



*"Everything NZTR does must pass one simple test:
What is best for New Zealand thoroughbred racing"*

NEW ZEALAND THOROUGHBRED RACING BUSINESS PLAN 2013-2015

This Business Plan has been written by the Executive of NZTR, with the active involvement of the Board of NZTR, and has been approved by the New Zealand Racing Board in accordance with Clause 23 of the Racing Act 2003.

This Plan is part of a programmed delivery of NZTR improvement strategies designed to redefine the parameters and future opportunities for NZTR and its many stakeholders. The Board of NZTR will deliver regular updates of this living document.



Key Messages

1

NZTR's over-riding aim is to maximise returns to thoroughbred racing participants

2

Positive fundamental change means moving from a production focus to a customer-led focus which grows the industry

3

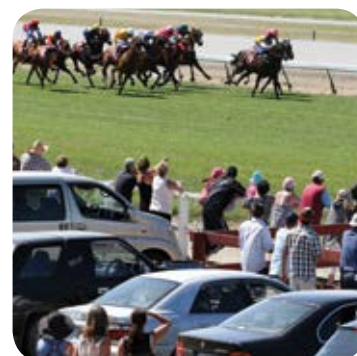
Thoroughbred racing's success is dependent on positively influencing NZRB performance

4

NZTR will be accountable and transparent in our consultation and communications with all stakeholders

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Chairman's Introduction

It is my pleasure to introduce the 2013-2015 Business Plan of New Zealand Thoroughbred Racing (NZTR). Much positive progress has been made over the last season, with the financial position and outlook for 2013 and beyond being considerably improved from 12 months ago.

Your Board's focus has increasingly moved from dealing with a huge array of immediate issues to driving and balancing our three key long-term objectives of:

- sustainably higher prizemoney;
- careful spending on high priority infrastructure; and
- marketing our sport to drive participant growth.

The structure of this Business Plan and a portion of the content are similar to last year. KPI's have been updated to reflect the reality of the targets we have set ourselves, with some lifted and others softened or lengthened in time to reflect a realistic timeframe for the achievement of our goals.

The main difference in tone and focus in this year's Plan is that we have made strong strides in understanding and putting in place the building blocks to move beyond incremental change to tackling the significantly harder task of fundamental change. Having asked the question of what this means to many and varying stakeholders around the country, it has been evident that the answers are often racing-centric and almost entirely production oriented. It is the strong view of your Board that such a focus is looking for answers in all the wrong places and would see this industry continue its slow but steady decline of the last several decades.

The bottom line is that positive fundamental change means driving customer growth. This requires NZTR, the New Zealand Racing Board (NZRB), clubs and all stakeholders to move beyond our internal focus and take an outside-in perspective.

How do we get people's attention in this fiercely competitive world?

What do consumers want?

How do we then provide it?



The answers will likely look different to the answers in 1960 and successfully grappling with these difficult challenges is what will deliver positive fundamental change.

The 2013-15 Business Plan, therefore, goes beyond all the normal internal strategies of running our business better. It outlines our plans for:

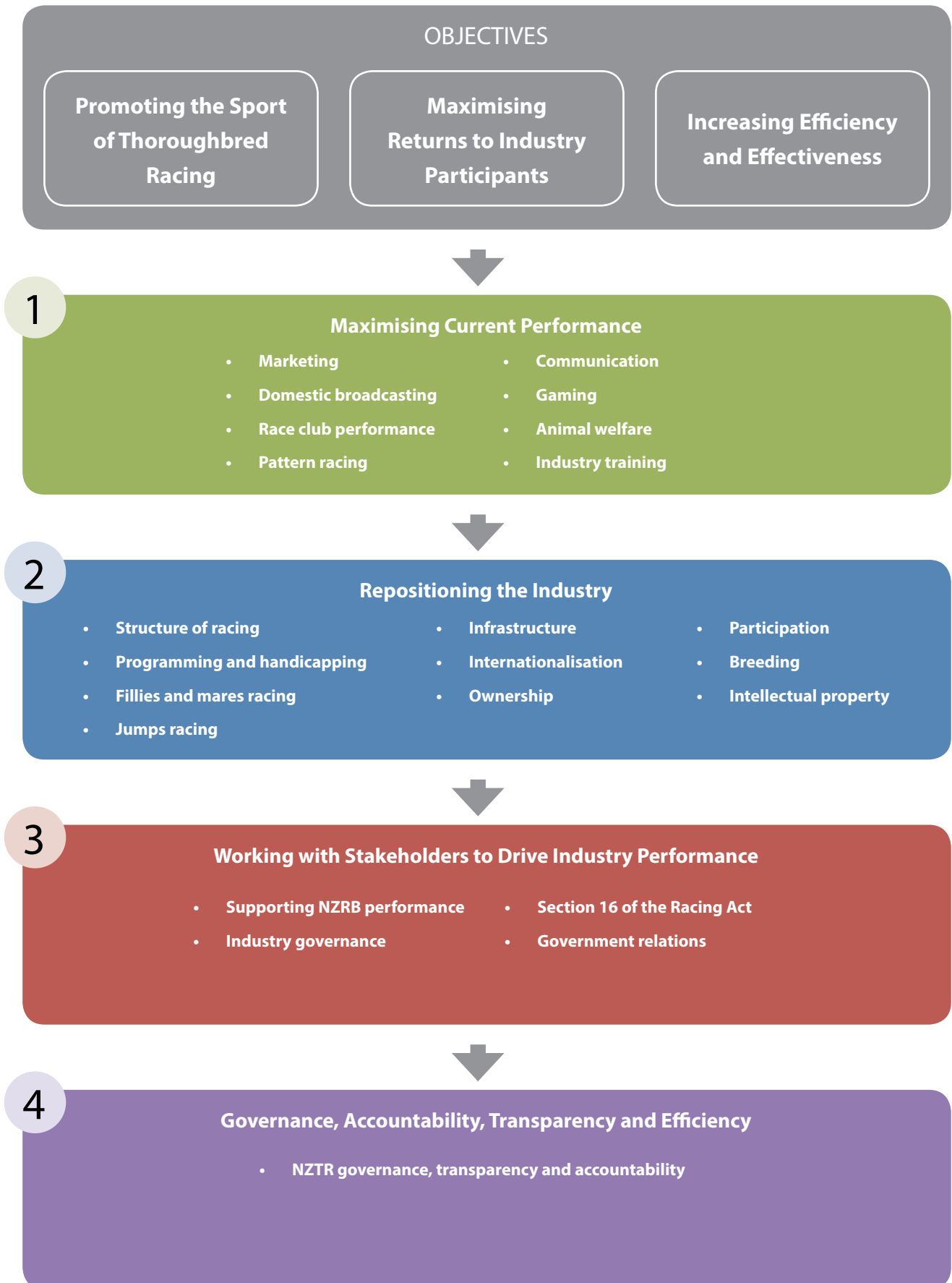
- a wide-ranging digital business strategy;
- a co-ordinated marketing strategy;
- an infrastructure strategy that meets consumers' demands;
- an offer from clubs that consistently meets consumers' expectations; and
- running our racing at a time and place so people can access it.

Finally, it extends last year's theme of looking towards international growth to offset our structural lack of domestic scale.

We also reiterate our commitment to be accountable and transparent to our diverse range of stakeholders. Communication and consultation do not necessarily mean agreement but they do mean listening to varying opinions and they most certainly mean providing detailed explanations and measurements of our actions and their outcomes. The 2013-15 Business Plan is a key element of this commitment.

Matthew Goodson

Business Plan Framework



NZTR's Fifteen Key KPI's

			KEY PERFORMANCE INDICATORS BUSINESS PLAN 2013-2015			
SECTION	KPI No.	DETAILS	FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST
1	1	On-course Attendance	480k	510k	520k	530k
14	33	Number of Owners	12,462	12,504	12,879	13,265
15	34	Number of live foals	4,180	4,141	4,100	4,059
9	13	Number of races conducted	3,061	3,040	3,040	3,040
9	18	Number of individual starters	5,610	5,554	5,498	5,471
9	8	Funded prizemoney	\$44.4m	\$47.5m	\$48.2m	\$50.0m
9	9	Average funded prizemoney per race	\$14,503	\$15,629	\$15,855	\$16,447
9	15	Average field size – all races	10.6	10.7	10.7	10.7
9	17	Number of races with less than 8 starters	489	470	460	450
10	19	Females as % of individual starters	47.18%	48.12%	49.06%	50.00%
9	14	NZRB distribution to NZTR	\$69.6m	\$71.4m	\$72.2m	\$74.4m
17	35	Domestic thoroughbred sales (Fixed odds and Totalisator)	\$421.7m	\$432.2m	\$443.0m	\$454.1m
17	36	Domestic market share	53.8%	54.0%	54.5%	55.0%
21	38	Website engagement: visits per annum to NZTR website	3.17m	3.32m	3.49m	3.67m
21	37	NZTR operational expenses ¹	\$5.45m	\$5.80m	\$5.80m	\$5.80m

Note: 1. FY13-15 NZTR operational expenses incorporate previously separately-accounted industry training costs and additional costs associated with the AgITO industry training arrangements, which have offsetting revenue.

NZTR Forecast Revenue and Expenses FY13-15

DESCRIPTION	FY12 ACTUAL	FY13 BUDGET	FY14 FORECAST	FY15 FORECAST
Number of race meetings scheduled	350	366	366	366
Number of races conducted	3,061	3,040	3,040	3,040
Number of starters	32,425	32,528	32,528	32,528
Average field size	10.6	10.7	10.7	10.7
Average funded prizemoney	\$14,501	\$15,629	\$15,855	\$16,447
NZRB funding (net RIU costs)	\$69,631,686	\$71,371,152	\$72,190,240	\$74,400,000
NZTR nomination and acceptances	\$2,527,255	\$3,482,050	\$3,482,050	\$3,482,050
NZTR stud book, registration, and publishing	\$2,313,217	\$2,352,775	\$2,352,775	\$2,352,775
Gaming income (non NZRB)	\$77,268	\$0	\$0	\$0
Other income [†]	\$729,366	\$1,806,512	\$1,806,512	\$1,806,512
Stakes funding	(\$44,414,023)	(\$47,511,517)	(\$48,200,000)	(\$50,000,000)
Club and meeting funding and NZRB servicing charges	(\$22,451,698)	(\$23,506,270)	(\$23,506,270)	(\$23,506,270)
NZTR operational expenses (net RIU costs)	(\$5,446,633)	(\$5,801,596)	(\$5,801,596)	(\$5,801,596)
Special projects	(\$185,000)	(\$410,000)	(\$250,000)*	\$0
Industry marketing initiatives	\$0	(\$400,000)	(\$400,000)*	(\$400,000)*
NZTR Surplus (before infrastructure)	\$2,781,438	\$1,383,106	\$1,673,711	\$2,333,471
Industry Infrastructure Expenditure	(\$1,500,000)	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
NZTR Surplus (after infrastructure)	\$1,281,438	\$383,106	\$673,711	\$1,333,471

Source: NZTR Accounts

[†] FY13 and beyond includes budgeted income from NZTR race meeting service charges of \$2,500 per meeting for clubs totalling \$915,000

* Allocation to be considered by the Board.

NZTR Key Actions and Timelines

DELIVERY 1 AUG 12 – 31 JUL 13	DELIVERY 1 AUG 13 – 31 JUL 14+
Investigate new ownership initiatives by 31 December 2012	Allocate race dates on performance benchmarks from 1 August 2014
Implement race date performance benchmarks by 31 July 2013	Align racing to horse populations at strategic venues from 1 August 2014
Implement further fillies and mares incentives from 31 July 2013	Support the renegotiation of international broadcast contract post 2015
Roll out marketing plan by 31 July 2013	Increase returns derived from thoroughbred intellectual property post July 2015
Review prizemoney structure for Saturday racing by 31 July 2013	Review industry funding arrangements
Finalise an Auckland solution (Avondale) by 31 July 2013	
Finalise Waikato solution business case (synthetic surface) by 31 July 2013	
Commence new race club funding model from 31 July 2013	
Develop and initiate implementation of an industry wide infrastructure strategy by 31 July 2013	
Review all on-course services and standards by 31 July 2013	

1 Marketing

Current Status

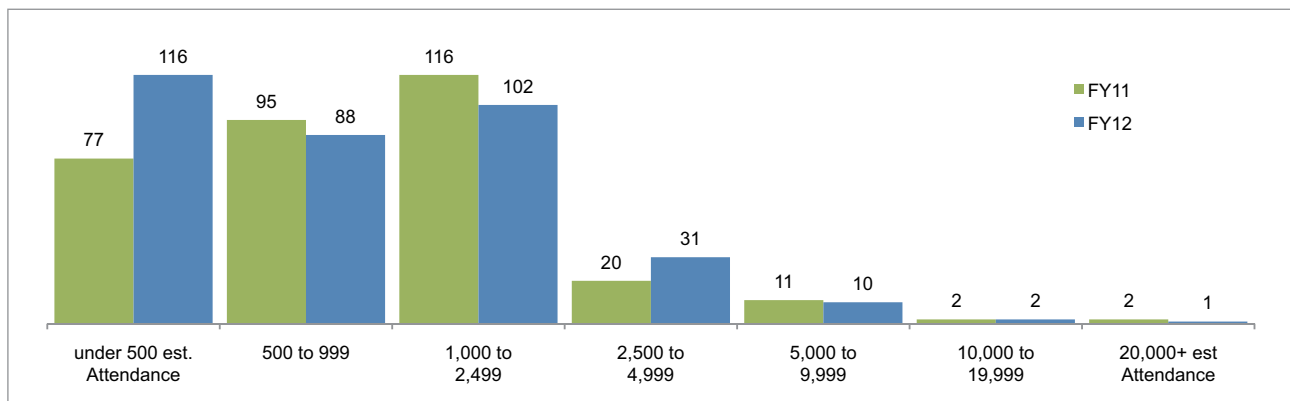
During FY12, NZTR began a move from a production-led focus, from where the industry will continue to gradually decline, to a customer-led focus which grows the industry.

NZTR has established an industry marketing steering group to facilitate the development of an industry-wide marketing strategy for thoroughbred racing. The marketing steering group identified four principle aims for the thoroughbred industry:

1. Redefining thoroughbred racing as exciting, relevant, and engaging to generate growth in ownership, on-course attendance and wagering;
2. Concentrating available funds and efforts on creating and marketing the best of what thoroughbred racing can deliver;
3. The degree of change required is significant rather than slight; and
4. Maintaining greater control over the quality of delivery of services and products.

We will focus on providing thoroughbred racing from a customer perspective.

Chart 1.1 FY12 Thoroughbred Race Meeting Attendances by Category



Source: NZTR analysis, NZRB attendance and turnover data

Notes: FY11 attendance data from Business Plan included NZTR estimates for a number of meetings, based on on-course turnover. FY12 data is NZRB actual on-course attendance data with some meetings estimated based on ticket sales.

Thoroughbred Brand

The NZTR Marketing Steering Group is engaging with a brand agency to design and create a brand for the sport of thoroughbred racing in NZ to refresh and improve visibility, awareness and sustainability.

Currently the thoroughbred racing industry relies on clubs and trainers to market our industry to customers and owners. This can result in mixed messaging, misaligned objectives and varied returns on investment. Aligning the thoroughbred racing industry's visions on what its marketing priorities should be, and the best way to implement them, will be the key to the rapidly growing need to reposition racing into an engaging people's sport.

On-course attendance

The top 100 attended thoroughbred events in FY12 totalled 326,608 compared to 366,292 in FY11. This equates to a 10.8% decrease in just one season.

Due to the number and variety of clubs, venues and race meetings it is difficult to achieve a consistent and coordinated on-course experience. For this reason and in alignment with the franchise models developed by the NZRB around Christmas at the Races (CATR) and Summer Festival race days, NZTR is concentrating its efforts on creating and marketing a select number of race meetings/events. This will ensure we can maintain consistently high standards over the quality of delivery and the customer experience.

The marketing steering group has engaged directly with the NZRB on-course marketing and events team to identify what our customers want and how this can be delivered. Thoroughbred racing has to meet today's consumers' expectations to remain relevant and sustainable.

Ownership

NZTR and New Zealand Thoroughbred Marketing (NZTM) have developed a brief to retain and promote horse ownership. This includes an ownership service centre in the new www.nzracing.co.nz website, which will provide a wide range of ownership services and information for existing owners and an associated website built around Social Racing.

Industry Media Service

NZTR and NZTM will establish in FY13 a thoroughbred industry media desk within NZTM to generate media stories across all media platforms including websites, social media, television and print media to promote industry stories and up-coming race meetings and events.

Social Media Strategy

NZTR has formulated a comprehensive digital strategy for thoroughbred racing. In FY13 the digital strategy will deliver a new www.nzracing.co.nz website.

Actions

In FY13 NZTR will work with a range of marketing partners to:

- design, create and implement a thoroughbred brand by 31 July 2013
- implement a thoroughbred marketing strategy by 31 July 2013
- launch phase 1 of the new NZTR website (navigation, video content, social media, home page) by 31 December 2012
- launch phase 2 of the new NZTR website (Trainers' Service Centre) by 30 April 2013
- launch phase 3 of the new NZTR website (Breeders' Service Centre) by 31 July 2013

Key Performance Indicators:

	FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST
1 Total on-course attendance	480k	510k	520k	530k
2 Meetings with attendance +2,500	44	45	50	55
3 Meetings with attendance +5,000	13	14	16	18
4 Meetings with attendance +10,000	3	3	4	5

2 Domestic Broadcasting

Maximising Returns to Industry Participants

Current Status

- The NZRB holds exclusive rights, title and interest in broadcasting of New Zealand races during the term of the International Rights Agreement which expires on 30 June 2015
- The NZRB operates two domestic channels – Trackside and TAB TV – that often broadcast the same content and omit some Australian thoroughbred events on either channel when the timing of these events conflict with the timing of New Zealand thoroughbred, harness or greyhound races
- Lead-in times for domestic harness and greyhound events potentially prejudice the wagering sales performance of top quality thoroughbred racing content
- Over recent years, the NZRB has significantly reduced domestic ‘non-wagering’ thoroughbred programming
- In addition to the omission of races, lead in times for higher turnover domestic and international thoroughbred races are potentially prejudiced by a plethora of low turnover events that are best suited for off-peak times.

There is a considerable opportunity for revenue from optimising domestic and imported broadcasting.

Actions

In FY13 NZTR will continue to work with the NZRB to provide a dedicated thoroughbred or equine channel and to reach agreement on lead-in times, wagering and data in broadcast.

In FY13 NZTR will also work with the NZRB to:

- develop new offerings including specialist thoroughbred news, previews and reviews
- initiate research on viewers’ preferences and drivers for viewing and wagering
- provide content on demand via NZTR’s website and in other online media
- secure broadcasting of key events on free-to-air TV
- align domestic racing with international broadcast schedules, where appropriate

3 Race Club Performance

Increasing Efficiency and Effectiveness

Current Status

In FY11:

- thoroughbred race clubs paid \$48.2m in stakes money, spent \$23.6m on race day expenses (excluding stakes), \$19.2m on administration and operational costs, and produced an aggregate trading profit of \$1.6m before depreciation. After depreciation thoroughbred race clubs produced an aggregate net deficit of -\$3.0m

In FY12:

- 63 race clubs racing at 49 venues conducted 3,061 races at 354 meetings attended by approximately 480,000 people
- thoroughbred race clubs have fixed assets (at book value) in excess of \$190m and net equity of more than \$216m. True market value on highest and best value land use may be significantly higher
- clubs earned \$5.6m in net sponsorship, \$2.5m from catering and \$2.4m from other income (racebooks, admission, gaming grants)
- clubs produced an aggregate raceday profit (before fixed overheads) of \$9.9m
- subsidies and cross-subsidies, inherent in the funding model, inhibit economically efficient decision-making and resource allocation. It is imperative race clubs understand their true race-day costs so they are better positioned to make good economic decisions

In FY13:

- the meeting fee payment to clubs has been standardised for all race meetings at \$30,000
- a race meeting broadcast charge of \$11,000 and an NZTR race meeting service charge of \$2,500 per meeting is being invoiced to clubs to improve transparency around associated industry costs
- NZTR has introduced a per meeting funding amount of \$3,500 and \$1,500 to be paid to clubs holding meetings at designated Strategic and Significant venues respectively. This is based on a detailed score-sheet assessment and venues may rise or fall depending on performance. This funding reflects the higher standards expected of key venues

Actions

In FY13 NZTR will work with clubs to:

- review individual race meeting performance using a new standardised reporting template which has been in place since the start of FY12
- review the FY12 funding model to ensure it accurately incentivises clubs for each race day category by 31 July 2013
- monitor new benchmark race day standards which it is planned to introduce as a basis of race date allocation from 1 August 2013
- publish performance benchmarks for race clubs and race meetings by 31 July 2013
- align performance measures with funding and incentives
- provide additional management support and assistance to clubs where financial and operational disparity issues are identified
- record membership for all clubs
- develop a model for customer service standards for each category of club
- work with the NZRB to build on the success of its franchise model
- monitor the current debt-reduction process for RACE Inc.

NZTR will act as the standard-setter for the racing and racing-related performance of race clubs.

Cross-subsidisation of poor performing clubs by strong performing race clubs is no longer feasible.

4 Pattern Racing

Current Status

- In December 2011 thoroughbred racing in New Zealand adopted the Asian Pattern Committee (APC) Rules, which were approved by NZTR in consultation with the New Zealand Pattern Committee and the industry.
- The Rules required all Asian Federation member countries (including New Zealand) to adhere to the guideline benchmarks used by the World Thoroughbred Ranking Committee – as a result of the 2012 Annual Review by the New Zealand Pattern Committee 11 new race warnings were issued, however 36 first warnings were removed. This means that currently 35 races (24%) of the 145 Group & Listed races conducted have a first or second race warning.
- The proportion of New Zealand Group 1, Group 2 and Group 3 pattern races does not currently conform with the desired pyramid structure (more Group Two races than Group One races and the sum of Group One and Two races to be less than the total number of Group Three races).

New Zealand will maintain a strong schedule of credible pattern races.

STATUS	2008-09	2009-10	2010-11	2011-12	2012-13
Group 1	22	22	22	22	22
Group 2	23	23	23	23	22
Group 3	33	33	33	33	36
Listed	68	68	66	68	65
Total	146	146	144	146	145
PJR	12	12	12	12	tbc*

Actions

In FY13 New Zealand will maintain a schedule of pattern races that meets international benchmarks and promotes the quality of the New Zealand thoroughbred by:

- maintaining the current minimum stakes for Group and Listed races
- working with the New Zealand Pattern Committee (NZPC) to advance the process of ensuring:
 - each pattern race is correctly positioned within Group One, Two, Three and Listed race categories
 - the pattern evolves to reflect a true pyramid
 - the total number of pattern races represents no more than 5% of races conducted
- ensuring that New Zealand has appropriate representation and input into both the Australian and New Zealand (ANZ) and the Asian Racing Federation Handicappers' Committees
- appointing a panel to undertake a review of the New Zealand Pattern by 31 July 2013
- identifying a number of fillies and mares races and three-year-old races for development by 31 July 2013

Key Performance Indicators

		FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST
5	Number of Pattern Races to total flat races	4.95%	<5.00%	<5.00%	<5.00%

5 Communications

Increasing Efficiency and Effectiveness

Current Status

- In FY12:
 - NZTR commissioned its first stakeholder perception survey. This provided information on areas of NZTR activity where stakeholders are looking for improvement and more transparency, in particular low stake money, increasing costs, retaining customers and providing a product that engages the public and attracts them to come racing
 - NZTR held 15 regional meetings with stakeholders throughout New Zealand
 - NZTR published its first comprehensive business plan with targets, timelines and key performance indicators for 2012-14
- In FY13 NZTR published its first performance report against the targets, timelines and key performance indicators of its business plan published in FY12
- More clarity is required around positive change that can and cannot be effected by the industry and by NZTR. NZTR's responsibilities and authorities do not always align and it's ability to drive change requires NZTR to take a variety of other parties with it

There is an intrinsic link between stakeholder satisfaction and effective communications.

Actions

In FY13 NZTR will:

- review in detail the stakeholder perception survey and develop recommendations to support improvements to NZTR's activities
- initiate regular and effective consultation with:
 - representatives of the recognised sector organisations (NZTBA, NZTA, NZJA and NZTROF)
 - club and cluster representatives
- automate communications through enhancements to NZTR website (eg: nominations to owners)
- establish an NZTR/NZTM thoroughbred Media Desk (see Section 1 – Marketing) by 31 July 2013
- developing and implementing an NZTR communications plan by 31 December 2012
- conduct the annual Stakeholder Survey and publish the results by 31 July 2013

6 Gaming Revenue

Maximising Returns to Industry Participants

Current Status

NZTR has worked with the NZRB and other codes to combat threats to Section 4 of The Gambling Act 2003 which defines an Authorised Purpose for distributing gaming grants as: 'a charitable purpose; a non-commercial purpose that is beneficial to the whole or a section of the community; promoting, controlling, and conducting race meetings under The Racing Act 2003, including the payment of stakes.

Gaming grants are an important funding stream for race clubs to enhance safety and racing infrastructures for community benefit.

Actions

In FY13 NZTR will:

- ensure all of its processes and protocols in applying for gaming grants meet all legislative requirements and continue to meet racing industry guidelines
- identify appropriate applications for gaming grants, particularly where such gaming grants are of demonstrable benefit to safety, horse welfare or the wider community role of our infrastructure
- ensure NZTR's funding strategy optimises the ability of racing clubs to legitimately access gaming grant funding to support racing activities and enhance community infrastructure
- continue to provide all race clubs with clear policy guidelines on gaming grant applications

7 Animal Welfare

Increasing Efficiency and Effectiveness

Current status

- NZTR introduced minimum welfare standards in 2012 to support the Rules of Racing.
- NZTR, HRNZ and the RNZSPCA re-established in FY12 their MOU setting out how collectively and individually the signatories will act in reporting and handling instances of thoroughbred and standardbred (harness) horse neglect, and promoting early intervention to alleviate horse suffering as quickly as possible.
- NZTR is working with the RIU to implement a comprehensive register of incidents (injuries and fatalities) on racedays and at trials.
- NZTR has developed terms of reference for the appointment of an Industry Support Group for retraining and/or re-homing retiring racehorses.
- NZTR supports:
 - the NZRB's funding of up to \$250k per annum for research and development by the Racing Industry-Massey Partnership for Excellence
 - the NZ Equine Research Foundation with \$21k of funding each year
 - the NZ Equine Health Association with \$7k of funding each year

NZTR is committed to improving the welfare of thoroughbreds.

Actions

In FY13 NZTR will:

- appoint an Industry Support Group to co-ordinate, support and provide information to a thoroughbred re-education and re-homing programme for thoroughbred retirees by 31 July 2013
- implement with the RIU a system for management of comprehensive data on fatalities and injuries at racedays and trials
- participate in:
 - seeking approval for a re-written *Animal Welfare (Horses) Code of Welfare*, under the Animal Welfare Act, through the NZ Equine Health Association. It is currently under consideration by the National Animal Welfare Advisory Committee (NAWAC) and is anticipated to be adopted in the first half of 2013
 - consultation on proposed amendments to the Animal Welfare Act with the Ministry for Primary Industries (MPI)
- reaching signatory status on the Government-Industry Agreement on Biosecurity Readiness and Response by FY14
- work with the NZ Equine Health Association and the Ministry for Primary Industries to develop a new Readiness and Response Plan for Equine Influenza
- work with the NZRB and other codes to review research projects undertaken by the Racing Industry-Massey Partnership for Excellence
- assess the DairyNZ's 'early warning' welfare support model for application in thoroughbred racing
- continue to invest in track maintenance and safety

8 Industry Training and Development

Increasing Efficiency and Effectiveness

Current Status

- In FY12 the Equine Industry Training Organisation (EqITO) has been amalgamated into the AgITO.
- There was not a nationally recognised framework of competency that appropriately validates the high level of competency of the vast majority of skilled participants.
- The uptake of industry training by stablehands/stud grooms and Trackwork riders has been minimal.
- There is a lack of consistency of industry training delivery.

NZTR will provide industry participants with an education structure to allow individuals the opportunity to develop skills required to meet industry needs for training, riding and breeding horses.

Actions

In FY13 NZTR in partnership with the AgITO, will:

- develop and implement a 'Recognition of Current Competency' framework for all stakeholders, providing a mechanism for skilled participants to gain accreditation for current skills
- actively market and increase enrolments in qualifications for other key industry professions:
 - stablehands/stud grooms
 - stable/stud managers
 - racecourse managers
 - track work riders
- reform delivery of industry training by aligning on-the-job and off-the-job training delivery that reflects industry requirements
- review current qualifications held on the National Qualifications Framework to ensure they provide graduates with the necessary skills for future career paths

Key Performance Indicators

		FY12	FY13	FY14	FY15
		ACTUAL	FORECAST	FORECAST	FORECAST
6	Apprentice Jockeys	55	50	50	50
7	Level 3 Stablehand Certificate	19	120	200	200

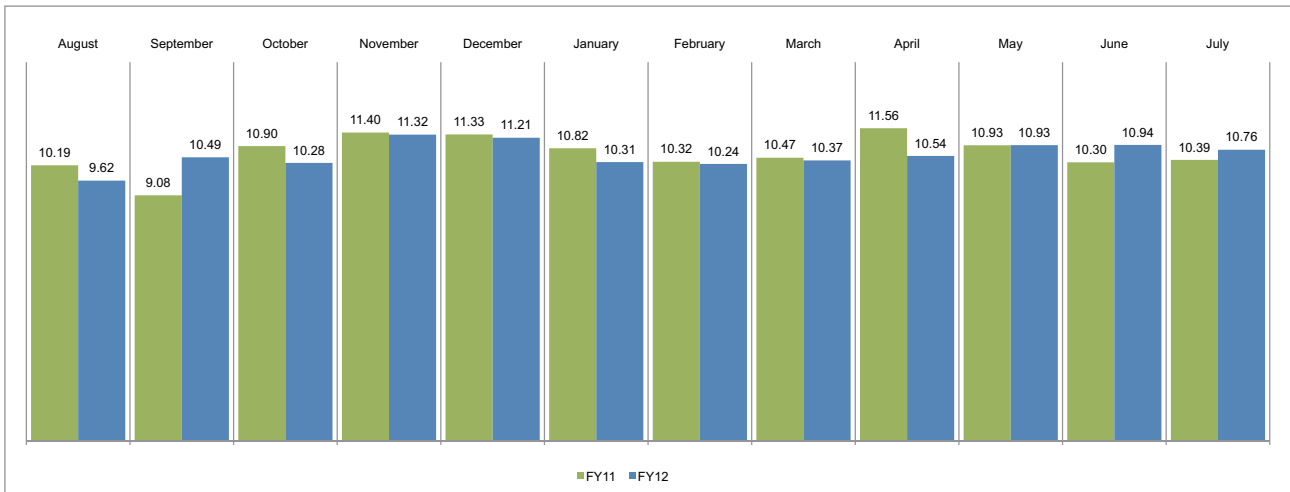
9 Racing Structure

Current Status

- NZTR introduced a new structure of racing from 1 March 2012 designed to maximise domestic and international wagering on New Zealand thoroughbred racing, which involves racing 52 weeks of the year on Mondays, Wednesdays, Thursdays, Fridays and Saturdays, with racing on selected Tuesday's in autumn and spring and on Sundays between November and March.
- In FY12 489 races of the 3061 races conducted (15.97%) had less than 8 starters.
- Our average field size fell slightly from 10.7 in FY11 to 10.6 in FY12 despite handicapping and programming measures introduced during the season to combat this decline. This compares to average field sizes of 10.1 in NSW, 9.9 in Victoria and 9.8 in Queensland.
- Our horse population does not always align with our calendar – e.g. in FY12 50.3% of horses starting were trained in the Northern Region while only 41.5% of races were conducted there.
- Approximately 36% of our races were run on slow or heavy tracks in FY12.
- The NZTR Handicapping Review, implemented in November 2011, has resulted in less bunching of horses in the rating 65-70 band which limited opportunities in that grade and led to consistently poor field sizes in the rating 80 and rating 90 grades.

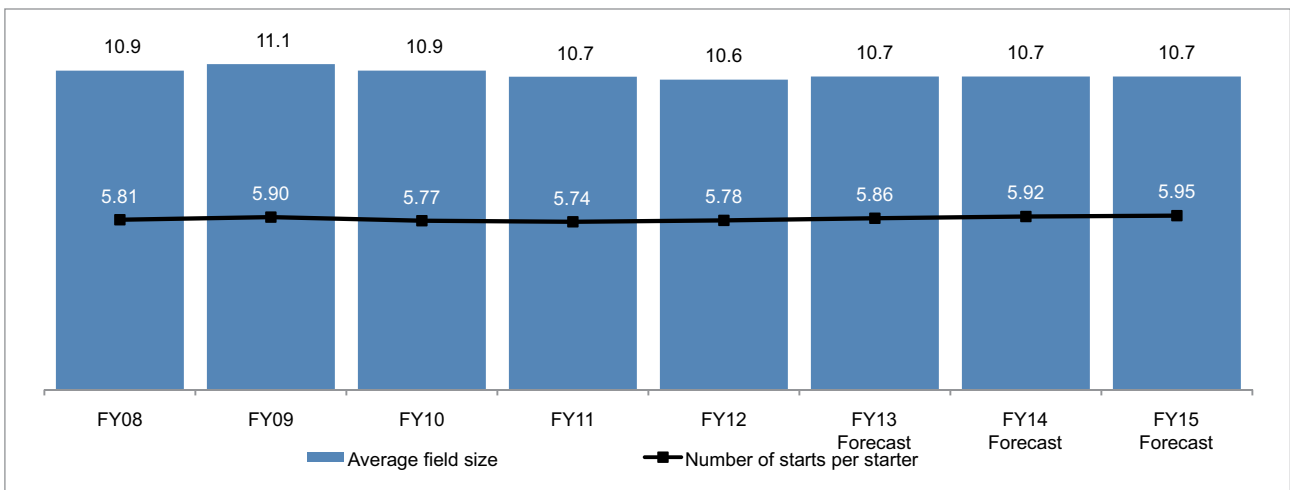
We must move from a supply-led racing structure to a demand-led structure.

Chart 9.1 Average Field Size (Flat and Jumps Races) by Calendar Month FY12 v FY11



Source: NZTR Analysis

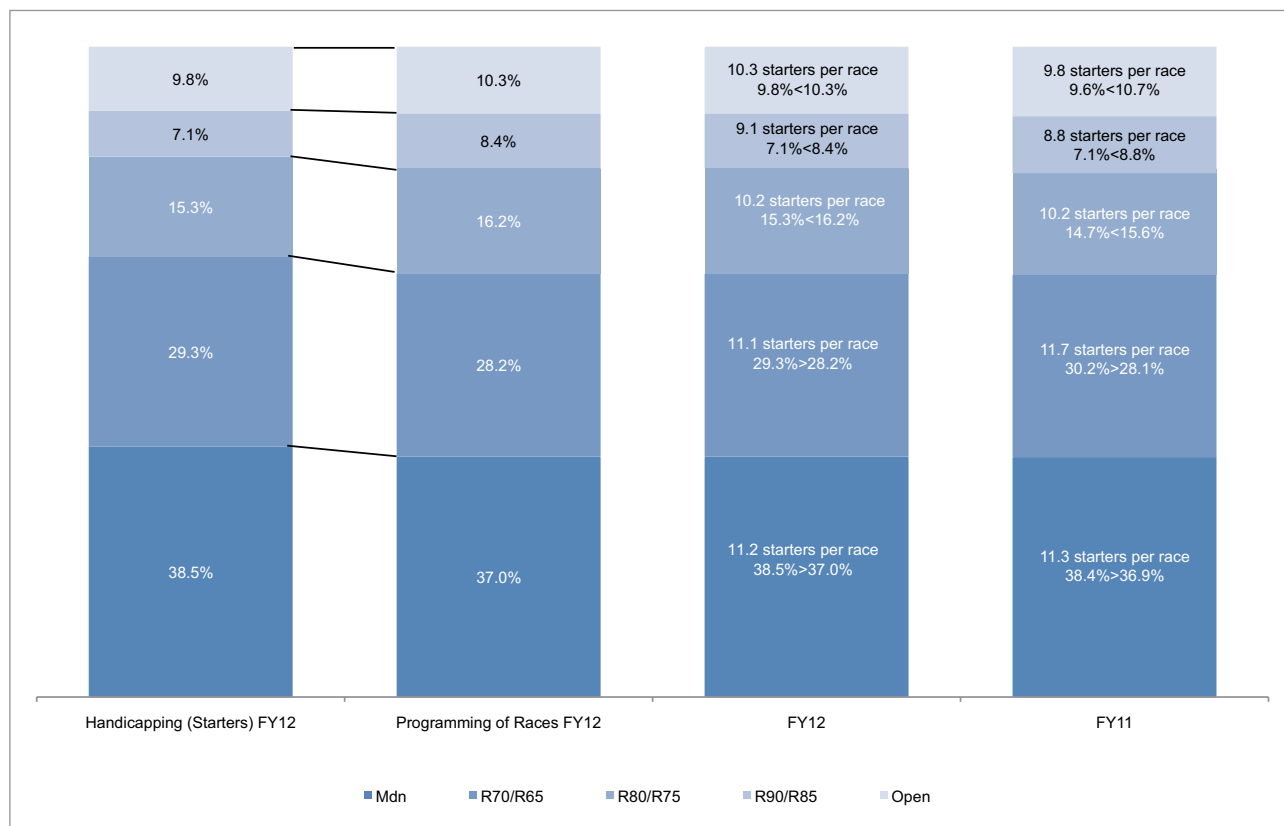
Chart 9.2 Number of Starts per Horse and Starters per Race



Source: NZTR

Notes: Horses must have started at least once in New Zealand during each season.

Chart 9.3 Misalignment of Horses by Band to Races Programmed



Source: NZTR

The above chart shows the improvement in alignment of programming to horse ratings, based on changes made part way through FY12. There will be further improvements in FY13.

Actions

In FY13 NZTR will:

- ensure a greater proportion of our Saturday race meetings are run at our Strategic and Significant venues
- seek to align the number of races programmed each month closer with
 - seasonal variations and further reduce the number of races conducted on winter tracks
 - regional horse populations to develop an equitable allocation of races
- continue to increase the level of differentiation between Saturday and mid-week fixtures and run more Saturday meetings at our Strategic and Significant tracks
- review the structure of Premier and Feature licences
- seek to optimise domestic and international wagering performance by not conducting races before 12.30pm midweek and before noon on Saturdays
- seek to develop opportunities for more twilight race meetings in the summer period
- seek to programme consistent racing by region by day of the week at key Supporting regional venues
- introduce race club and race date key performance benchmarks to drive efficiency and reform
- increase the average number of starts per horse from 5.78 in FY12, 5.86 in FY13, 5.92 in FY14 and 5.95 in FY15
- increase the average number of starters per race from 10.6 in FY12 to 10.7 in FY13, FY14 & FY15
- fund an additional \$3.1m (6.98%) minimum prizemoney In FY13 as result of full year payout of minimum prizemoney levels announced in March 2012

- seek to increase minimum funded prizemoney to \$50m by FY15 and/or be able to reduce owner costs by supporting some elements of free racing
- continue to implement changes to NZTR handicapping and programming to better align the available horse racing population to the structure of racing by:
 - supporting the opportunity for horses to compete more regularly by extending benchmark conditions to all R65/R75/R85 races from 1 August 2012
 - working with Regional Programming Groups to maximise opportunities for the available horse population by class and distance
 - ensuring that race dates and the number of races scheduled support both seasonal and regional variation
 - this will be done by reducing races scheduled in the worst performing periods, based upon statistical analysis of field size by race types, venues and distances
- schedule the same number of races but reduce or eliminate races based on clear and consistent criteria
- limit the reduction of individual starters to just 4% over the next three years by encouraging more fillies and mares to race (see next Section)
- have the flexibility and scope to divide or eliminate races based on clear and consistent criteria
- publish monthly top 100 NZ-rated horses
- publish biannually top 20 internationally-rated NZ horses

Key Performance Indicators

	FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST
8 Funded prizemoney	\$44.4m	\$47.5m	\$48.2m	\$50.0m
9 Average funded prizemoney per race	\$14,503	\$15,629	\$15,855	\$16,447
10 Races before noon on Saturdays and 12.30pm other days	189	125	100	100
11 Average domestic (tote and FOB) turnover per race Mondays and Tuesdays combined (excl significant meetings)	\$74k	\$76k	\$78k	\$80k
12 Average export turnover per race Mondays and Tuesdays combined (excl significant meetings)	\$97k	\$99k	\$102k	\$105k
13 Races conducted	3,061	3,040	3,040	3,040
14 NZRB distribution to NZTR	\$69.6m	\$71.4m	\$72.2m	\$74.4m
15 Average field size – all races	10.6	10.7	10.7	10.7
16 Average starts per starter	5.78	5.86	5.92	5.95
17 Races with less than 8 starters	489	470	460	450
18 Number of individual starters	5,610	5,554	5,498	5,471

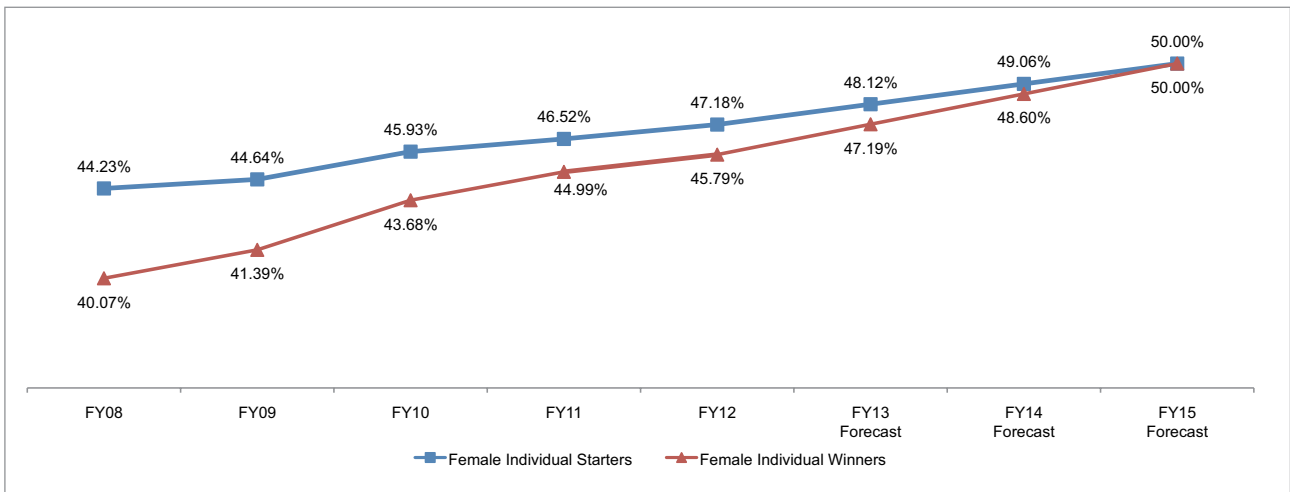
10 Fillies and Mares Racing

Current Status

- Fillies and mares make up between 54% and 57% of the available horse population after exports. They represented 47.18% of individual starters and 45.79% of winners in FY12, an improvement from 46.52% and 44.99% respectively in FY11
- The commercial risk of producing a filly creates a disincentive to breed, thereby diminishing the foal crop
- Fillies and mares made up a larger number of two year old, three year old and four year old individual starters than males
- In FY12 Fillies and mares had less average starts (5.65) than their male counterparts (5.89)
- Since November 2011 the weight allowance provided to Fillies and Mares was increased from 1.5kg to 2kg
- In FY12 NZTR introduced a national series of 30 midweek \$12,000 F&M restricted races. In FY13 80 midweek \$12,000 F&M restricted races will be programmed across the full season, along with 10 Saturday \$25,000 F&M races

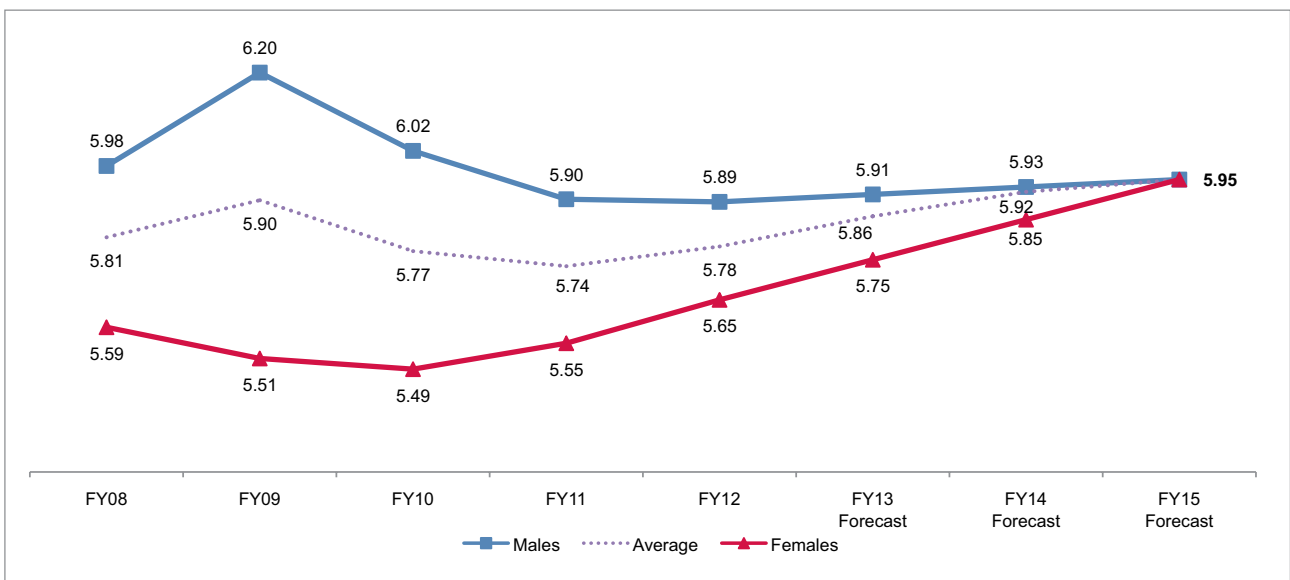
NZTR will provide increased opportunities for owners to race fillies and mares in New Zealand.

Chart 10.1 Percentage of Female Individual Starters relative to Female Individual Winners



Source: NZTR Database

Chart 10.2 Average Starts per Annum per Horse by Sex



Source: NZTR Analysis

Actions

In FY13 NZTR will:

- support the introduction of a fillies and mares incentive scheme
- increase the number of national mid-week races for fillies and mares only (initiated in FY12) from 30 in FY12 to 80 in FY13, 90 in FY14 and 100 in FY15. These aim to complement 10 \$25,000 special condition fillies and mares only races run on Saturdays
- NZTR will look to identify and support an expanded number of quality fillies and mares (and 3YO) races, for potential initiation/upgrade in black type status over time.

Key Performance Indicators

	FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST
19 Females as % of individual starters	47.18%	48.12%	49.06%	50.00%
20 Females as % of individual winners	45.79%	47.19%	48.60%	50.00%
21 Number of starts per female starter per year	5.65	5.75	5.85	5.95
22 Fillies and mares mid-week races	30	80	90	100

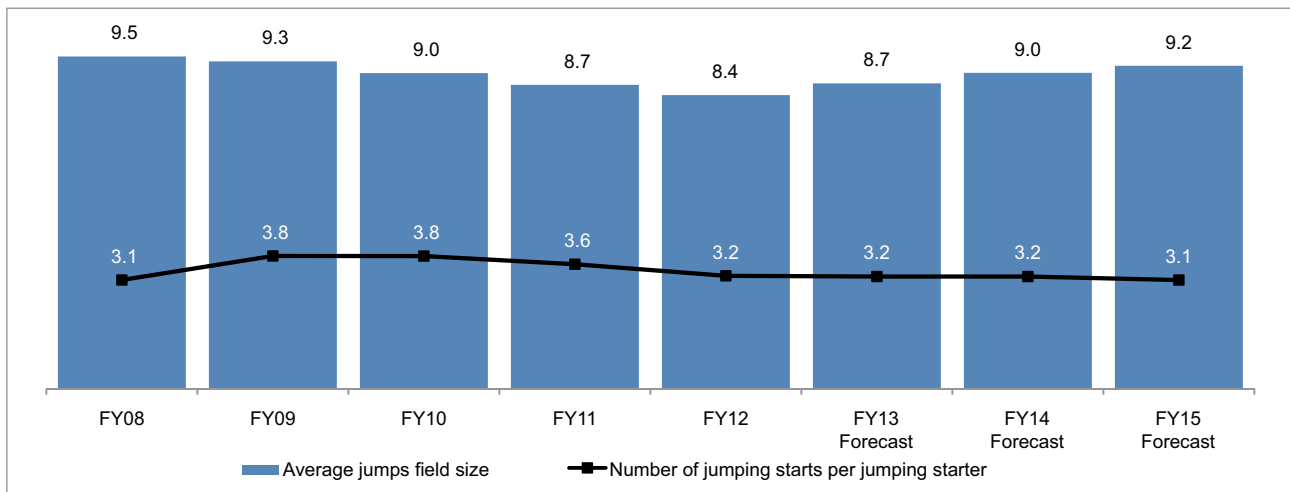
11 Jumps Racing

Current Status

- Jumps racing was conducted at 17 venues in FY12 – six South Island and 11 North Island
- 112 jumps races (+3 races on FY11) were conducted in FY12 – hurdle and steeplechase races
- In FY12 there were 291 individual horses which started in at least one jumps race, an increase of 13 (4.7%) from 278 in FY11. However, there were 354 individual starters in jumps races in FY08
- Over the same period, the average field size has reduced from 9.5 to 8.4 in FY12, significantly less than flat racing at 10.6
- Of particular concern in FY12 is that 48 of the 112 jumping races conducted (43%) had less than 8 starters despite increases to stakes. In FY11 the number of jumps races with less than 8 starters was 39
- Despite a nominal increase in the number of individual starters, the total number of starts in FY12 was 937, down 50 (5%) from 987 in FY11 with an average of only 3.2 races per starter down from 3.6 in FY11

Jumps racing is an integral part of the New Zealand winter racing scene but it must be sustainable.

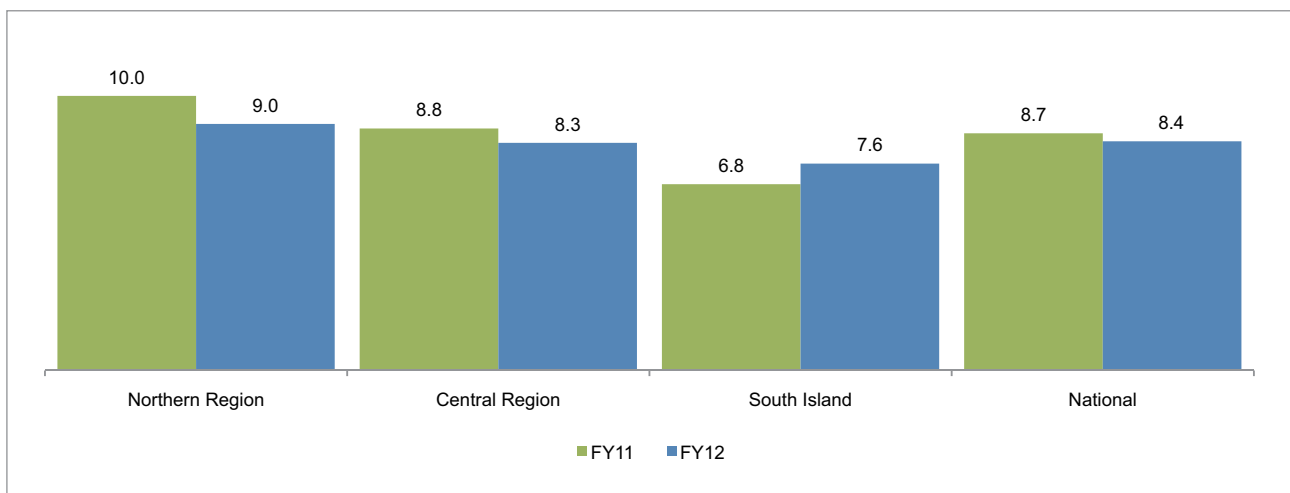
Chart 11.1 Number of jumping starts per jumping horse FY08 to FY15 Forecast



Source: NZTR analysis and forecasting

Notes: Horses must have started in at least one jumping race in New Zealand during each season.

Chart 11.2 Average Jumping Field Size by Region FY12 v FY11



Source: NZTR analysis

Actions

In FY13 NZTR will:

- programme jumps racing only at appropriate venues in areas where there are sufficient numbers of jumps horses and participants to sustain the sport
- continue to programme Prestige Jumps Races (PJR) on weekends only to maximise exposure of the signature events
- undertake a detailed statistical review of the 2012 jumps season with NZ Jumps Inc to identify where scheduling of races and programming can be improved
- reduce number of jumps races with less than 8 starters
- investigate application of open entry races
- agree with NZ Jumps Inc. a defined programme of re-engagement with Hunt Clubs
- develop a marketing plan for the top three jumps events to stabilise and grow awareness and interest
- continue to audit all jumping venues annually and all incidents, with the RIU, to ensure appropriate safety and welfare policies are in place and correct procedures are being followed

Key Performance Indicators

	FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST
23 Field size – jumps	8.37	8.70	9.00	9.20
24 Number of individual jumps starters	291	300	300	300
25 Number of jumps races with less than 8 starters	48	45	42	40

12 Infrastructure and Asset Optimisation

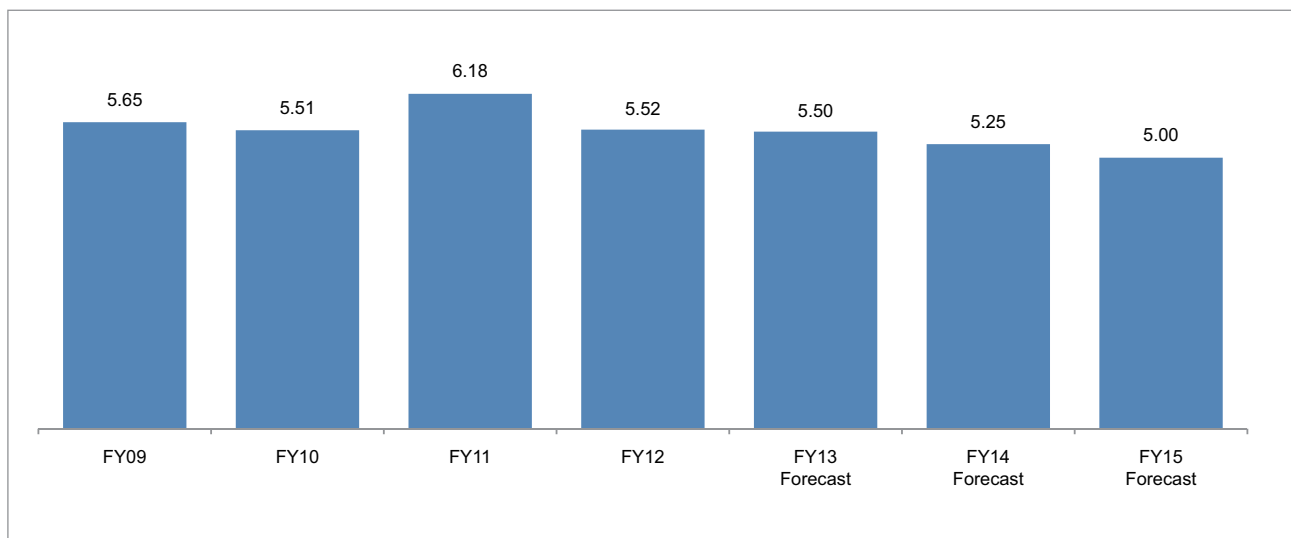
Increasing Efficiency and Effectiveness

Current Status

- Venues have been categorised as Strategic, Significant, Supporting and Community as per the draft Infrastructure Policy. These categorisations will be subject to review based on statistical movements in the relative importance of venues over time.
- Strategic Training Centres (currently 15) account for 66.2% of all starts in thoroughbred racing.
- Over the past two decades NZTR, race clubs and their communities have not undertaken an appropriate level of infrastructure maintenance or investment.
- NZTR currently has a capacity to fund no more than \$2m per annum of infrastructure projects. This dictates that only Strategic and Significant venues can expect investment support.

We must deliver better track conditions and improve standards to attract today's customer.

Chart 12.1 Average track conditions (Fast 1 to Heavy 11) FY09 to FY15 (Forecast)



Source: NZTR Analysis

Notes: FY08 unavailable as track rating system introduced during this season

Actions

In FY13 NZTR will:

- publicly release NZTR's Infrastructure Policy and asset strategy for industry consultation
- commit financial support to small infrastructure projects that are immediately advantageous or have the potential to act as a catalyst for longer term strategies
- take a more significant project management role with projects supported by NZTR
- provide clear and consistent conditions to all projects supported by NZTR including an investment recovery regime for funds provided for infrastructure improvement or upon amalgamation or dissolution of a club
- support race clubs in discussions with central and local government to develop investment policies for venues, giving priority to projects co-funded by club and community organisations and providing community facilities
- reduce the number of venues running 3-9 meetings per annum so that they either take on more racing, or become smaller, lower cost community-based operations
- establish an NZTR-seeded Infrastructure Reserve with a minimum annual commitment
- work with the Avondale Jockey Club and the Auckland City Council to fully develop a spatial plan for the venue to ensure its considerable land value is maximised and it develops a venue for quality racing

- following work on the technical aspects, costing and possible locations for a synthetic track, evaluate and finalise the business case for building a synthetic track for training and trials in the Waikato
- continue to invest in racing surfaces including drainage, irrigation and sand-slitting projects

Key Performance Indicators

	FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST
26 Percentage of trained starters produced from Strategic training tracks	66.2%	68.0%	70.0%	70.0%
27 Races conducted at venues with more than 10 meetings per annum	71.1%	63.8%	67.5%	72.5%
28 Races conducted at venues with 3-9 meetings	22.2%	29.0%	25.7%	21.0%
29 Races conducted at venues with 1-2 meetings	7.0%	7.2%	6.8%	6.5%
30 Average track rating	5.52	5.50	5.25	5.00

Note: Increase in KPI 28 from FY12 to FY13 due to re-introduction of Avondale, maintaining Paeroa and Monday/Tuesday racing.

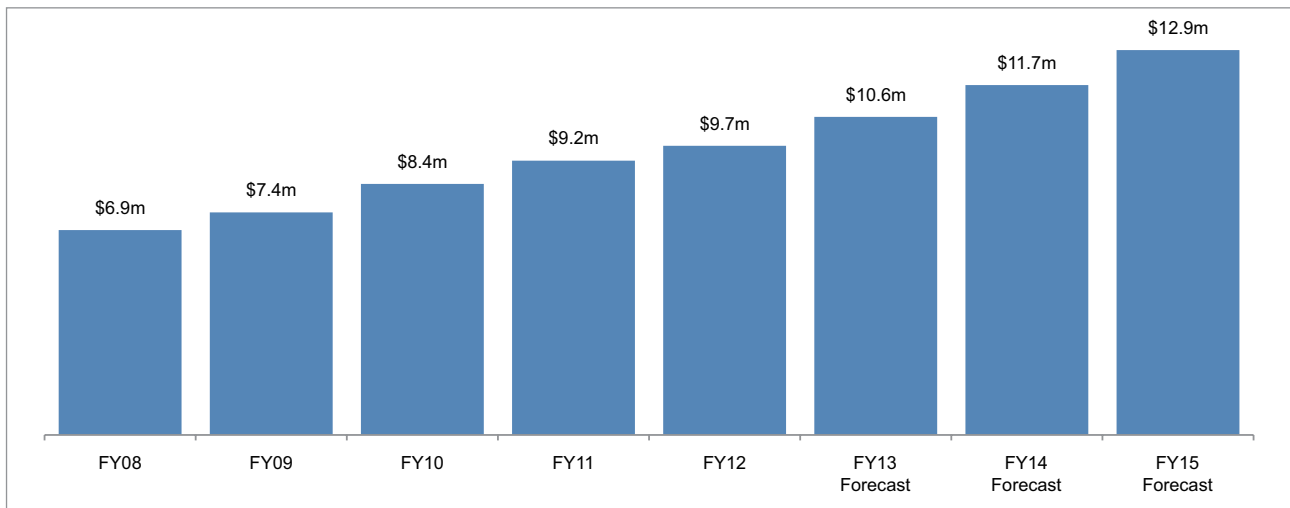
13 Internationalisation

Current Status

- In FY12 Australian totalisator sales on New Zealand races exceeded NZ TAB totalisator sales on New Zealand Races for the first time
- Totalisator wagering turnover by Australian totalisator operators on the three New Zealand codes has grown by a compound average growth rate of 16.6% per annum over the past five years, while turnover on New Zealand thoroughbred races has grown by a compound average growth rate of 9% per annum
- 57.6% of New Zealand thoroughbred racing on Mondays and Tuesdays (from 1 March 2012) was broadcast on Sky 1
- In FY12 the NZRB received more than \$9.7m in royalties from Australian totalisator operators betting on New Zealand thoroughbred racing

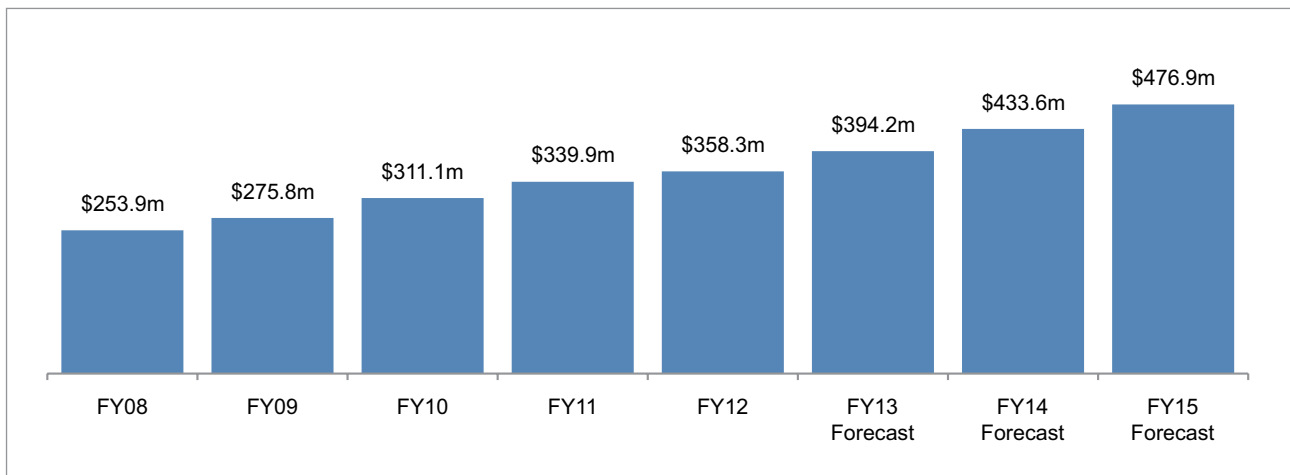
Totalisator wagering with Australian totalisator operators on New Zealand thoroughbred racing has grown by a compound average growth rate of 9% per annum over the past five years.

Chart 13.1 Royalties Paid to the NZRB by Australian Totalisator Operators on NZ Thoroughbred Races FY08 to FY15 Forecast



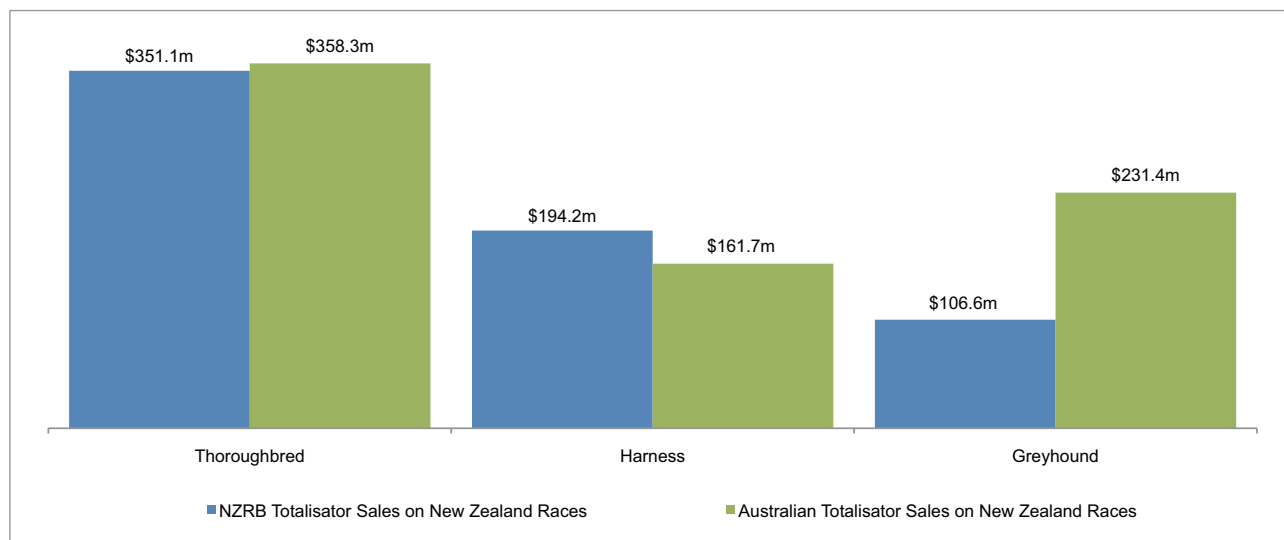
Source: NZRB turnover data, calculated as 2.7% of export Sales on NZ thoroughbred races, plus NZTR forecasting

Chart 13.2 Australian Totalisator Sales on New Zealand Thoroughbred Races



Source: NZTR Analysis

Chart 13.3 Comparison of Totalisator Sales on New Zealand Races FY12



Source: NZTR Analysis

Actions

In FY13 NZTR will:

- encourage the NZRB to invest more resources in promoting New Zealand thoroughbred racing internationally, including resources to improve form, media coverage and promotional information into Australian markets and engage with Australian thoroughbred racing entities to better promote and integrate New Zealand thoroughbred racing content into the Australian wagering schedule
- continue to actively:
 - monitor New Zealand racing broadcasts into Australia and other international markets
 - promote New Zealand racing content into Hong Kong and Singapore
 - position for negotiations on international arrangements post-2015 to be a collaborative exercise between the codes and the NZRB

Key Performance Indicators

		FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST
31	International royalties on New Zealand thoroughbred racing	\$9.7m	\$10.6m	\$11.7m	\$12.9m
32	Gain access to Sky 1 for New Zealand Monday and Tuesday races	57.6%	60.0%	60.0%	60.0%

14 Ownership and Participation *Promoting the Sport of Thoroughbred Racing*

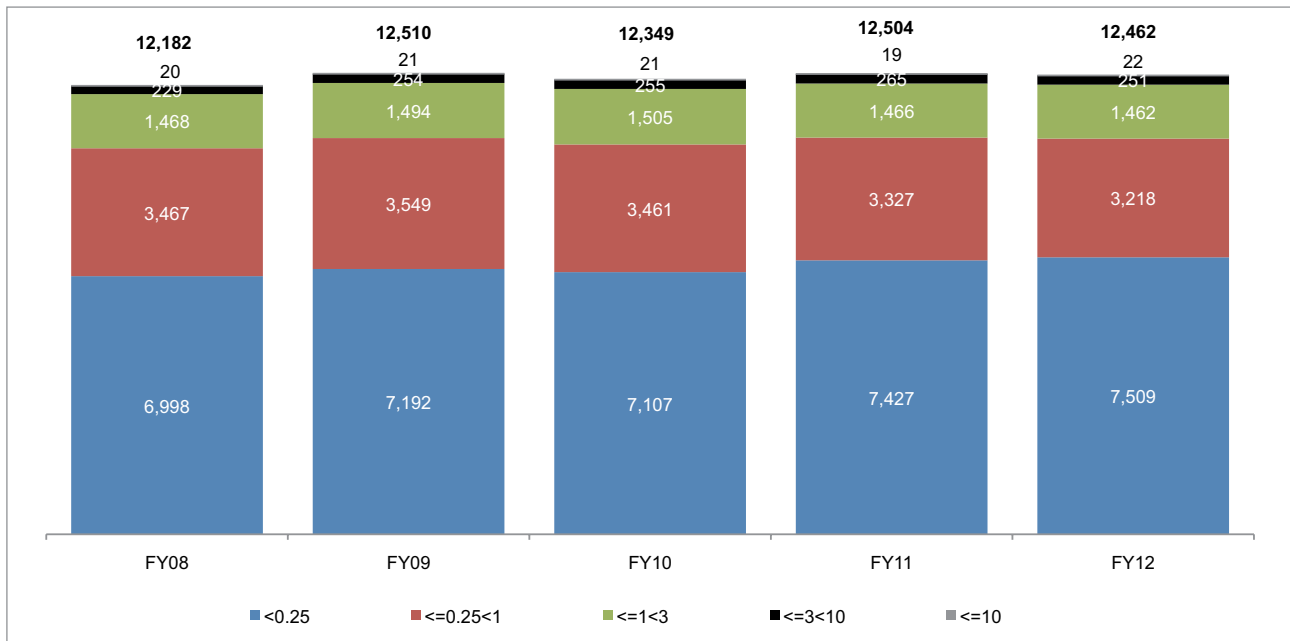
Current Status

Ownership

- Over the last five years ownership numbers have been reasonably stable across all categories despite the economic conditions the industry has operated in.
- In NZTR's Stakeholder Survey owners were asked to describe their future level of involvement in the racing industry. 50% stated they would maintain their current level of involvement, 14% would increase and 36% would decrease their interest. This does not capture owners who are yet to enter the industry.

Ownership growth is critical to sustaining thoroughbred horse numbers and to delivering viability for industry participation.

Chart 14.1 Owners by combined ownership shareholding of horses racing FY08 to FY12



Source: NZTR Analysis

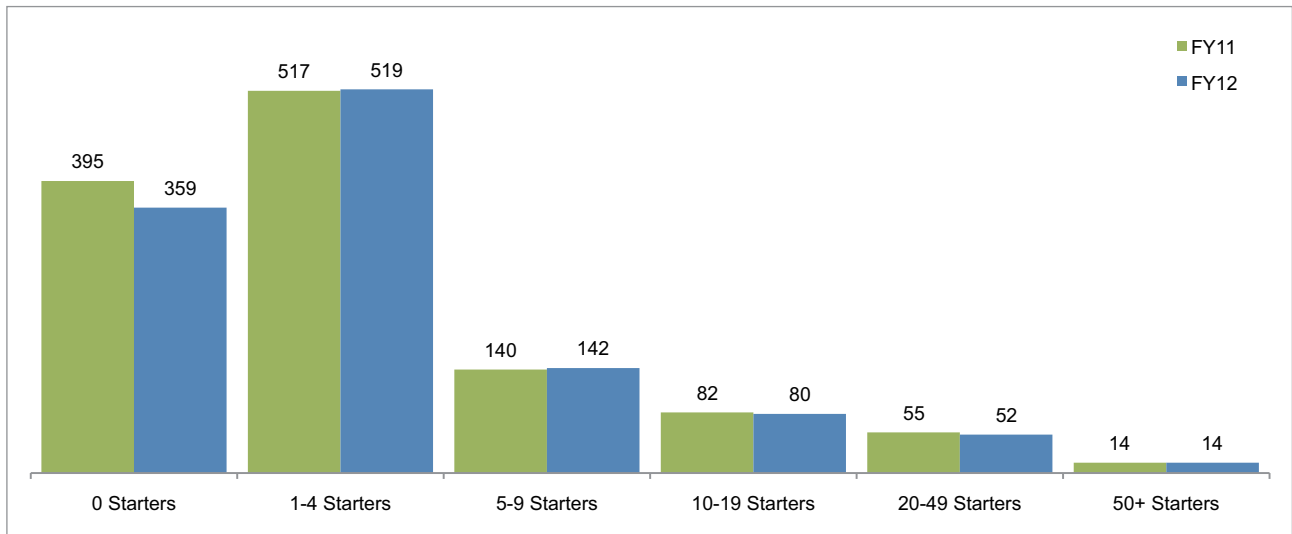
The New Zealand racing industry is only economically able to provide a satisfactory living to those trainers, riders and stablehands who participate on a full-time basis at a large enough scale of activity.

Trainers

In FY12:

- there were 1,166 registered trainers, compared to 1,203 in FY11
- 807 registered trainers started a horse in at least one race, compared to 808 in FY11
- 146 trainers started 10 or more individual horses in races, accounting for 65.8% of total starts (151 and 66.5% in FY11)
- 288 trainers started 5 or more individual horses in races, accounting for 79.0% of total starts (291 and 82.7% in FY11)
- in NZTR's Stakeholder Survey trainers were asked to describe the size of their training operation in comparison to five years ago. 33% had increased their operation, 39% had stayed the same size and 28% had decreased their operation. However, this does not capture trainers who have exited the industry.

Chart 14.2 Trainers by number of individual horses that started in a race FY12 v FY11

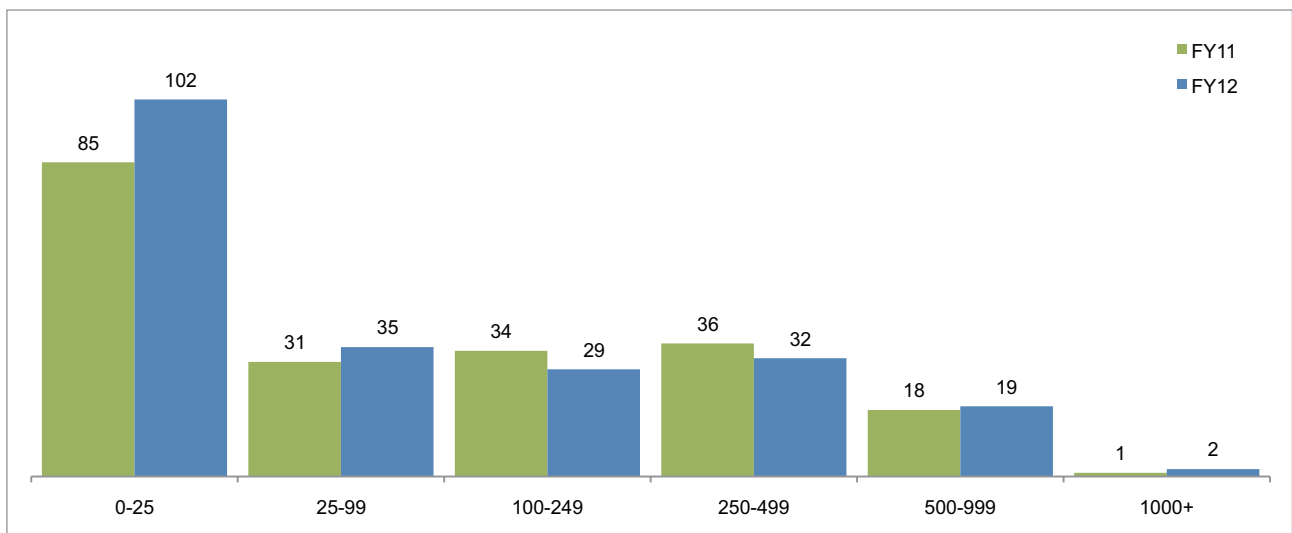


Riders

In FY12:

- there were 219 jockeys that rode in at least one race, compared to 205 in FY11. 82 jockeys (37%) rode in 100 or more races (36% in FY11) taking 92.1% (90.7% in FY11) of all rides
- 49 apprentice riders rode in at least one race
- 41 jumps riders rode in at least one race
- 43 amateur riders rode in at least one race

Chart 14.3 Riders by number of rides FY12 v FY11



Stable hands

- In FY12 there were a total of 2,351 registered stable hands (2,069 in FY11), comprising 1,368 non-riding stable hands (1,098 in FY11), 729 riding stable hands (743 in FY11) and 254 track work riders (228 in FY11).

Actions

In FY13 NZTR will in regard to:

Owners

- implement a number of owner and ownership initiatives in conjunction with New Zealand Thoroughbred Marketing
- launch an ownership website (Social Racing) to provide a focal point of enquiry for new and existing owners in regard to horse ownership options
- launch an owners' information section on the NZTR website
- subject to an increase in NZRB funding, consider what elements of free racing could be re-introduced and what race categories prize money increases could be applied to
- continue to work with clubs to improve race day hospitality standards for owners
- develop a model to measure owners' returns on investment

Trainers

- develop with the NZ Trainers' Association a marketing and communications plan to improve the interface between trainers and owners
- consult with the NZ Trainers' Association on industry issues to ensure the right conditions exist and there are sufficient rewards to provide a viable pathway for the most successful trainers to make a good living and that there are enough stable hands and track work riders in each area available to meet the industry's needs

Riders

- investigate and potentially implement, in consultation with the NZ Jockeys' Association:
 - a screening tool following a rider's fall to detect concussion and individualised return-to-riding plans
 - individualised safe riding weights

Key Performance Indicator

	FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST
33 Number of owners	12,462	12,504	12,879	13,265

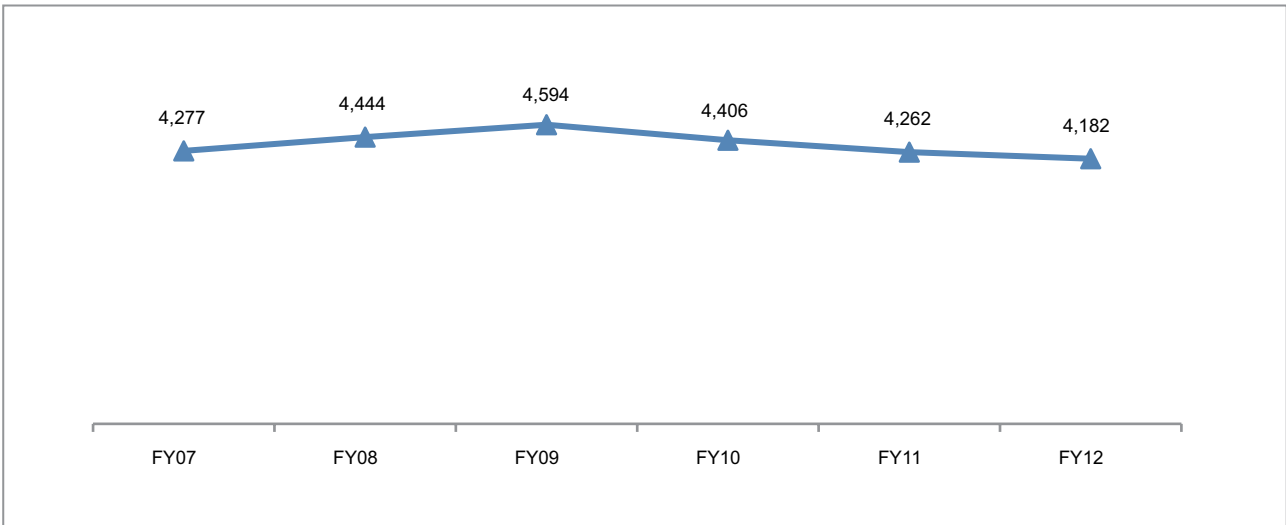
15 Breeding

Current Status

- In FY12:
 - 5,634 individual mares were served
 - estimated live foals will total 4,182, 80 less than FY11 and 412 less than FY09
 - live foals registered at 31 July 2012 totaled 3,673, 25 less than FY11 and 360 less than FY09
 - mares served to live foals at 31 July 2012 was 74.2%, 2.6% better than FY11 and 2.7% up on FY09
- Over the last five years foal crop numbers have declined by 2.2%
- In FY12 New Zealand-bred horses accounted for:
 - 5.4% of horses racing in Australia and won 6.2% of all Australian races including 17.6% (12 of 68) of Group 1 events and 12.6% of black type races
 - 35.5% of horses racing in Hong Kong and won 39.4% of all Hong Kong races, 33.3% (5 of 15) of Group 1 events and 38.2% of black type races
 - 33.8% of horses racing in Singapore and won 37.6% of all Singapore races including 33.3% (2 of 6) of Group 1 events and 42.8% of black type races
- Approximately 85% of breeders are also owners

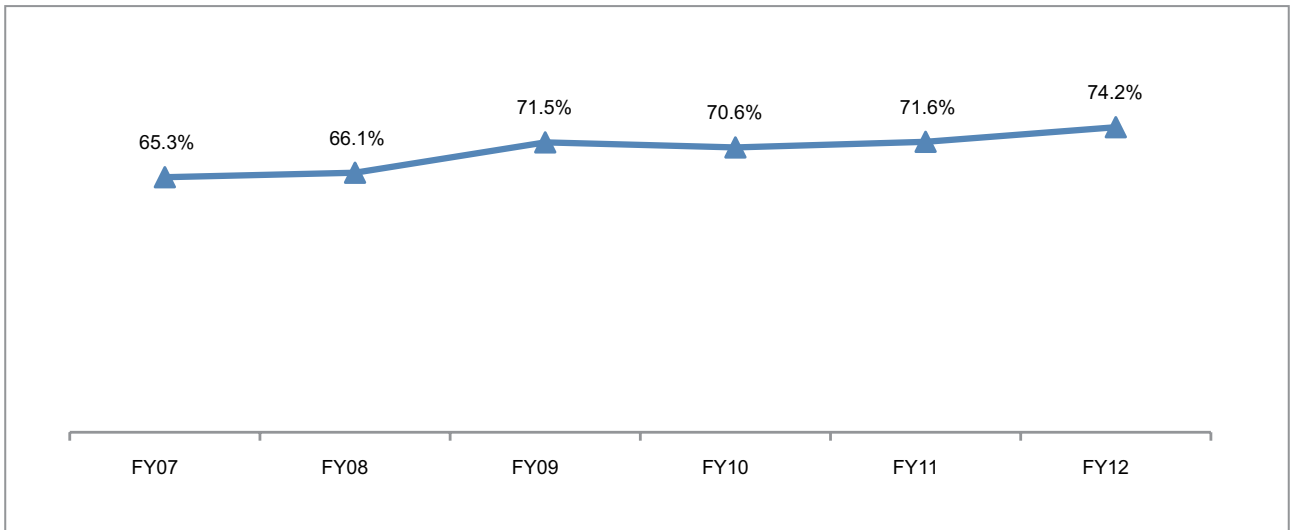
NZTR must ensure breeders are incentivised to grow foal numbers to meet industry objectives.

Chart 15.1 Live foals FY07 to FY12



Source: NZTR Analysis

Chart 15.2 Mares served to live foals FY07 to FY12



Source: NZTR Analysis

Actions

In FY13 NZTR will:

- lift prizemoney levels to increase returns
- support the introduction of a fillies and mares incentive scheme
- work with the NZ Breeders’ Association to improve NZTR’s online Breeders’ Service Centre

Key Performance Indicators

	FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST
34 Live Foals	4,180	4,141	4,100	4,059

16 Intellectual Property

Current Status

- Clubs assign ownership of thoroughbred broadcasting to the NZRB as a requirement of their licence agreement.
- NZTR currently provides racing information to the NZRB under the terms and conditions of the Internationalisation agreement which expires on 30 June 2015.
- The NZRB creates and holds IP in relation to wagering information.
- NZTR provides certain racing information to a number of international entities including RISA and AAP.
- The NZRB has contractual arrangements with a number of overseas totalisator operators.
- Most overseas corporate bookmakers exploit New Zealand thoroughbred IP without payment. NZRB conservatively estimates that New Zealand residents lose more than \$50m per annum with international wagering operators.

Our business is economically dependent on wagering revenue derived from the exploitation of racing information, wagering data and broadcast.

Actions

In FY13 NZTR will:

- clarify the scope and enforceability of thoroughbred copyright and IP protection
- support the NZRB in negotiations relating to the use of thoroughbred IP beyond 2015
- work with the NZRB to investigate the potential application of overseas solutions such as racefields legislation and/or an industry levy based on bettors' location

17 Supporting NZRB's Business

Maximising Returns to Industry Participants

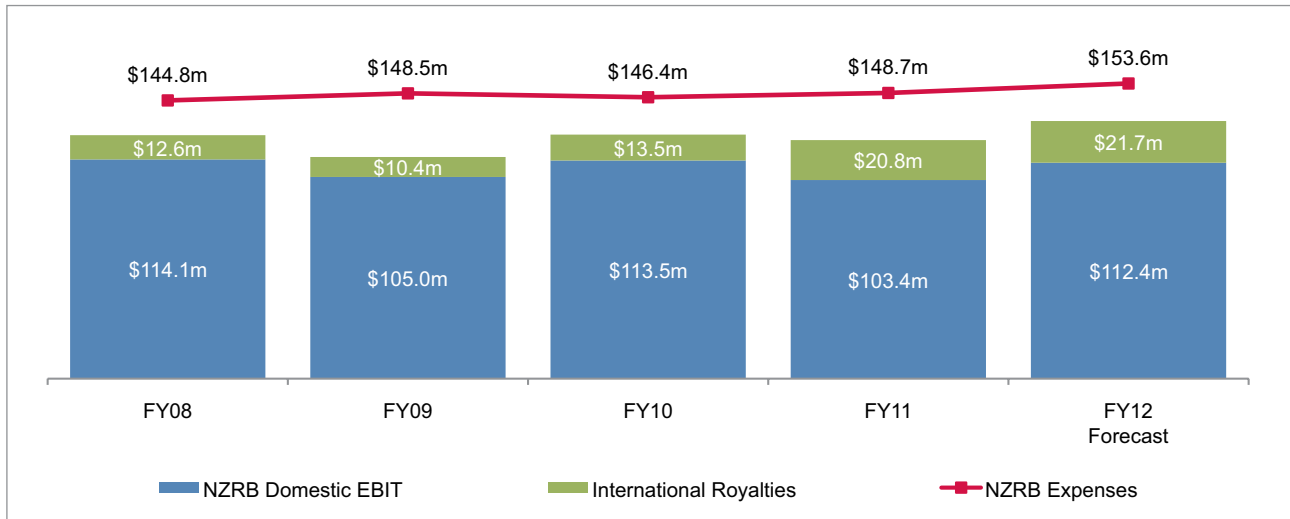
Current status

Thoroughbred racing is economically dependent on wagering revenue from the NZRB.

NZRB domestic earnings increased from \$103.4m in FY11 to \$112.4m in FY12 and export earnings have grown from \$20.8m in FY11 to \$21.7m in FY12. This modest growth has been driven by an increase in the number of races covered, including a small increase in the amount of domestic racing with distributions being diluted by the cost of putting on more racing.

NZTR's success will be dependent on its ability to positively influence NZRB performance.

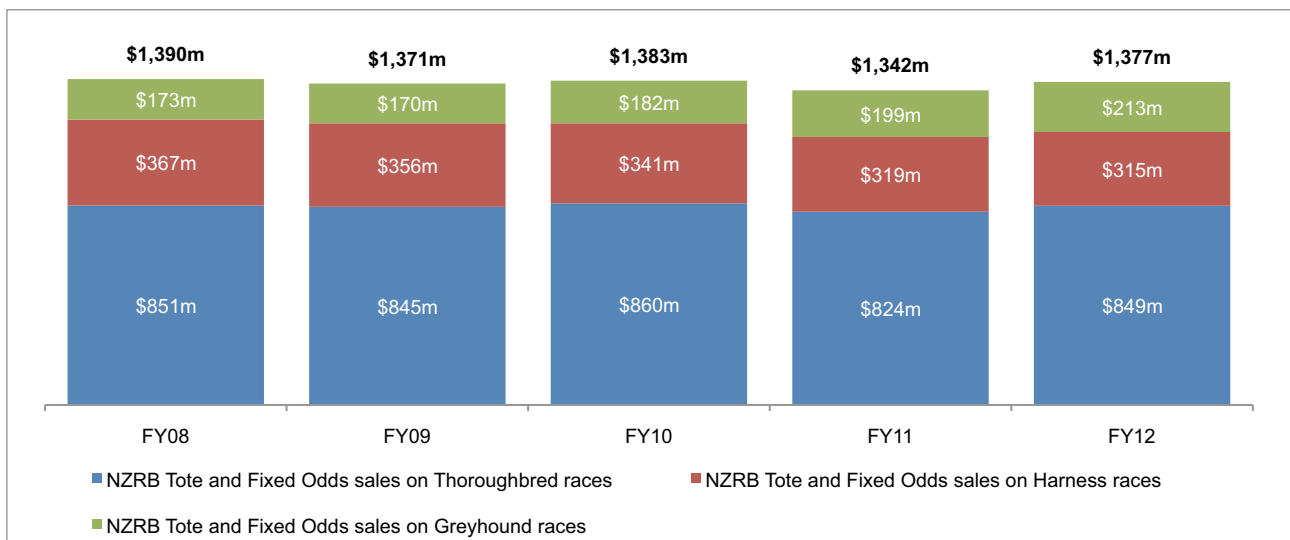
Chart 17.1 NZRB Gross International Royalties and Domestic EBIT Performance



Source: NZRB Annual Reports and SOI

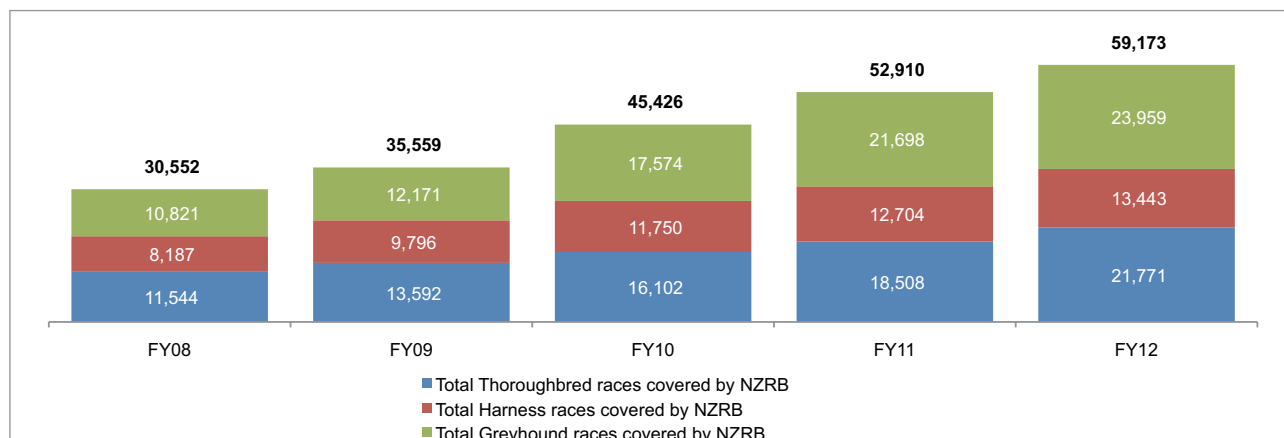
Note: Actual and Forecast numbers from the draft NZRB SOI as at 8 August 2012

Chart 17.2 Totalisator and Fixed Odds sales on all Domestic and International Events (Imported Races)



Source: NZRB turnover data

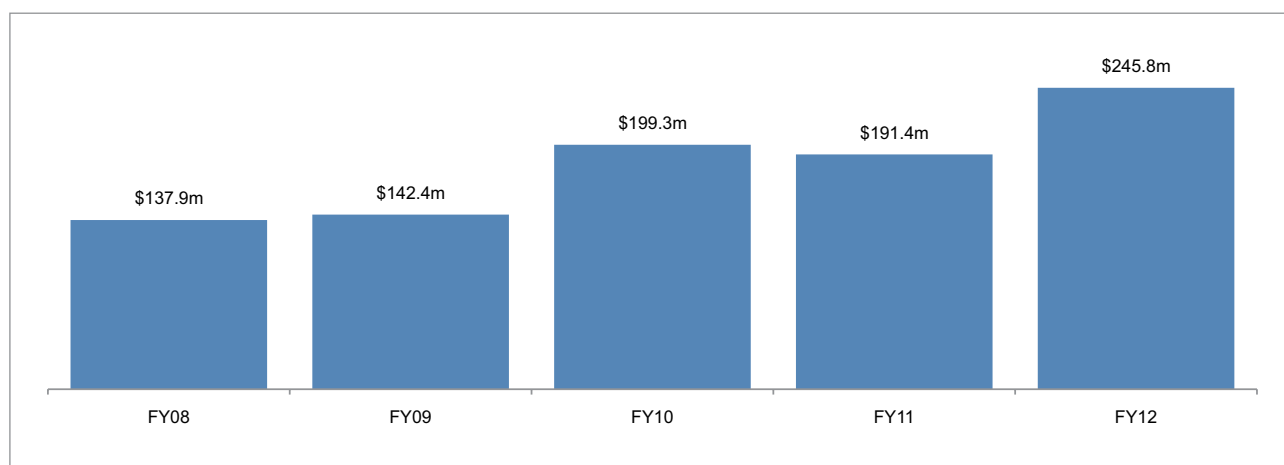
Chart 17.3 Races Covered by NZRB FY08 to FY12



Source: NZRB Financial Reports and NZTR Analysis

Notes: FY11 races covered number amended from previous season

Chart 17.4 NZRB Sports Betting



Source: NZRB turnover data

Actions

In FY13 NZTR will:

- provide a structure of racing and programming aimed at optimising NZRB performance
- support the NZRB in developing new products and promotions including a 'life-changing' bet with the aim of seeing the introduction of a \$1m+ pool bet by 31 July 2013

Key Performance Indicators

		FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST
35	Domestic thoroughbred sales (Fixed odds and Totalisator)	\$421.7m	\$432.2m	\$443.0m	\$454.1m
36	Domestic market share	53.8%	54.0%	54.5%	55.0%

18 Industry Governance

Increasing Efficiency and Effectiveness

Current Status

NZTR will work in collaboration with the NZRB and the other two codes to deliver industry growth.

Actions

In FY13 NZTR will work with the NZRB and the other codes to:

- support and progress joint industry working groups
- create new pathways to long-term sustainable growth for the industry, in particular marketing, IP, broadcasting, infrastructure and on-course services
- address sub-economic restrictions within The Racing Act
- explore shared services to realise cost efficiencies

NZTR will work in collaboration with the NZRB and other codes to deliver industry growth.

19 Section 16 of The Racing Act 2003

Increasing Efficiency and Effectiveness

Current Status

- Under Section 16 of The Racing Act, the NZRB's earnings are distributed to each of the three codes, largely based on their market share of domestic turnover.
- Section 16 was originally put in place to prevent the other codes being disadvantaged by thoroughbred's dominance of imported product. It is demonstrably the case that this has changed in recent years and that the other codes now have every opportunity to benefit from their respective imported product. Section 16's definition of 'domestic' market share is therefore obsolete and needs to be reviewed.
- Thoroughbred racing is at a competitive disadvantage to greyhound and harness racing given it has higher costs throughout its supply chain.
- While it is sometimes argued that this is simply an economic reality thoroughbred racing has to deal with, this argument fails to recognise that the scale of thoroughbred activity underpins the NZRB's national infrastructure, effectively providing the two smaller codes with a leveraged benefit, not reflected in the Section 16 mechanism.
- Any future decline in thoroughbred racing activity will negatively impact on net returns for all three codes.
- Section 16 does not provide effective economic incentives for the NZRB and the codes to maximise economic returns to industry stakeholders.
- In July 2011 NZTR negotiated the landmark Inter-code Funding Agreement, which runs for four years with annual reviews. This provides a high degree of downside protection over the amount distributed by the NZRB to NZTR, and results in NZTR being paid above its domestic market share percentage as defined by Section 16.

Action

In FY13 NZTR will work to ensure the thoroughbred code receives an equitable distribution of NZRB funding, which adequately recognises the higher investment, cost, asset intensity and scale of the thoroughbred code from FY16 and beyond.

Distributions of NZRB profits to the codes must take into account all costs and revenue streams.

2012-2013 Budgeted Inter-code Funding Agreement

	2012/13 SEASON	
	(\$000's)	(\$000's)
NZRB Surplus Available for Distribution		132,000
Less Industry Expenditure		
NZ Equine Health Assn.	(10)	
Participant Training & Education (AGITO)	(160)	
Equine & Greyhound research (Massey Pfx)	(250)	
JCA Contribution	(1,300)	
Racing Integrity Unit	(5,715)	
Racing Laboratory	(1,151)	
On-course Marketing & Events	(2,022)	
Industry Agreed Initiatives	(200)	
Other	(50)	(10,858)
Plus Distribution of NZRB Gaming Grant Funding		
FY13 Distribution of NZRB Class 4 Net Proceeds	6,000	
FY12 Undistributed Class 4 Net Proceeds	3,052	9,052
Neutralise impact of Venue Services Model changes		(269)
NZRB Surplus available for distribution to codes		129,925
Less Funding to Codes		
HARNESS		
NZRB Code Distribution – Base Apportionment	(35,905)	
NZRB Code Distribution – Increment over base	(212)	
Neutralise impact of Venue Services Model changes	153	
FY13 Distribution of NZRB Class 4 Net Proceeds	(1,786)	
FY12 Undistributed Class 4 Net Proceeds	(911)	(38,661)
GREYHOUNDS		
NZRB Code Distribution – Base Apportionment	(18,368)	
NZRB Code Distribution – Increment over base	(304)	
Neutralise impact of Venue Services Model changes	179	
FY13 Distribution of NZRB Class 4 Net Proceeds	(933)	
FY12 Undistributed Class 4 Net Proceeds	(467)	(19,892)
Total Funding Available to Thoroughbreds		71,371
THOROUGHBREDS		
NZRB Code Distribution – Base Apportionment	65,964	
NZRB Code Distribution – Increment over base	389	
Neutralise impact of Venue Services Model changes	63	
FY13 Distribution of NZRB Class 4 Net Proceeds	3,281	
FY12 Undistributed Class 4 Net Proceeds	1,674	71,371

20 Government Relations

Promoting the Sport of Thoroughbred Racing

Current Status

Thoroughbred racing has previously not achieved a consistently constructive working relationship with central government and the majority of local councils.

Actions

In FY13 NZTR will:

- strengthen direct communication channels between thoroughbred racing (NZTR and Racing Clubs) and the relevant government agencies and local councils to ensure there is logical and consistent communication and understanding of the key issues facing thoroughbred racing at the national and local level
- hold regular briefing meetings with representatives of the Office of the Minister for Racing
- work with the NZRB and the harness and greyhound codes to present factual information regarding taxation leakage resulting from New Zealanders' betting with offshore operators
- ensure industry compliance with all relevant legislation and meet all associated reporting and requests for information in a timely and accurate manner
- host key government and local council personnel at major racing events

Globally, successful racing jurisdictions have an appropriate legislative and/or economic framework provided by government.

21 NZTR Governance, Accountability and Transparency

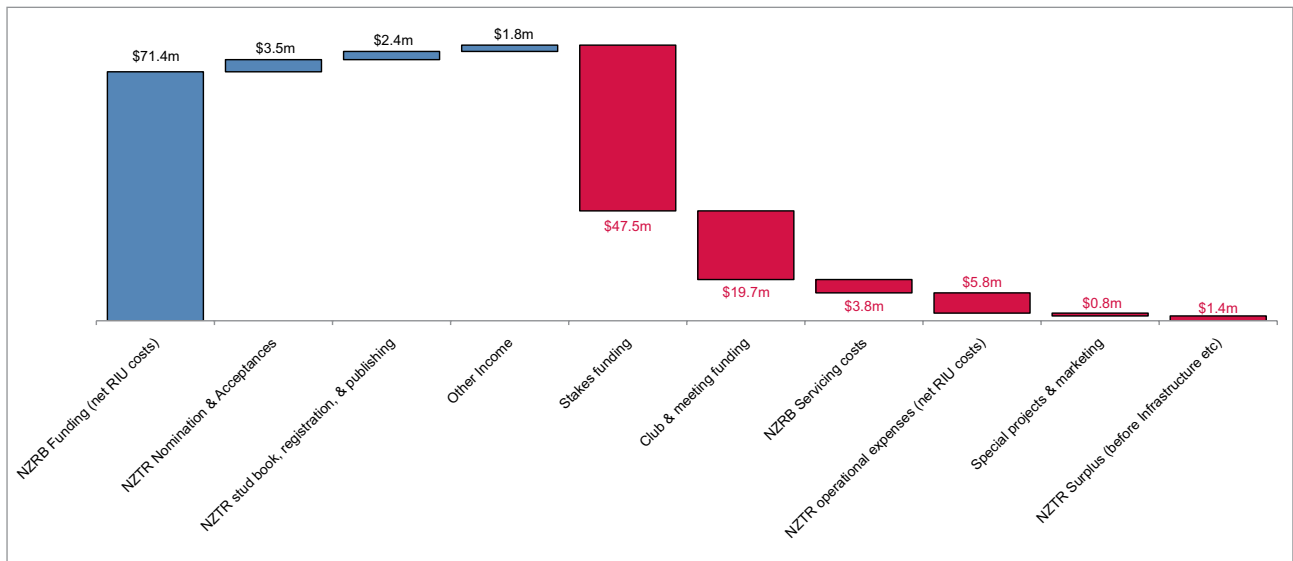
Increasing Efficiency and Effectiveness

Current Status

- In FY12 NZTR returned a surplus before infrastructure projects of \$2.78m and a \$2.07m surplus after expenditure on infrastructure projects.
- Of the \$2.07m surplus, \$1.29m has been carried forward to NZTR reserves and \$0.78m carried forward to a provision for future infrastructure funding.
- NZTR's net cash reserves at 31 July 2012 are \$1.71m.

Thoroughbred racing industry accountability and transparency starts with NZTR.

Chart 21.1 NZTR Sources and Applications of Funds FY13



Source: NZTR Management Reports

Actions

In FY13 NZTR will:

- maintain NZTR operational costs at FY11 levels net of training and development costs and excluding investments in marketing and special projects funding
- review the four-year inter-code agreement with the NZRB and the other codes to ensure it provides a minimum funding undertaking from the NZRB of \$69.48m (inclusive of RIU costs)
- actively manage its financial results against KPIs, including budget-to-actual spend and year-on-year spend
- meet its operational expense budget of \$5.8m, inclusive of previously separately accounted industry training and development spend
- continue to investigate and co-ordinate opportunities for the industry to leverage off its commercial scale to provide benefits and/or discounts to participants and stakeholders – e.g. collective insurance proposal
- increase automation of services, particularly through the website's online Trainers' Service Centre and the Breeders' Service Centre
- develop a \$3m reserves policy to ensure a capacity to absorb future revenue or balance sheet shocks

Key Performance Indicators

	FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST
37 NZTR operational expenses (see Note 1 on page 5)	\$5.45m	\$5.80m	\$5.80m	\$5.80m
38 Website engagement: visits per annum to NZTR website	3.17m	3.32m	3.49m	3.67m
39 Individual transactions made through Trainers' Service Centre as a % of all transactions	39.3%	44.0%	47.0%	50.0%

Appendix A: KPI's 2013-15

NO	DETAILS	KEY PERFORMANCE INDICATORS BUSINESS PLAN 2013-2015			
		FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST
KPI'S					
1	Attendance	480k	510k	520k	530k
2	Meetings with attendance +2,500	44	45	50	55
3	Meetings with attendance +5,500	13	14	16	18
4	Meetings with attendance +10,000	3	3	4	5
5	Number of Pattern Races to total flat races	4.95%	<5.00%	<5.00%	<5.00%
6	Apprentice Jockeys	55	50	50	50
7	Level 3 Stablehand Certificate	19	120	200	200
8	Funded prizemoney	\$44.4m	\$47.5m	\$48.2m	\$50.0m
9	Average funded prizemoney per race	\$14,503	\$15,629	\$15,855	\$16,447
10	Races before noon on Saturdays and 12.30pm other days	189	125	100	100
11	Average domestic (tote and FOB) turnover per race Mondays and Tuesdays combined (excl significant meetings)	\$74k	\$76k	\$78k	\$80k
12	Average export turnover per race Mondays and Tuesdays combined (excl significant meetings)	\$97k	\$97k	\$100k	\$103k
13	Races conducted	3,061	3,040	3,040	3,040
14	NZRB distribution to NZTR	\$69.6m	\$71.4m	\$72.2m	\$74.4m
15	Average field size – all races	10.6	10.7	10.7	10.7
16	Average starts per starter	5.78	5.86	5.92	5.95
17	Races with less than 8 starters	489	470	460	450
18	Number of individual starters	5,610	5,554	5,498	5,471
19	Females as % of individual starters	47.18%	48.12%	49.06%	50.00%
20	Females as % of individual winners	45.79%	47.19%	48.60%	50.00%
21	Number of starts per female starter per year	5.65	5.75	5.85	5.95
22	F&M only mid-week races	30	80	90	100
23	Field size – jumps	8.37	8.70	9.00	9.20
24	Number of individual jumps starters	291	300	300	300
25	Number of jumps races with less than 8 starters	48	45	42	40
26	Percentage of trained starters produced from Strategic training tracks	66.2%	68.0%	70.0%	70.0%
27	Races conducted at venues with more than 10 meetings per annum	71.1%	63.8%	67.5%	72.5%
28	Races conducted at venues with 3-9 meetings	22.2%	29.0%	25.7%	21.0%
29	Races conducted at venues with 1-2 meetings	7.0%	7.2%	6.8%	6.5%
30	Average Track Rating	5.52	5.50	5.25	5.00
31	International royalties on New Zealand thoroughbred racing	\$9.7m	\$10.6m	\$11.7m	\$129.0m
32	Gain access to Sky 1 for New Zealand Monday and Tuesday races	57.6%	60.0%	60.0%	60.0%
33	Number of owners	12,462	12,504	12,879	13,265
34	Live Foals	4,180	4,141	4,100	4,059
35	Domestic thoroughbred sales (Fixed odds and Totalisator)	\$421.7m	\$432.2m	\$443.0m	\$454.1m
36	Domestic market share	53.8%	54.0%	54.5%	55.0%
37	NZTR operational expenses	\$5.45m	\$5.80m	\$5.80m	\$5.80m
38	Website engagement: visits per annum to NZTR website	3.17m	3.32m	3.49m	3.67m
39	Individual transactions made through Trainers' Service Centre as a % of all transactions	39.3%	44.0%	47.0%	50.0%

Appendix B: KPI's Business Plan 2012-14 compared to KPI's Business Plan 2013-15

NO	DETAILS	KEY PERFORMANCE INDICATORS BUSINESS PLAN 2012-2014				KEY PERFORMANCE INDICATORS BUSINESS PLAN 2013-2015			
		FY11 ACTUAL	FY12 FORECAST	FY13 FORECAST	FY14 FORECAST	FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST
1	Attendance	508k	525k	550k	575k	480k	510k	520k	530k
2	Meetings with attendance +2,500	35	35	40	50	44	45	50	55
3	Meetings with attendance +5,500	Not in 2012-2014 Business Plan				13	14	16	18
4	Meetings with attendance +10,000	Not in 2012-2014 Business Plan				3	3	4	5
5	Number of Pattern Races to total flat races	4.90%	4.90%	4.90%	4.90%	4.95%	<5.00%	<5.00%	<5.00%
6	Apprentice Jockeys	48	50	50	50	55	50	50	50
7	Level 3 Stablehand Certificate	25	120	200	200	19	120	200	200
8	Funded prizemoney (see notes)	\$40.8m	\$43.2m	\$46.0m	\$46.9m	\$44.4m	\$47.5m	\$48.2m	\$50.0m
9	Average funded prizemoney per race (see notes)	\$13,384	\$14,199	\$15,140	\$15,416	\$14,503	\$15,629	\$15,855	\$16,447
10	Races before noon on Saturdays and 12.30pm other days (see notes)	463	172	100	100	189	125	100	100
11	Average domestic (tote and FOB) turnover per race Mondays and Tuesdays combined (excl significant meetings) (see notes)	\$0k	\$50k-\$70k	\$50k-\$70k	\$50k-\$70k	\$74k	\$76k	\$78k	\$80k
12	Average export turnover per race Mondays and Tuesdays combined (excl significant meetings) (see notes)	\$0k	\$80k-\$100k	\$80k-\$100k	\$80k-\$100k	\$97k	\$97k	\$100k	\$103k
13	Races conducted	3,048	3,040	3,040	3,040	3,061	3,040	3,040	3,040
14	NZRB distribution to NZTR	\$64.1m	\$69.5m	\$70.9m	\$72.2m	\$69.6m	\$71.4m	\$72.2m	\$74.4m
15	Average field size – all races	10.7	10.8	11.2	11.2	10.6	10.7	10.7	10.7
16	Average starts per starter	5.7	6.0	6.2	6.2	5.78	5.86	5.92	5.95
17	Races with less than 8 starters	484	420	385	350	489	470	460	450
18	Number of individual starters	5,682	5,455	5,455	5,455	5,610	5,554	5,498	5,471
19	Females as % of individual starters	46.50%	47.70%	48.80%	50.00%	47.18%	48.12%	49.06%	50.00%
20	Females as % of individual winners	45.00%	46.70%	48.30%	50.00%	45.79%	47.19%	48.60%	50.00%
21	Number of starts per female starter per year	5.60	5.70	5.90	6.10	5.65	5.75	5.85	5.95
22	F&M only mid-week races	Not in 2012-2014 Business Plan				30	80	90	100
23	Field size – jumps	8.70	8.80	9.20	9.50	8.37	8.70	9.00	9.20
24	Number of individual jumps starters	278	280	290	300	291	300	300	300
25	Number of jumps races with less than 8 starters	Not in 2012-2014 Business Plan				48	45	42	40
26	Percentage of trained starters produced from Strategic training tracks	66.4%	66.4%	68.0%	70.0%	66.2%	68.0%	70.0%	70.0%
27	Races conducted at venues with more than 10 meetings per annum	59.6%	67.4%	68.2%	69.0%	71.1%	63.8%	67.5%	72.5%
28	Races conducted at venues with 3-9 meetings	33.5%	25.7%	25.0%	24.0%	22.2%	29.0%	25.7%	21.0%
29	Races conducted at venues with 1-2 meetings	6.9%	6.9%	6.9%	7.0%	7.0%	7.2%	6.8%	6.5%

30	Average Track Rating	6.18	6.00	5.75	5.25	5.52	5.50	5.25	5.00
31	International royalties on New Zealand thoroughbred racing	\$9.2m	\$11.0m	\$13.2m	\$15.9m	\$9.7m	\$10.6m	\$11.7m	\$129.0m
32	Gain access to Sky 1 for New Zealand Monday and Tuesday races	0.0%	100.0%	100.0%	100.0%	57.6%	60.0%	60.0%	60.0%
33	Number of owners	12,504	12,600	13,000	14,000	12,462	12,504	12,879	13,265
34	Live Foals	Not in 2012-2014 Business Plan				4,180	4,141	4,100	4,059
35	Domestic thoroughbred sales (Fixed odds and Totalisator)	Not in 2012-2014 Business Plan				\$421.7m	\$432.2m	\$443.0m	\$454.1m
36	Domestic market share	Not in 2012-2014 Business Plan				53.8%	54.0%	54.5%	55.0%
37	NZTR operational expenses (see notes)	\$5.42m	\$5.47m	\$5.47m	\$5.47m	\$5.45m	\$5.80m	\$5.80m	\$5.80m
38	Website engagement: visits per annum to NZTR website	Not in 2012-2014 Business Plan				3.17m	3.32m	3.49m	3.67m
39	Individual transactions made through Trainers' Service Centre as a % of all transactions	Not in 2012-2014 Business Plan				39.3%	44.0%	47.0%	50.0%

Notes:

- 1 KPIs 8 and 9: 2013-2015 Business Plan now include Iconic and Special Interest race funding as part of minimum funded prizemoney and average funded prizemoney
- 2 KPI 10: Number of races before noon Saturday midweek and 12.30pm midweek and Sundays for FY11 was actually 463. Reported as 606 in 12-14 Business Plan.
- 3 KPI 11: Previous KPIs were domestic totalisator turnover not including FOB, separated as Mondays and Tuesdays and by region, between \$55k and \$70k, with no growth forecast.
- 4 KPI 12: Previous KPIs were export turnover separated as Mondays and Tuesdays, set at either \$80k or \$100k, with no growth forecast.
- 5 KPI 37: FY13-15 NZTR operational expenses incorporate previously separately-accounted industry training costs and additional costs associated with the AgITO industry training arrangements, which have offsetting revenue.



NZTR Board

Mr Matthew Goodson (Chairman)

Mr Joe Walls (Deputy Chairman)

Mr Des Friedrich

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Mr John Stace

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