

Ladies and Gentlemen,

In spite of the COVID-19 impact, the industry has shown remarkable resilience. We are up and running and the 2019/20 season was notable for some remarkable performances on the track by New Zealand horses and participants on both sides of the Tasman, and for some very important advances within the industry off the track.

As mentioned, the racing season still allowed us to witness and salute both human and equine star performers. These performers were honoured at the New Zealand Thoroughbred Horse of the Year virtual Awards.

Let me move to a brief overview of **NZTR's performance for the last year and outlook for the future** but before I do so, let me express considerable thanks to The Rt. Hon Winston Peters, the previous Coalition Government, the Select Committee, RITA and DIA Officials. Their actions, in conjunction with significant input from the industry, has produced a bill that lays the foundation for our future. The move to a Code driven model with code ownership of the IP are the critical building blocks the industry has sought. To put the quantum of the assistance provided – the wagering profit from the TAB this year is budgeted to be \$117m – without the duty cut, driven by The Rt. Minister, it would be around \$60m!

Financially, NZTR made the conscious decision about 2 years ago to increase our reserves. This allowed us to enter the COVID-19 saga in a sound position. Further aided by Government funds allocated to NZTR and the Clubs and the resilience and compliance by the industry to the necessary operating protocols, we were able to come through lockdown in good shape.

In addition, NZTR's operating expenditure has decreased over the last 4 years – however operating investments in the industry have increased from zero to \$1m excluding the synthetic track grants. Looking forward the requirement to deliver on projects as those outlined this morning will require investments along with considerations of other funding demands including increasing stakes. There is never any lack of demand on each \$ the industry generates.

Finally, under financial performance, and as previously mentioned, RFs and duty are flowing directly to the code. RFs have grown from \$300k/month budget in August this year to \$576k last month with a \$1m per month target being the next milestone. This is the first time in 5 years – apart from the RITA funding advance - that income to the code is increasing! However, code payment this year has a \$6m one-off contribution from the Minister's fund and an extra \$1m from gaming, so with about 50% of this coming to Thoroughbreds, we have a gap to fill before we can confidently move forward.

Given these uncertainties, coupled with the COVID-19 unpredictability, 2020/21 is a year of consolidation. I am sure the new Board will be closely monitoring the situation as it evolves as they formulate their funding priorities going forward.

The progress on the projects this year has been summarised by Bernard this morning and we have made good progress across the board especially in:

- Venue planning and synthetic tracks
- Thoroughbred and participant welfare (IFHA)
- Commencing Systems integration with Racing Australia
- Communications developed, and
- Code Distribution model review has started

Thanks to all those involved across the industry supporting these initiatives as they will serve the industry well in the future.

Bernard has also summarised the forward-looking initiatives to take advantage of the new environment created by the 2020 Racing Act – i.e. a code model that requires NZTR to run all facets of a business. To reiterate the priorities raised including:

- Enhancing and innovating the Racing product
- Improving Venues, tracks and helping build Club presence in their communities
- Enhanced training, licensing and development
- A step change in marketing and promotion, and
- Continuing to drive efficiencies at code and industry level whilst investing where necessary

To deliver the performance outlined during the infamous “COVID year” I would like to thank Bernard and the whole NZTR team who have all battled beyond the call of duty in difficult times. Salary sacrifices have been made by the CEO and senior managers in spite of the longer hours dealing with government and industry uncertainties.

It is also very important to note that none of this could have been achieved without a close working relationship with the Stakeholder Groups and the Clubs across NZ. There has been countless discussions and forums and work put in by those that lead these organisations to get us to where we are today – a position which is pretty much the envy of the racing world.

In addition, I would like to recognise and express my appreciation for the extra time and commitment put in by my fellow **Directors** and the fees sacrifice made which is being retained within NZTR as the first contribution to a NZTR Future Fund.

In particular, I would also like to express a warm thanks to the Directors standing down this year.

Victoria Carter acted as our Deputy Chair, and represented NZTR on the ARF and the IFHA. Victoria always championed the human and animal welfare imperatives, marketing and PR for the code and was an active member of our 2 main sub-committees, including Chair of Remunerations and Appointments. Victoria was a Director of NZTR for nearly 7 years following 3 years on the Members’ Committee including Chair and 9 years on the Board of the Auckland Racing Club. Nearly 20 years of service in governance to the industry is a significant contribution that must be acknowledged.

Rick Williams, has been a major contributor in the area of the business of racing, including work on venues and integrity. His lifelong involvement in the industry and ability to bring that lens to any decision, combined with his analytical approach, meant his input was always well-considered. He has a real passion to get more income flowing into the industry and I have used him as a sounding Board on many an occasion.

Finally, this is my last AGM and last day as Chair after 5 years. Looking back, we have made progress, albeit not as fast as desired. Examples include:

- A new CEO and strengthened management team
- A stronger balance sheet and more investment in the industry
- An all-weather track program for training and winter racing and supporting development of regional racing hubs

- Minimum stakes \$10k – which clearly is not enough!
- Pushing for major change in the industry and the opportunities that flow with that change
 - o Deloitte Report, Messara report are examples which provided impetus for change, and
- The final passing of the new Act in conjunction with the other codes which included
 - o Ownership of IP by the codes
 - o Locking in RFs and POC
 - o Delivering a Code driven model

As with all organisations there is always further to go.

My final remarks are forward looking and reflect my experiences in business and other racing jurisdictions.

Firstly, I would like to challenge the industry to recognise the changing demands of society and not lag in these areas. Examples include animal welfare, diversity and sustainability expectations – some of which are already firmly wired into government expectations. These are prerequisites to earning a social license to operate and to build a strong and loyal fan base based on respect for and love of the industry.

Secondly, we must innovate quicker whilst respecting our heritage. The tight shackles necessitated by the “need to survive years” are lifting and we have to progress at a rapid rate to meet the expectations of the current and future participants. The initial imperatives have been flagged today and work has started, but we must look at timeframes defined in years and within years not decades.

Thirdly, NZTR and the industry must install and insist upon independent racing and business-based governance balanced by transparent accountability, if it is to balance the increasing demands on the resources (funds, clubs, participants and administrators) required to run racing.

So, thank you for the opportunity. I firmly believe that the industry has progressed and that the potential for Thoroughbred Racing is beginning to be delivered on.

I wish the new Board and the industry the best for the future and you may see me put up a hand for consideration on the new TAB Board. That \$100m in the Messara report for Thoroughbreds is still within reach of getting the quaddie. We have the first 3 legs:

- Duty Reduction and Racefields
- Code Ownership of IP
- A code driven industry

The final leg is an internationally competitive TAB worthy over \$20m a year to Thoroughbreds and we will get it!

Thank you.

Dr Alan Jackson
Chairman – New Zealand Thoroughbred Racing