



NEW ZEALAND
THOROUGHBRED **RACING**



PERFORMANCE REPORT 2016

OCTOBER 2016

The 2016 NZTR Performance Report records NZTR's performance against the 2016 Key Performance Indicators. The Report is reviewed and NZTR's Primary Key Performance Indicators are measured monthly against actual performance.



www.nzracing.co.nz

New Zealand Thoroughbred Racing Incorporated

106-110 Jackson Street, Petone, Wellington, New Zealand

PO Box 38 386, Wellington Mail Centre 5045, New Zealand

Telephone: +64 4 576 6240 | Facsimile: +64 4 568 8866 | Email: office@nzracing.co.nz



PERFORMANCE REPORT SUMMARY

This 2016 NZTR Performance Report records NZTR's performance against the 2016 season Key Performance Indicators.

The 2016 period of reporting (also referred to as FY16) covers the racing season from 1 August 2015 to 31 July 2016.

The 2016-2020 NZTR Strategic Plan document was produced in 2015 and presented at the 2015 NZTR AGM.

The Key Performance Indicator benchmarks used in this document were updated at the commencement of the season for governance purposes. The Primary Key Performance Indicators were reported against monthly to racing clubs and sector groups and to each of the NZTR Board meetings.

In total there are 42 key performance indicators (KPIs). Of these KPIs, we:

✔	MET OR IMPROVED ON 2016 KPI TARGETS	26	61.9%
⊖	IMPROVED ON FY15 BUT FAILED TO MEET 2016 KPI TARGETS	6	14.3%
✘	FAILED TO IMPROVE ON FY15 AND FAILED TO MEET 2016 KPI TARGETS	10	23.8%
	TOTAL	42	100.00%

NZTR PERFORMANCE AGAINST 2016 KEY PERFORMANCE INDICATORS

NO	DETAILS	BASE	KEY PERFORMANCE INDICATORS		PERFORMANCE REPORT
			FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL
1	FUNDED PRIZEMONEY	\$50.3M	\$50.3M	\$51.2M	✓
2	ACTUAL PRIZEMONEY PAID	\$52.8M	\$52.8M	\$53.9M	✓
3	NZTR NOMINATION AND ACCEPTANCE CHARGES TO OWNERS	\$2.3M	\$2.2M	\$2.2M	✓
4	AVERAGE FUNDED PRIZEMONEY PER RACE	\$17,653	\$18,505	\$18,357	⊖
5	NZRB DISTRIBUTION TO NZTR	\$73.1M	\$73.9M	\$73.9M	✓
6	CLUB CONTRIBUTION TO PRIZEMONEY	\$2.5M	\$2.5M	\$2.7M	✓
7	ATTENDANCE	447K	480K	424K	✗
8	MEETINGS WITH ATTENDANCE +2,500	43	50	37	✗
9	MEETINGS WITH ATTENDANCE +5,000	7	9	11	✓
10	MEETINGS WITH ATTENDANCE +10,000	3	4	3	⊖
11	NUMBER OF PATTERN RACES TO TOTAL FLAT RACES	5.28%	5.65%	5.48%	✓
12	APPRENTICE JOCKEYS	50	>=50	55	✓
13	LEVEL 3 STABLEHAND/TRACKWORK RIDER TRAINEES	139	130	57	✗
14	LEVEL 4 CERTIFICATE IN EQUINE TRAINING	64	60	49	✗
15	RACEMEETINGS CONDUCTED	337	331	329	✗
16	RACES CONDUCTED	2,848	2,717	2,790	✓
17	RACES BEFORE NOON SATURDAYS AND MAJOR RACE DAYS; RACES BEFORE 12.30PM ALL OTHER DAYS	187	150	185	⊖
18	AVERAGE FIELD SIZE - ALL RACES	10.45	10.65	10.64	⊖
19	AVERAGE STARTS PER STARTER	5.60	5.60	5.73	✓
20	RACES WITH LESS THAN 8 STARTERS	453	444	400	✓
21	TOTAL STARTS	29,749	28,927	29,687	✓
22	NUMBER OF INDIVIDUAL STARTERS	5,312	5,165	5,177	✓
23	FEMALES AS PERCENTAGE OF INDIVIDUAL STARTERS	48.36%	48.91%	48.31%	✗
24	FEMALES AS PERCENTAGE OF INDIVIDUAL WINNERS	45.78%	47.19%	45.36%	✗
25	NUMBER OF STARTS PER FEMALE STARTER PER YEAR	5.44	5.50	5.53	✓
26	F&M ONLY \$12K MID-WEEK RACES & \$25K SATURDAYS	96	97	95	✗
27	FIELD SIZE - JUMPS	8.51	8.60	9.15	✓

NO	DETAILS	BASE	KEY PERFORMANCE INDICATORS		PERFORMANCE REPORT
			FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL
28	NUMBER OF INDIVIDUAL JUMPS STARTERS	270	275	293	✓
29	NUMBER OF JUMPS RACES WITH LESS THAN 8 STARTERS	35	34	28	✓
30	PERCENTAGE OF STARTS PRODUCED FROM STRATEGIC TRAINING TRACKS	71.8%	70.0%	71.5%	✓
31	RACES CONDUCTED AT VENUES WITH MORE THAN 10 MEETINGS PER ANNUM	76.8%	69.6%	70.6%	✓
32	RACES CONDUCTED AT VENUES WITH 3-9 MEETINGS	17.2%	21.4%	21.3%	✓
33	RACES CONDUCTED AT VENUES WITH 1-2 MEETINGS	6.0%	9.0%	8.1%	✓
34	INTERNATIONAL ROYALTIES ON NEW ZEALAND THOROUGHBRED RACING	\$9.4.M	\$9.3M	\$9.4M	✓
35	NUMBER OF OWNERS	12,888	12,900	13,052	✓
36	LIVE FOALS	3,774	3,555	3,530	✘
37	DOMESTIC THOROUGHBRED SALES (FIXED ODDS & TOTE)	\$430.9M	\$424.8M	\$436.2M	✓
38	DOMESTIC MARKET SHARE (ALL MEETINGS)	52.9%	53.0%	52.9%	⊖
39	NZTR CORE OPERATIONAL EXPENSES	6.19M	6.19M	6.01M	✓
40	NZTR OPERATIONAL EXPENSES INCLUDING MARKETING, SPECIAL PROJECTS & RCPP	7.36M	7.28M	7.75M	✘
41	WEBSITE ENGAGEMENT: VISITS PER ANNUM TO NZTR WEBSITE	3.98M	4.00M	4.50M	✓
42	PERCENTAGE OF TRANSACTIONS MADE THROUGH TRAINERS' SERVICE CENTRE	39.0%	41.0%	40.6%	⊖

**MET OR IMPROVED ON
FY16 KPI TARGETS**

61.9%



**MET OR IMPROVED ON FY15 BUT DID
NOT MEET FY16 KPI TARGETS**

14.3%



**FAILED TO IMPROVE ON FY15 AND FAILED
TO MEET FY16 KPI TARGETS**

23.8%



MET OR EXCEEDED FY16 FORECAST/KPI 26/42 (61.90%)	
1	FUNDED PRIZEMONEY
2	ACTUAL PRIZEMONEY PAID
3	NZTR NOMINATION AND ACCEPTANCE CHARGES TO OWNERS
4	NZRB DISTRIBUTION TO NZTR
5	CLUB CONTRIBUTION TO PRIZEMONEY
6	MEETINGS WITH ATTENDANCE +5,000
7	NUMBER OF PATTERN RACES TO TOTAL FLAT RACES
8	APPRENTICE JOCKEYS
9	RACES CONDUCTED
10	AVERAGE STARTS PER STARTER
11	RACES WITH LESS THAN 8 STARTERS
12	TOTAL STARTS
13	NUMBER OF INDIVIDUAL STARTERS
14	NUMBER OF STARTS PER FEMALE STARTER PER YEAR
15	FIELD SIZE – JUMPS
16	NUMBER OF INDIVIDUAL JUMPS STARTERS
17	NUMBER OF JUMPS RACES WITH LESS THAN 8 STARTERS
18	PERCENTAGE OF STARTS PRODUCED FROM STRATEGIC TRAINING TRACKS
19	RACES CONDUCTED AT VENUES WITH MORE THAN 10 MEETINGS PER ANNUM
20	RACES CONDUCTED AT VENUES WITH 3-9 MEETINGS
21	RACES CONDUCTED AT VENUES WITH 1-2 MEETINGS
22	INTERNATIONAL ROYALTIES ON NEW ZEALAND THOROUGHBRED RACING
23	NUMBER OF OWNERS
24	DOMESTIC THOROUGHBRED SALES (FIXED ODDS AND TOTE)
25	NZTR CORE OPERATIONAL EXPENSES
26	WEBSITE ENGAGEMENT: VISITS PER ANNUM TO NZTR WEBSITE
TOTAL: 26/42 (61.90%)	

MET OR EXCEEDED PRIOR YEAR (FY15) BUT DID NOT MEET FY16 FORECAST/KPI 6/42 (14.29%)	
1	AVERAGE FUNDED PRIZEMONEY PER RACE
2	MEETINGS WITH ATTENDANCE +10,000
3	RACES BEFORE NOON SATURDAYS AND MAJOR RACE DAYS; RACES BEFORE 12.30PM ALL OTHER DAYS
4	AVERAGE FIELD SIZE – ALL RACES
5	DOMESTIC MARKET SHARE (ALL MEETINGS)
6	PERCENTAGE OF TRANSACTIONS MADE THROUGH TRAINERS' SERVICE CENTRE
TOTAL: 6/42 (14.29%)	

MET NEITHER PRIOR YEAR (FY15) NOR FY16 FORECAST/KPI 10/42 (23.81%)	
1	ATTENDANCE
2	MEETINGS WITH ATTENDANCE +2,500
3	LEVEL 3 STABLEHAND/TRACKWORK RIDER TRAINEES
4	LEVEL 4 CERTIFICATE IN EQUINE TRAINING
5	RACEMEETINGS CONDUCTED
6	FEMALES AS PERCENTAGE OF INDIVIDUAL STARTERS
7	FEMALES AS PERCENTAGE OF INDIVIDUAL WINNERS
8	F&M ONLY \$12K MID-WEEK RACES AND \$25K SATURDAYS
9	LIVE FOALS
10	NZTR OPERATIONAL EXPENSES INCLUDING MARKETING, SPECIAL PROJECTS AND RCPP
TOTAL: 10/42 (23.81%)	



PRIZEMONEY

The 2016 Key Performance Indicators for Prizemoney:

KPIS	FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL	RESULT
1 FUNDED PRIZEMONEY	\$50.3M	\$50.3M	\$51.2M	✓
2 ACTUAL PRIZEMONEY PAID	\$52.8M	\$52.8M	\$53.9M	✓
3 NZTR NOMINATION AND ACCEPTANCE CHARGES TO OWNERS	\$2.3M	\$2.2M	\$2.2M	✓
4 AVERAGE FUNDED PRIZEMONEY PER RACE	\$17,653	\$18,505	\$18,357	✖
5 NZRB DISTRIBUTION TO NZTR	\$73.1M	\$73.9M	\$73.9M	✓
6 CLUB CONTRIBUTION TO PRIZEMONEY	\$2.5M	\$2.5M	\$2.7M	✓
✓ MET OR IMPROVED ON 2016 KPI TARGETS				83.3%
✖ IMPROVED ON FY15 BUT FAILED TO MEET 2016 KPI TARGETS				16.7%
✖ FAILED TO IMPROVE ON FY15 AND FAILED TO MEET 2016 KPI TARGETS				0%

Both total and average funded prizemoney increased again in FY16. Total funded prizemoney exceeded forecast by \$900,000 as a result of more running more races than were budgeted. This occurred as a result of a net increase in races after abandonments due to the demand for additional races particularly at peak times of the year. NZTR average funded prizemoney per race increased substantially (by \$704 per race) on FY15, although the increase was less than forecast because of the additional races being added at the lower end of race and meeting categories.

NZTR constantly faces tough choices between competing requirements in prizemoney, infrastructure, marketing and customer/owner services. The increase in NZRB distribution to NZTR for FY16 was not able to cover the cost of all of these priorities, with the expense of races over budget contributing to this issue.

Since 2011 we have met the challenge to improve prizemoney levels to owners and trainers by growing:

- Aggregate funded prizemoney from \$40.8 million to \$51.2 million, at a CAGR of +4.65%
- Average funded prizemoney from \$13,386 to \$18,357 per race, at a CAGR of +6.52%

While greater increases are clearly desirable, we are committed to increasing prizemoney only when such increases are sustainable, as well as making sure we maintain a balance of all our priorities for the industry.

PRIZEMONEY CONTINUED

KPI 1: NZTR-FUNDED PRIZEMONEY

In FY16 aggregate NZTR funded prizemoney was \$51.2m, an increase of \$0.9m over both the \$50.3m paid in FY15 and the FY16 forecast.

KPI 2: ACTUAL PRIZEMONEY PAID

In FY16 actual prizemoney paid was \$53.9m an increase of \$1.1m on both the \$52.8m paid in FY15 and the FY16 forecast.

KPI 3: NOMINATION AND ACCEPTANCE CHARGES PAID TO OWNERS

In FY16 nomination and acceptance charges paid by owners to NZTR were \$2.2m, less than FY15 and matching our FY16 forecast.

KPI 4: AVERAGE FUNDED PRIZEMONEY PER RACE

Average NZTR funded prizemoney was below forecast but still exceeded last season by \$704 per race. Average funded prizemoney per race has risen from \$13,386 in FY11 to \$18,357 in FY16, at an average CAGR of 6.52%.

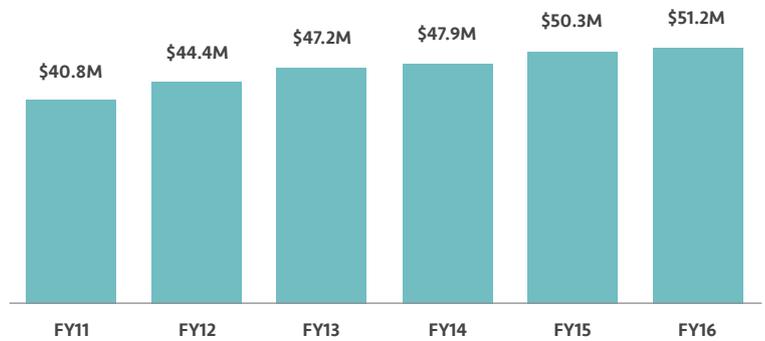
KPI 5: NZRB DISTRIBUTION TO NZTR

The FY16 NZRB distribution to NZTR was \$73.9m. This was \$800,000 more than the FY15 NZRB distribution and matched NZTR's FY16 budget.

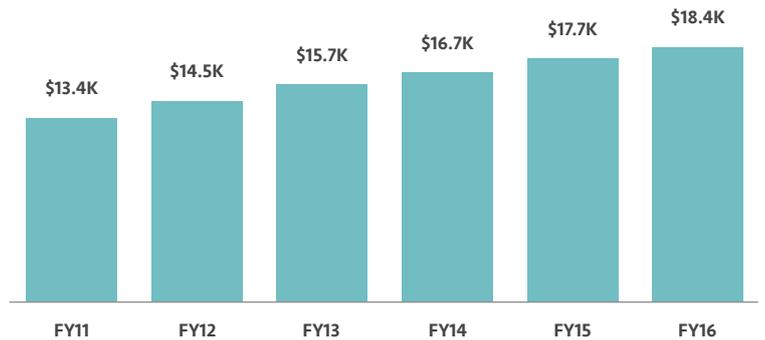
KPI 6: CLUB CONTRIBUTION TO PRIZEMONEY

In FY16 club contribution to prizemoney paid was \$2.7m, an increase of \$200,000 on both the \$2.5m paid in FY15 and the FY16 forecast.

NZTR FUNDED PRIZEMONEY



AVERAGE NZTR FUNDED PRIZEMONEY



MARKETING

The funding needs of prizemoney and infrastructure are urgent but so too is the need to grow our owner and customer base so that we have a sustainable industry in the long term.

This season NZTR rolled out year one of the marketing plan, which aimed to stimulate greater public interest in racing, attendance at race meetings and interest in ownership. In doing so we continued to support the development of high quality racing events to improve the race day experience for our customers, promoted the sport and lifestyle of thoroughbred racing through the launch of the consumer facing brand Love Racing and made ownership more accessible by supporting the further development of Social Racing.

Over the past year we have invested in the marketing and branding of our sport which has seen higher levels of engagement especially through digital media. The aim now is to turn this engagement into broader participation in the sport specifically with regard to ownership. Over the next two to three years the focus will primarily be on developing ways to improve the ownership experience and support the industry to retain as well as stimulate growth in race horse ownership in New Zealand.

In FY16 NZTR:

- launched the consumer facing brand for the industry Love Racing on social media and on-course in association with the Auckland Racing Club. Love Racing now has a following of just over 14,000 across all of its social media channels (Facebook, Snapchat and Instagram), reaches 356,000 people with its content and obtains 9,900 engagements on average per month
- worked with the NZRB on-course marketing and events team to provide a better race day experience for our customers
- obtained more coverage of thoroughbred racing in sports and general media by working with New Zealand Thoroughbred Marketing (NZTM) and the NZRB media and corporate communication team
- worked with New Zealand Bloodstock to host an owners information tent at the National Yearling Sales and the Karaka Owners Open Day as well as producing a beginners guide to horse ownership.



RACE CLUB PERFORMANCE

The 2016 Key Performance Indicators for Race Club Performance:

KPIs	FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL	RESULT
7 ATTENDANCE	447K	480K	424K	✘
8 MEETINGS WITH ATTENDANCE +2,500	43	50	37	✘
9 MEETINGS WITH ATTENDANCE +5,000	7	9	11	✔
10 MEETINGS WITH ATTENDANCE +10,000	3	4	3	⊖
✔ MET OR IMPROVED ON 2016 KPI TARGETS				25.0%
⊖ IMPROVED ON FY15 BUT FAILED TO MEET 2016 KPI TARGETS				25.0%
✘ FAILED TO IMPROVE ON FY15 AND FAILED TO MEET 2016 KPI TARGETS				50.0%

The Racing Club Partnership Programme (RCPP) is now in its fourth year. The key focus during FY16 has been consulting with and providing racing clubs with information, education and templates around the impact and requirements associated with the Health and Safety At Work Act 2015. This has also involved consultation with Accident Compensation Corporation, Worksafe, the NZ Trainers Association, NZ Thoroughbred Breeders and the Racing Integrity Unit.

Additional programmes of work have included the development of draft Club Rules in advance of the pending changes to the Incorporated Societies legislation and ongoing capture and reporting of club and race meeting financial information.

The RCPP team continues to work closely with the industry's Events, Management and Logistics team (EML) which has the resources to deliver national franchised events such as the very successful Christmas At The Races and the Interislander Summer Festival events along with support at other key events during the racing season.

KPI 7: TOTAL ON-COURSE ATTENDANCE

In FY16 424,000 people attended thoroughbred race meetings, down 23,000 from FY15.

The decline is primarily due to a recalibration by the NZRB of race meetings where an independent attendance count is not undertaken. The recalibration was not applied to prior year estimates.

KPI 8: MEETINGS WITH ATTENDANCE +2,500

In FY16 37 thoroughbred race meetings attracted crowds of 2,500 or more, down 6 meetings from FY15 and 13 from NZTR's FY16 forecast. This KPI was also affected by the recalibration of the NZRB's attendance ratio.

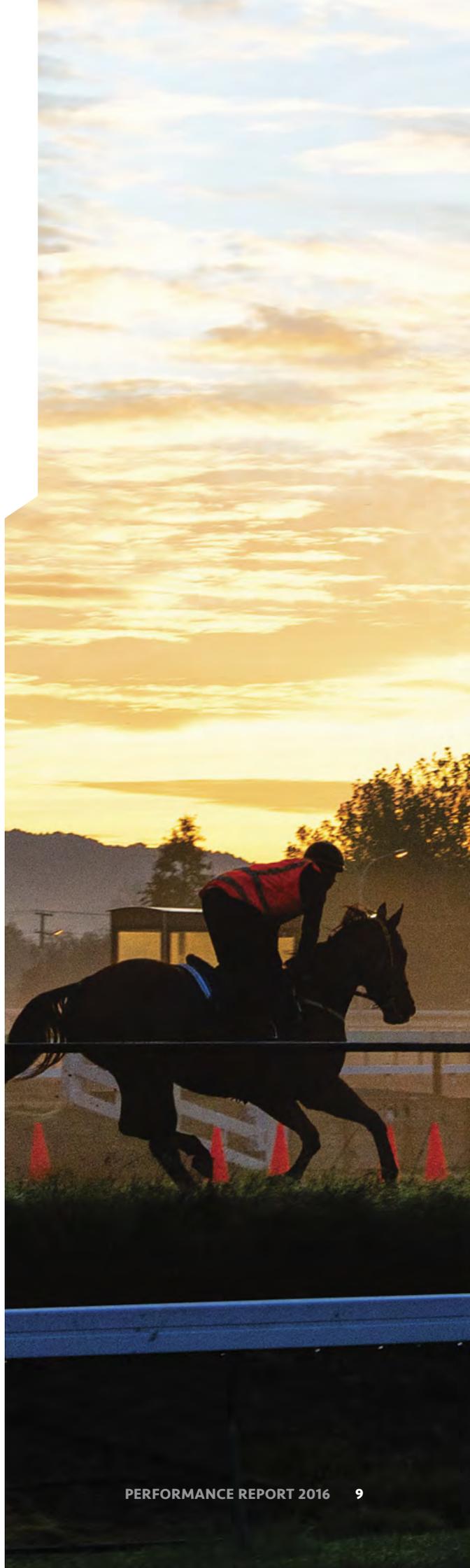
KPI 9: MEETINGS WITH ATTENDANCE +5,000

11 NZ thoroughbred race meetings attracted crowds of 5,000 or more in FY16, up 4 from FY15 and 2 from NZTR's FY16 forecast.

KPI 10: MEETINGS WITH ATTENDANCE +10,000

3 NZ thoroughbred race meetings attracted crowds of 10,000 or more in FY16, matching FY15 but one less than NZTR's FY16 forecast. The 3 meetings that exceeded 10,000 in FY16 were:

- New Zealand Cup Day at Riccarton attracting 17,596
- Wellington Cup Day at Trentham attracting 11,114
- Boxing Day at Ellerslie attracting 10,314



PATTERN (BLACK TYPE) RACING

The 2016 Key Performance Indicators for Pattern Racing:

KPIs	FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL	RESULT
11 NUMBER OF PATTERN RACES TO TOTAL FLAT RACES	5.28%	5.65%	5.48%	✓
✓ MET OR IMPROVED ON 2016 KPI TARGETS				100.0%
⊖ IMPROVED ON FY15 BUT FAILED TO MEET 2016 KPI TARGETS				0.0%
✘ FAILED TO IMPROVE ON FY15 AND FAILED TO MEET 2016 KPI TARGETS				0.0%

As the total number of flat races run continues to fall it will become more problematic to maintain total Black Type races at or close to the 5% mark. Our Group 3 and Listed Stakes races in particular are performing quite well in the international ratings, and there are a number of non Listed races which could be eligible for promotion. We will continue to monitor this measure in conjunction with the NZ Pattern Committee to ensure we conform as closely as possible with international guidelines in respect of our Pattern racing.

As a result of the 2015 Annual New Zealand Pattern Committee (NZPC) Review, 148 Group and Listed races were scheduled in FY16, one more than in FY15.

KPI 11: NUMBER OF PATTERN RACES TO TOTAL RACES

The number of Pattern Races for each season is expected to equate to 5% of flat races run.

NZ Thoroughbred Racing's ratio of for FY16 increased to 5.48%, up 0.20% on FY15, but less than our forecast of 5.65%.

STATUS	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
GROUP 1	22	22	22	22	22	22
GROUP 2	23	23	22	21	22	25
GROUP 3	33	33	36	39	40	38
LISTED	66	68	65	65	63	63
TOTAL	144	146	145	147	147	148

COMMUNICATIONS

Through the 2016 season, NZTR:

- launched the *nzracing* App for both Apple and Android devices
- continued to fund the NZ Racing Desk to lift thoroughbred racing's presence in print media and online
- provided dedicated resource to the production of NZTR stakeholder communications, and
- through production of information such as 600m race section times, provision of results from unofficial trials, and piloting of real-time capture and slightly delayed provision of official trial videos, gave punters and owners additional reason to visit *nzracing.co.nz*. In 2016 the website attracted 4.5 million Visits (compared to just under 4 million Visits in FY15). This is an increase of nearly a million Visits compared with the FY14 season.

OTHER COMMUNICATION INITIATIVES

In FY16, a high level of NZTR improved stakeholder information and communication was maintained by conducting:

- monthly teleconferences with all racing clubs and the executive of the NZTA, NZJA, NZTBA, NZTROF
- presented the 2016-20 NZTR Strategic Plan in a series of 20 meetings throughout New Zealand, to Sector Groups and racing clubs in October 2015
- regional meetings at over 5 locations in June to consult with racing clubs and sector groups on the NZTR Intellectual Property
- quarterly meetings with race club managers of strategic venues
- quarterly regional programming meetings, and
- publishing the 2015 Performance Report measuring NZTR's performance against the previous year's Business Plan; a Statement of Intent as required by The Racing Act (2003); and pertinent reports and information in the New Zealand Thoroughbred Racing Monthly, and via weekly email bulletins.





ANIMAL WELFARE

The FY15 introduction of a mandatory requirement (Rule 417) to notify NZTR of a horse's death or retirement seeks to better define on an annual basis the number of horses rehomed.

In FY16, NZTR:

- continued support for the TIES partnership with Equestrian Sports New Zealand (ESNZ), and provided prize recognition for leading thoroughbreds in the Sport Horse discipline. Both incentives are aimed at increasing opportunities for second careers for thoroughbred horses retiring from racing
- with NZ Equine Veterinary Assn, and Harness Racing New Zealand, supported the formation of the New Zealand Horse Ambulance Trust
- continued the project with Waikato University to build a detailed Equine Injury Database on raceday incidents and fatalities via detailed incident form completed by on-course vets aimed at identifying frequency, type and outcome of racing injuries and fatalities and serving as a data source to help improve safety and prevent injuries
- assisted clubs by investing \$0.78 million in racing and training infrastructure improvements to maximize equine safety and welfare
- supported, through the New Zealand Equine Research Foundation and the New Zealand Equine Trust, new equine research, scholarships for veterinary students and equine practitioners, and the publication of books and pamphlets on equine diseases
- continued to audit all jumping venues annually and all incidents, with the RIU, to ensure appropriate safety and welfare policies are in place.



INDUSTRY TRAINING AND DEVELOPMENT

The 2016 Key Performance Indicators for Industry Training and Development:

	KPIS	FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL	RESULT
12	APPRENTICE JOCKEYS	50	>=50	55	✓
13	LEVEL 3 STABLEHAND/TRACKWORK RIDER TRAINEES	139	130	57	✗
14	LEVEL 4 CERTIFICATE IN EQUINE TRAINING	64	60	49	✗
✓	MET OR IMPROVED ON 2016 KPI TARGETS				33.3%
–	IMPROVED ON FY15 BUT FAILED TO MEET 2016 KPI TARGETS				0.0%
✗	FAILED TO IMPROVE ON FY15 AND FAILED TO MEET 2016 KPI TARGETS				66.7%

The development of young talent in riding, training and breeding is critical to the long term strength of the thoroughbred industry. NZTR principally works in partnership with Primary ITO in the delivery and assessment of Level 3 to Level 4 NZQA equine qualifications. Liaison with industry groups such as the NZ Trainers Association also ensures targeting and practical alignment of training initiatives.

The number of persons in Level 3 Stablehand/Trackwork Riders training has fallen, and is a concern as well trained and fully competent stable staff are critical to the efficient and effective care for high valued animals. Similarly the number of Apprentice Jockeys, while adequate in terms of current riding opportunities, has the potential to fall short of long term needs.

INDUSTRY TRAINING AND DEVELOPMENT CONTINUED

A resulting focus on recruitment to the industry and industry training guides NZTR's industry training and development efforts.

In FY16, NZTR:

- Dedicated additional resource and attention to recruitment of young New Zealanders into the racing industry and training programmes
- Introduced an education fee and English language adequacy testing for international apprentice jockeys in NZ training
- Undertook national and regional initiatives to engage with school leavers through Careers Advisors

KPI 12: APPRENTICE JOCKEYS

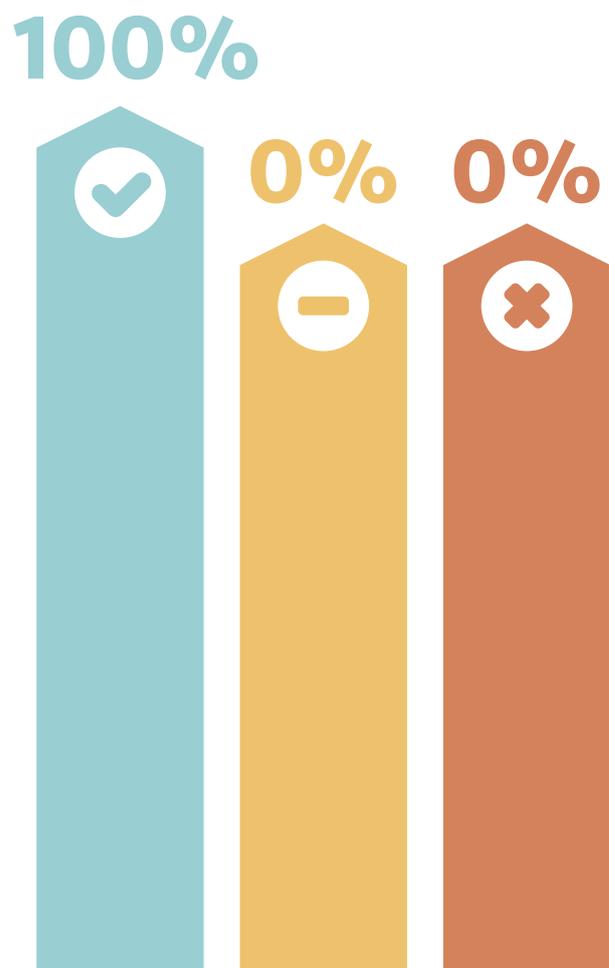
55 apprentices were registered with NZTR in FY16, compared to 50 in FY15 and above our FY16 forecast.

KPI 13: LEVEL 3 STABLEHAND CERTIFICATE

The level 3 Stable Procedures qualification is undertaken on a voluntary basis and is available for any licensed stablehand or trackwork rider to gain a formal nationally recognised qualification. At 31 July 2016 there were 57 trainees undertaking the Level 3 Stable Procedures certificate, less than FY15 and our forecast.

KPI 14: LEVEL 4 JOCKEY TRAINEES

There were 49 trainees enrolled in the Level 4 jockey trainee qualifications for FY16, 15 less than FY15 and 11 less than our forecast.



RACING STRUCTURE

The 2016 Key Performance Indicators for Racing Structure:

KPIs	FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL	RESULT
15 RACEMEETINGS CONDUCTED	337	331	329	✘
16 RACES CONDUCTED	2,848	2,717	2,790	✔
17 RACES BEFORE NOON SATURDAYS AND MAJOR RACE DAYS; RACES BEFORE 12.30PM ALL OTHER DAYS	187	150	185	⊖
18 AVERAGE FIELD SIZE – ALL RACES	10.45	10.65	10.64	⊖
19 AVERAGE STARTS PER STARTER	5.60	5.60	5.73	✔
20 RACES WITH LESS THAN 8 STARTERS	453	444	400	✔
21 TOTAL STARTS	29,749	28,927	29,687	✔
22 NUMBER OF INDIVIDUAL STARTERS	5,312	5,165	5,177	✔
✔ MET OR IMPROVED ON 2016 KPI TARGETS				62.5%
⊖ IMPROVED ON FY15 BUT FAILED TO MEET 2016 KPI TARGETS				12.5%
✘ FAILED TO IMPROVE ON FY15 AND FAILED TO MEET 2016 KPI TARGETS				25.0%

The long-term trend of a declining foal crop is a factor in NZTR's planning for the future structure of racing, but is not a sole determinant.

Initiatives to foster increased ownership participation, and intended future prizemoney increases will together moderate decreases in the number of individual starters. If starts per horse, future horse supply and owner demand respond to the signals of rising prizemoney, then there is ample flexibility to add more races and meetings in future seasons.

An average field size of around 10.5-11.0 provides consistent starting opportunities and maximises wagering outcomes. In FY16 we were able to increase average field size to 10.64, the highest since FY11. Starts per individual starters also increased in FY16, ultimately

meaning that the impact of the decline in individual starters was almost entirely mitigated. In the end, total starts for the season only declined by 62 on FY15 and were 760 better than forecast. The increase in starters in the South Island and the flexibility shown by the changes in programming to respond to peak time demand also helped get the most of our smaller pool of individual starters.

KPI 15: RACEMEETINGS CONDUCTED

In FY16 there were 329 racemeetings conducted, down 8 meetings on FY15 and 2 on our forecast .

KPI 16: RACES CONDUCTED

There were 2,790 races conducted in FY16, 58 fewer races than FY15, but 73 more than budget

RACING STRUCTURE CONTINUED

KPI 17: RACES BEFORE NOON ON SATURDAYS/MAJOR DAYS AND 12.30PM ON OTHER DAYS

Races conducted on Saturdays and major days before noon and on other days prior to 12.30pm provide less wagering turnover than later races. In FY16 the number of races run before these times was 185, a decrease of 2 on FY15 but 35 more than forecast. Races divided and added to programmes made this KPI more difficult to achieve.

KPI 18: AVERAGE FIELD SIZE – ALL RACES

The average field size for flat races in FY16 was 10.64, an increase of 0.19 on FY15, but slightly below our forecast of 10.65 for FY16.

KPI 19: AVERAGE STARTS PER STARTER

In FY16 the average number of starts per starter per annum was 5.73, an increase of 0.13 on both FY15 and the F16 forecast.

KPI 20: RACES WITH LESS THAN 8 STARTERS

Races with less than eight runners per race have a negative impact on turnover. In FY16 there were 400 races with less than 8 starters, 53 less than FY15 and 44 less than forecast.

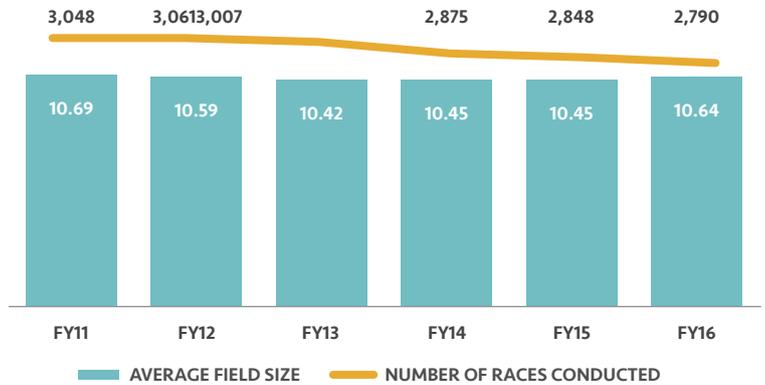
KPI 21: TOTAL STARTS

Total starts made by thoroughbreds in NZ declined in FY16, although by much less than anticipated. Total starts were only 62 less than FY15 and 760 better than forecast.

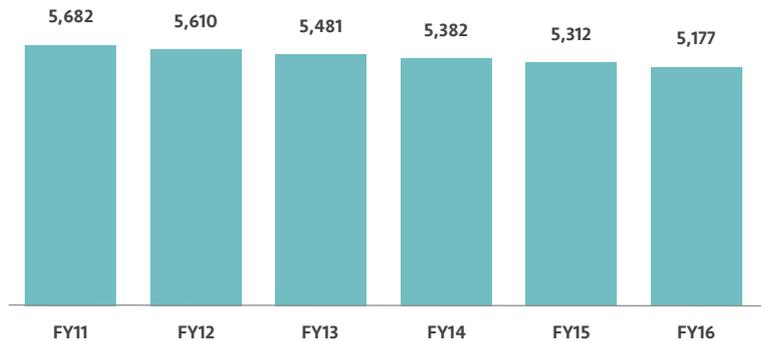
KPI 22: NUMBER OF INDIVIDUAL STARTERS

There were 5,177 individual horses that started in at least one race in FY16, down 135 compared to FY15. However, individual starters were slightly better than forecast, up 12.

NUMBER OF RACES CONDUCTED AND AVERAGE FIELD SIZE



INDIVIDUAL NZ THOROUGHBRED STARTERS



FILLIES AND MARES RACING

The 2016 Key Performance Indicators for Fillies and Mares Racing:

KPIS	FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL	RESULT
23 FEMALES AS PERCENTAGE OF INDIVIDUAL STARTERS	48.36%	48.91%	48.31%	✘
24 FEMALES AS PERCENTAGE OF INDIVIDUAL WINNERS	45.78%	47.19%	45.36%	✘
25 NUMBER OF STARTS PER FEMALE STARTER PER YEAR	5.44	5.50	5.53	✔
26 F&M ONLY \$12K MID-WEEK RACES & \$25K SATURDAYS	96	97	95	✘
✔ MET OR IMPROVED ON 2016 KPI TARGETS				25.0%
⚡ IMPROVED ON FY15 BUT FAILED TO MEET 2016 KPI TARGETS				0.0%
✘ FAILED TO IMPROVE ON FY15 AND FAILED TO MEET 2016 KPI TARGETS				75.0%

Fillies and mares make up between 54% and 57% of the available horse population after exports. NZTR continues to support the NZB Insurance Pearl Series for fillies and mares designed to increase ownership in fillies and mares and reduce the number of fillies and mares sitting in paddocks at home and not racing.



KPI 23: FEMALES AS PERCENTAGE OF INDIVIDUAL STARTERS

In FY16 females comprised 48.31% of individual horses that started in at least one race, down very slightly from 48.36% in FY15.

KPI 24: FEMALES AS PERCENTAGE OF INDIVIDUAL WINNERS

In FY16 females comprised 45.36% of individual winners, down from 45.78% of individual winners in FY15.

KPI 25: NUMBER OF STARTS PER FEMALE STARTER PER YEAR

In FY16 female horses raced on average 5.53 times per annum. It is encouraging that this is an increase from FY15 at 5.44 races per female per annum.

KPI 26: F&M ONLY RACES

In FY16 there were 95 female only \$12,000 mid-week races and \$25,000 Saturday races, a decrease of 1 from the 96 in FY15, and 1 less than forecast.



JUMPS RACING

The 2016 Key Performance Indicators for Jumps Racing:

KPIS	FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL	RESULT	
27	FIELD SIZE – JUMPS	8.51	8.60	9.15	✓
28	NUMBER OF INDIVIDUAL JUMPS STARTERS	270	275	293	✓
29	NUMBER OF JUMPS RACES WITH LESS THAN 8 STARTERS	35	34	28	✓
✓	MET OR IMPROVED ON 2016 KPI TARGETS			100.0%	
–	IMPROVED ON FY15 BUT FAILED TO MEET 2016 KPI TARGETS			0.0%	
✘	FAILED TO IMPROVE ON FY15 AND FAILED TO MEET 2016 KPI TARGETS			0.0%	

In FY16 the investment NZTR have made in respect of jumps racing over the past three years clearly started to pay dividends. Average field size rose significantly from 8.51 to 9.15 and the number of individual starters in jumps races was up from 270 to 293.

KPI 27: FIELD SIZE – JUMPS

The average field size for jumps races in FY16 was 9.15, up from 8.51 in FY15.

KPI 28: NUMBER OF INDIVIDUAL JUMPS STARTERS

In FY16 there were 293 individual horses which started in at least one jumps race, 23 more than in FY15.

KPI 29: NUMBER OF JUMPS RACES WITH LESS THAN 8 STARTERS

Total jumps races with less than 8 starters fell by seven from 35 to 28.

✓ 100%

– 0%

✘ 0%

INFRASTRUCTURE AND ASSET OPTIMISATION

The 2016 Key Performance Indicators for Infrastructure and Asset Optimisation:

KPIS	FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL	RESULT
30 PERCENTAGE OF STARTS PRODUCED FROM STRATEGIC TRAINING TRACKS	71.8%	70.0%	71.5%	✓
31 RACES CONDUCTED AT VENUES WITH MORE THAN 10 MEETINGS PER ANNUM	76.8%	69.6%	70.6%	✓
32 RACES CONDUCTED AT VENUES WITH 3-9 MEETINGS	17.2%	21.4%	21.3%	✓
33 RACES CONDUCTED AT VENUES WITH 1-2 MEETINGS	6.0%	9.0%	8.1%	✓
✓ MET OR IMPROVED ON 2016 KPI TARGETS				100.0%
– IMPROVED ON FY15 BUT FAILED TO MEET 2016 KPI TARGETS				0.0%
✘ FAILED TO IMPROVE ON FY15 AND FAILED TO MEET 2016 KPI TARGETS				0.0%

To focus only on increasing prize money will not deliver much needed improvements in track performance and venue facilities. A lack of expenditure over several decades has left much to do.

Since FY11, NZTR has carefully built up an infrastructure reserve and this distributes funding for high priority infrastructure projects where it can be leveraged with co-funding from clubs, the Racing Safety Development Fund (RSDF) and other sources.

To date, the infrastructure reserve has focused entirely on racing infrastructure needs at Strategic and Significant venues rather than customer infrastructure, with major expenditures made on racing surface renovation (including drainage and irrigation), plastic running rails, overhead starting gates and redevelopment plans for Ruakaka, Avondale and Hastings.

Funding from the infrastructure reserve has been targeted at Strategic and Significant venues with co-investment by clubs, communities and frequently the RSDF. NZTR acknowledges the support of the Racing Minister's Racing Safety Development Fund (RSDF).

INFRASTRUCTURE AND ASSET OPTIMISATION CONTINUED

1	EARTHQUAKE ASSESSMENTS AND VENUE SURVEYS	84,940
2	JUDICIAL TOWERS	165,494
3	OVERHEAD GATES & STORAGE	146,866
4	RUNNING RAILS	104,519
5	OTAGO DRAINAGE	38,873
6	ASCOT PARK DRAINAGE	6,800
7	AVONDALE RACECOURSE DEVELOPMENT	1,450
8	AWAPUNI RACECOURSE DEVELOPMENT	34,737
9	PUKEKOHE RACECOURSE DEVELOPMENT	10,860
10	TE RAPA RACECOURSE DEVELOPMENT	150,000
11	CAMBRIDGE RACECOURSE DEVELOPMENT	21,305
12	CLUB LOAN AGREEMENTS (LEGAL FEES)	4,633
FY16 NZTR INFRASTRUCTURE INVESTMENT		770,477

KPI 30: PERCENTAGE OF STARTS PRODUCED FROM STRATEGIC TRAINING TRACKS

In FY16 71.5% of trained starters came from Strategic training tracks, a slight decrease of 0.3% on FY14 but 1.5% better than the FY16 forecast.

KPI 31: RACES CONDUCTED AT VENUES THAT RACE 10+ MEETINGS PER ANNUM

In FY16 70.6% of races were conducted at venues hosting 10 or more race meetings per annum, 6.2% less than FY15 but 0.6% better than the FY16 forecast. The closure of Pukekohe and the movement of some other meetings influenced this decline.

KPI 32: RACES CONDUCTED AT VENUES THAT RACE 3-9 MEETINGS PER ANNUM

In FY16 21.3% of races were conducted at venues hosting between 3 and 9 race meetings per annum, an increase of 4.1% on FY15 but 0.1% lower than the FY16 forecast.

KPI 33: RACES CONDUCTED AT VENUES THAT RACE 1-2 MEETINGS PER ANNUM

In FY16 8.1% of races were conducted at venues hosting between 1-2 race meetings per annum up 2.1% on FY15 but 0.9% lower than the FY16 forecast



DOMESTIC BROADCASTING AND INTERNATIONAL SIMULCASTING

The 2016 Key Performance Indicators for Domestic Broadcasting and International Simulcasting:

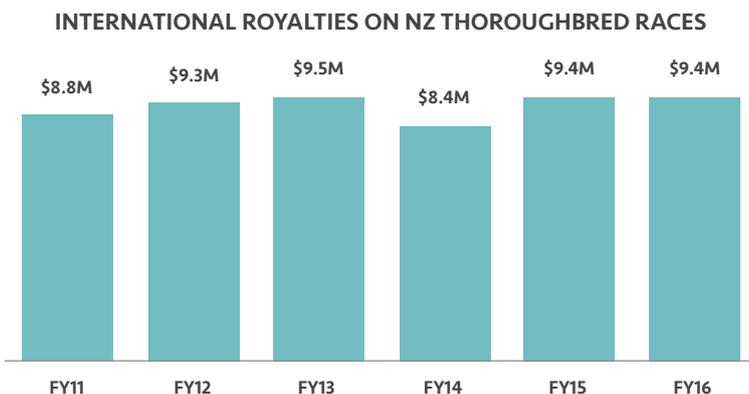
KPIS	FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL	RESULT
34 INTERNATIONAL ROYALTIES ON NEW ZEALAND THOROUGHBRED RACING	\$9.4M	\$9.3M	\$9.4M	✓
✓ MET OR IMPROVED ON 2016 KPI TARGETS				0.0%
⊖ IMPROVED ON FY15 BUT FAILED TO MEET 2016 KPI TARGETS				0.0%
✘ FAILED TO IMPROVE ON FY15 AND FAILED TO MEET 2016 KPI TARGETS				100.0%

Where we were able, NZTR worked with the NZRB management team to achieve the best possible broadcast arrangements and coverage for NZ thoroughbred racing. However, without a major shift in coverage priorities, it appears that the income generated from royalties from Australian TABs may have peaked.

Royalties from international wagering on NZ thoroughbred racing declined by \$43,000 in FY16, although still exceeded our forecast by \$52,000. The maturing of the TAB market underlines the importance of the introduction of race field legislation, to open up opportunities for income generation from corporate bookmakers, who are attracting an ever-increasing share of betting dollar across Australasia, underscoring the urgency for the introduction of race fields legislation by the New Zealand Government.

KPI 34: INTERNATIONAL ROYALTIES ON NEW ZEALAND THOROUGHBRED RACING

In FY16 international royalties on New Zealand thoroughbred racing were \$9.4m, a decrease of \$43,000 on FY15 but \$52,000 ahead of NZTR's forecast for FY16.



OWNERSHIP

The 2016 Key Performance Indicators for Ownership:

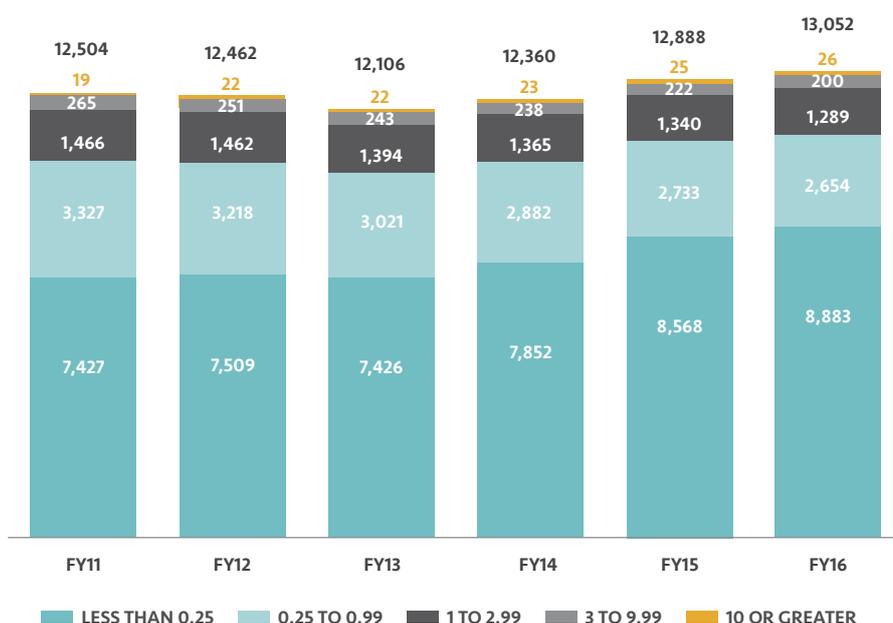
KPIS	FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL	RESULT
35 NUMBER OF OWNERS	12,888	12,900	13,052	✓
✓ MET OR IMPROVED ON 2016 KPI TARGETS				100.0%
⊖ IMPROVED ON FY15 BUT FAILED TO MEET 2016 KPI TARGETS				0.0%
✖ FAILED TO IMPROVE ON FY15 AND FAILED TO MEET 2016 KPI TARGETS				0.0%

In FY16 NZTR:

- Completed in consultation with Authorised Syndicators and the NZ Trainers Association, a full revision of the Bloodstock Syndication Code of Practice to ensure alignment with the Financial Markets Conduct Act, and with responsible business practice.
- Continued the Social Racing initiative as an affordable and enjoyable stepping stone for individuals into more committed levels of ownership.

- Provided greater recognition to winning owners in the Thoroughbred Racing Monthly.
- Through the *Love Racing* brand, featured interesting owners stories and images.
- Continued work with the Inland Revenue on proposed amendments to tax regulations aimed at NZTR (on behalf of Clubs) recovering GST added to trainer and rider payments. NZTR remains committed to proceeding with these changes and to operating in accordance with the law and the Rules of Racing.

OWNERS, COMBINED TOTAL SHAREHOLDING IN HORSES



KPI 35: NUMBER OF OWNERS

In FY16 there were 13,052 unique owners with a participatory interest in a horse that started in at least one race. This number has grown by 1.3% despite fewer individual starters and exceeded the FY16 forecast of 12,900.

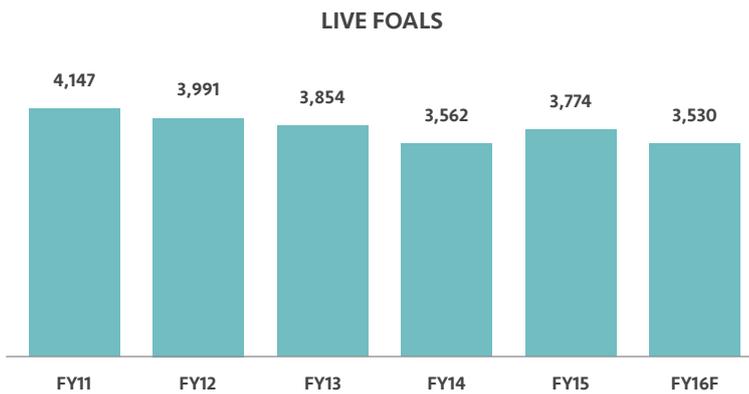
BREEDING

The 2016 Key Performance Indicators for Breeding:

KPIS	FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL	RESULT
36 LIVE FOALS	3,774	3,555	3,530	✘
✔ MET OR IMPROVED ON 2016 KPI TARGETS				0.0%
⊖ IMPROVED ON FY15 BUT FAILED TO MEET 2016 KPI TARGETS				0.0%
✘ FAILED TO IMPROVE ON FY15 AND FAILED TO MEET 2016 KPI TARGETS				100.0%

KPI 36: LIVE FOALS

In FY16 projected live foals will total 3,530, which is 244 less than FY15 and continues the ongoing trend of decline in this area. This number remains an estimation at this stage, but is slightly less than the forecast of 3,555 for FY16.





SUPPORTING THE NZRB'S BUSINESS

The 2016 Key Performance Indicators for Supporting the NZRB's Business:

KPIs	FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL	RESULT
37 DOMESTIC THOROUGHBRED SALES (FIXED ODDS & TOTE)	\$430.9M	\$424.8M	\$436.2M	✔
38 DOMESTIC MARKET SHARE (ALL MEETINGS)	52.9%	53.0%	52.9%	⊖
✔ MET OR IMPROVED ON 2016 KPI TARGETS				50.0%
⊖ IMPROVED ON FY15 BUT FAILED TO MEET 2016 KPI TARGETS				50.0%
✘ FAILED TO IMPROVE ON FY15 AND FAILED TO MEET 2016 KPI TARGETS				0.0%

KPI 37: DOMESTIC THOROUGHBRED SALES (TOTE AND FOB)

FY16 domestic thoroughbred sales (Tote and FOB) were \$436.2m, \$5.3m more than FY15 and \$11.4m more than the FY16 forecast.

KPI 38: DOMESTIC MARKET SHARE

The thoroughbred code's domestic market share declined slightly from 53.0% in FY15 to 52.9% in FY16, but matched NZTR's forecast.

NZTR GOVERNANCE, ACCOUNTABILITY AND TRANSPARENCY

The 2016 Key Performance Indicators for NZTR Governance, Accountability and Transparency:

KPIs	FY15 ACTUAL	FY16 FORECAST	FY16 ACTUAL	RESULT
39 NZTR CORE OPERATIONAL EXPENSES	6.19M	6.19M	6.01M	✓
40 NZTR OPERATIONAL EXPENSES INCLUDING MARKETING, SPECIAL PROJECTS & RCPP	7.36M	7.28M	7.75M	✘
41 WEBSITE ENGAGEMENT: VISITS PER ANNUM TO NZTR WEBSITE	3.98M	4.00M	4.50M	✓
42 PERCENTAGE OF TRANSACTIONS MADE THROUGH TRAINERS' SERVICE CENTRE	39.0%	41.0%	40.6%	⊖
✓ MET OR IMPROVED ON 2016 KPI TARGETS				50.0%
⊖ IMPROVED ON FY15 BUT FAILED TO MEET 2016 KPI TARGETS				25.0%
✘ FAILED TO IMPROVE ON FY15 AND FAILED TO MEET 2016 KPI TARGETS				25.0%

In FY16 NZTR held:

- 9 Board Meetings
- 7 Audit & Risk Committee Meetings
- 6 Integrity Committee Meetings
- 3 Appointments & Remuneration Committee Meetings

The Company Secretary maintains a Register of Directors' Interests. Board members with perceived or real conflicts of interest are excluded from Board discussions and decision making.

The Appointments & Remuneration Committee:

- reviews all expense claims of the Chairman and Chief Executive
- oversees a formal performance review process for all NZTR staff

NZTR reviewed its Delegated Authority Policy for expenditure for the Chairman, Chief Executive, senior managers and staff.

NZTR GOVERNANCE, ACCOUNTABILITY AND TRANSPARENCY CONTINUED

KPI 39: NZTR CORE OPERATIONAL EXPENSES

In FY16 NZTR's total core operational expenses were \$6.01m, \$180,000 more than FY15 and budget.

KPI 40: NZTR OPERATIONAL EXPENSES (INCL. MARKETING AND SPECIAL PROJECTS)

In FY16 NZTR's total operational expenses including marketing and special projects were \$7.75m, up \$390,000 from FY15 and \$470,000 more than the FY16 forecast amount.

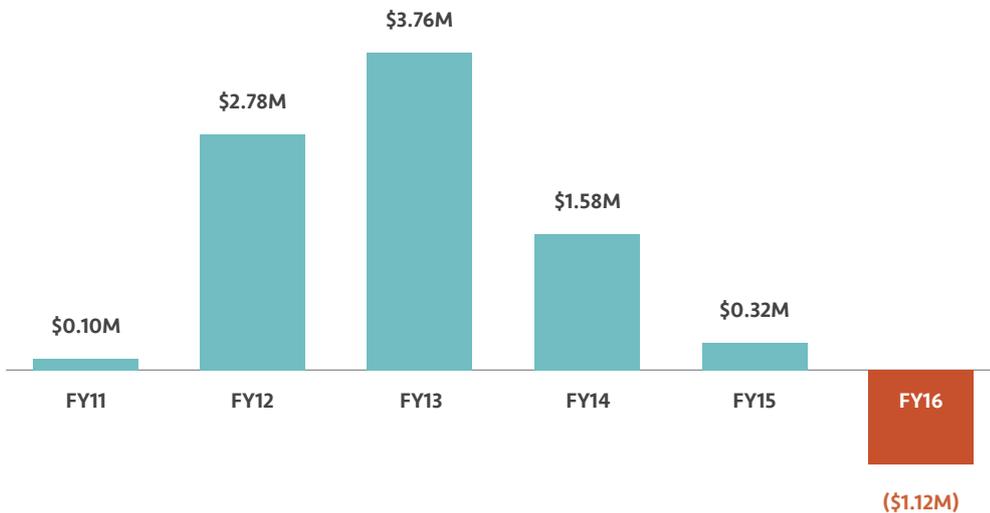
KPI 41: WEBSITE ENGAGEMENT: VISITS PER ANNUM TO NZTR WEBSITE

nzracing.co.nz attracted 4.50 million visits in FY16. This is an increase of 520,000 visits on FY15 or 1,424 more visits each day than the previous season. The FY16 forecast was also exceeded by 500,000.

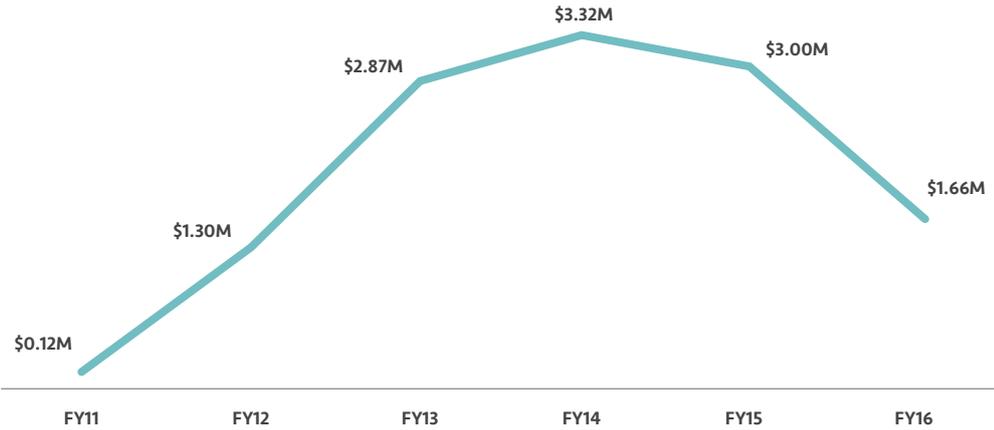
KPI 42: PERCENTAGE OF TRANSACTIONS MADE THROUGH TRAINERS' SERVICE CENTRE

The percentage of transactions made through the Trainers' Service Centre in FY16 increased a further 1.6% on FY15 to 40.6%, although did not quite reach the FY16 target of 41%.

NZTR PROFIT AND LOSS (BEFORE INFRASTRUCTURE PROJECTS) FY11 TO FY16



NZTR NET CURRENT ASSETS (EXCLUDING INFRASTRUCTURE RESERVE) FY11 TO FY16







www.nzracing.co.nz

New Zealand Thoroughbred Racing Incorporated

106-110 Jackson Street, Petone, Wellington, New Zealand

PO Box 38 386, Wellington Mail Centre 5045, New Zealand

Telephone: +64 4 576 6240 | Facsimile: +64 4 568 8866 | Email: office@nzracing.co.nz



NEW ZEALAND
THOROUGHBRED **RACING**



www.nzracing.co.nz