

New Zealand Thoroughbred Racing ANNUAL REPORT 2007 / 2008

NZTR



acknowledgements

THE CHAIRMAN, THE BOARD AND MANAGEMENT WISH TO RECORD THEIR APPRECIATION OF THE CO-OPERATION AND ASSISTANCE THEY HAVE RECEIVED DURING THE 2007/08 SEASON FROM THE FOLLOWING PEOPLE AND ORGANISATIONS:

The Right Honourable Winston Peters,
Minister for Racing

The New Zealand Racing Board

Harness Racing New Zealand

Greyhound Racing New Zealand

Department of Internal Affairs

Judicial Control Authority

Equine Branch, New Zealand Veterinary Association

Environmental Science and Research Ltd

Massey Foundation

Massey University

New Zealand Racing Laboratory Services Ltd

New Zealand Equine Health Association

New Zealand Equine Industry Training Organisation

New Zealand Equine Research Foundation

New Zealand Farriers' Association

New Zealand Jockeys' Association

New Zealand Jumps Inc.

New Zealand Police Department

New Zealand Qualifications Authority

New Zealand Thoroughbred Breeders' Association

New Zealand Thoroughbred Marketing Ltd

New Zealand Thoroughbred Racehorse Owners'
Federation

New Zealand Trainers' Association

Racing Club Managers' and Staff

Racing Journalists and Broadcasters

Tertiary Education Commission

TRUSTEES, GENERAL TRUST FUND COMPRISING:

Keith Neylon (Chairman), Ray Coupland, Paul Bittar

GRADED STAKES COMMITTEE COMPRISING:

Peter Fennessy (Chairman), Chas Amon, Tom Jamison, Michael Martin,
John Rattray, Steve Till, Nick Wigley and Paul Bittar

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FRONT COVER:

TELL A TALE WINS THE GOLAN HAWKE'S BAY GUINEAS AT HASTINGS ON 4 OCTOBER 2008 FROM FULLY FLEDGED AND ALTERED IMAGE



ALISTAIR SUTHERLAND

DAVID SMITH

GEORGE RITCHIE

GRAEME SANDERS

GUY SARGENT

nztr board

ALISTAIR SUTHERLAND

(Northern Region)
Bachelor of Law
Bachelor of Arts (majoring in Economics and Mathematics)
Director Colliers International
Director Auckland Racing Club
Director NZ Racing Board

DAVID SMITH

(Northern Region)
Director Camtech Ltd
Chairman of the Waikato Racing Club
Chairman Racing Waikato Cluster

GEORGE RITCHIE

(Southern Region)
Chairman of the Canterbury Jockey Club

GRAEME SANDERS

(NZ Trainers' Association)
Licensed Trainer with over 1,000 winners

GUY SARGENT – CHAIRMAN

(Central Region)
Owner and Director of Angus Beef (NZ)
Director of a cattle artificial insemination business

PAUL BITTAR – CHIEF EXECUTIVE

Bachelor of Business (Accounting)
Certified Practising Accountant
Master of Business Administration
Director New Zealand Thoroughbred Marketing

JOHN RENNIE

(NZ Thoroughbred Racehorse Owners' Federation)
Bachelor of Commerce, CA
Chartered Accountant – John Rennie & Associate
Member of the NZTROF Executive Committee

MURRAY BLUE

(Small Clubs' Director)
B.V.Sc (Dist), Ph.D. MRCVS.MACVSc.
Dip ACT.
Licensed Trainer

MARION STEVENSON

(Southern Region)
Licensed Trainer

PETER HUTT

(NZ Thoroughbred Breeders' Association)
LLB
Lawyer, Tripp Rolleston & Co., Timaru
Member NZTBA Council



JOHN RATTRAY

(Central Region) – Absent
Bachelor of Commerce
Director, Aspiring Asset Management



PAUL BITTAR

JOHN RENNIE

MURRAY BLUE

MARION STEVENSON

PETER HUTT

nztr board committees

STAFFING COMMITTEE

CONSTITUTION

Chairman: Guy Sargent
Member: John Rattray
In attendance: Paul Bittar
Secretary: Simon Cooper

FUNDING COMMITTEE

CONSTITUTION

Chairman: Alistair Sutherland
Member: John Rattray
In attendance: Paul Bittar
Secretary: Campbell Moncur

FINANCE COMMITTEE

CONSTITUTION

Chairman: John Rennie
Members: John Rattray, Alistair Sutherland
In attendance: Paul Bittar
Secretary: Amy Zavros

DATES COMMITTEE

CONSTITUTION

Chairman: John Rattray
Member: Alistair Sutherland, Peter Hutt
Secretary: Campbell Moncur

INTEGRITY COMMITTEE

CONSTITUTION

Chairman: Paul Bittar
Members: Peter Hutt, David Smith
Secretary: Chris Weder

YOU MAY RECALL THAT NZTR'S 2007-08 BUSINESS STRATEGY FOCUSED ON THREE ELEMENTS – PARTICIPATION, FUNDING AND NZTR GOVERNANCE.

MY STATEMENT THIS YEAR IS NOT ONLY A LOOK AT THE DEVELOPMENT OF THESE THREE STRATEGIES OVER THE PAST SEASON BUT ALSO THE YEAR AHEAD AND WHAT WE ARE DEVELOPING TO COUNTER THE ANTICIPATED 'BUMPS IN THE ROAD.'

chairman's statement

PARTICIPATION

Throughout the 2007-08 season New Zealand racing was arguably in the best health it has ever been, following two years of accelerating growth in the wake of the 2006 Budget tax concessions.

By the end of the season prize money had risen by over 50% in the last three years. Total turnover – including TAB Fixed Odds – was up 20 per cent in the same period.

Owners were a particular focus for us again in 2007-08. It is important to state at this point that, while our role is to lead the industry for the benefit of all stakeholders, Owners and Punters are the two vital groups without which we could not continue. With a significant rise in stake levels (per-race prizemoney differential between New Zealand and Australia is forecast to fall from \$5,000 three years ago to just \$800 by the end of this year) and NZTR taking away the cost of riding fees from Owners in February, Returns to Owners are forecast by the end of this season to rise a staggering 109.5% in just four years.

Despite all these efforts, total starters have declined 5.3% over the past 10 seasons and our foal crop has fallen 17% in just half that period.

We are forecasting that the number of horses racing will fall 3.5% this current season and 9% by 2012. That's 500 fewer horses racing in four years.

To maintain current revenues – prevent decline but no growth – we need to increase starts per horse per season from our current 5.7 to 6.2 this season – half a start per horse – and to 6.6 starts per horse by 2012 – one extra start each season for every horse in just four years.

In contrast, there has been a 39.2% increase in trial starters over the past 10 years.

These figures show that NZTR must continue to focus extensively on strategic policy development, specifically through more alignment of racing activity to training and starters, thereby further reducing costs to Owners, and educating participants, particular Trainers as the key decision-makers in determining race starts.

This key issue along with all aspects of barrier trials is subject to ongoing review by NZTR, which is primarily focusing on how to facilitate the transfer of trial starters to races.

Ultimately the opportunity to maintain returns, rests with Trainers, Breeders and Owners.

FUNDING

Internationalisation of New Zealand racing was (and is) seen as critical to revenue growth over the next three to five years – both importing races and exporting our races to other wagering jurisdictions.

The first anniversary of commingling between the TAB and TabCorp was just one of several components of closer and flourishing cooperation within the Australasian racing industry. Commingling added \$250 million to our total turnover in 2007-08.

Imported races – mainly from Australia, but increasingly also from Hong Kong, the UK and France – have grown turnover by 19 per cent over the past three years. Turnover on imported races now account for close to 30% of the total. Ten years ago it was 18% and 15 years ago it was just 3%.

The seven-day schedule kicked off in 2007-08. A key factor in successfully negotiating the deal with Tabcorp was establishing a suitable calendar. Friday has become a regular raceday and some eight-race programmes have been introduced. The real opportunity now exists to take Kiwi racing and wagering into European, North American and Asian markets.



NZTR is also committed to a new funding model, following agreement to move forward with commingling, which ensured protection for clubs by way of underwrite for the majority of meetings, while still providing incentive opportunities to allow well-managed clubs to generate a profit.

This policy also aimed to ensure that strategic training centres are provided with incentives, to be paid on a supply basis. This is critical in view of the direct relationship between number of starters and wagering turnover.

Total available funds for the 2008-09 season are forecast at \$76.6 million – \$5.8 million more than 2007-08. As we currently witness the global financial fallout, this forecast must be considered very optimistic and we need to carefully consider where our funding will deliver the best returns.

GOVERNANCE

Governance was a cornerstone of the 2007-08 Business Strategy and continues to be so. The NZTR Board Charter states:

New Zealand Thoroughbred Racing exists to provide the thoroughbred code with leadership and direction by:

- a. Ensuring that the thoroughbred code is effectively regulated and administered;
- b. Determining its strategic direction; and
- c. Ensuring its health and competitiveness with other sports and entertainment options.

In carrying out this review and communicating its findings, NZTR is seeking to establish clarity over the best possible governance structure and processes for NZTR, as well as aiming to improve industry understanding of the Board's roles and to stimulate other thoroughbred industry Committees and Boards to consider reviewing their governance models.

Key findings will be announced at our Annual General Meeting on 27 November and the full Report will be made public after the AGM. At that point we will invite public submissions. Discussion about the report's initial findings and recommendations at our AGM and public submissions will then help to determine the direction we move in. If the call for change is strong enough, the Board will seek to present a resolution to Clubs at a Special General Meeting during 2009.

CONCLUSION

NZTR has achieved a great deal in a range of areas during 2007-08. I have summarised in this Statement only the three key elements of our 2007-08 strategy. You will find on pages 12-16 of this Report the long list of achievements throughout the past season. The Board's considerable appreciation of the work of our Chief Executive, Paul Bittar, and his team is fully deserved.

I take this opportunity to also thank my fellow Board members for their work on behalf of the thoroughbred Code. During the 2007-08 season we said goodbye to two Board members, who both contributed hugely to NZTR – Keith Neylon and Colin Jenkins. The Board sincerely appreciated their work over a number of NZTR activities.

We set out our key goals at the start of 2007-08 and we have achieved them. It is gratifying to be able to close my Statement with this declaration.

GUY SARGENT



CAMPBELL
MONCUR
GM, INDUSTRY
DEVELOPMENT



SIMON COOPER
GM,
COMMUNICATIONS



AMY ZAVROS
GM, FINANCIAL
CONTROLLER

nztr management

CHIEF EXECUTIVE

Paul Bittar

DIVISIONAL MANAGERS

Campbell Moncur – GM, Industry Development

Simon Cooper – GM, Communications

Amy Zavros – GM, Financial Controller

Cameron George – Chief Stipendiary Steward

John McKenzie – Chief Investigator

Darren Jones – Operations Manager

Liz Luck – Human Resources and Industry Training

INDUSTRY MARKETING

Jo Griffin

PROJECTS

Chris Weder, Craig Baker

EXECUTIVE ASSISTANT

Janice Tinney

NATIONAL RACING BUREAU

Cheryle Barnsley, Phil Clements, Linda Gove,
Scott Hunt, Donna Cameron, Justine Laurenson

HANDICAPPING

Dean Nowell

WEBSITE ADMINISTRATOR

James Preston

IT

Stuart Duggan, Georg Magerl

NATIONAL VENUE INSPECTOR

Garry Foscett

PUBLICATIONS

Allan Child

LICENSING AND EQUINE TRAINING

Matthew Barnsley

APPRENTICE SCHOOL DIRECTORS

Sally Waters – Auckland/Waikato

Sarah Malone – Central

Bob Smith – Southern

Mark Davidson – Southland

FINANCE

Paul Dicker, Lucky Bryce

OWNERS SETTLEMENT ACCOUNT

Christine Young

OPERATIONS (STUD BOOK & REGISTRATIONS)

Julie Walker, Kay Thomson, Michael Leigh, Liz Webley,

Vaine Strickland, Shona Moore

STIPENDIARY STEWARDS

Stewart Ching, Alan Coles, Neil Goodwin, John Oatham,
Ross Neal, Mark Davidson, Matthew Williamson

ASSISTANT STIPENDIARY STEWARDS

Matthew Barnsley, Brian Bateup, Murray Humphries,
Michael Lawson, Jeff McLaughlin, Warwick Robinson,
Gary Stewart

INVESTIGATORS

Brian McKenzie, Robin Scott, Bob Bevege,
Bryan Oliver (Assistant)



chief executive's report

OVERVIEW

The 2007/08 season came in with a roar but finished with foreboding. We have had two exceptional years of increased stakes and returns to owners against a backdrop of taxation relief in 2006/07 and greater efficiencies and performance from New Zealand Thoroughbred Racing (NZTR) and the New Zealand Racing Board (NZRB).

Significant changes being driven through the industry as a result of legislative change, the Internationalisation strategy and a formalised venue strategy. NZTR has also continued to focus on internal initiatives aimed at improving our delivery of services.

However, the future is not so bright, with our industry facing a very difficult economic outlook and potentially stagnant returns. The challenges for both NZTR and clubs for the coming seasons are as great as at any time in our recent past.

GOVERNANCE

As this Annual Report goes to print, NZTR has embarked on a wide-reaching governance review. One would hope the outcome of this review delivers both an improved and more independent Board structure, as well as a more robust process for electing Directors.

We must seek for our governance model to deliver the best independent people for the Board. Independence can mean different things to different people, and not necessarily people independent of racing. Every Director must be able to come to the table unencumbered by pressure from stakeholders and qualified to make decisions in the best interests of the industry. It is critical that any conflicts of interests, or perceived conflicts of interest, are removed to ensure we do not impact on the quality of the decision-making.

INTERNATIONALISATION, FUNDING AND RACE DATES

In 2007/08, NZTR has played a key role in the continued development of Internationalisation, a strategy that delivered a further 9% increase of returns to stakeholders during the season. The tangible long-term benefits of commingling and building a structured template of wagering far outweigh the acknowledged short-term pain for some clubs and participants.

Internationalisation has however driven a slightly higher NZTR deficit through a 10% increase in field staff costs which is linked to an increase in race meetings. Staff levels have been maintained despite the increase in race meetings through a focus on process and system improvements and improved staff

practices. Fees charged to clubs and industry participants continue to be reviewed and were generally maintained at previous year's level or in some instances decreased.

NZTR seeks to implement an industry first funding model. The changes have resulted in the model being more prescriptive, thereby enabling a more efficient management of returns to Owners, while delivering more certainty to Clubs of revenue flows. These aims were achieved by making a number of changes and broadly allows for stakes to be established at regional level relative to wagering returns. The model is not perfect and needs refining in the context to ensure that club profitability is equitable where clubs run only certain types of events.

The gap between Premier, Feature and Industry stakes is maintained to encourage quality fields to nominate at meetings conducted at primary venues in strategic wagering timeslots.

As NZTR is now underwriting a large portion of base funding for Clubs, decisions related to programming changes and race number changes (e.g. decisions to remove a race or extend a race programme) are made by NZTR. These decisions are based on total industry benefit.



PARTICIPATION

In conjunction with the above structural changes, NZTR has identified the key opportunity and challenge facing our code; that is, the absolute need to improve the participation of our horses.

Encouraging participation will require a significant number of policy changes, including enhanced programming policies and specific incentives for participation.

Accordingly, NZTR will consciously take a more active part in the development of race dates, including the preparation of a concept calendar for consideration. We must seek to intrinsically link the key tenants of race dates allocation and race planning, the funding distribution scheme, and the enhanced utilisation of venues. This supports the need for clubs to focus on growing their events while NZTR has ensured that Clubs are given adequate support to run lower grade meetings.

NZTR has little short-term control over the foal crop and hence the actual horse population, but does have control of the opportunities for horses racing and the economics or returns that can be delivered to those involved.

The economics are certainly compelling. By increasing average starts per season by just half a start per horse would

increase our domestic turnover by approximately \$20m. So, our goal is for NZTR to focus on developing specific policies to enhance participation opportunities. In 2007/08 this was addressed through industry consultation and through the following initiatives:

1. Free Racing – The expansion of free racing, including the majority of Riders Fees, and other owner benefits (outside stakes) aimed at eliminating financial barriers to owners and trainers to start their horses.
2. Ratings Bands – New programming bands in conjunction with Ratings Based Handicapping introduced, together with greater flexibility in programming during major carnivals and other periods of the year as required. Centralising the programming function and reducing the programming cycle to a three-month rolling programme.
3. Synthetic Tracks – The introduction of synthetic racing surfaces and training tracks will provide better racing surfaces during certain times of the year (Winter/Spring) which in turn will encourage horses to start more often. Crucially, synthetic training tracks will also help minimise injuries to horses during their training programmes.
4. Racetrack Assessment Programme – The racetrack assessment programme identified any underlying problems a racetrack has and the remedies required to rectify these problems. This programme will, over time, deliver improved turf track racing surfaces across the country.
5. Racetrack Machinery Programme – The recently implemented racetrack machinery programme will enhance the standard of racing surfaces around the country, again reducing the incidents of meetings being abandoned and horses being injured.

The increased import of racing has seen a transfer in recent years of domestic thoroughbred betting to Australian thoroughbred racing and this trend will not change under Internationalisation. However, this issue is not one to fret or stew over, but represents a challenge to the thoroughbred code to ensure we put in place strategies that maximise our domestic turnover while the distribution method under the Racing Act (2003) is in place. This challenge to maximise the domestic component need not be at odds with the broader and appropriate industry strategy of growing total turnover, but does represent a challenge for the code.



NZTR is committed to developing a robust business case associated with the allocation of race dates. As a result, we will seek a more active role in the process this coming season and will look to incorporate some competitive tension in the process while retaining equitable outcomes on participation opportunities. There will remain opportunities for all regions to make early requests for key regional dates thereby providing a framework for the overall calendar (approx 30% of dates). The balance of dates must then be determined by total wagering benefit allowing for owners travel costs, horse numbers and venue usage issues such as synthetic tracks.

ON-COURSE APPEAL AND CREATING NEW EVENTS

One effective way of having a positive impact on domestic turnover and importantly club profitability is to create new events. As an industry, we must continue to seek to improve the on-course performance of clubs, driving clubs to become champions of better entertainment and crucially, customer service. The appointment of Jo Griffin into an Industry Marketing function will assist this and we encourage all clubs to utilise Jo and other NZTR staff to assist their delivery of services and generate new ideas.

Fortunately, there have been a number of successful new events created in recent years, events we can be justifiably proud of. Focusing on Ellerslie and Gallop South, these two quite different businesses have successfully catered to customers in their regions through the creation of new events.

Along with the successful twilight race meetings at Ellerslie, the Karaka Millions raceday in January of this year was a fantastic new event. The day smashed forecast levels for turnover and non-wagering revenues and added a carnival atmosphere to a special raceday.

However, we have seen that away from the major metropolitan areas we can often create new events and engage with the community very effectively.

In the deep-south, the Gallop South team has focused on reinvigorating racing, borne out a determined desire to develop the on-course facets of key race days. One of Gallop South's key philosophies is unashamedly "attracting people back to the track and focusing on the on-course aspects of our business."

The team has successfully delivered a hugely profitable and popular Dunedin City Ford – Melbourne Cup Day, a new event with the license issued to the Otago Racing Club only four years ago.

It has unquestionably put racing in Dunedin back on the agenda for the local population. In 2008 the club has pre-sold 6,500 tickets for on-course hospitality functions, enticing key sponsors all attracted to a hugely popular event.

Five years ago the equivalent licenses for the clubs involved would have been categorised very much as industry days, attracting a very small on-course attendance and consequently insignificant sponsorship income and betting revenue streams. However, an effective cluster structure and better management of regional assets allowing for dates to be swapped between clubs meant that the best local venue could race on the right date – and the prospect for growth became a reality.

The focus of the new Cromwell meeting (the Gallop South Christmas Meeting) was firmly on building support for the day out of the growth towns of Queenstown and Wanaka – just 50 kilometres away. Both of these communities still call Cromwell their local track, an interesting point for other communities who feel this structure "can't work". Queenstown and Wanaka's presence in various race names and associated events brings a community feel to the occasion.



Throw in the Southland Racing Club's Christmas meeting, with a crowd of around 10,000 expected, and another signature event has been created out of a new license.

While the focus of clubs needs to be on generating this type of on-course activity, we also cannot lose sight of the horse. The horse represents one of our sport's key opportunities to appeal to the masses. As a sport, we do little to use the horse's appeal, strength and beauty as a marketing aid, yet we have an opportunity few sports do. Ever-optimistic, screaming owners, combined with encouraging trainers, and the racetrack can bring to life a sport that for many days of the year seems nothing more than a wagering vehicle. I'm hopeful that at NZTR we can do more in this area on behalf of the sport in years to come.

INFRASTRUCTURE, INDUSTRY AND CLUB CAPITAL

The NZTR Venue Strategy has been actively supported through a separate project and the completion of a Strategic Venue Review. The focus for 2007/08 was on synthetic tracks and a detailed review into Training Centres.

We engaged specialist project management skills through Racing Victoria Limited (RVL) to assist the

development of synthetic tracks, including viability for racing and training purposes and full life-cycle costing options for each possible track type.

NZTR has also worked with RVL to source suppliers and project management of development and construction and ongoing assistance with capital management programmes and policy development – their assistance is greatly appreciated.

The Training Venue Operating Subsidy provided over \$300,000 in subsidies to clubs managing key industry training venues, with these venues currently providing almost 60% of all starters. This policy is an important economic recognition for the industry contribution provided by these clubs and venues.

In a similar way, we have sought to manage club costs where the costs are industry services. This includes NZTR overseeing and coordinating an increasing number of raceday services and the associated costs, an efficient way of assisting clubs. NZTR identified a number of cost areas related to raceday services that now form part of the Club Funding Model, with total costs paid on behalf of clubs reaching almost \$1,000,000 through ambulance, stenographer and TAB broadcast costs.

INTEGRITY

Thoroughbred racing in New Zealand has historically been significantly under-resourced in the Stipendiary Stewards' area. This division requires, and indeed in part has received, an injection of resources.

The season also brought continued improvement in methods of both race and raceday control. Examples of this are evident in the upgrading of video coverage at race meetings, the micro-chipping of newly registered thoroughbreds and the development of a licensing programme of all stablehands and trackwork riders.

These types of changes, along with the revamping of the Rules of Racing and a greater focus on safety for industry participants, are strategies and actions that were pursued in 2007/08 and will ultimately lift our level of performance in the area of racing integrity. The key changes implemented in the past season included:

- The Rules of Racing were amended to include and allow testing of riders for the presence of alcohol.
- Improved and increased attendance at trials, jump-outs and trackwork by Stipendiary Stewards.



- The registration structure for stable staff became effective from 1 August 2007, and enabled NZTR to track and monitor those persons who work in and around racing stables and training tracks.
- A comprehensive review of the Rules of Racing, with a view to simplifying and reducing the number of Rules, translating them into plain English and ensuring that all defined terms are consistent within the Rules. The review seeks to have the modernised version of the Rules of Racing prepared and finalised for implementation in 2009.
- In recent times, some race clubs have experienced difficulty in securing the services of a doctor for raceday. As a result, through its Integrity Committee, NZTR established an agreement with St. John Ambulance for the provision of services on raceday.

INTERNAL OPERATIONS

Internally, the performance of NZTR staff continues to be strong. The challenge remains to ensure we have suitable training and development programmes in place for all staff as well as appropriate succession planning. A significant amount of work has been

done in this area though the challenge remains. I'm immensely proud of the hard work of our staff across all areas of the business, with a large number of initiatives being the result of their hard work provided in the tables on pages 12 through 16.

Having worked in a number of overseas jurisdictions, I'm convinced the New Zealand industry is most fortunate to have within its structure a large number of high quality people. While many of these people share a passion for racing, many do not, and the combined attributes they bring deliver a range of necessary skills to the business. The challenges of our industry can only be met by the capabilities of the people involved. To this end, while we have in place many good people, the challenge will be to retain them through appropriate remuneration structures and interesting opportunities offered in a learning environment. We have an opportunity to lead the transformation of our sport from the second-tier sport it is currently in New Zealand, to a major mainstream sport. This can only be done by having the best people involved.

Thanks to the Board and all the staff at NZTR for their contributions throughout the year. I'd particularly like to thank Chairman Guy Sargent for his support of the NZTR team, much time and effort

has been contributed out of a passion for New Zealand racing.

Finally, I must mention the contributions of outgoing Board members Alistair Sutherland and John Rattray. Their intellect, ongoing support and mentoring has significantly lifted the performance of Management over the past few years, and we are indebted to them. Their contributions around the Board table and elsewhere will be sorely missed.

PAUL BITTAR



nztr initiatives and outcomes 01/08/07 – 31/07/08

ISSUES	AIMS	OUTCOMES
BUSINESS OPERATIONS		
Breeders Service Centre	To provide Breeders with a portal to process and pay for returns and registrations online through the members area of the NZTR website.	The online Breeders Service Centre (BSC) was introduced for use in mid February 2008 and has been very well received. The BSC consists of three key services: Mare/Foaling returns; Stallion Returns; Stallion Registrations. In its first season of use, 1,311 mares and 954 foals were registered and paid for using the BSC. This equated to 19% of transactions. The BSC has been designed to be easy to use and feedback from the Breeders has been very positive. In the 2008/09 season, NZTR will be working closely with the Breeders to increase the use of the BSC. The BSC is a very efficient service both for the Breeder and NZTR, with the reduction in manual input and paperwork at the NZTR end allowing the Operations team to focus on improvements to other services that they provide.
Online Security – SALCore	To provide the necessary security framework for the Breeders Service Centre, online payment system and future web based services around owner accounts. At the same time secured areas of the existing Website including, registered users, NRB Online and other member area modules were upgraded to SALCore.	A significant piece of infrastructural software (SALCore) was delivered in the first half of the year. SALCore is a security framework that enables the central storage of user permissions and contacts. The Key Benefits included: <ul style="list-style-type: none"> • Centralised user management • Reduced amount of time to manager users • Simplified user group and permission tools • Scalable framework i.e. any new applications get added to the single security system.
Business Continuity Plan	To provide a real time back up to the Wellington system that will be able to be used in the event of an incident occurring (e.g. earthquake) that prevents access to the Wellington system.	NZTR have completed a detailed Business Continuity Plan, which will involve the installation of a mirrored computer system in the NZRB Office at Ellerslie. NZTR is also working with the NZRB to identify a suitable backup office that could be used in case NZTR staff are unable to access the NZRB Building in Petone. The mirrored system will be up and running in the first quarter of 2009. No date has been set at this stage for the backup office.
NRB Online	To provide greater efficiencies and level of service in NRB operations.	Survey of 250 Trainers to gauge what services customers want and how it should be delivered. NRB Online now handles Entries, Withdrawals, Scratchings, Riders Declarations, Gear Notifications and Stable Returns. NZTR has also provided training for Trainers on using NRB online.
Software Projects	To improve NZTR business processes.	In addition to the major projects (noted in detail above) numerous smaller projects were also completed during the year to improve business processes, comply with Rule and Funding changes, automate data exchange between the NZTR and NZRB computer systems, enhance information provided to NZTR field staff and upgrade of the NZTR imaging system to capture a wider range of business documents.
New Financial System	To improve service to stakeholders, minimise risk of system failure, to be compatible with the NZRB in the long term.	Investment in and implementation of Finance One system from 1 June 2008.
FUNDING		
New Funding Model	To enhance overall returns to owners by reducing costs and increasing available returns and to underwrite the majority of meetings, while still providing incentive opportunities to allow well-managed clubs to generate a profit.	Overall forecast funding increase of \$6.9m, up 11% from the previous season which has allowed for the following funding initiatives: <ul style="list-style-type: none"> • Stakes increases of \$4.4m or 7.8% • Implementation of Fillies and Mares and Stayers added bonus stakes \$600,000 • Jockeys rider engagement fees \$140,000 • Payment of jockeys riding fees on behalf of owners for all races up to and including R80 \$1m • Subsidies to strategic training venues \$300,000 • Increase in jumping subsidies \$153,500 • Payment of raceday services – St John Ambulance, Stenographers \$250,000 • Continuation of free racing which saves owners approximately \$4m per annum.
Returns to Owners	To develop and implement sustainable policies that drives or enhances returns to Owners. From 1 August 2007, Owners no longer paid jockey riding fees for maiden races, including maiden jumping races. This increased to include all flat races up to and including Rating 80 from 1 February 2008.	The payment of Riders' fees now saves Owners over \$2m per season, plus removal of GST leakage of approximately \$250,000 per season. This initiative encompasses approximately 2,135 races annually or over 70% of all thoroughbred races on the calendar. This came exactly one year after the scrapping of nomination and acceptance fees, which has returned an estimated saving of over \$4m to Owners.
Returns to Jockeys	To compensate jockeys where their rides have been scratched.	Introduction of a rider engagement fee (\$50) for jockeys where their ride has been scratched after jockey declaration. Total paid to jockeys for 2007/08 season was approximately \$140,000.

ISSUES	AIMS	OUTCOMES
Training centre payments	To address the potential loss of runners due to poor training facilities, and the \$800,000 annual loss by training centres while ensuring that strategic training centres are provided with incentives, to be paid on a supply basis.	A review of training centres was conducted and approximately \$300,000 in funding made available for payment to clubs (who are members of their local cluster) towards the operating costs of 12 strategic training venues throughout the country for the first time. (Not available to private training establishments.)
Funding of core on-course services	To provide support to clubs through the funding of some core on-course raceday services.	As mentioned under the New Funding Model, NZTR now funds a number of on-course raceday services. NZTR negotiated a national contract for ambulance services on race day with St John the cost of which is covered by NZTR and is a direct saving to the club. NZTR also took over the employment of Stenographers from 1 December 2008 and again covered this cost for the full year. Pending funding availability, NZTR will review what other services can be covered through the funding model in 2008/09 and future years.
Laboratory Assets Transfer Agreement	To provide surety for the industry for future testing equipment quality and procurement.	The equipment involved in the of testing for illicit drugs in horses, at the New Zealand Racing Laboratory Services in Auckland is now owned by the NZRB which has resulted in all purchases being funded by the NZRB. This arrangement entered into between the NZRB and the three Codes. (The Codes had previously funded the purchase of this equipment.)
Funding Support	To provide industry support for organisations pursuing improvements to the thoroughbred.	In addition to support for recognised sector organisations (Breeders, Owners, Trainers & Riders) and marketing (NZ Thoroughbred Marketing), NZTR also supported, both financially and with other resources, the NZ Equine Research Foundation, the NZ Equine Health Association, the NZ Equine Industry Training Organisation.
HANDICAPPING & RACE PLANNING		
Standard Balloting Conditions	To provide stakeholders with clear criteria and consistency for placing horses on the ballot and the order in which these balloted horses are placed.	An industry standard of six ballots approved. These new conditions have also provided for some races to be excluded including black type and currently approved series races. Clubs to apply to NZTR for any exemptions to the Standard Balloting Conditions. Exempt races include top prizemoney races: 3YO Classic events, Karaka Million 2YO and 3YO events; and races such as the Hawkes Bay Spring Series of Mudgway Stakes, Stoney Bridge Stakes and Kelt Capital Stakes. Approved series events such as the Dunstan Feeds Series Championship Final and the Winning Edge Series Championship Final also exempt, as both these series have clearly defined and appropriate balloting conditions.
Barrier Trials Review	To review all aspects of the structure and conduct of barrier trials.	The following changes were made, effective 1 August 2008: <ul style="list-style-type: none"> • All trials run as catchweight • Horses will no longer be re-rated from either winning or running second in a trial • Implementation of a standard distance and class template • All un-raced horses must participate in a Trial or official Jump Out and be issued with a Barrier Certificate by a Stipendiary Steward or their approved representative prior to starting in a race • Implementation of a standard charging structure, using a sliding scale of fees • No late entries at trials unless approved by the Stipendiary Stewards.
Commingling amendments	To provide consistent product under the commingling agreement with Tabcorp: seven-day schedule for NZ from 10 am EST for betting in Australia, all Fridays and eight-race programmes.	The 2007/08 season saw an 8% increase in licences from 299 to 324. Number of Premier meetings lifted from 39 to 45. In 2007/08 Australians wagered A\$250m on NZ racing (compared to \$110 million in 2006/07). The Code received \$6.4m. This increase was due in the main part to commingling arrangements but was also aided by the Equine Influenza outbreak in Australia in August 2007.
Centralised Programming	To provide centralised and coordinated programming to ensure the needs of Trainers and Riders are identified and met.	Procedure software changes undertaken to ensure the required information around the horse population and race scheduling and other key information is available in a timely and accurate manner. This information will then be shared with regional programming personnel and then consolidated into a national race programme in conjunction with nominated regional representatives. Further work is continuing on this project with the aim to introduce centralised programming in April 2009 along with a rolling three-monthly calendar, which will be available from the NZTR website. This will in turn do away with the need to print a programming booklet.
Review of Ratings Based Handicapping (RBH) System and Race Programming	To achieve an additional start per horse per season and relieve the pressure on horses rated 76 and below.	Better conditions for lower rated horses to race in higher grades without being re-rated out of their current grade for a placed performance. New ratings bands introduced: Maiden; Rating 70 and under; Rating 80 and under; Rating 90 and under and Open. Currently horses average 5.7 starts per season, compared to 6.0 starts per runner in the 1995-96 season and currently 6.3 in Australia.
Friday Fixtures	To provide consistent racing for commingling. Programmed the maximum of 51 Fridays, with only Easter's Good Friday without racing.	New Zealand positioned to provide Australian punters with more product as well as consistent product from the start of this season. New Zealand also programmed later starts after the unfortunate outbreak of Equine Influenza in the 2007/08 season.
HEALTH & SAFETY		
Establishment of a Jockey Safety Review Group (JSRG)	To undertake a review of all aspects of Jockey safety and welfare and to ensure we have both the right infrastructure for safety and the right developmental needs to safeguard Riders' well-being as well as enabling us to attract new entrants.	NZTR's primary charter is one of integrity and safety. The review group commenced work in November 2007. NZTR's extensive Venue Inspection Project highlighted various safety aspects on the racecourse that NZTR firmly believed could be improved on. Additionally, while the expansion of the fixture list provides increased opportunities, it places an emphasis on Jockey's health and well-being.
Diuretics	To ensure measures to maintain the health and safety of Jockeys.	Rules implemented to ban the use of diuretics.
Drug Testing of Riders	To ensure measures to maintain the health and safety of Jockeys.	Drug testing programme for race riders and track riders further enhanced during the 2007/08 season.
Minister's Safety Development Fund	To determine the best application of Government funds specifically for safety projects.	\$533,400 delivered to Clubs for safety projects.
Clerks of Course Safety	To increase safety and protection for Clerks.	All Clerks of Course are now required to wear Helmets and approved Body Protectors.

nztr initiatives and outcomes 01/08/07 – 31/07/08 continued

ISSUES	AIMS	OUTCOMES
HR / TRAINING & DEVELOPMENT		
Training and Development Review	A complete review of all aspects of industry training and development, particularly NZTR's roles, recommending funding, structural, governance and administrative improvements to its delivery.	A tiered introduction in 2007/08 through to 2009/10 of a strengthened training and development programme overseen by one Committee responsible for all aspects (not only Apprentice Jockeys) of the thoroughbred code's training and development provision. All Industry Trainees: Modern Apprentices – Jockeys, Stablehands & Racecourse Maintenance Apprentice Jockeys – Trainee Jockeys not eligible to be Modern Apprentices Trainees – all other Industry Trainees not eligible to be Modern Apprentices Nat Cert in Equine (Racing Stable Management Level 4) Nat Cert in Equine (Racecourse Maintenance Level 3) Nat Cert in Equine in Thoroughbred Racing (Level 4) Nat Cert in Equine (Stable Practice Level 3) Thoroughbred Racing and Track Riding.
Qualifications Review	To review current qualifications to ensure qualifications are meeting the needs of the industry and standards are being maintained.	Review Unit Standards (every 5 years) and some areas of training strengthened: • Unit Standards related to race-riding • Stable Management qualification • Introductory Stable Practice.
Apprentice Survey	To better understand Apprentices and their needs, including training.	A wide range of information gathered from all Apprentice Riders and their employers concerning how they came into the profession, employment conditions, aspirations, shortcomings etc
Apprentice School Attendance	To improve training and development of Apprentice Jockeys through the Apprentice School system.	Stipendiary Stewards rostered to attend weekly Apprentice Schools in each region and a curriculum developed, which will ensure consistency and overall coverage of specific topics.
Appointment of New Zealand's first Racing Administration Trainee	To attract well-qualified 'home-grown' employees to New Zealand racing we need to develop formal training and succession planning programmes. To meet our commitment to develop domestic candidates and to provide them with real career paths.	The Racing Administration Trainee role is designed to provide a structured development opportunity for graduates with an interest in the thoroughbred racing industry and to be part of the wider NZTR administrative team, working across a number of areas within the National Office including the Racing Bureau, Operations, Communications, Licensing and Human Resources/Training and Development and Integrity. Development programme will also encompass Training and Development, including working at NZTR field days and careers promotions encouraging young people to join the industry, as well as finance and integrity, including assisting with the co-ordination of raceday officials.
Equine Influenza Seminars	To increase knowledge and awareness about EI and what to do in the event of an incursion.	Working with MAFBNZ, NZRB and Assurequality to arrange over 30 free seminars and related materials throughout New Zealand to all equine sectors.
Integrity Staff Restructure	To improve integrity capabilities and service.	New dual position in Otago/Southland (Steward & Investigator) New full time Stipendiary Steward in Central and Northern Regions.
Introductory Stable Practice Course [for new industry recruits]	To provide a basic course for people wanting to work in a commercial stable.	The majority of injuries and accidents occur within the first 10 days of a new employee working with horses. The course is designed to prepare someone to work with horses safely and confidently.
INDUSTRY COMMUNICATION & MARKETING		
Stakeholder consultation	To improve and increase stakeholder involvement and input into policies being developed by NZTR and to develop a partnership with all sectors.	A wide range of issues and draft policies were presented to industry stakeholders most notably the Rules Review and Governance. Introduction of: • Stakeholder Meetings biannually • Cluster Coordinators Meetings triannually • NZTR attendance at Cluster and Club Board meetings to report on NZTR activities and answer questions • Financial Reports to Clubs quarterly.
Industry Marketing Coordinator	Appointment of Jo Griffin as an industry marketing resource that NZTR has provided for clubs and trainers to utilise to improve their marketing and service levels and to grow and retain ownership.	Two-part National Owners' Survey executed to give us a current and precise view of NZ Racehorse Owners focusing on customer service, trainer communication and on-course raceday experience and an accurate picture of pathways into ownership. Data collected will be one of the cornerstones for NZTR's long-term strategic Industry Marketing Plan.
Industry Marketing	To heighten awareness and patronage of NZ thoroughbred racing.	Workshops for Group One and Hot Toddlies & Turf brands. Work on development of Country Cups Brand. Work with clubs on key carnival on-course promotions and sponsorship (planning/sponsorship for Riccarton & post-event advice e.g. Hawke's Bay Ladies Day & Live Barrier Draw Luncheon).
www.nzracing.co.nz	The most visited site in the NZ Racing industry, it receives more than 90,000 hits a day and 2.6 million a month and has over 20,000 Registered Users.	Specific enhancements in 2007/08 have included: • Addition of Trials replays • Te Runga Winter Crown Competition • A dedicated Jumping section.
Equine Influenza	To ensure all industry stakeholders are fully informed of the risks and measures required in the event of an incursion.	Regular dialogue with Government and non-Government agencies and with equine industry interests through the NZ Equine Health Association to increase awareness and preparedness for a potential incursion.
National Sponsor	To retain interest and investment from the thoroughbred Code's largest national sponsor – Ford Motor Company.	Extensive consultation with Ford and survey carried out which showed strong loyalty for Ford products from Code participants. Ford User Group formed to oversee Ford national sponsorship interests. Tracksides' <i>Ford Report</i> sponsorship discontinued.

ISSUES	AIMS	OUTCOMES
Communications Strategy	To improve communications with industry stakeholders and to ensure NZTR is aware of industry concerns and issues requiring further debate, specifically; <ul style="list-style-type: none"> • Improve internal communications • Increase positive coverage of industry • Improve the quality of communications – informative, consistent and timely – to enable stakeholders to better understand and contribute to our activities and plans • Correct misinformation in the public domain. 	NZTR's Business Plan for 2007/08 stated that communication is a strategic issue and that there is a strong link between industry satisfaction and how well NZTR keeps its constituents informed. NZTR recognised the need to produce and deliver a more robust and effective communications strategy. It drew up and implemented a strategy together with a communications action plan and communication protocols. NZTR's long-term aim is to build NZTR's reputation as an excellently-managed governing body working for all stakeholders, providing the right information to the right people at the right time and via the right channels. Special efforts made to communicate with 'hard to convince' groups. All communication monitored and evaluated.
Trainers Association	To improve capability and service of sector organisation for Trainers.	Work with the NZ Trainers' Association (NZTA) to improve delivery of services to NZTA members.
Gaming Grants	To ensure accurate information in the public domain regarding grants to racing.	Information collated and distributed through appropriate channels to help to protect against misinformation.
International Liaison	To reaffirm NZ's involvement and strong standing (NZ is one of the world's smallest racing jurisdictions) in the international racing community to expand international opportunities.	NZ is considered a leading racing nation internationally and through closer partnership with Australian racing, is well positioned to benefit from growth in Asian racing. Membership of and proactive involvement in the International Stud Book Committee, International Federation of Horseracing Authorities, Executive Council of the Asian Racing Federation and other international bodies.
INTEGRITY		
Rules of Racing Review	To commence a complete review of the Rules of Racing with three key aims: <ul style="list-style-type: none"> • To develop Rules that are more simple and logical than those currently in use • To ensure that the Rules are written in plain English • To ensure that the industry maintains a high level of integrity. 	This Review commenced in 2006/07 and will continue throughout the 2007/08 racing season with a view to having the revised version finalised for implementation in the last quarter of the 2008/09 season. With close to 400 Rules to review containing over 130,000 words – compared, for example, to around 55,000 words in the combined Australian and Local [State] Rules – this is a huge undertaking. Wide-ranging consultation process close to completion.
Swabbing Programme	To implement a full swabbing programme within three years.	Tiered increase in samples collected and tested in 2006/07, 2007/08 and 2008/09 taking the total to 3,115 this season. Programme also includes DMSO, pre-race TCO2 and barrier trial sampling.
Registration of all Stable Staff	To register all staff involved in the handling and managing of racehorses to enable NZTR to track and monitor all persons working around racing stables and training tracks.	Completed first year of new Registration protocols and procedures. Systems set up with all Integrity Staff to ensure compliance at all times on-course and at training centres.
Photo ID Cards for all Licencees	To issue all staff involved in the handling and managing of racehorses with photo ID cards.	All licensed/registered participants are now issued with a personalised photo ID card. 2,750 Photo ID cards were issued in 2007/08.
Trackwork Attendance	To increase the presence and awareness of NZTR's Integrity Staff at early morning trackwork.	Stipendiary Stewards now rostered to attend and monitor events at early morning trackwork around the country.
ID Checking at Barrier Trials	To ensure the identity of horses competing at official Barrier Trials.	The identity of all horses that compete at Barrier Trials is now confirmed against official brands and markings records.
Amendments to the Protest Rule (876)	To take out much of the discretionary element of protest decisions and to avoid the anomalous situation where a winning horse is relegated several places behind one which was clearly not going to beat it home in the race. Also to align New Zealand with commingling partners and provide consistency for punters on both sides of the Tasman in the treatment of horses involved in a protest situation.	The connections of the 'protesting horse' have to convince the Judicial Committee that if the interference had not occurred their horse would have finished ahead of the horse that caused the interference. This new rule also sees a change to the criteria for a protest. A protest can now be lodged by the connections of a horse that finished or had the potential to finish, in the event of a successful protest, in a stakes bearing position – not a dividend bearing position.
Authorised Syndication	To strengthen integrity of processes around the authorisation of syndicators and valuers.	Protocols and procedures fully reviewed and a number of improvements brought in including: <ul style="list-style-type: none"> • New biennial mandatory licensing process • Syndication fees abolished to take away the largest barrier to full and open disclosure.
Raceday Officials	To improve efficiency and consistency and to reduce cost of raceday officials on-course for the industry.	NZTR undertook a review of all raceday officials that perform an integrity function to establish where efficiencies could be met and best practices established. From 1 December 2001 Stenographers were employed directly by NZTR from clubs. Other roles will be looked at during 2008/09 as funding permits.
JUMPING		
Jumping Funding	To improve returns to owners of jumping horses.	Move to a model similar to industry day bulk funding so that the financial pressure is removed from clubs. NZTR set stakes and incorporate into club funding model. Clubs to continue to receive oncourse incentives. NZTR committed budget inclusive of all elements of jumps racing. Additional funding of \$185,000 for the current season and \$300,000 for each of the two following seasons is to provide for: <ul style="list-style-type: none"> • Targeted stakes increases, delivering consistency combined with differentials encouraging participation • Management of Jumps racing, including a specific part-time appointment to manage and coordinate all aspects of Jumps racing.
Jumping Structure	To provide jumps racing with a representative group, including NZTR Management, to ensure consistent and accountable decision-making and one person responsible for all aspects including programming.	NZTR appointed a new jumping advisory board (NZ Jumps Inc.) to advise and provide recommendations to NZTR on all facets of jump racing and a part-time National Jumps Racing Coordinator to head up NZ jumps racing for NZTR. The National Jumps Racing Coordinator – Andre Klein – appointed Chairman of the new advisory board. This provided better co-ordination of jumps racing policies, consistency of decision-making, and left NZTR to manage jumps racing.

nztr initiatives and outcomes 01/08/07 – 31/07/08 continued

ISSUES	AIMS	OUTCOMES
Jumping Season & Programme	To provide clearly defined national targets, a series of key races throughout the season, a better flow of key events and fewer but better jumps races on key wagering days.	<ul style="list-style-type: none"> • Central management of programming • Industry meetings held every fortnight through the season in both islands on mid-week days and Sundays • Prestige Jumps races held every fortnight through the season on Saturdays • A minimum of four races on all jumps racing days (excluding the Hawke's Bay Hurdles and Steeples and the Great Northern Hurdles and Steeples) • End of season finale facilitated through the Rotorua BOP Hunt Club.
Jumping Venues	To provide safe jumping venues supported by good infrastructure and wagering.	Reduce venues utilised for jumping from 28 to 15 for all levels.
Jumping Health and Safety	To provide safe environments for jumps racing participants to work in.	NZTR undertook infrastructure audits at all jumping venues NZTR reviewed safety aspects including spurs, fence design and new steeplechase wing design.
Jumping Marketing	To increase awareness and attendance at jumps meetings, sponsorship support and wagering on jumping events.	A marketing plan and budget for the promotion of jumping signed off by NZTR and made up part of the overall funding of jumps racing. Increased usage of available promotional resources including: <ul style="list-style-type: none"> • NZTR Website – Dedicated Section • NZTR Calendar – National & International Reports • Media Releases & Over The Jumps Newsletter • Radio Trakside & Trakside TV Communication • Introduction of tiered sponsorship opportunities, specifically around jumps racing, and membership benefits of NZ Jumping. Two new sponsored initiatives: The Ballantine's Whisky Jump Stars of the Season competition and The Dormello Stud Amateur Riders' Series.
RACE VENUES		
Venue Inspection Programme	To conduct a two-year racetrack assessment programme of all tracks. Third Edition with extensive new requirements published in September 2007.	The Venue Inspection programme continues under the guidance of the NZTR National Venue Inspector (Garry Foskett). The key issues that have been addressed over the last 12 months include: <ul style="list-style-type: none"> • Follow-up with clubs on any venue issues that do not meet the minimum standards as set out in the NZTR Venue Guidelines • Working closely with all venues on the requirements and policies around horse containment at the venue, including the development of venue containment plans, procedures and ongoing supervision and monitoring • Audit of venue irrigation systems to identify the most effective system for clubs to put in place • Where required ongoing mentoring of track staff in the maintenance of their racetrack • Direct involvement as required in track remedial work and ongoing maintenance programmes brought about by any track safety concerns.
Matamata Synthetic Track Project	To provide alternative racing and training surfaces in New Zealand for greater surety for training and racing.	Preparation and evaluation of the business case around the construction of a synthetic racetrack in New Zealand by NZTR and NZRB, with Matamata selected as the preferred venue. Racing Victoria (RVL) appointed as Project Director and a Project Control Group (PCG) made up of representatives from NZTR and NZRB management formed to oversee the project and the development of the various agreements. Completion of a venue design brief for Matamata by RVL. Design brief has been signed off by the PCG and Racing Matamata and tendering for the contract for the design, documentation and site project management. Downer EDI/Coomes Consulting awarded contract. Detailed design work commenced in early September, with construction, subject to NZRB and NZTR Board approval, commencing in December 2008. The track is scheduled for completion in April/May 2009, which will allow racing to commence in June.
Auckland Blue Print	To review venue needs of the racing industry in the Auckland region (other regions to follow).	Following review of public submissions a revised project plan and consultation document has been developed by NZTR for consideration by the NZTR Board and the Auckland clubs.
East Coast Racing	To consolidate efficiencies for East Coast venues.	Consultation and agreement reached to operate East Coast Racing from 1 August 2009: Poverty Bay, Wairoa, Hawkes Bay, Woodville, Waipukurau, Masterton and Wairarapa.
New Track Rating System	To more accurately reflect the track rating and provide more consistency.	A new system of grading track conditions came into existence on 1 June 2008. The new policy incorporates an 11-scale system, which goes from a Fast 1 to a Heavy 11. Under the new scale the actual Penetrometer number is released, only the rating category and associated scale – for example Dead 6.
NZ Track Preparation Workshops	To identify the issues that Track Managers face in presenting the best possible track on race day.	Track presentation workshops held around the country between NZTR, Track Managers and Trainers. One of the key findings was Track Managers having access to aeration machinery when required. As a consequence NZTR has purchased four aeration machines for use around the country to provide a comprehensive aeration solution for all venues. Another key finding was the benefit in 'putting' the track back as soon as possible after a race or trial meeting and certainly within three days of the event. This requirement will be spelled out in the next edition of the NZTR Venue Guidelines and clubs must ensure they have procedures in place to 'put' the track back within the three-day time limit, preferably sooner. Other outcomes from the workshops will be worked through over the next twelve months. The intention is to repeat the workshops on an annual basis.
Strategic Training Centres	To review the current status of training venues nationally, with a focus on Strategic Training Centres (STCs) and recommendations for future standards and funding.	<ul style="list-style-type: none"> • Full review of training centres conducted, examining starters produced by venues nationally, comparisons with Victoria, regional and sub-regional venue distribution, a wider overview of STCs, proposed ideal standards for STCs and gap analysis of training facilities and requirements at STCs, including discussions with key personnel. As a result of the review paper and subsequent Board papers, the following has been put in place for the 2008/2009 season: • Establishment of criteria for determining STCs (including club and privately owned training venues) • Upgrade/downgrade of STCs according to criteria – Hastings, New Plymouth, Pukekohe • Confirmation of STC operating and capital funding for season • Identification of key projects at STCs to improve standard of facilities available to horses in training • Liaison/communication with STCs on final training venue policy and outcomes, including on pre-approved projects.



statistics

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
THOROUGHBRED RACING						
No of meetings – full totalisator	326	299	296	297	283	286
No of clubs to race	69	69	69	68	71	69
No of racetracks used	51	51	51	51	51	51
Races run	2,970	2,863	2,855	2,817	2,791	2,810
Horses registered	2,859	2,917	3,006	3,118	3,141	3,153
No of horses racing in NZ	5,576	5,566	5,642	5,706	5,564	5,469
No of Listed races (incl Group races)	147	147	146	147	146	151
No of Black Type races (incl jump races)	157	158	158	157	158	163
Black Type as % of total races	5.3	5.5	5.5	5.6	5.6	5.8
Prizemoney paid	\$56,227,702	\$49,429,973	\$39,726,447	\$37,225,515	\$36,272,557	\$35,014,720
Highest single stake	\$2,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$750,000	\$500,000
Average stake per race	\$18,932	\$17,265	\$13,915	\$13,262	\$12,996	\$12,461
No of public trainers	353	333	351	366	354	361
No permit to train holders	372	387	397	377	372	379
No of owner-trainers	437	476	489	634	685	696
No of jockeys	112	124	116	129	159	154
No of apprentice jockeys	50	60	54	62	63	64
No of amateur riders	26	40	34	31	25	24
THOROUGHBRED BREEDING						
No of broodmares pastured (Approx)	8,048	8,163	8,286	8,590	8,910	9,288
No of stallions	177	201	192	207	217	229
No of foals bred	4,126	4,264	4,522	4,509	4,683	5,060
No of thoroughbreds exported	1,577	1,831	1,849	1,806	1,782	1,763
BETTING TURNOVER						
On-course betting	\$48,603,720	\$47,781,035	\$44,241,000	\$45,475,868	\$46,461,350	\$48,224,441
Off-course betting	\$392,497,160	\$385,088,609	\$382,374,000	\$389,314,200	\$373,102,358	\$373,905,987
Fixed odds betting racing	\$41,149,965	\$32,773,856	\$30,007,000	\$8,767,887	\$3,741,749	\$1,580,150
TOTAL BETS	\$482,250,845	\$465,643,500	\$456,658,000	\$443,577,955	\$423,305,457	\$423,710,578
SOURCE OF OFF-COURSE TURNOVER						
Win/place	51.40%	51.80%	51.63%	55.28%	55.87%	56.59%
Double	3.90%	4.20%	4.48%	4.00%	4.08%	4.29%
Treble	4.10%	4.20%	4.27%	4.65%	4.72%	4.72%
Quinella	9.90%	9.20%	9.64%	10.30%	10.57%	11.22%
Trifecta	19.80%	20.10%	20.47%	21.36%	21.74%	21.57%
Fixed odds	8.40%	7.60%	7.29%	2.20%	0.99%	0.04%
Pick 6 and six pack	2.50%	2.90%	2.22%	2.20%	2.02%	1.19%
Total	100%	100%	100%	100%	100%	100%

financial statements



OWNER DICK KARREMAN LEADS IN 2007/08 MERCEDES HORSE OF THE YEAR SEACHANGE AND JOCKEY GAVIN MCKEON AFTER WINNING THE WAIKATO DRAUGHT SPRINT (GROUP 1) AT TE RAPA – FEBRUARY 2008

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE 12 MONTHS ENDED 31 JULY 2008

	NOTES	12 MONTHS ENDED 31-JUL-08 \$	16 MONTHS ENDED 31-JUL-07 \$
INCOME			
NZRB Code Distributions and Levies		67,726,204	60,400,497
NZRB Distribution		2,142,423	7,585,012
TRM and Publications		414,004	533,337
Registrations		721,847	1,040,880
Levies		2,661,488	3,398,209
Licence Fees		232,187	294,120
Stud Book		1,659,605	2,743,216
Interest		326,948	456,814
Sundry Income		419,975	318,936
Transfer from Reserves	7	-	672,535
Distribution Account Income		819,494	-
TOTAL INCOME		77,124,175	77,443,556
LESS EXPENSES			
Club Product Payments and Subsidies		72,452,540	61,462,575
TRM and Publications		354,731	453,078
Ownership and Industry Initiatives		73,601	122,818
Training and Development		153,274	78,660
Property and Central Overheads	11	516,533	648,331
IT Infrastructure and Network Costs	12	664,085	785,914
Special Projects	13	287,824	388,273
Salaries and Other Staff Costs		3,236,957	3,934,781
Other Department Costs	14	1,060,540	1,349,068
Sundry Costs	15	1,423,282	1,959,093
Restructuring Costs		52,281	94,310
TOTAL EXPENSES		80,275,648	71,276,901
NET (LOSS) / PROFIT FOR THE PERIOD	7	(3,151,473)	6,166,655
Allocated to:			
Retained Earnings		(567,560)	(356,279)
Reserves		(2,583,913)	6,522,934
		(3,151,473)	6,166,655

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

STATEMENT OF CHANGES IN EQUITY

FOR THE 12 MONTHS ENDED 31 JULY 2008

	12 MONTHS ENDED 31-JUL-08 \$	16 MONTHS ENDED 31-JUL-07 \$
EQUITY – START OF PERIOD	8,986,711	3,492,591
Net (Loss) / Profit for the period	(3,151,473)	6,166,655
Transfer to Statement of Financial Performance	-	(672,535)
EQUITY – END OF PERIOD	<u>5,835,238</u>	<u>8,986,711</u>

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

STATEMENT OF FINANCIAL POSITION

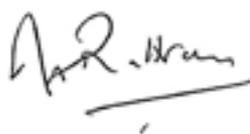
AS AT 31 JULY 2008

	NOTES	31-JUL-08 \$	31-JUL-07 \$
EQUITY			
Opening Retained Earnings		2,870,287	3,226,566
Net (Loss) for the Period		(567,560)	(356,279)
Closing Retained Earnings	7	<u>2,302,727</u>	<u>2,870,287</u>
Reserves	7	<u>3,532,511</u>	<u>6,116,424</u>
TOTAL EQUITY		<u>5,835,238</u>	<u>8,986,711</u>
CURRENT ASSETS			
Cash		90,982	87,780
Short Term Deposits		-	2,250,000
Trade and Sundry Debtors		504,464	417,073
Income Receivable		518,940	150,867
Short Term Loans and Advances	9	64,802	73,698
Code Distribution Account	7	<u>3,532,511</u>	<u>6,116,424</u>
TOTAL CURRENT ASSETS		<u>4,711,699</u>	<u>9,095,842</u>
LESS CURRENT LIABILITIES			
Trade and Sundry Creditors		1,105,208	1,036,003
Provision for Annual Leave		319,602	303,335
Fees and Subscriptions in Advance		<u>334,526</u>	<u>347,719</u>
TOTAL CURRENT LIABILITIES		<u>1,759,336</u>	<u>1,687,057</u>
NET CURRENT ASSETS		<u>2,952,363</u>	<u>7,408,785</u>
NON-CURRENT ASSETS			
Long Term Deposits		1,185,030	-
Property, Plant and Equipment	5	476,436	461,290
Intangibles	6	678,155	637,445
Loans and Advances	9	<u>543,254</u>	<u>479,191</u>
TOTAL NON-CURRENT ASSETS		<u>2,882,875</u>	<u>1,577,926</u>
NET ASSETS		<u>5,835,238</u>	<u>8,986,711</u>

The Financial Statements of New Zealand Thoroughbred Racing are accepted on behalf of the Board of Directors on 29 September 2008.



GUY SARGENT
CHAIRMAN – NZTR BOARD



JOHN RATTRAY
NZTR FINANCE COMMITTEE

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

STATEMENT OF CASH FLOWS

FOR THE 12 MONTHS ENDED 31 JULY 2008

	NOTES	12 MONTHS ENDED 31-JUL-08 \$	16 MONTHS ENDED 31-JUL-07 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Fees, Services and Subscriptions		3,998,336	5,083,178
Levies		2,494,617	2,900,343
Receipts from the NZRB		69,868,627	67,985,509
Interest Income		302,745	407,459
		<u>76,664,325</u>	<u>76,376,489</u>
Cash was applied to:			
Payments to Suppliers and Employees		(7,183,347)	(9,332,436)
Payments to Clubs		(72,452,541)	(61,462,575)
Net Cash Flows from Operating Activities		<u>(2,971,563)</u>	<u>5,581,478</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of Property, Plant and Equipment		8,942	21,781
Sale of Term Deposits/Loans		1,064,970	2,332,600
Distribution Account		2,583,915	-
		<u>3,657,827</u>	<u>2,354,381</u>
Cash was applied to:			
Purchase of Property, Plant and Equipment		(222,354)	(402,806)
Purchase of Intangibles		(405,541)	(388,574)
Purchase of Term Deposits/Loans		(55,167)	-
Distribution Account		-	(7,195,470)
Net Cash Flows from Investing Activities		<u>2,974,765</u>	<u>(5,632,469)</u>
Net Increase / (Decrease) in Cash Held		3,202	(50,991)
Add Opening Cash		87,780	138,771
CLOSING CASH		<u>90,982</u>	<u>87,780</u>
RECONCILIATION OF OPERATING CASH FLOWS WITH NET (LOSS) / PROFIT			
Net (Loss) / Profit for the period		(3,151,473)	6,166,655
Add Non-Cash Items:			
(Profit) / Loss on Sale of Fixed Assets		(4,368)	27,621
Depreciation		247,541	255,027
Amortisation		319,923	394,433
		<u>563,096</u>	<u>677,081</u>
Add Movement in Other Working Capital Items			
Accrued Interest		(24,203)	(49,355)
Sundry Debtors		(425,802)	(254,255)
Sundry Creditors		80,013	(766,443)
Fees in Advance		(13,194)	(192,205)
		<u>(383,186)</u>	<u>(1,262,258)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES		<u>(2,971,563)</u>	<u>5,581,478</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2008

1. STATEMENT OF ACCOUNTING POLICIES

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

STATEMENT OF COMPLIANCE

New Zealand Thoroughbred Racing Inc (NZTR) is an incorporated society registered and domiciled in New Zealand. Its principal activity is to govern thoroughbred racing in New Zealand.

NZTR's primary objectives are to:

- supply thoroughbred product for wagering and sporting customers;
- determine the thoroughbred code's business plan, including performance targets and distribution of funds to maximise and sustain financial benefits;
- define, regulate and amend the policies and Rules of Racing of the thoroughbred code.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. Compliance with NZ IFRS ensures that the financial statements also comply with International Financial Reporting Standards (IFRS).

This is the first set of financial statements prepared based on NZ IFRS and comparatives for the period ended 31 July 2007 have been restated accordingly. An explanation of how the transition to NZ IFRS has affected the Statement of Financial Position and Statement of Financial Performance is provided in Note 16.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS Statement of Financial Position at 1 April 2006 for the purposes of the transition to NZ IFRS.

The financial statements are presented in New Zealand dollars which is the functional currency of NZTR.

Last year NZTR changed reporting dates to fall in line with the racing season (1 August – 31 July). Therefore comparative information is for 16 months ended 31 July 2007.

BASIS FOR PREPARATION

The financial statements have been prepared on the historical cost basis, modified to include assets at fair value.

CHANGE IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the period, other than to comply with NZ IFRS.

SPECIFIC ACCOUNTING POLICIES

The specific accounting policies used in the preparation of the financial statements are as follows:

a) Trade Debtors

Trade Debtors are stated at their estimated realisable value after writing off any debts considered uncollectible.

b) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses which have been calculated on the following basis:

Office Equipment, Furniture and Fittings	20% straight line
Motor Vehicles	20% - 33.33% straight line
Computer Equipment	33.33% straight line

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2008

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

c) Intangible Assets

Computer Software is a finite life intangible and is recorded at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful life of 3 years.

d) Investments

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned and are initially measured at fair value.

e) Taxation

NZTR is specifically mentioned in the Income Tax Act 2004 as being exempt from income tax. Accordingly, no income tax has been provided for in the financial statements.

f) Reserves

The policy of making specific allocations from net operational profit to cover estimated future costs of specific projects was discontinued last year. Funding to Clubs is paid out of the Code Distribution. All other NZTR operations are funded from a combination of Retained Earnings and the Code Distribution.

g) Differential Reporting

NZTR qualifies for differential reporting as it is not publicly accountable and it is not large. NZTR has applied all relevant differential reporting exemptions except for: NZ IAS 7: Cash Flow Statements

h) Cash Flow

"Cash" means coins and notes, demand deposits and other highly liquid investments in which NZTR invests as part of its day-to-day cash management.

"Investing Activities" are those activities relating to the acquisition and disposal of current and non-current securities and advances and any other non-current assets.

"Operating Activities" include all transactions and other events that are not investing activities. Transactions relating to operating transactions and other events include interest received and interest paid.

i) Operating Leases

An operating lease is a lease that does not substantially transfer all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

j) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and retirement entitlements when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

k) Financial Assets

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

l) Financial Liabilities

Trade and Other Payables

Trade and other payables are recognised when obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are measured at initial recognition at fair value.

m) Revenue

Revenue is measured at the fair value of consideration received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2008

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

Registration, Stud Book, Licence and Publication Revenue

Revenue from fees is recognised when payment is made or invoiced for that fee.

Levies

Levies are set annually and relate to the financial year. Levies revenue is recognised when invoiced.

Fines

Revenue from fines and penalties is recognised when the fine or penalty is imposed.

Interest

Interest revenue is recognised using the effective interest rate method.

Code Distribution

Each racing code is responsible pursuant to Section 25 of the Racing Act 2003 to distribute funding to the clubs in line with their funding policy. Revenue is recognised each month pursuant to Section 25 of the Racing Act 2003 based on NZTR's turnover earnings and share of the New Zealand domestic market for that month. Expenditure is recognised when payments are made.

Comparative Information

Due the change in reporting format, comparatives have been amended to ensure comparability with current period disclosures. These changes do not have an effect on reported profit.

2. CAPITAL COMMITMENTS

There are no capital commitments as at 31 July 2008 (2007:\$nil).

3. CONTINGENT LIABILITIES

We are not aware of any litigation in process that will materially affect the Financial Statements.

4. LEASE COMMITMENTS

Lease commitments as at 31 July 2008 are as follows:

	31-Jul-08	31-Jul-07
	\$	\$
Due within 12 months – Current	19,974	24,487
Due in 1-2 years – Non-Current	628	19,591
Due in 3-5 years – Non-Current	-	603
Total	20,602	44,681

5. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated Depreciation	31-Jul-08 NBV	31-Jul-07 NBV
	\$		\$	\$
Office Equipment, Furniture and Fittings	398,303	218,218	180,085	180,412
Motor Vehicles	332,774	155,996	176,778	154,171
Computer Hardware	595,726	476,153	119,573	126,707
Total	1,323,803	850,367	476,436	461,290

Property, Plant and Equipment additions during the year totalled \$222,354, comprising of Computer Hardware \$33,971, Office Equipment, Furniture and Fittings \$71,424, and Motor Vehicles \$116,959.

	31-Jul-08	31-Jul-07
	\$	\$
Office Equipment, Furniture and Fittings	71,750	94,655
Motor Vehicles	89,778	79,620
Computer Hardware	86,013	80,752
	247,541	255,027

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2008

6. INTANGIBLES

	Cost	Accumulated Amortisation	31-Jul-08 NBV	31-Jul-07 NBV
	\$		\$	\$
Motor Vehicles				
Computer Software and Web Development	2,630,514	1,952,359	678,155	637,445
Total	2,630,514	1,952,359	678,155	637,445

Additions for Computer Software and Web Development was \$405,541.

	31-Jul-08	31-Jul-07
	\$	\$
Amortisation Expense		
Computer Software and Web Development	319,923	394,433
	319,923	394,433

7. ACCUMULATED FUNDS AND RESERVES

	31-Jul-08	31-Jul-07
	\$	\$
Retained Profits at Start of Period	2,870,287	3,226,566
Net (Loss)	(567,560)	(356,279)
Retained Profits at End of Period	2,302,727	2,870,287

Reserves:

Code Distribution

Opening Balance	6,116,424	(406,510)
Transfers in (out of) / to Reserves	(2,583,913)	6,522,934
Closing Balance	3,532,511	6,116,424

With the introduction of the Racing Act 2003 on 1 August 2003, the responsibility for the payment of funding to Clubs became that of the code governing the body. Under Section 17 of the Act, the New Zealand Racing Board (NZRB) is to pay its distributions to the codes.

Pursuant to Section 25 of the Act, each racing code is then responsible for distributing 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.

Classic Races Stakes Subsidy

Opening Balance	-	143,755
Transfers (out of) Reserves	-	(143,755)
Closing Balance	-	-

Code Supplementary Fund

Opening Balance	-	528,780
Transfers (out of) Reserves	-	(528,780)
Closing Balance	-	-

The Classic Races Stakes Subsidy and Code Supplementary Fund were previously used to distribute stakes funding to clubs. All funding to Clubs including stakes is now funded out of the Code Distribution. As such, the balance of both of these reserves have been transferred to the Statement of Financial Performance for the 16 months ended 31 July 2007.

TOTAL RESERVES – OPENING BALANCE	6,116,424	266,025
Movement in Reserves	(2,583,913)	5,850,399
TOTAL RESERVES – CLOSING BALANCE	3,532,511	6,116,424

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2008

8. FINANCIAL INSTRUMENTS

NATURE AND EXTENT OF ACTIVITIES

NZTR has exposure to financial instruments principally through debtors, cash, short term bank investments, loans and advances, 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, except for three interest free loans.

CREDIT RISK

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

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

9. LOANS

NZTR has advanced the following amounts at commercial interest rates, with the exception of the loans indicated as being interest free:

		31-Jul-08 \$	31-Jul-07 \$
Current			
NZ Racing Hall of Fame	Interest Free	15,000	-
Otago Racing Club		27,645	42,487
Oamaru Jockey Club		11,477	31,211
Other Short Term Loans	Interest Free	10,680	-
Total Current		64,802	73,698
Non-Current			
RACE Inc		257,007	257,007
Otaki-Maori Racing Club		103,184	103,184
New Zealand Equine Education Trust	Interest Free	119,000	119,000
Northern Raceday Services Society Limited		64,063	
Total Non-Current		543,254	479,191
Total Loans		608,056	552,889

10. RELATED PARTY TRANSACTIONS

10.1 Compensation of Key Management

	12 Months Ended 31-Jul-08 \$	16 Months Ended 31-Jul-07 \$
Salaried and Short-term benefits	690,430	783,330
Long-term benefits	13,435	16,095
Total	703,865	799,425

10.2 Loans to related parties

NZTR has advanced the following interest free loan to a related party:

	31-Jul-08 \$	31-Jul-07 \$
New Zealand Equine Education Trust	119,000	119,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2008

10. RELATED PARTY TRANSACTIONS (CONT)

10.3 Transactions involving related parties

Board

All members of NZTR's Board have interests in thoroughbred racing in New Zealand through ownerships, breeding or training. All members of NZTR's Board may race horses and be eligible for stake money from thoroughbred racing clubs.

Other Related Entities

NZTR entered into transactions during the period with the following related entities:

- NZTR Owners Settlement. The NZTR Owners Settlement manages all stake settlements in regards to thoroughbred racing. NZTR charge a management fee to NZTR Owners Settlement to manage this function.
- Apprentice Jockeys Fund (AJF). The AJF hold apprentice and their employer's earnings in trust. NZTR charge a management fee to the AJF to manage the fund.
- General Trust Fund (GTF). The GTF financially supports injured licensees. NZTR charge a management fee to the GTF to manage the fund.
- Apprenticeship Board. The Apprenticeship Board manages the education of apprentices. NZTR contributes funding towards the Apprenticeship Board.
- The New Zealand Racing Board (NZRB). The NZRB distributes funds to to NZTR to fund thoroughbred racing.

As well as distributing funds and paying clubs on NZTR's behalf, the NZRB also charged to NZTR: telephone, IT and property costs.

	12 Months Ended 31-Jul-08 \$	16 Months Ended 31-Jul-07 \$
NZTR Owners Settlement management fee	122,034	157,796
Apprentice Jockeys Fund management fee	20,000	26,667
General Trust Fund management fee	7,300	9,733
Apprenticeship Board funding expenses	(56,266)	(54,109)
NZRB: operating fees less operating expenses	(148,258)	(176,458)
NZRB: funding revenue less funding expenses	(2,583,913)	6,522,934

As well as the above related party transactions, NZTR has committed \$300,000 in funding each year for 3 years to the GTF.

The financial information of the GTF has not been consolidated into NZTR's financial statements as the GTF is a separate trust fund set up to provide financial assistance to injured licensees.

11. PROPERTY AND CENTRAL OVERHEADS

The key expenses that are included in Property and Central Overheads are:

Rent and Property Expenses	87,282	129,039
Insurance	51,686	61,245
Depreciation	71,750	94,655
Loss on Disposal of Property, Plant and Equipment	(4,368)	27,621

12. IT INFRASTRUCTURE AND NETWORK COSTS

The key expenses included in IT Infrastructure and Network costs are:

Depreciation	86,013	80,752
Amortisation	319,923	394,433
Maintenance and Network Costs	217,491	310,728

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2008

13. SPECIAL PROJECTS

The key projects included in Special Projects are:

	12 Months Ended 31-Jul-08 \$	16 Months Ended 31-Jul-07 \$
Venue Inspection	-	127,397
Rules of Racing Review	130,945	62,716
Regional Feasibility Studies	22,031	41,777
Training Venue Review	28,597	-
Jumps Initiatives	42,595	-

Venue Inspection is now included in Salaries and Other Department Costs.

14. OTHER DEPARTMENT COSTS

The key expenses included in Other Department Costs are:

Drug Detection	52,910	160,095
DNA Typing	417,154	302,184
Travel	337,451	296,874

The decrease in drug detection costs is due to the NZRB agreeing to fund the cost of drug testing with the New Zealand Laboratory Services from 1 August 2006.

15. SUNDRY COSTS

The key expenses included in Sundry Costs are:

Judicial Control Authority	149,428	199,340
Board Expenses	139,764	171,954
Board Fees	175,000	172,928
Legal and Professional Fees	216,865	315,685
Audit Fees	25,000	36,890
Bad Debt (Recovery)	(5,979)	(13,140)
Club Levy Write-Off	-	586,724
Raceday Services and Initiatives	351,067	-

16. IMPACTS OF ADOPTION OF THE NEW ZEALAND EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

NZTR's Financial Statements for the year ended 31 July 2008 are the first financial statements prepared under New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). NZTR has applied NZ IFRS 1: *First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards* in preparing these financial statements.

NZTR's transition date is 1 April 2006. NZTR prepared its opening NZ IFRS Statement of Financial Position at that date. The reporting date of these financial statements is at 31 July 2008. NZTR's NZ IFRS adoption date is 1 August 2007.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2008

16. IMPACTS OF ADOPTION OF THE NEW ZEALAND EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT)

16.1 Effect of NZ IFRS on the Statement of Financial Position

	Note	As at 1 April 2006			As at 31 July 2007		
		Previous NZ GAAP	Effect on transition to NZ IFRS	NZ IFRS	Previous NZ GAAP	Effect on transition to NZ IFRS	NZ IFRS
		\$	\$	\$	\$	\$	\$
EQUITY							
Opening Retained Earnings		4,295,082		4,295,082	3,563,624	(337,058)	3,226,566
Net (Loss) for the Period		(731,458)	(337,058)	(1,068,516)	(689,988)	333,709	(356,279)
Closing Retained Earnings		3,563,624	(337,058)	3,226,566	2,873,636	(3,349)	2,870,287
Reserves		2,182,889	(1,916,864)	266,025	8,004,086	(1,887,662)	6,116,424
TOTAL EQUITY		5,746,513	(2,253,922)	3,492,591	10,877,722	(1,891,011)	8,986,711
CURRENT ASSETS							
Cash		138,771	-	138,771	87,780	-	87,780
Short Term Deposits		4,100,000	-	4,100,000	2,250,000	-	2,250,000
Trade and Sundry Debtors		438,493	-	438,493	417,073	-	417,073
Income Receivable		239,725	-	239,725	150,867	-	150,867
Short Term Loans and Advances		20,000	-	20,000	73,698	-	73,698
NZ Thoroughbred Bonus Scheme	d	740,775	(740,775)	-	724,700	(724,700)	-
Code Distribution Account		-	-	-	6,116,424	-	6,116,424
TOTAL CURRENT ASSETS		5,677,764	(740,775)	4,936,989	9,820,542	(724,700)	9,095,842
LESS CURRENT LIABILITIES							
Trade and Sundry Creditors		1,665,201	-	1,665,201	1,036,003	-	1,036,003
Provision for Annual Leave		443,929	-	443,929	303,335	-	303,335
Fees and Subscriptions in Advance	a/c	199,517	337,058	536,575	344,370	3,349	347,719
Code Distribution Account		406,510	-	406,510	-	-	-
TOTAL CURRENT LIABILITIES		2,715,157	337,058	3,052,215	1,683,708	3,349	1,687,057
NET CURRENT ASSETS		2,962,607	(1,077,833)	1,884,774	8,136,834	(728,049)	7,408,785
NON-CURRENT ASSETS							
Long Term Deposits		-	-	-	-	-	-
Property, Plant and Equipment	b	1,006,217	(510,178)	496,039	1,098,735	(637,446)	461,289
Intangibles	b	-	510,178	510,178	-	637,446	637,446
Loans and Advances		601,600	-	601,600	479,191	-	479,191
NZ Thoroughbred Bonus Scheme	d	1,176,089	(1,176,089)	-	1,162,962	(1,162,962)	-
TOTAL NON-CURRENT ASSETS	d	2,783,906	(1,176,089)	1,607,817	2,740,888	(1,162,962)	1,577,926
NET ASSETS		5,746,513	(2,253,922)	3,492,591	10,877,722	(1,891,011)	8,986,711

EXPLANATORY NOTES – RECONCILIATION OF CHANGES TO STATEMENT OF FINANCIAL POSITION

- a) **Fees and Subscriptions in Advance and Stud Book Revenue**
Adjustment to recognise Annual Entry Fees and Stallion Fees (\$321,585) in the period ended 31 July 2007 as per NZ IAS 18, Revenue.
- b) **Property, Plant and Equipment and Intangibles**
Under NZ IFRS, reclassify Software (2006: \$510,178 and 2007: \$637,446) to Intangibles and amortise per NZ IAS 38, Intangible Assets.
- c) **Fees and Subscriptions in Advance and Property and Central Overhead Expenses**
Adjustment to recognise rent-free adjustment on rental lease (\$15,473) as per NZ IAS 18, Revenue. Total adjustment over life of lease \$27,279.
- d) **NZ Thoroughbred Bonus Scheme Asset and Reserve**
Under NZ IAS 27, Consolidated and Separate Financial Statements, it was deemed NZTR does not exert control over the NZ Thoroughbred Bonus Scheme. Accordingly, the scheme's assets and reserves have been removed from the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2008

16. IMPACTS OF ADOPTION OF THE NEW ZEALAND EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT)

16.2 Effect of NZ IFRS on the Statement of Financial Performance

	Note	As at 31 July 2007		
		Previous NZ GAAP \$	Effect on transition to NZ IFRS \$	NZ IFRS \$
INCOME				
NZRB Code Distributions and Levies		60,400,497	-	60,400,497
NZRB Distribution		7,585,012	-	7,585,012
TRM and Publications		533,337	-	533,337
Registrations		1,040,880	-	1,040,880
Levies		3,398,209	-	3,398,209
Licence Fees		294,120	-	294,120
Stud Book	a	2,421,631	321,585	2,743,216
Interest		456,814	-	456,814
Sundry Income		318,936	-	318,936
Transfer from Reserves		672,535	-	672,535
Distribution Account Income		-	-	-
TOTAL INCOME		77,121,971	321,585	77,443,556
LESS EXPENSES				
Club Product Payments and Subsidies		61,462,575	-	61,462,575
TRM and Publications		453,078	-	453,078
Ownership and Industry Initiatives		122,818	-	122,818
Training and Development		78,660	-	78,660
Property and Central Overheads	b	660,455	(12,124)	648,331
IT Infrastructure and Network Costs		785,914	-	785,914
Special Projects		388,273	-	388,273
Salaries and Other Staff Costs		3,934,781	-	3,934,781
Other Department Costs		1,349,068	-	1,349,068
Sundry Costs		1,959,093	-	1,959,093
Restructuring Costs		94,310	-	94,310
TOTAL EXPENSES		71,289,025	(12,124)	71,276,901
NET PROFIT FOR THE PERIOD		5,832,946	333,709	6,166,655

EXPLANATORY NOTES – RECONCILIATION OF CHANGES TO STATEMENT OF FINANCIAL PERFORMANCE

a) Fees and Subscriptions in Advance and Stud Book Revenue

Adjustment to recognise Annual Entry Fees and Stallion Fees (\$321,585) in the period ended 31 July 2007 as per NZ IAS 18, Revenue.

b) Property, Plant and Equipment and Property and Central Overhead Expenses

Adjustment to recognise rent-free adjustment on rental lease (\$12,124) as per NZ IAS 18, Revenue.

AUDIT REPORT

TO THE MEMBERS NEW ZEALAND THOROUGHBRED RACING INCORPORATED

We have audited the financial statements on pages 19 to 31. The financial statements provide information about the past financial performance of New Zealand Thoroughbred Racing Incorporated and its financial position as at 31 July 2008. This information is stated in accordance with the accounting policies set out on pages 23 to 25.

This report is provided solely for your exclusive use. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. We accept or assume no duty, responsibility or liability to any other party in connection with the report or this engagement, including without limitation, liability for negligence in relation to the factual findings expressed or implied in this report.

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 July 2008 and the results of its operations and cash flows for the year ended on that date.

Auditor's Responsibilities

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

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 and the provision of taxation and accounting advice, we have no relationship with or interests in New Zealand Thoroughbred Racing Inc.

Unqualified Opinion

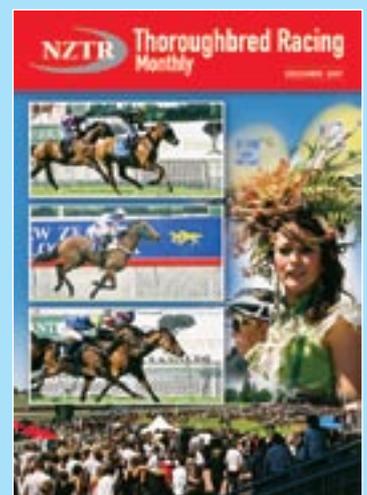
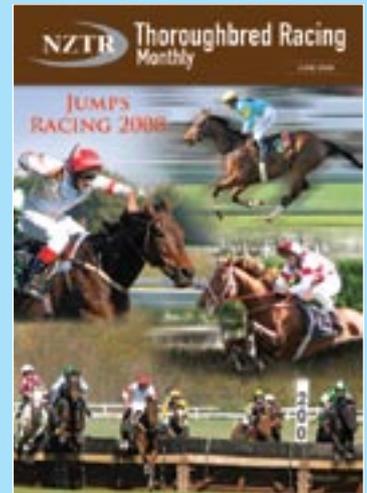
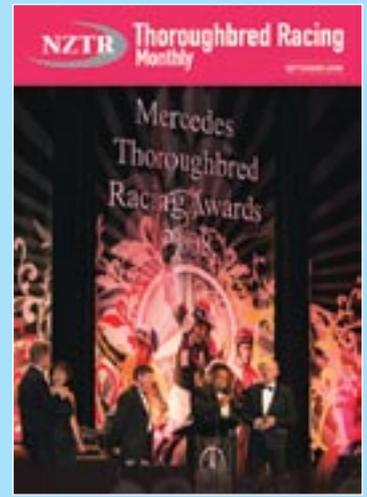
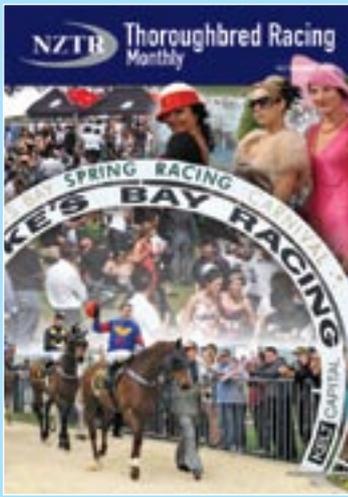
We have obtained all the information and explanations we have required.

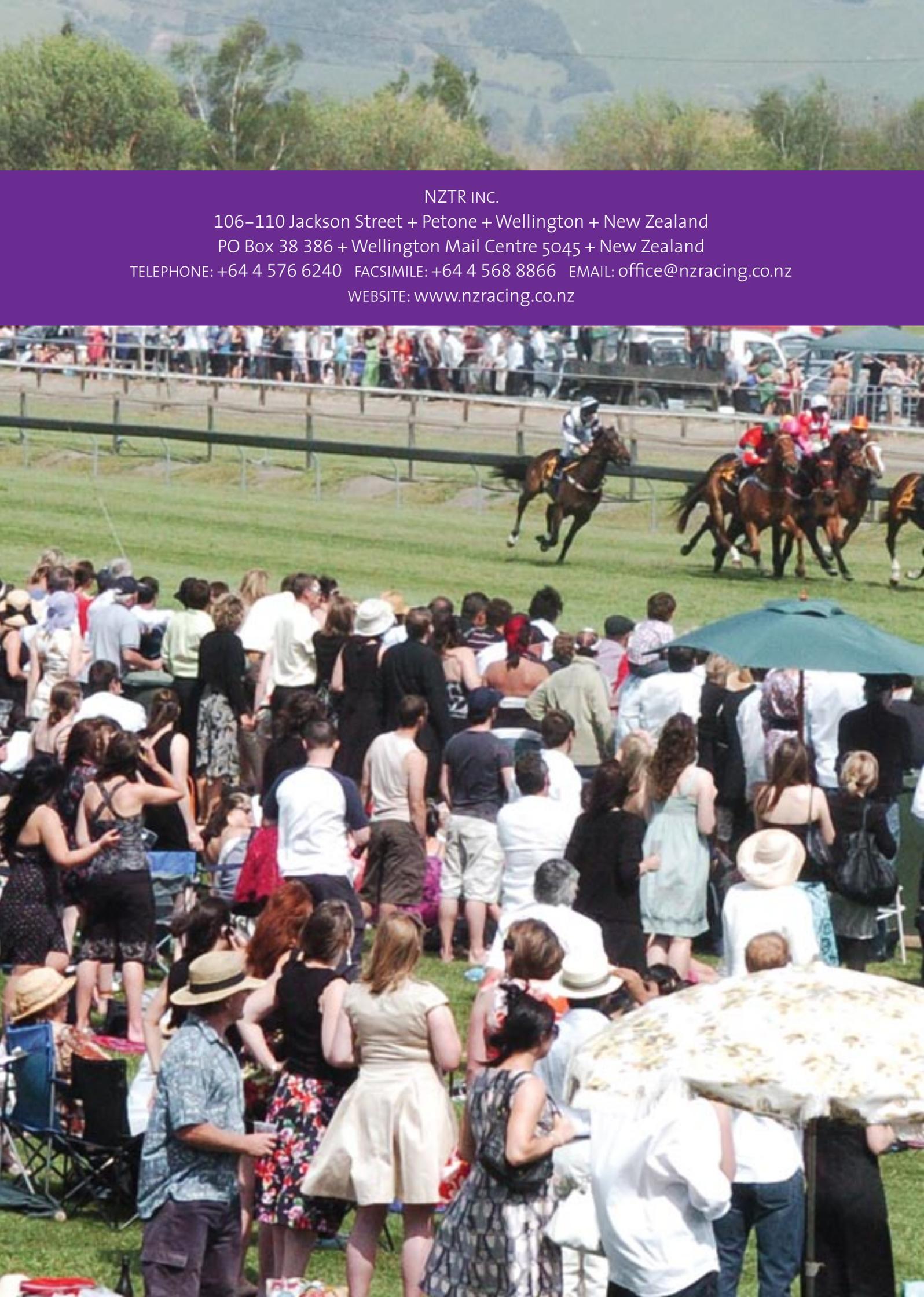
In our opinion the financial statements on pages 19 to 31 fairly reflect the financial position of New Zealand Thoroughbred Racing as at 31 July 2008 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 29 September 2008 and our unqualified opinion is expressed as at that date.



**CHARTERED ACCOUNTANTS
WELLINGTON, NEW ZEALAND**





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