitating investment in that potential.
18. Initiating the drawing up of a workplace health and safety template for clusters in collaboration with The Department of Labour.
19. Identifying opportunities for New Zealand racing to work in partnership with other racing jurisdictions for the benefit of thoroughbred racing in New Zealand. This will include education, classifications, stud book and registrations management, research, data, sponsorship, marketing, and representation on international forums.
20. Strengthening racing integrity, without compromise

WHAT ARE NEW ZEALAND THOROUGHBRED RACING'S OBJECTIVES OVER THE NEXT THREE YEARS?

The Racing Act makes it clear that a more comprehensive response to the new environment would be required, as the new industry structures gained traction, and that the racing industry must apply a more strategic, long-term and collaborative approach.

Our 2005/08 Business Plan develops a co-ordinated long-term blueprint incorporating all aspects and interests of the thoroughbred industry. Its three overriding drivers are:

To increase profitability of and participation in thoroughbred racing by:

- Promoting a funding mechanism and a distribution policy that provide the highest long-term returns for the thoroughbred code
- Optimizing placement of thoroughbred race meeting dates
- Working with the Racing Board to enhance thoroughbred information to bettors
- Facilitating more horse ownership and horse production
- Improving communication
- Enhancing sponsorship
- Facilitating maximum promotion for the key strategic events in the calendar following the recommendations of The Strategic Review of the Pattern of Racing

To improve the thoroughbred code's operational effectiveness by:

- Establishing and supporting Regional Racing Clusters
- Promoting and establishing performance and infrastructure standards for race venues
- Strengthening education and training, health and safety compliance, and research and development

To improve New Zealand Thoroughbred Racing's performance by:

- Providing modern and efficient business services to all customers, internal and external, on a value-for-money basis with full accountability through performance measurement
- Maximizing synergies with the Racing Board and other codes while maintaining the thoroughbred code's viewpoint and autonomy
- Identifying opportunities for New Zealand racing to work in partnership with other racing jurisdictions for the benefit of New Zealand racing
- Strengthening racing integrity, without compromise

FINAL WORD

This 'blueprint' for 2005-2008 has focused on bringing together all industry interests to collectively tackle the key problems facing us. We will not achieve them in isolation.

The racing industry has in the past been characterised by a multiplicity of institutions that did not always work together in a co-ordinated and complementary manner for collective benefit. Faced with strategic decline, the tendency has been to make ad hoc, shorter-term decisions about what to do and how to apply resources.

New Zealand Thoroughbred Racing has been no exception. The thoroughbred code itself has always attracted strong personalities who invest their own time, money and passion. That has been our strength, but also our weakness. Too often everyone has had an opinion about almost everything, anecdote has replaced fact, and time and energy have been dissipated. We have tried to be all things to all people, and spread our resources over too many fragmented initiatives.

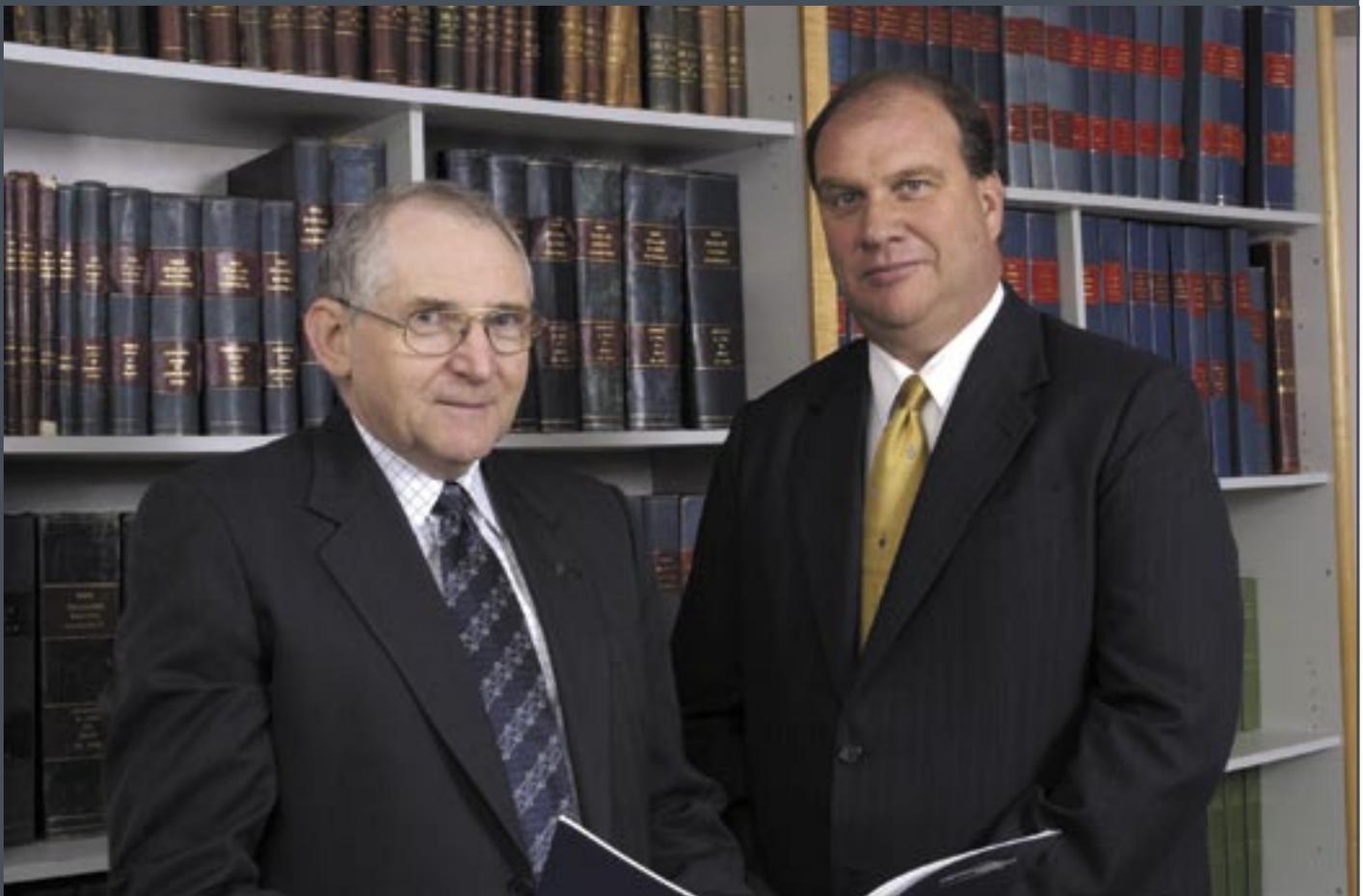
THANK YOU

Allan Fenwick retires from New Zealand Thoroughbred Racing at the end of 2005. Neither this statement, nor this Annual Report would be complete without thanking Allan, on behalf of the current Board and their predecessors, for all the considerable time, effort and experience he has invested in this organisation. Since taking up the post of Chief Executive of the New Zealand Racing Conference, as it was then titled, on 1st September 1993, both the industry and its governing body have undergone many changes. Allan has steered it with composure and confidence through that journey to the organisation that it now is – better equipped and better prepared for the many challenges ahead. I would like to add my own gratitude for the immense support and knowledge he has provided to me.

I would also like to take this opportunity to thank my fellow Board members for their considerable contributions through 2004/05 and all the staff of New Zealand Thoroughbred Racing for their unstinting work during a year of change.

GUY SARGENT

NZTR CHIEF EXECUTIVE, ALLAN FENWICK (LEFT), AND CHAIRMAN, GUY SARGENT





REPORT OF 2004 / 2005

THE 2004/05 SEASON HAS PROVIDED MORE CHALLENGES THAN I CAN PREVIOUSLY RECALL, BUT ALSO MORE REWARDS.

The extensive strategic change programme – *A Passion for Racing* – has put in place a solid foundation for further improvements and efficiencies in New Zealand Thoroughbred Racing.

2005/06 will build on that programme to ensure that all our customers are better served in the years ahead.

I begin this review with the most critical area of our activities, Racing Control.

RACING CONTROL

The 2004/05 season has again presented New Zealand Thoroughbred Racing with a number of issues that raise concern about the need for attention to detail when, entering into agreements, arranging a change in the ownership of a horse, appointing Racing Managers for entities such as partnerships, syndicates and approved companies.

The Racing Control Department, which consists of an administration team at New Zealand Thoroughbred Racing, together with the panels of Racecourse Inspectors and Stipendiary Stewards, working in the field, continues to assist all persons involved in thoroughbred racing. We have a network of facilities that aim to achieve results, where we do not have a continuation of offences that constitute a breach of the Rules of Racing.

INTEGRITY

If there is a single word that depicts the aims of the Racing Control Section of the Racing Industry; it is 'integrity.' New Zealand Thoroughbred Racing through its Constitution and Rules of Racing, which are made pursuant to The Racing Act 2003, strives to maintain the highest level of integrity possible, throughout our code within the racing industry.

The Board of New Zealand Thoroughbred Racing is responsible for the governance of the code, while the Chief Executive, and staff are responsible for the management thereof.

The supply of information, be it for an application to be licensed, permitted or registered, or the submission of documentation for application to be registered as an owner, a breeder, or a lessee is based on trust and honesty. There is no requirement for an applicant to obtain a statutory declaration to certify the particulars supplied are in fact accurate and the truth. Correspondence is received on trust.

New Zealand Thoroughbred Racing urges all participants to seek advice on any issue, where there is any doubt about eligibility to do something.

OWNERSHIP CHANGES

The need to again draw this matter to the attention of owners and trainers, is a direct result of a number of prosecutions throughout the season where horses have changed stables, and ownership has passed to different people either by way of a sale and purchase or a lease. The Rules of Racing are explicit. Changes of Ownership must be notified to New Zealand Thoroughbred Racing before the horse races.

Where owners and trainers have failed to comply with the requirements of the relevant rules, prosecutions have ensued. These are often embarrassing for the parties involved and bring no credit to our code. The public, punters and the administration of racing are entitled to know who the current owner/s of a horse are.

Where there is any doubt about the eligibility to start a horse, during a change pending in the ownership, it is strongly recommended you contact your local Racecourse Inspector.

SWABBING

At the time of drafting this report, we are about to conclude yet another season without a positive swab. I am satisfied that the NZ Racing Laboratory Services, under the supervision

of the official analyst, Dr Geoff Beresford, is effective in their quest to analyze all samples submitted, to the highest level of competence. There is an interchange of samples between the Australian Racing Laboratories and New Zealand, and our official laboratory continues to meet the very high standards in place, set by peer review.

Routine race day swabbing during 2004 resulted in 2,182 post race urine samples, plus a small number of post race blood samples. To date in 2005, more than 1,700 samples have been analyzed with a negative result.

TCO2 testing continued intermittently throughout the country without revealing a positive swab. We have no reason to suspect this is an area of real concern in the thoroughbred code. If 'milk-shaking' was prevalent, competitors would be vocal in their protest of others receiving an advantage.

It is important to state that the attitude of trainers and owners to the drug testing programme is very co-operative. Where once, the taking of a sample from a horse was deemed to be a check to ensure the connections were not cheating, now there is an acceptance that the purpose for swabbing horses is as much to preserve the integrity of the connections of a winning or placed horse, that it performed on its merits.

LICENSED PERSONS

The 2004/05 season has not been easy for licensed persons. Statutory obligations such as ACC levies, and the obligation to meet standards, as required by OSH, place huge demands, including financial pressure, on them. The obligation to pay wages as determined by the minimum wages tribunal, and to fulfill their obligation to pay staff for every hour they are on the job is a real challenge. New Zealand Thoroughbred Racing suggests to all employers that they use the facility, as a member of the NZ Trainers Association, to obtain assistance to ensure you are in compliance with the law.

This year we have witnessed some very serious incidents including a horrendous fatality in a race. Our hearts go out to all associated with those who have suffered loss or injury.

The need to ensure safety equipment is fit and proper for use when riding, at track work, trials or in a race is imperative.

Earlier in this report mention has been made about the issue of swabbing. It is appropriate to state that New Zealand Thoroughbred Racing applauds the efforts made by trainers to observe due diligence when storing and administering substances in the stable particularly to horses currently racing. The fact we have had no positive swabs in the past three years is a direct result of the efforts by trainers to be more careful and to seek veterinary advice. The tall poppy syndrome is alive and well, with the proverbial critic only too quick to suggest maybe we are swabbing the wrong horses. In a perfect world it would be nice for a variety of reasons to test every runner, but financial constraints do not permit this. Random and selective swabbing will continue at a quantum, prescribed from time to time by the Board of New Zealand Thoroughbred Racing.

APPRENTICE JOCKEYS

Apprentice Jockey numbers continue to be an area of concern with numbers dropping. The arrival into New Zealand of applicants from overseas, mainly South East Asia, is assisting, but their tenure of employment is not guaranteed long-term, as most desire to return home, once they qualify as jockeys. We desperately need young people from within New Zealand to enter into jockey apprenticeships, with a view to a long term career as a licensed jockey in New Zealand.

STUD BOOK

Volume 30 of the New Zealand Stud Book was published in December 2004 containing the stud records of 11,609 mares either currently registered as broodmares or having produced a live foal not previously recorded in the New Zealand Stud Book. Volume 6 of the New Zealand Register of Non Stud Book Mares was included as an appendix with this publication and contained the stud records of a further 135 mares whose progeny, although not being able to trace in all their lines to Stud Book eligible ancestors, are themselves eligible for registration under the Rules of Racing.

There are currently some 8,900 mares registered at stud in New Zealand. A small decrease in the number of mares served in 2003 will produce an expected foal crop of 4,600 in the 2004 breeding season.

DATABASE / WEBSITE DEVELOPMENTS

With the Stud Book having been live to view on the www.nzracing.co.nz website since 2000, it was decided to revert to a four-year period between production of printed volumes. It is apparent that there has been a considerable lessening in demand for the printed publication and whilst printing of the Stud Book currently is viable, it remains to be seen as to what frequency and format it can continue to be produced in the future.

Integration of the database and website is allowing for further development with regard to display of other information such as brands, microchip numbers, DNA status and racebook details and it is our intention to direct users to this information to supplement many of the routine notifications currently undertaken by the Stud Book and Registration Departments.

EXPORTS

The year to 31 March 2005 saw a total of 1,806 horses exported (including 68 visiting racehorses).

Due to proposed changes in the protocols under which visiting racehorses are currently handled by Australian authorities, requiring the same clearances to be forwarded for both permanent and visiting racehorses, it has been decided to dispense with the current differential in export application fees for this class of horse.

The respective destinations and comparative figures for export clearances were:

COUNTRY	SEASON 2004/05	SEASON 2003/04
Australia	1258	1137
Belgium	1	-
Great Britain	34	28
Hong Kong	114	133
Ireland	19	10
Italy	1	3
Japan	6	7
Korea	81	40
Macau	90	113
Malaysia	37	106
New Caledonia	-	11
Philippines	21	2
Singapore	110	141
South Africa	8	10
Sweden	1	-
USA	25	41
	1806	1782

IMPORTS

Each year New Zealand imports about 400 horses, for the first time, together with with some 300 horses returning to New Zealand.

An increasing amount of time is being spent in integrating these pedigrees, identifications, DNA / bloodtype, ownership and race record details with the New Zealand Thoroughbred Racing database and accordingly the Board has determined that an import integration fee will now be charged for all such animals in addition to any name registration fee applicable. This procedure will be in line with practices and charges adopted by many other overseas registration authorities.

DNA TYPING

The 2004 foal crop represents the third foal crop to be parentage validated by DNA typing and this task is now progressing smoothly with the Stud Book Department concentrating on ensuring that mares being retired to stud for the first time have DNA types on file before producing any live foal. This requirement will lessen as fillies from the 2002 foal crop onwards are retired to stud.

Breeders and studs are reminded that they can determine at any time the DNA type status of their mares and foals from the New Zealand Thoroughbred Racing website, www.nzracing.co.nz.



NZTR MOVED TO THE RACING BOARD'S NATIONAL OFFICE IN PETONE, WELLINGTON IN DECEMBER 2004

MICROCHIPPING

Following the decision by the Australian Stud Book to introduce microchipping as an identification aid for the 2003 foal crop and the subsequent requirement for all horses foaled from that year onwards imported into Australia to also be microchipped on arrival, it was decided in September 2004, in conjunction with the New Zealand Thoroughbred Breeders' Association, that it would be necessary to introduce microchipping for the 2004 New Zealand foal crop.

With an interchange of over 1,500 horses per year, if New Zealand had not introduced microchipping, it would not have been many years before our racing and breeding population comprised a mixture of both chipped and unchipped horses. New Zealand had already been receiving horses from England and Europe foaled since 1999 which had been microchipped. There are now 18 countries using microchipping as an integral part of their identification systems.

This decision required a rapid education programme for breeders and Veterinary Surgeons and we have now distributed to Veterinary Surgeons some 5,000 microchips for use in the 2004 foal crop.

The introduction of microchipping has been integrated with the current identification system and we will be further developing the display of microchip numbers and bar codes on registration and export documentation to be issued for 2004 foals onwards. It is now possible to enter a microchip number on our website and identify the horse provided it has been registered with the Stud Book.

INTERNATIONAL STUD BOOK COMMITTEE

Allan Fenwick and Justin Blackburne represented New Zealand at the International Stud Book Committee (ISBC) meeting held in Newmarket, England, in September 2004. 18 delegates from the nine member countries of the ISBC attended this meeting. Among items discussed were:

- Confirmation of draft rules of proceedings for conduct of ISBC business and meetings
- Discussion on the acceptance of palomino as a valid coat colour description in the thoroughbred
- Ratification of microchipping protocols for treatment of unchipped foreign bred horses imported into countries undertaking microchipping
- Review of the International Federation of Horseracing Authorities' (IFHA) International Agreement on Breeding and Racing Articles 12, 13, 14 and 15 pertaining to identification, Stud Book and Non Stud Book Register entry conditions, definition of a thoroughbred and naming conventions
- Consideration of area reports from the various regions and the progress of 'approved status' for some emerging stud books
- Canvassing of ISBC member countries indicated that there had been no calls for the introduction of any artificial breeding methods in member countries or their regions

- Discussion on the case of Endless Summer (GB) which had been determined as having been foaled on 26 December 1997 although originally registered as having been foaled in the 1998 season

ASIAN STUD BOOK CONFERENCE

Justin Blackburne attended the 7th Asian Stud Book Conference (ASBC) held in conjunction with the Asian Racing Federation (ARF) Conference in Seoul in May 2005. This conference was attended by 47 delegates representing 20 member countries and associate member countries.

The ASBC gives an opportunity to monitor the progress of breeding and racing in some of the emerging Asian and Gulf countries, including, in this instance, the commencement of thoroughbred racing in Vietnam. It also represented an opportunity to advise many of the countries importing horses from New Zealand of the introduction of microchipping for the 2004 foal crop and an update on identification and export procedures being developed for future use.

New Zealand presented a paper on differing naming and renaming conventions adopted by some ASBC countries with a view to improving the notification of names for imported horses. This action is hoped to avoid unnecessary future name duplications and possible confusion, which might arise with the increase in simulcasting between ARF member countries.

NATIONAL RACING BUREAU

The past 12 months have provided a period of consolidation for the National Racing Bureau (NRB). The nature of our activities create some real highs of activity, accentuated by the common nomination and withdrawal days, which have now become part and parcel of the weekly racing diary.

The NRB is now an established component of New Zealand Thoroughbred Racing activities and a major department in its own right. Its key strengths are its team members and the raceday operating system.

Given the nature of the racing business, NRB staff are required, like many in the industry, to work non-conventional hours in what has now become an almost 365-day operation. Alan Cole, Linda Berwick, Phil Clements and Cheryl Barnsley are now members of the more established brigade, while recent additions are Scott Hunt and Eva Johnston.

New Zealand Thoroughbred Racing's 'On-Course' raceday operating system has proven to be most reliable. The introduction of ratings-based handicapping within the current season resulted in a number of enhancements being required. It is pleasing to report that these were integrated into the raceday system without disruption.

The activities of the NRB are also closely aligned with other departments within New Zealand Thoroughbred Racing, notably TROSA, where all of the race meeting financial data is processed, Racing Control, Handicapping and Registrations.

A more regular liaison with the Racing Services Bureau in Victoria has also developed, as a result of increased Trans-Tasman interaction. We hope to take the opportunity within the next 12 months to evaluate aspects of their operation that could enhance the NRB's day-to-day operations.

As commented last year, compliance with the stable return and rider declaration deadlines is, from time to time, unsatisfactory. We can only continue to work with the NZ Trainers' Association to seek improvement.

REGISTRATIONS

At the end of May 2005, 2,575 new horses had been registered compared with 2,672 horses registered at a similar time last season.

It is pleasing to note that owners are using facilities available on our website to download registration forms and for trainers to lodge stable returns via the internet.

The registration forms now include spaces for ten owners' details and all ten names may now appear in the racebook. Partnerships of more than ten must register as a syndicate.

For the benefit of owners and trainers, we have recently introduced to our website a Horse Information page. This page lists details of all horses including name, breeding, racebook ownership, gear, colours, brands and a brief race history.

This year brings the five year renewal of owner and trainer stable colours. Renewal notices will be forwarded to the connections of all currently registered colours in July.

RELOCATION OF NZTR OFFICES

New Zealand Thoroughbred Racing's relocation to the Racing Board's head office in Petone during December was a challenge for all concerned, particularly for the NRB team, given that it was undertaken just prior to the busy Christmas period. The outcome however was a good one thanks to the effort and positive attitude of all staff; we are now well nestled in our new environment. This relocation will hopefully lead to some real synergies with the Racing Board.

EDUCATION AND TRAINING

New Zealand Thoroughbred Racing supports three national training programmes – Stable Practice, Racing Stable Management, Thoroughbred Racing as Apprenticeships and The Certificate in Horseracing through the Equine Academy. These programmes involved 83 trainees in 2004.

The Apprenticeship Board is facing new challenges that affect the recruitment and training of new entrants. These included:

- Improving the retention rate of staff
- Improving the availability of accommodation at our major training track
- Seeking the re-introduction of apprentice races in the South Island

New Zealand Thoroughbred Racing is pleased with the results from students attending the full time live-in courses at the Academy in Cambridge. All graduates remain in full time employment.

The number of senior secondary school students learning equine skills through work experience and study through equine e-learning continues to grow. Since January 73 new enrolments have been received. Career Advisors and Gateway Co-ordinators are gaining confidence in our careers due to

this initiative and the industry being represented at eight major career Expos.

NZTR is grateful to Robert Tocker, Chairman of the Apprenticeship Board, Dudley Brown, Chief Executive of N Z Equine Industry Training Organisation and members of Regional Training Committees for their support in administering our training programmes. The involvement of Approved Employers is also critical to the ongoing success of the above training programmes.

FINANCIAL REVIEW

There is an operating surplus for the year of \$499,092 compared to a deficit of \$133,927 for the previous year. In addition there was a surplus of \$1,122,123 on the sale of the Taranaki Street property. The financial statements this year reflect the code distributions received from the New Zealand Racing Board as well as the payments made to Clubs. Prior to the New Zealand Racing Board coming into existence in August 2003 these transactions went directly from the New Zealand Racing Industry Board.

RETIREMENTS

The Cromwell meeting on 6 March 2005 marked the last day as a Stipendiary Steward for John Hunter, who retired after 17 years of service in the Otago/Southland area. John started as an Assistant Stipendiary Steward in 1981 under the tutelage of Jock McCullough. His method was placatory rather than punitive, and his style will be remembered, above all, as having been fair to all those with whom he had dealings.

Recently Keith Hawea tendered his resignation after 10 years as the Central Region Stipendiary Steward. Keith started as an Assistant Stipendiary Steward in Auckland in 1983.

APPRECIATION

I wish to record my personal appreciation to my fellow staff members throughout New Zealand, Board members, all Racing Club Committees and Staff, recognized industry organizations, the Board and Management of the Racing Board and Government for the assistance and support they provide both to me and to New Zealand Thoroughbred Racing.

ALLAN FENWICK

CHIEF EXECUTIVE

NZTR SENIOR MANAGEMENT TEAM (LEFT TO RIGHT)
ALAN COLE, CAMPBELL MONCUR AND SIMON COOPER



ACKNOWLEDGEMENTS

THE CHAIRMAN, THE BOARD AND MANAGEMENT WISH TO RECORD THEIR APPRECIATION OF THE CO-OPERATION AND ASSISTANCE THEY HAVE RECEIVED DURING THE 2004/05 SEASON FROM THE FOLLOWING PEOPLE AND ORGANISATIONS:

Minister for Racing

New Zealand Racing Board

Harness Racing New Zealand

New Zealand Greyhound Racing Association

Department of Internal Affairs

Judicial Control Authority

Jumping Advisory Committee

Equine Branch, New Zealand Veterinary Association

Environmental Science and Research Ltd

Massey Foundation

Massey University

New Zealand Racing Laboratory Services Ltd

New Zealand Equine Industry Training Organisation

New Zealand Equine Research Foundation

New Zealand Farriers' Association

New Zealand Jockeys' Association

New Zealand Jumping Association

New Zealand Police Department

New Zealand Thoroughbred Breeders' Association

New Zealand Thoroughbred Marketing Ltd

New Zealand Thoroughbred Racehorse Owners' Federation

New Zealand Trainers' Association

Racing Club Managers' Group

Racing Journalists and Broadcasters

TRUSTEES, GENERAL TRUST FUND COMPRISING:

Messrs B J Kelly (Chairman), P H Grieve and H G Higgin

NEW ZEALAND APPRENTICESHIP BOARD COMPRISING:

Messrs R Tocker (Chairman), P A Tolley, A R Fenwick, D Brown, J McPhail, G A Phillips, M R Pitman and Ms S Waters

GRADED STAKES COMMITTEE COMPRISING:

Messrs P F Fennessy (Chairman), C R Amon, D C Ellis, P Hutt, T Jamison, M J Martin, J A Rattray and S J Till

2004/05 NZTR ANNUAL REPORT PHOTOS:

Jeni Bassett – Equine Attitude, Race Images (Palmerston North), Trish Dunnell

STATISTICS

2003-04 2002-03 2001-02 2000-01 1999-00 1998-99 1997-98

THOROUGHBRED RACING

No of Meetings held	283	286	289	286	301	314	320
No of Meetings – on-course only	-	-	-	-	-	-	-
No of Clubs to race	71	69	71	72	71	75	74
No of racetracks used	51	51	51	51	52	53	53
Races run	2,791	2,810	2,771	2,793	2,945	3,074	3,142
Horses Registered	3,141	3,153	3,048	2,958	2,880	2,888	3,099
No of Horses Racing in NZ	5,564	5,469	5,493	5,462	5,599	5,837	5,973
No of Listed Races (incl Group Races)	146	151	152	152	151	149	153
No of Black Type Races (incl Jump Races)	158	163					
Black type as % of Total Races	5.6	5.8					
Prizemoney Paid	\$36,272,557	\$35,014,720	\$32,023,240	\$32,205,795	\$32,581,635	\$31,805,101	\$31,419,022
Highest single stake	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$350,000	\$350,000
Average stake per race	\$12,996	\$12,461	\$11,556	\$11,531	\$11,063	\$10,346	\$10,000
No of Public Trainers	354	361	337	369	383	387	397
Permit to Train Holders	372	379	333	365	367	367	375
No of Owner-Trainers	685	696	632	781	845	872	885
No of Jockeys	159	154	112	166	180	177	181
No of Apprentice Jockeys	63	64	55	54	60	69	69
No of Amateur Riders	25	24	18	36	41	47	54

THOROUGHBRED BREEDING

No of Broodmares Pastured (Approx)	8,910	9,288	9,282	9,160	9,015	9,318	9,638
No of Stallions	212	229	223	226	241	258	283
No of Foals Bred	4,700	5,060	5,066	4,953	4,868	4,974	5,018
No of Thoroughbreds Exported	1,782	1,763	1,914	2,000	1,937	2,175	1,827

TOTALISATOR TURNOVER

On-course Betting	\$43,843,302	\$48,093,835	\$46,682,383	\$48,225,976	\$50,457,775	\$54,890,012	\$58,548,531
Off-course Betting	\$377,357,514	\$369,422,866	\$373,641,423	\$388,054,589	\$411,100,651	\$424,350,482	\$452,921,702
Total Bets	\$421,200,816	\$417,516,701	\$420,323,806	\$436,280,565	\$461,558,426	\$479,240,494	\$511,470,233

SOURCE OF TURNOVER

Win/Place	56.40%	57.20%	57.77%	55.85%	55.19%	54.06%	53.62%
Double	3.80%	4.00%	3.85%	3.42%	3.34%	3.27%	3.11%
Treble	4.40%	4.50%	3.82%	2.66%	2.55%	2.60%	2.75%
Quinella	10.50%	11.20%	11.66%	11.40%	11.49%	11.38%	11.38%
Trifecta	22.00%	22.00%	21.87%	25.15%	25.72%	27.02%	27.42%
Fixed Odds	1.00%						
Pick6 & Six Pack	1.90%	1.10%	1.03%	1.52%	1.71%	1.67%	1.72%

TOTAL	100.00%						
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NUMBER OF RACE DAYS ALLOCATED PER SEASON

2005-06 2004-05 2003-04 2002-03 2001-02 2000-01 1999-00

Northern	125	122	120	118	119	118	125
Central	102	100	97	98	97	97	104
Southern	73	75	73	73	73	75	81
TOTAL GALLOPS	300	297	290	289	289	290	310

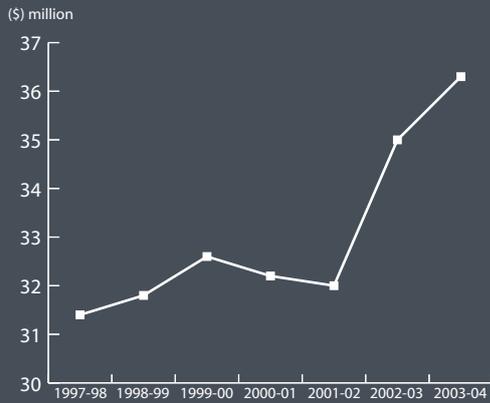
NUMBER OF FOALS BRED IN NZ



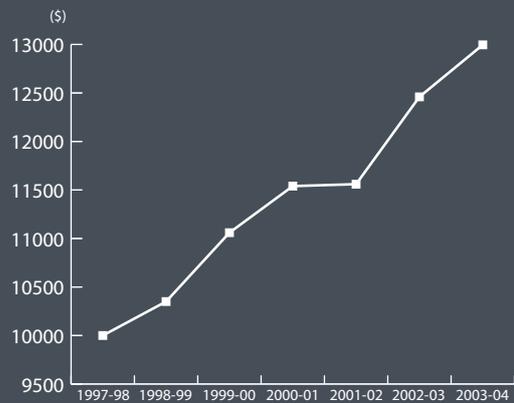
NUMBER OF HORSES RACING IN NZ



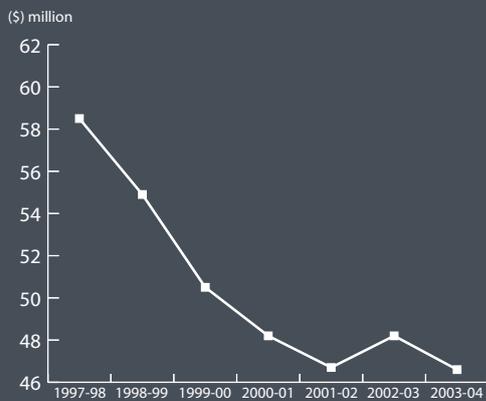
PRIZEMONEY PAID



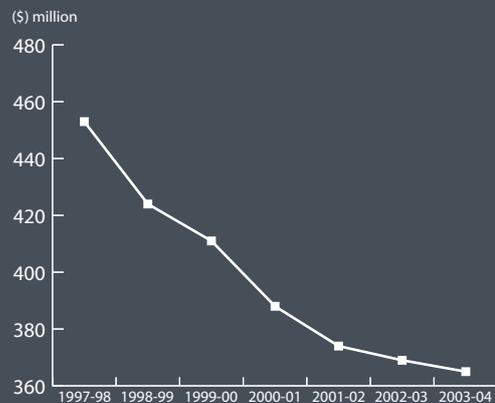
AVERAGES STAKE PER RACE



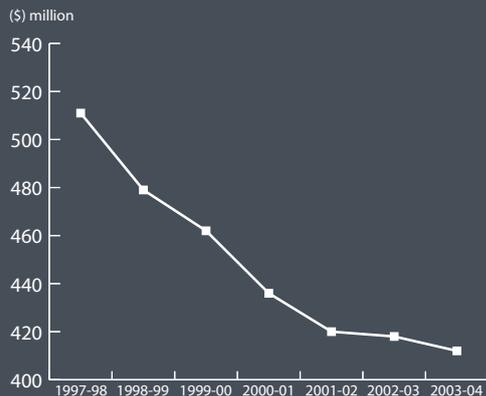
ON-COURSE BETTING



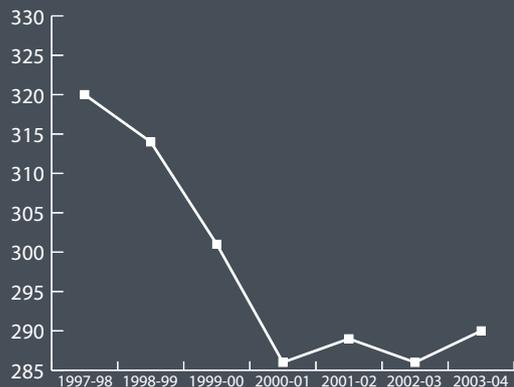
OFF-COURSE BETTING



TOTAL TURNOVER



NUMBER OF MEETINGS





KINDACROSS



XCELLENT

GROUP ONE WINNERS NEW ZEALAND 2004-2005

RACE	HORSE	STAKE
Mudgway PartsWorld Stakes	Starcraft	\$200,000
Kelt Capital Stakes	Balmuse	\$1,000,000
Avery Ford Captain Cook Stakes	Rodin	\$100,000
New Zealand Bloodstock 1000 Guineas	Justa Tad	\$275,000
Coupland's Bakeries NZ 2000 Guineas	Clean Sweep	\$300,000
Courtesy Ford Levin Classic	Ambitious Owner	\$200,000
New Zealand Bloodstock Avondale Gold Cup	The Mighty Lions	\$150,000
Mercedes Derby	Xcellent	\$500,000
NZ Herald Auckland Cup	Bazelle	\$350,000
Waiwera Infinity Railway Stakes Handicap	Recurring	\$200,000
Zabeel Classic	St Reims	\$150,000
Smokefree New Zealand Oaks	Justa Tad	\$300,000
ING NZ (Ltd) Telegraph Handicap	Keeninsky	\$100,000
ING NZ (Ltd) Thorndon Mile	Maroofity	\$130,000
Dulux NZ Colour Map Wellington Cup	Zabeat	\$250,000
Whakanui Stud International Stakes	The Jewel	\$100,000
Waikato Draught Sprint	Sedecrem	\$100,000
Family Hotel WFA	Zvezda	\$100,000
Ford Ellerslie Sires' Produce Stakes	Mi Jubilee	\$120,000
Darley Stakes	Xcellent	\$100,000
New Zealand Bloodstock Breeders' Stakes	Rockabubble	\$120,000
Speights Easter Handicap	Calveen	\$150,000
Ford Manawatu Sires' Produce Stakes	Kindacross	\$120,000



TUSKER



CALVEEN

GROUP TWO WINNERS

NEW ZEALAND 2004-2005

RACE	HORSE	STAKE
Stoney Bridge Stakes	Starcraft	\$120,000
Wellington Thoroughbred Breeders' Guineas	Ambitious Owner	\$60,000
Canterbury Draught New Zealand Cup	Waltermitty	\$180,000
NRM/Auckland Thoroughbred Breeders	Calveen	\$70,000
Eagle Technology Counties Cup	St Reims	\$100,000
Matua Valley Wines Concorde Handicap	Gee I Jane	\$60,000
Sky City Avondale Guineas	Mandela	\$70,000
Waikato Times Gold Cup	Singing Star	\$100,000
Cambridge Stud Eight Carat Classic	Spin 'N Grin	\$100,000
Speights Queen Elizabeth Handicap	Mistrale	\$100,000
New Zealand Bloodstock Royal Stakes	Basra	\$120,000
Rich Hill Mile	Belle Femme	\$100,000
Ford Wakefield Challenge Stakes	Wahid	\$100,000
Cambridge Stud Sir Tristram Fillies Classic	Tusker	\$100,000
Robin, Duke Of Bedford Matamata Breeders' Stakes	Mi Jubilee	\$100,000
NZ Bloodstock Insurance Championship Stakes	Tusker	\$100,000
Speights Great Northern Guineas	Magnetism	\$100,000
Westernbay Finance Japan/NZ International Trophy	Calveen	\$100,000
Lawnmaster Awapuni Gold Cup	Distinctly Secret	\$80,000
Hawkes Bay Gold Cup (in association With Davmet NZ)	Envoy	\$100,000
Travis Stakes	Calveen	\$80,000



Mercedes-Benz



MERCEDES THOROUGHBRED RACING AWARDS

The 14th annual Mercedes Thoroughbred Racing Awards Dinner, sponsored for the fifth consecutive year by DaimlerChrysler, was held in the Auckland Room at the Sky City Convention Centre in Auckland on Friday, 20th August 2004.

The final number of guests exceeded 500 with support from all sector groups, together with the Auckland racing fraternity, and entertainment from The Rat Pack's Back ensured that the night was a huge success.

King's Chapel was a popular choice as Mercedes Horse of the Year as was the announcement of long-time industry supporters and participants, Alan and Linda Jones, as the recipients of the Contribution in Racing Excellence award.

ERNIE WARD, MANAGING DIRECTOR OF DAIMLERCHRYSLER, ADDRESSING THE
2004 MERCEDES AWARDS FUNCTION





1



2



5



4



3

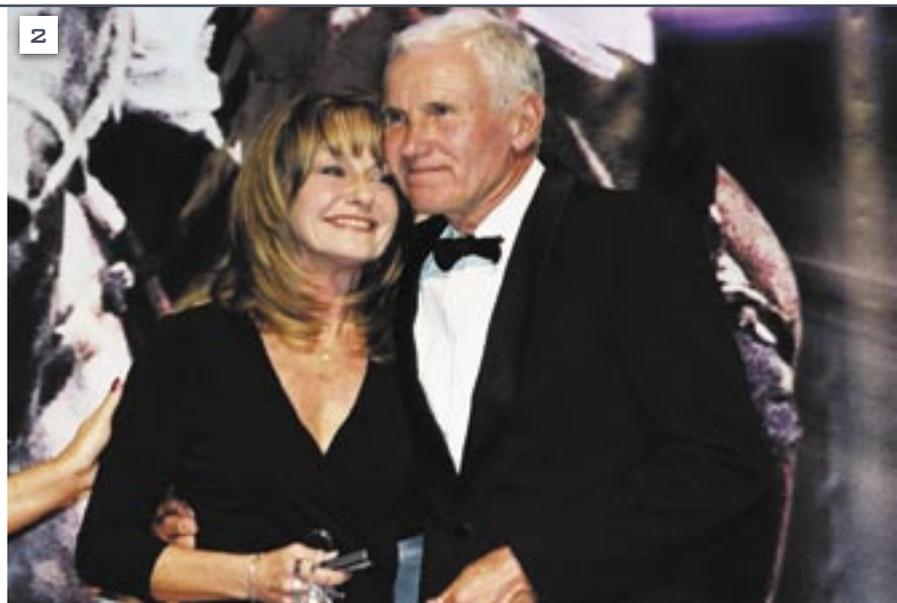
1 2004 MERCEDES AWARDS ENTERTAINMENT

2 KARYN FENTON-ELLIS (LEFT) WITH SIR PATRICK AND LADY HOGAN

3 TAATLETAIL CONNECTIONS

4 MICHAEL WALKER (LEFT) WITH GEORGE SIMON

5 DAVID ELLIS REPRESENTING KING'S CHAPEL'S CONNECTIONS, (MERCEDES HORSE OF YEAR) WITH ERNIE WARD



- 1 THE RAT PACK'S BACK
- 2 ALAN & LINDA JONES
- 3 MICHELLE HOPKINS WITH GRAEME SANDERS
- 4 MARK WALKER (LEFT) WITH GEORGE SIMON
- 5 LEITH INNES (LEFT) WITH GEORGE SIMON
- 6 KARYN FENTON-ELLIS WITH GRAEME ROGERSON, OPIE BOSSON, STEPHEN AUTRIDGE, SIR PATRICK AND LADY HOGAN (CONNECTIONS OF LASHED)
- 7 MINISTER FOR RACING, HON DAMIEN O'CONNOR WITH BARRY LICHTER
- 8 (FROM LEFT) GEMMA SLIZ AND KAREN FURSDON (UPSETHYM) WITH GEORGE SIMON

MERCEDES ROLL OF HONOUR

AWARD

Mercedes Champion Two Year Old
Mercedes Champion Three Year Old
Mercedes Champion Sprinter/Miler
Mercedes Champion Stayer
Mercedes Champion Weight-For-Age Performer
Mercedes Champion Jumper
New Zealand Bloodstock Filly of the Year
Dewar Stallion of the Year
Grosvenor Stallion of the Year
Mercedes Broodmare of the Year
Mercedes Breeder of the Year
Mercedes Outstanding Jockey of the Year
McBeath Leading Apprentice Jockey of the Year
Mercedes Jumps Jockey of the Year
Mercedes Owner of the Year
Dunstan Trainer of the Year
Mercedes Media Contribution Award
Mercedes Award for Outstanding Contribution in Racing Excellence
MERCEDES HORSE OF THE YEAR

2004

Keeninsky
King's Chapel
King's Chapel
Upsetthym
Lashed
Cuchulainn
Taattetail
Zabeel
Volksraad
Flying Floozie
Sir Patrick & Lady Hogan
Leith Innes
Michael Walker
Michelle Hopkins
Sir Patrick & Lady Hogan
Mark Walker
Barry Lichter
Alan & Linda Jones
King's Chapel

NEW ZEALAND THOROUGHBRED RACING INC
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2005

	NOTE	2005 \$	2004 \$
INCOME			
Fees – Registration/Certification		1,057,037	1008,159
– Licence Renewals		175,764	175,184
Calendar & Publications		357,870	356,556
Interest		117,112	79,837
Levies		1,843,138	1,841,338
Ownership Promotion Subsidy		79,000	209,000
Property Income		84,467	95,254
Stud Book		1,269,642	1,123,602
Sundry Income		233,609	229,150
Stakes Levies on Certificates of Export	7	127,644	127,200
NZRB Code Distributions & Levies	8	34,397,760	–
NZRB Supplementary Funding	9	1,840,580	–
NZRB Surplus 2003-04	10	1,410,263	–
TOTAL INCOME RECEIVED		42,993,886	5,245,280
EXPENSES			
Administration & General Expenses	12	2,669,768	2,230,140
Calendar & Publications		312,519	285,582
Equine Training		57,651	50,830
Industry Grants		82,089	82,356
Integrity Expenditure	13	1,682,784	1,577,277
Ownership Promotion		113,260	209,594
Racing Services	14	153,450	159,649
Special Projects	15	272,961	–
Stud Book Salaries & Expenses		777,511	693,779
Club Product Payments & Subsidies	8	33,924,934	–
Supplementary Levies	9	1,661,067	–
Classic Races Stakes Subsidies	7	45,000	90,000
Club Payment ex Surplus 2003-04	10	741,800	–
		42,494,794	5,379,207
NET OPERATING SURPLUS (DEFICIT)		499,092	(133,927)
Surplus on Sale of Land & Buildings	2	1,122,123	–
Contribution to Starting Gates		–	(8,193)
NET SURPLUS (DEFICIT) FOR YEAR		1,621,215	(142,120)
Opening Balance Adjustments			
Code Distribution Reserve	8	37,378	–
Code Supplementary Funding Reserve	9	181,388	–
TOTAL SURPLUS (DEFICIT)		\$1,839,981	\$(142,120)
Allocated to Equity & Reserves as follows:			
Transfer to Classic Races Stakes Subsidy Reserve	7	82,644	37,200
Transfer to Code Distribution Reserve	8	555,329	–
Transfer to Code Supplementary Funding Reserve	9	360,901	–
Transfer to Stud Book Reserve		–	250
Transfer to Accumulated Funds	6	841,107	(179,570)
		\$1,839,981	\$(142,120)

The notes following are to be read in conjunction with these financial statements

NEW ZEALAND THOROUGHBRED RACING INC
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2005

	NOTE	2005 \$	2005 \$	2004 \$
ACCUMULATED FUND				
Balance as at 31 March 2004		2,165,270		2,344,840
Net Surplus (Deficit) for the Period	6	2,129,812		(179,570)
			4,295,082	2,165,270
RESERVES				
Capital Reserve	6	–		1,096,031
Printing Vol. XXX NZ Stud Book	6	–		192,674
Classic Races Stakes Subsidy Reserve	7	143,755		61,111
Code Distribution Reserve	8	555,329		
Code Supplementary Funding Reserve	9	360,901		
NZ Thoroughbred Bonus Scheme	11	1,568,154		
			2,628,139	1,349,816
TOTAL FUNDS AND RESERVES			\$6,923,221	\$3,515,086
REPRESENTED BY				
CURRENT ASSETS				
ANZ Bank Current Account		404,882		96,330
Short Term Deposits		5,050,000		1,680,000
Sundry Debtors		723,250		928,374
Code Distribution Account at NZRB	8	555,329		
NZ Thoroughbred Bonus Scheme	11	1,568,154		
			8,301,615	2,704,704
LESS				
CURRENT LIABILITIES				
Sundry Creditors		2,752,982		1,539,458
Fees & Subscriptions in Advance		239,262		213,044
Racing Board Stakes Support		–		181,388
			2,992,244	1,933,890
NET CURRENT ASSETS			5,309,371	770,814
FIXED ASSETS			1,613,850	2,744,272
NET ASSETS			\$6,923,221	\$3,515,086

The Financial Statements were approved by the Board on 15 June 2005

A R FENWICK, CHIEF EXECUTIVE

The notes following are to be read in conjunction with these financial statements

NEW ZEALAND THOROUGHBRED RACING INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2005

	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Fees, Services and Subscriptions	3,346,405	2,847,372
Levies	2,028,894	1,908,296
Receipts from NZ Racing Board	37,685,981	-
NZ Thoroughbred Bonus Scheme	1,568,154	-
Property Revenue	84,467	95,254
Interest Income	116,859	83,757
	<u>44,830,760</u>	<u>4,934,679</u>
Cash was applied to:		
Payment to Suppliers and Employers	(4,416,612)	(5,518,133)
Payments to Clubs	(36,327,801)	-
NZ Thoroughbred Bonus Scheme	(1,568,154)	-
Net Cash Flow from Operating Activities	<u>2,518,193</u>	<u>(583,454)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Proceeds from Sale of Fixed Assets	31,276	24,112
Proceeds from Sale of Building	2,400,000	-
Proceeds from Sale of Investments	-	1,220,000
	<u>2,431,276</u>	<u>1,244,112</u>
Cash was applied to:		
Purchase of Fixed Assets	(715,588)	(764,718)
Purchase of Investments	(3,925,329)	-
Net Cash Flow from Investing Activities	<u>(2,209,641)</u>	<u>479,394</u>
Net (Decrease) Increase in Cash held	308,552	(104,060)
Add Opening Cash	96,330	200,390
CLOSING CASH	<u><u>\$404,882</u></u>	<u><u>\$96,330</u></u>
RECONCILIATION OF OPERATING CASH FLOWS WITH NET (DEFICIT) SURPLUS ON OPERATIONS		
Net (Deficit) Surplus to Accumulated Fund	841,107	(179,570)
ADD NON-CASH ITEMS:		
Loss on Sale of Fixed Assets	94,702	7,509
Gain on Sale of Building	(1,122,123)	-
Depreciation	442,155	336,569
Transfer to (from) Reserves	998,874	37,450
	<u>413,608</u>	<u>381,528</u>
ADD MOVEMENT IN OTHER WORKING CAPITAL ITEMS		
Accrued Interest	(253)	3,920
Debtors	205,377	(189,035)
Sundry Creditors	1,032,136	(571,670)
Fees in Advance	26,218	(28,627)
	<u>1,263,478</u>	<u>(785,412)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$2,518,193</u></u>	<u><u>\$(583,454)</u></u>

The notes following are to be read in conjunction with these financial statements

NEW ZEALAND THOROUGHBRED RACING INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005

1 ACCOUNTING POLICIES

The accounting policies which the Board considers appropriate for the measurement and reporting of the results and financial position are as follows:

REPORTING ENTITY

The General Account is the administrative account of New Zealand Thoroughbred Racing Inc. The financial statements have been prepared in accordance with generally accepted accounting practice.

GENERAL ACCOUNT POLICIES

The measurement base adopted is that of historical cost. Reliance is placed on the fact that New Zealand Thoroughbred Racing is a going concern. Accrual accounting is used to match expenses and revenue.

PARTICULAR ACCOUNTING POLICIES

Specific accounting policies adopted in these financial statements having a significant effect on the results and financial position disclosed are -

(a) Reserves

The policy of making specific allocations from net operational surplus to cover estimated future costs of specified projects has been continued.

(b) Fixed Assets

Are stated at the lower of cost or net realisable value less accumulated depreciation which has been calculated on the following bases:

Office Equipment, Furniture & Fittings	20% on diminishing value
Motor Vehicles	20% on diminishing value
Computer Equipment	20% straight line
Bloodtyping Unit Equipment	20% on diminishing value

(c) Investments

Investments are stated at cost.

(d) Taxation

The New Zealand Thoroughbred Racing Inc is the administrative body overseeing the operations of the country's thoroughbred horse racing and racing clubs. They are specifically mentioned in the Income Tax Act 1995 as being exempt from income tax. Accordingly, no income tax has been provided for in the financial statements.

CHANGES IN ACCOUNTING POLICIES

This year the financial statements incorporate distributions received from the New Zealand Racing Board and distributions made to clubs as detailed in notes 8-11. All other policies have been applied on bases consistent with those used in previous years.

COMPARATIVE INFORMATION

Certain comparatives have been amended to ensure comparability with current year disclosures. These changes do not have an effect on reported surplus.

2 PROPERTY, PLANT AND EQUIPMENT

	COST OR VALUATION	ACCUMULATED DEPRECIATION	2005 NET BOOK VALUE	2004 NET BOOK BOOK VALUE
	\$	\$	\$	\$
Land	-	-	-	530,000
Building	-	-	-	690,800
Computer Equipment	2,144,273	1,073,788	1,070,485	1,149,176
Motor Vehicles	334,415	145,292	189,123	177,124
Office Furniture and Fittings	417,173	137,729	279,444	103,675
Bloodtyping Unit Equipment	437,677	362,879	74,798	93,497
TOTAL	\$3,333,538	\$1,719,688	\$1,613,850	\$2,744,272

Fixed assets additions during the year totalled \$715,588 and comprised computer programs and computer equipment \$276,532, motor vehicle replacement \$125,324, furniture and fittings \$265,794 and building plant of \$47,938.

New Zealand Thoroughbred Racing's half share of the property at 180 Taranaki Street, Wellington, was acquired in 1988 with a view to long term occupancy. The building was sold on 1 March 2005 for \$2,400,000 giving a gain on disposal of \$1,122,123, after allowing for realisation costs and new building plant purchased prior to the sale of the building.

DEPRECIATION EXPENSE

	2005	2004
	\$	\$
Building	-	15,700
Computer Equipment	339,270	220,895
Motor Vehicles	47,282	44,284
Office Furniture and Fittings	36,904	25,284
Bloodtyping Unit Equipment	18,699	30,406
	<u>\$442,155</u>	<u>\$336,569</u>

3 FINANCIAL INSTRUMENTS

NATURE AND EXTENT OF ACTIVITIES

New Zealand Thoroughbred Racing has exposure to financial instruments principally through debtors, cash, short term bank investments and creditors. It does not enter into transactions involving off balance sheet financial instruments.

FAIR VALUE

The carrying value of all Statement of Financial Position financial assets and liabilities are considered to be equivalent to their fair value.

CREDIT RISK

Financial instruments, which potentially subject New Zealand Thoroughbred Racing to concentrations of credit risk, consist primarily of cash at bank, short term bank investments and debtors.

New Zealand Thoroughbred Racing places its cash and short term investments with quality financial institutions, such as the ANZ Bank. Amounts owed to New Zealand Thoroughbred Racing are mostly due from entities in the racing industry and hence credit risk is considered low.

4 SEGMENTAL REPORTING

New Zealand Thoroughbred Racing operates in one industry, the New Zealand Racing Industry. All activities are carried out within New Zealand.

5 RELATED PARTY NOTE

New Zealand Thoroughbred Racing has advanced \$151,600 to the New Zealand Equine Education Trust. The advance is interest free. Grants for equine and apprentice training paid during the year totalled \$57,651.

6 ACCUMULATED FUNDS & RESERVES

	2005 \$	2004 \$
ACCUMULATED FUNDS		
Opening Balance	2,165,270	2,344,840
Transfer from Capital Reserve	1,096,031	-
Transfer from Stud Book	192,674	-
Transfer from Net Surplus	841,107	(179,570)
Closing Balance	<u>4,295,082</u>	<u>2,165,270</u>
RESERVES		
CAPITAL RESERVE		
Opening balance	1,096,031	1,096,031
Transfer to Accumulated Funds	1,096,031	-
Closing Balance	<u>-</u>	<u>1,096,031</u>
PRINTING NZ STUD BOOK		
Opening Balance	192,674	192,424
Transfer to Accumulated Funds	192,674	250
Closing Balance	<u>-</u>	<u>192,674</u>
CLASSIC RACES STAKES SUBSIDY		
Opening Balance	61,111	23,911
Income During Year	127,644	127,200
Expenditure During Year	(45,000)	(90,000)
Closing Balance	<u>143,755</u>	<u>61,111</u>
CODE DISTRIBUTION		
Opening Balance	-	-
Transfer from Net Surplus	555,329	-
Closing Balance	<u>555,329</u>	<u>-</u>
CODE SUPPLEMENTARY FUNDING		
Opening Balance	-	-
Transfer from Net Surplus	360,901	-
Closing Balance	<u>360,901</u>	<u>-</u>
NZ THOROUGHBRED BONUS SCHEME		
Opening Balance	-	-
Transfer from Net Surplus	1,568,154	-
Closing Balance	<u>1,568,154</u>	<u>-</u>
TOTAL ACCUMULATED FUNDS & RESERVES	<u>\$6,923,221</u>	<u>\$3,515,086</u>

7 CLASSIC RACES STAKES SUBSIDY

	2005 \$	2004 \$
Stakes Levies on Certificates of Export	127,644	127,200
Less Subsidies Paid	45,000	90,000
Surplus for Year	<u>82,644</u>	<u>37,200</u>
Opening Balance 31 March 2004	61,111	23,911
Closing Balance 31 March 2005	<u>\$143,755</u>	<u>\$61,111</u>

8 CODE DISTRIBUTION ACCOUNT

	2005
	\$
Interim Distributions & Levies Received	
12 Months Ended 31 March 2005	34,397,760
Interest Received	45,125
Club Product Payments & Subsidies Paid	34,442,885
12 Months Ended 31 March 2005	33,924,934
Surplus (Deficit) for Year	\$517,951
Previous Year Transactions	
Opening Balance 1 August 2004	948,642
Interim Distributions & Levies Received	
8 Months Ended 31 March 2004	22,410,473
	23,359,115
Less Club Product Payments & Subsidies Paid	
8 Months Ended 31 March 2004	23,321,737
Balance 1 April 2004	37,378
Closing Balance 31 March 2005	\$555,329

With the introduction of the Racing Act 2003 on 1 August 2003 responsibility for the payment of funding to clubs became that of the code governing body. Under Section 17 of the Act the NZRB is to pay its distributions to the codes.

Each racing code is then responsible pursuant to Section 25 to distribute this funding to clubs in line with their funding policy. Funding allocated for this purpose is set aside in the Code Distribution Account with settlements paid to clubs by the NZRB on NZTR's behalf after each race meeting.

Funding paid to clubs is essentially used to fund stakes at their meetings. The Code Distribution Reserve is maintained as a special fund for the purpose of providing funding to clubs.

NZTR did not bring this distribution to account in the financial statements to 31 March 2004. However, the transactions in the period 1 August 2003 to 31 March 2004 have now been incorporated as set out above.

9 CODE SUPPLEMENTARY FUNDING ACCOUNT

	2005
	\$
Supplementary Funding Received	
12 Months Ended 31 March 2005	1,840,580
Less Levies Paid to Clubs	
12 Months Ended 31 March 2005	1,661,067
Surplus for Year	\$179,513
Previous Year Transactions	
Supplementary Funding Received	
8 Months Ended 31 March 2004	1,301,015
Less Levies Paid to Clubs	
8 Months Ended 31 March 2004	1,119,627
Balance 1 April 2004	181,388
Closing Balance 31 March 2005	\$360,901

The NZ Racing Board agreed in August 2003 to make funds available to be used in supplementing stakes. The total amount available for the racing season ending 31 July 2004 was \$1,840,580. The same amount is being made available in the current racing season. The amount is received on trust to be fully paid on to individual thoroughbred racing clubs for the support of race day stakes. Last year the funding received from this source, and payments made to clubs, was not recognised as income or expenditure. On a basis consistent with the Code Distribution Reserve there has been a change in accounting policies to reflect the income and expenditure in the Income Account. The closing balance is the amount not yet expended at 31 March 2005.

10 NZRB SURPLUS

The NZRB distributed \$1.41m to the code arising from their 2003/04 surplus. The NZTR Board allocated and paid \$741,800 of this to Clubs and retained the balance to meet expenditure on behalf of the code.

11 NEW ZEALAND THOROUGHBRED BONUS SCHEME

	2005
	\$
Income to 31 March 2005	
Nomination Fees	798,922
NZRB Contribution	960,000
Interest	67,728
	<hr/>
	1,826,650
	<hr/>
Less Administration & Promotion Expenses	143,896
Bonus Payments	114,600
	<hr/>
Closing Balance 31 March 2005	\$1,568,154

In the 2003/04 racing season New Zealand Thoroughbred Racing in association with the NZTBA and New Zealand Bloodstock Ltd introduced the Thoroughbred Bonus Scheme. Enrolments for horses born in 2002 closed on 30 April 2004. The NZRB agreed to make funding available at the rate of \$480,000 for three seasons for this incentive scheme. In the year to 31 March 2005 the NZRB has made two payments in respect of both the 2002 and 2003 foal crops. The NZ Thoroughbred Bonus Scheme makes payments to horses enrolled in the scheme that win, or are placed in specified bonus races. All N Z Thoroughbred Bonus Scheme funds are separately invested and accounted for as a special reserve that can only be applied to the N Z Thoroughbred Bonus Scheme.

12 ADMINISTRATION & GENERAL EXPENSES

	2005	2004
	\$	\$
Administration Salaries	790,342	653,741
Annual Conference Expenses	63,360	69,319
Audit Fees	18,000	15,400
Cleaning & Lighting	27,336	25,721
Computer Expenses	406,462	350,801
Depreciation	442,155	336,569
General Expenses	154,322	152,826
International Affiliation Fees	13,369	13,565
Legal	97,344	25,607
Loss on Disposal	94,702	7,509
Marketing & Promotion	101,751	100,385
Printing & Stationery	46,469	30,314
Property Expenses	79,029	73,260
Telecommunications/Internet/Website	101,398	104,103
Travel Domestic	208,595	217,978
Travel Overseas	25,134	53,042
	<hr/>	<hr/>
	\$2,669,768	\$2,230,140

13 INTEGRITY EXPENDITURE

Appeals & Inquiries	3,104	8,389
Drug Detections Costs	280,802	269,730
Judicial Control Authority	136,981	113,243
Racecourse Inspectors Salaries & Expenses	504,782	494,435
Stipendiary Stewards Salaries & Expenses	757,115	691,480
	<hr/>	<hr/>
	\$1,682,784	\$1,577,277

14 RACING SERVICES

Handicapping	161,653	172,401
National Racing Bureau	(20,488)	(10,584)
Owners Settlement	12,285	(2,168)
	<hr/>	<hr/>
	\$153,450	\$159,649

15 SPECIAL PROJECTS

Accounting Review	16,920
Change Programme Manager	40,000
Chief Executive Recruitment	15,000
Clusters	51,218
Relocation to Petone	54,192
Review of Pattern of Racing	15,646
Strategic Planning Consultancy	73,485
Track Consultancy	6,500
	<hr/>
	\$272,961

AUDIT REPORT

To the Readers of the Financial Statements of New Zealand Thoroughbred Racing Incorporated

We have audited the attached financial statements. The financial statements provide information about the past financial performance of New Zealand Thoroughbred Racing Inc and its financial position as at 31 March 2005. This information is stated in accordance with the accounting policies set out in the notes to the financial statements.

Board's Responsibilities

The Board is responsible for the preparation of financial statements, in accordance with New Zealand law and generally accepted accounting practice, which fairly reflect the financial position of New Zealand Thoroughbred Racing Inc as at 31 March 2005 and the results of its operations and cash flows for the year ended 31 March 2005.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Board and report our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements, and
- whether the accounting policies are appropriate to New Zealand Thoroughbred Racing Inc's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand auditing standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors we have no relationship with or interests in New Zealand Thoroughbred Racing Inc.

Unqualified Opinion

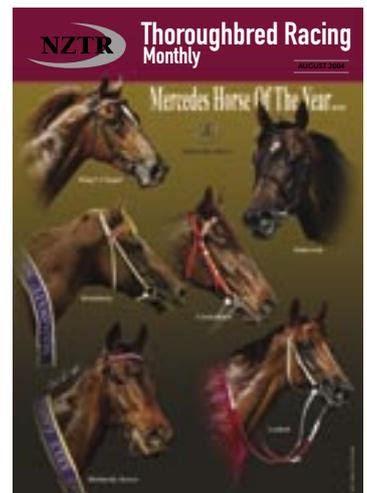
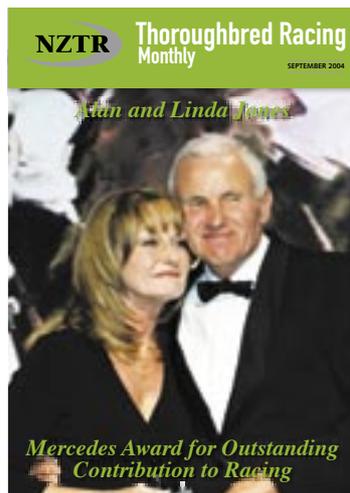
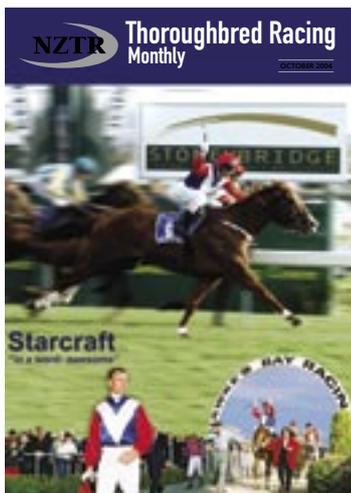
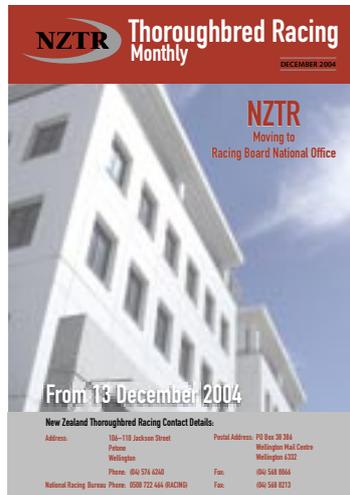
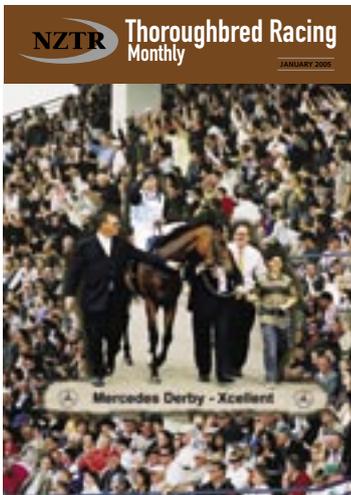
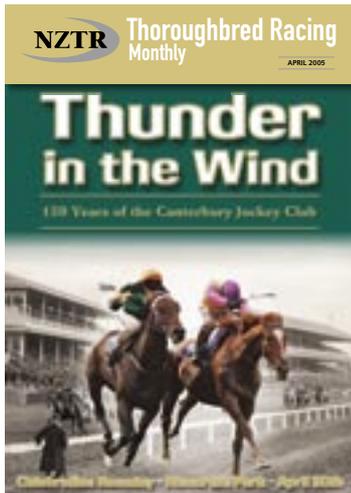
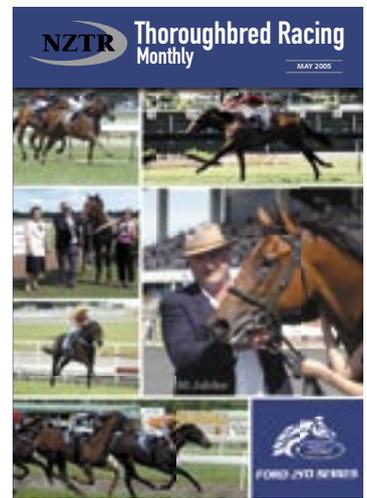
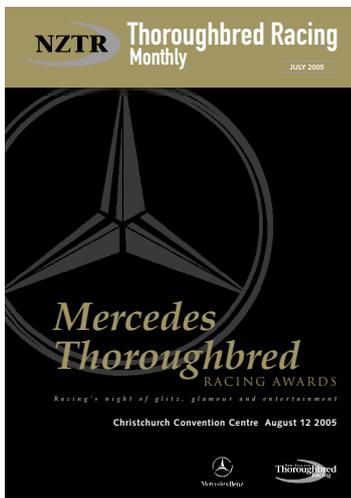
We have obtained all the information and explanations we have required.

In our opinion the attached financial statements fairly reflect the financial position of New Zealand Thoroughbred Racing Inc as at 31 March 2005 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 15 June 2005 and our unqualified opinion is expressed as at that date.



**Chartered Accountants
Wellington, New Zealand**





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