



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

OCTOBER 2013

NEW ZEALAND THOROUGHBRED RACING BUSINESS PLAN 2014-2016

THIS BUSINESS PLAN HAS BEEN APPROVED BY THE NEW ZEALAND RACING BOARD

This Business Plan sets out key improvement strategies for New Zealand Thoroughbred racing over the next three years focusing on the 2013-14 season. It should be read in conjunction with NZTR's 2014-2018 Strategic Plan. This Business Plan is formally reviewed and NZTR's Key Performance Indicators are measured against actual performance quarterly. Implementation of this plan is a fixed agenda item at NZTR Board meetings.



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

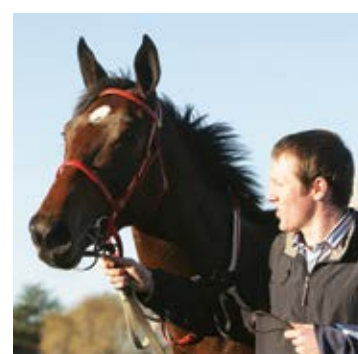
Thoroughbred racing's success is dependent on positively influencing NZRB performance

4

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

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Chairman's Introduction

The aim of this Business Plan is to provide you with NZTR's key improvement strategies for New Zealand thoroughbred racing over the next three years focusing on the 2013-14 season. It should be read in conjunction with our five-year Strategic Plan, which sets out our longer-term thinking.

Racing's key challenge is a very simple one: we need more customers. This requires a step change in thinking from our industry's almost exclusively internal focus.

Thirty years ago New Zealand culture revolved around rugby, racing and beer. However over the last three decades racing has lost considerable relevance in New Zealand society while competition for both scarce leisure time and the wagering dollar has exploded. Many New Zealanders view our sport as traditional and unfashionable. Our sport's internal focus has led to reluctance to implement changes required to meet these perceptions and changing customer demands.

The various initiatives spelt out in this Business Plan are designed to make our sport more relevant and appealing to a greater number of customers.

In FY13 NZTR undertook several low-cost marketing prototype initiatives such as social racing, video production and the establishment of the NZ Racing Desk. From this, we will move to a consistent strategy to grow thoroughbred racing's fan base.

Over the next three years NZTR will:

1. Create a distinctive brand to position thoroughbred racing as a leading and relevant sport in New Zealand;
2. Develop and implement a comprehensive digital and social media strategy for thoroughbred racing;
3. Implement a comprehensive Race Club Partnership Programme designed to provide race clubs with a basis for long-term capability development and self-improvement whether a Strategic or Community club;
4. Further develop and implement an infrastructure strategy;
5. Review our racing structure with the aim of supporting the innovation of our racing programme.

All of the above initiatives require money. We also aim to deliver a sustainable lift in prizemoney each season, while carefully investing in future growth. With inflation and an expansion of initiatives, NZTR has had to keep core operational costs at FY11 levels.

I look forward to receiving feedback on any of the items in this Business Plan.

Yours in racing,

Matthew Goodson

PURPOSE	Promote the sport of thoroughbred racing Maximise returns to industry participants Increase efficiency and effectiveness of the thoroughbred industry
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VISION	It is time for New Zealand Thoroughbred racing to rise to be a dynamic, engaging and relevant sport
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STRATEGIC GOALS	Grow returns to Owners by 50%	Grow surplus for distribution by \$20.5m	Grow prize money by \$24m	Lift prize money to 80% of NZTR outgoings	Stimulate \$30m of necessary infrastructure investment
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STRATEGIC IMPERATIVES	Brand NZ Thoroughbred racing as a sport	Lift awareness, interest and investment in the sport	Enhance customers' experiences	Deliver a racing and prize money structure to grow participation	Develop facilities at the top 12-16 racing venues	Support club performance and efficiency
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KEY INITIATIVES	Sports Brand	Digital Media	Racing Innovation	Racing Structure	Infra-structure	Racing Club Partnership
	Brand proposition	Website	Iconic racing	Major event promotion	Venue development fund	Event management
	Brand launch	Media innovation	Broadcast strategy	International venue	Raceday performance	Stakeholder relations
	New product and experience innovation	Social media	Differentiate Saturday racing	Raise minimum prizemoney	Industry development priority	Community support

FOUNDATION	Everything NZTR does must pass one simple test: 'What is best for New Zealand Thoroughbred racing'
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NZTR's Top 20 Key Performance Indicators

NO	KEY PERFORMANCE INDICATOR	FY13 ACTUAL	FY14 BUDGET	FY15 FORECAST	FY16 FORECAST
1	Funded prizemoney	\$47.2m	\$48.0m	\$49.0m	\$51.3m
2	Average funded prizemoney per race	\$15,687	\$16,311	\$16,680	\$18,465
3	Race meetings conducted	358	364	364	338
4	Races conducted	3,007	2,940	2,940	2,776
5	Average field size – all races	10.4	10.5	10.3	10.6
6	Races with less than 8 starters	431	410	390	370
7	Total starts	31,331	30,832	30,320	29,422
8	Number of individual starters	5,481	5,371	5,264	5,144
9	Live foals (estimate)	4,026	3,960	3,895	3,831
10	Number of owners	12,106	12,237	12,369	12,500
11	Attendance	487k	500k	520k	530k
12	Domestic thoroughbred sales (Fixed odds & Tote)	\$429.4m	\$429.1m	\$437.7m	\$433.6m
13	Domestic market share	53.3%	54.0%	54.5%	55.0%
14	NZRB distribution to NZTR	\$73.4m	\$72.2m	\$74.0m	\$76.0m
15	International royalties on New Zealand thoroughbred racing	\$9.5m	\$9.5m	\$9.7m	\$10.0m
16	NZTR core operating expenses (excluding marketing)	\$5.78m	\$5.74m	\$5.74m	\$5.74m
17	Females as % of individual starters	47.86%	48.93%	50.00%	52.00%
18	Races conducted at venues with more than 10 meetings per annum	64.7%	68.7%	69.3%	70.0%
19	Percentage of starts produced from Strategic training tracks	70.6%	71.0%	72.0%	72.0%
20	Website engagement: visits per annum to NZTR website	3.37m	3.49m	3.67m	3.80m

NZTR Forecast Revenue and Expenses for FY13-FY16

DESCRIPTION	FY13 ACTUAL	FY14 BUDGET	FY15 FORECAST	FY16 FORECAST
NZRB wagering funding to industry	\$135.1m	\$137.4m	\$140.0m	\$145.0m
NZRB gaming funding to industry	\$9.3m	\$8.2m	\$8.5m	\$8.8m
Number of race meetings (actual/scheduled)	358	364	364	338
Number of races (actual/scheduled)	3,007	2,940	2,940	2,776
Number of horse starts	31,331	30,832	30,320	29,422
Average field size	10.4	10.5	10.3	10.6
Average funded prizemoney per race	15,687	16,311	16,680	18,465
Avg prizemoney minus noms & accepts (NZTR)	14,728	15,561	15,896	17,647
Aggregate funded prizemoney	47,169,600	47,952,893	49,037,893	51,259,305
NZRB funding (net RIU costs)	73,412,267	72,180,124	73,951,642	75,960,824
NZTR nomination & acceptances	2,870,338	2,204,000	2,303,000	2,272,466
NZTR Race Day Services & other racing income	981,449	1,003,000	1,003,000	938,000
NZTR Operating Income	2,946,515	3,082,000	3,082,000	3,082,000
Stakes funding	(47,169,600)	(47,952,893)	(49,037,893)	(51,259,305)
Club & meeting funding	(19,276,703)	(19,783,500)	(20,040,310)	(19,927,668)
NZRB servicing charges	(3,758,987)	(3,762,531)	(3,862,076)	(3,586,214)
NZTR core operational expenses (excluding marketing)	(5,779,368)	(5,737,000)	(5,737,000)	(5,737,000)
Special projects	(166,508)	(705,000)	(250,000)	(250,000)
Industry marketing initiatives	(301,367)	(400,000)	(400,000)	(400,000)
NZTR Surplus	3,758,035	128,201	1,012,363	1,093,104
Industry Infrastructure Provision	(2,000,000)	-	(1,000,000)	(1,000,000)
NZTR Surplus (after Infrastructure)	1,758,035	128,201	12,363	93,104

See Notes on page 36.

NZTR's Top 20 Actions and Timelines

NO	NZTR FY14 ACTIONS	TIMELINE
1	Assess new comprehensive data on FY13 incidents at racedays and trials to determine any trends at racing venues and to include in assessing safety development expenditure and infrastructure development	31 October 2013
2	Review in detail the follow-up stakeholder perception survey and develop further recommendations to support improvements to NZTR's activities	31 December 2013
3	Continue to implement changes to the racing programme to increase the level of differentiation between Saturday and mid-week fixtures and to better align the available horse racing population to the structure of racing	1 January 2014
4	Implement with ESNZ a re-homing awareness programme for retiring racehorses 'Thoroughbreds In Equestrian Sport' (TIES)	31 July 2014
5	Seek to optimise domestic and international wagering performance by not conducting races before 12.30pm midweek and before noon on Saturdays	31 July 2014
6	Work with clubs to implement the Racing Club Partnership Programme	31 July 2014
7	To continue to increase minimum prizemoney above the rate of inflation	31 July 2014
8	Commence building a synthetic track for training and trials in the Waikato	31 July 2014
9	Support race clubs to develop investment policies for venues, giving priority to projects co-funded by club and community organisations and providing community facilities	31 July 2014
10	Work with the NZRB on current international arrangements to grow the number and penetration of New Zealand thoroughbred races in the international market place, explore international opportunities particularly NZTR's five new Iconic race meetings and the 15 premier 1 meetings, and improve how New Zealand thoroughbred races are promoted and presented in Australia	31 July 2014
11	Continue to improve New Zealand thoroughbred racing form and media coverage in Australian markets	31 July 2014
12	Work with the sector organisations to enhance NZTR's online Breeders' Service Centre, Trainers' Service Centre and Owners' Service Centre	31 July 2014
13	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	31 July 2014
14	Maintain NZTR core operational costs at FY11 levels net of training and development costs and excluding investments in marketing and special projects funding	31 July 2014
15	Meet NZTR's operational expense budget of \$5.8m, inclusive of previously separately-accounted industry training and development spend	31 July 2014
16	Work with the NZRB and the other two codes in negotiations with Tabcorp on international arrangements post-June 2015	15 June 2015
17	To increase the number of owners year-on-year	31 July 2016
18	Increase the average number of starters per race	31 July 2016
19	Work with the NZRB to investigate the potential application of overseas solutions such as race fields legislation and/or an industry levy based on bettors' location	31 July 2016
20	Work to ensure the thoroughbred code receives an equitable distribution of NZRB funding, which adequately recognises the higher profitability investment, cost, asset intensity, scale, economic activity and popularity of the thoroughbred code from FY16 and beyond	31 July 2016

1 Marketing

Current Status

Research conducted by Interbrand on behalf of NZTR during FY13 highlighted a number of the stark realities that are confronting our sport, specifically:

- Racing is perceived as old fashioned and irrelevant to modern society
- The fragmented nature of the industry has hindered change
- Many racecourse facilities are run down and in need of significant investment
- The on-course experience is inconsistent
- There is a lack of marketing direction and coordination
- There is an absence of a narrative or story building racing as a mainstream sport
- A lack of public awareness and knowledge about thoroughbred racing increases the inaccessibility of the sport to new participants

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

NZTR to Integrate Domestic Marketing with New Zealand Thoroughbred Marketing

To build marketing capacity in the most efficient way possible, NZTR will contract New Zealand Thoroughbred Marketing (NZTM) to act as NZTR's domestic marketing arm. NZTR and NZTM have already worked together successfully with the establishment of the NZ Racing Desk.

The objective is to establish co-ordination of Thoroughbred racing's marketing strategy and to avoid duplication and waste.

NZTM will take responsibility for delivery of a number of NZTR's key strategic objectives including brand development, digital media strategy, social media implementation and the expansion of the NZ Racing Desk beyond the racing page.

Thoroughbred Brand

Over the next three years NZTR will focus on ensuring Thoroughbred racing is seen as an innovative sport.

NZTR, in consultation with the NZRB and clubs, will investigate:

- development of virtual initiatives including racing apps and on-line portals
- promotion of five iconic racing events at Auckland Cup Week, Karaka Million, New Zealand Cup Week, Wellington Cup Carnival and the Hawkes Bay Carnival
- expansion of existing initiatives including twilight racing, new championships, ANZ Riders Series, racing tourism, race day tours and infrastructure improvements
- new products including jackpots, bet packs, on-course wifi and equine sports science
- development of media initiatives including a racing media hub, online broadcasts, race graphical displays and jockey cam

Social Racing

In FY14 NZTR will continue to support and develop Social Racing as a mechanism to introduce new owners to our sport.

Racing Ambassador Programme

In FY14 NZTR will proceed with its Racing Ambassador programme. This will use celebrities to:

- promote and enhance the image of the New Zealand Thoroughbred racing industry
- ensure the industry remains relevant and race meetings gain exposure in mainstream media
- increase the number of race goers and horse owners

NZTR has appointed Kylie Bax Poros as an Ambassador for New Zealand Thoroughbred Racing for the 2013-14 season. Kylie is an international super model who has had an active involvement in New Zealand Thoroughbred racing. As part of her role, Kylie will be available in the lead up to, and at nine of our Premier race days to support and assist race clubs with pre-event media and on-course promotions. The scope of this work will be determined by the race club, in consultation with NZTR and Kylie.

2 Domestic Broadcasting

Maximising Returns to Industry Participants

NZTR has a strong commitment to work closely with the NZRB and Trackside to achieve the best possible broadcast arrangements and coverage for New Zealand thoroughbred racing.

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

Current Status

In FY13 NZTR:

- provided feedback to the NZRB's major review of domestic broadcasting and proposed two-channel single platform approach
- launched race replays on the NZTR website NZRacing.co.nz within 20 minutes of the race finishing
- continue to promote a thoroughbred-only channel. The proposed two-channel approach could be configured to provide a 'thoroughbred-only channel' on Saturdays

Actions

In FY14 NZTR will continue to work with NZRB to:

- develop a two-channel single platform broadcast model which showcases thoroughbred racing for implementation in FY14
- deliver the live streaming of domestic races
- prepare for the re-negotiation of domestic and international broadcast arrangements after the expiry of arrangements with Tabcorp in June 2015
- remove duplication of content between the two channels

3 Race Club Performance

Increasing Efficiency and Effectiveness

Current status

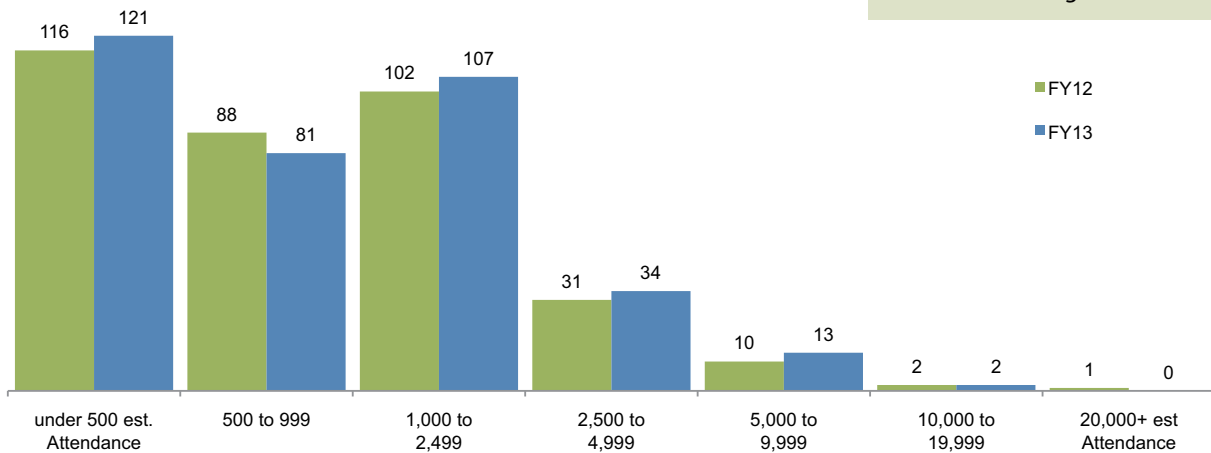
In FY13 total stakes of \$50,000,300 were paid to Owners, Trainers and Riders comprising:

- NZTR funding of \$47,169,600
- race club funding of \$2,830,700

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.

Chart 3.1 FY13 Thoroughbred Race Meeting Attendances by Category



Source: NZTR analysis, NZRB attendance and turnover data

Actions

In FY14 NZTR will work with clubs to:

- implement the Racing Club Partnership Programme by:
 - partnering with the Racing Board On-course Marketing and Events Team to develop and deliver a 'best practice' framework around clubs' promotable race meetings and facilitating investment priorities to enhance the customer experience
 - working with clubs to identify opportunities and implement change to improve club financial performance
 - concluding a national venue inspection to ensure racing venues meet all necessary compliance requirements and identify infrastructure investment priorities
 - surveying internal and external stakeholders to understand their level of awareness and experiences offered by clubs
 - ensuring clubs have good governance in place meeting all statutory requirements and delivering the best outcomes
- publish performance benchmarks for race meetings conducted in FY13 by 30 October 2013
- compile race day reports for all thoroughbred race meetings conducted in FY14
- review all FY13 club annual reports by 31 January 2014
- review the funding model by 31 October 2013 to ensure it appropriately incentivises race club performance
- monitor the current debt-reduction programme of RACE Inc.

Key Performance Indicators

		FY13 ACTUAL	FY14 FORECAST	FY15 FORECAST	FY16 FORECAST
1	Total on-course attendance	487k	500k	520k	530k
2	Meetings with attendance +2,500	49	50	55	60
3	Meetings with attendance +5,000	15	16	18	20
4	Meetings with attendance +10,000	2	3	4	5

4 Pattern (Black Type) Racing

Maximising Returns to Industry Participants

Current Status

In FY13 NZTR:

- appointed a panel to undertake a review of the New Zealand Pattern by 31 October 2014
- maintained a schedule of pattern races designed to meet international benchmarks and promote the quality of the New Zealand thoroughbred
- worked 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 all races conducted
- ensured New Zealand was fully represented at meetings of the Australian and New Zealand (ANZ), the Asian Racing Federation Handicappers' Committees and World Thoroughbred Racehorse Rankings Committees
- ensured New Zealand has a representative on the Asian Pattern Committee (APC) and the International Grading and Race Planning Advisory Committee (IRPAC). (The latter is restricted to two nominees from the Asian Pattern Committee.)

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

STATUS	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Group 1	22	22	22	22	22	22
Group 2	23	23	23	23	22	21
Group 3	33	33	33	33	36	39
Listed	68	68	66	68	65	65
Total	146	146	144	146	145	147

With seven of 22 Group One races under a first warning and two under a second warning, New Zealand is be under pressure to maintain its current number of Group One handicap events in the short-term.

Actions

In FY14 NZTR will:

- assess and, where appropriate, implement recommendations in the New Zealand Pattern Review Committee's report
- increase minimum prizemoney levels for Group 2 events to \$100,000 (from \$85,000) from 1 January 2014
- provide funding support to develop new 3YO and fillies & mares black type events
- ensure New Zealand is appropriately represented at the ANZ Ratings Committee, the Asian Pattern Committee and the International Grading and Race Planning Advisory Committee

Key Performance Indicators

		FY13 ACTUAL	FY14 FORECAST	FY15 FORECAST	FY16 FORECAST
5	Number of Pattern Races to total flat races	5.01%	<=5.20%	<=5.10%	<=5.00%

5 Communications

Increasing Efficiency and Effectiveness

Current Status

In FY13 NZTR:

- introduced monthly stakeholder reports and conference calls with all race clubs and stakeholder groups
- held 7 regional meetings with stakeholders throughout New Zealand
- commissioned a second annual stakeholder perception survey to provide information on areas of NZTR activity where stakeholders are looking for improvement and for measurement against the FY12 survey
- published:
 - a Business Plan with targets, timelines and key performance indicators
 - a Performance Report measuring NZTR performance against targets in the Business Plan
- conducted a race club conference attended by representatives of 43 race clubs, the Trainers' Association, Breeders' Association, Racehorse Owners' Federation, Jockeys' Association, New Zealand Thoroughbred Marketing, the New Zealand Racing Board, the Minister for Racing's office, the Department of Internal Affairs, Racing Integrity Unit, Judicial Control Authority and Greyhound Racing NZ
- held a number of facilitated workshops with key stakeholder groups, chairmen and chief executives of major race clubs and other club managers to develop the 2014-2018 NZTR Strategic Plan

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

Actions

In FY14 NZTR will:

- publish a:
 - Strategic Plan for 2014-2018
 - Business Plan for 2014-2016 with targets, timelines and key performance indicators
 - Performance Report for 2013 against the targets, timelines and key performance indicators of its Business Plan for 2013-2015
- review in detail the follow-up stakeholder perception survey and develop further recommendations to support improvements to NZTR's activities
- automate communications through enhancements to the NZTR website (eg: nominations to owners)

6 Gaming Revenue

Maximising Returns to Industry Participants

Current Status

In FY13 NZTR successfully worked with the NZRB and the other two codes to ensure racing remains an Authorised Purpose under Section 4 of the Racing Act 2003.

Actions

In FY14 NZTR will ensure:

- all its processes and protocols in applying for gaming grants meet all legislative requirements and continue to meet racing industry guidelines
- race club compliance to conduct and lodge Class 4 gaming audits and Class 4 gaming grants receipts for FY13 by 31 December 2013

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

7 Animal Welfare

Increasing Efficiency and Effectiveness

Current status

In FY13 NZTR:

- introduced, jointly with the RIU, a comprehensive Register of Incidents (injuries and fatalities) on racedays and at trials
- reached signatory status on the first step (Deed) of the Government-Industry Agreement on Biosecurity Readiness and Response
- worked with the NZ Equine Health Association and the Ministry for Primary Industries to develop a new Readiness and Response Plan for Equine Influenza
- worked with Equestrian Sport New Zealand (ESNZ) to develop a programme aimed at increasing awareness of re-training and re-homing options for retiring racehorses and helping with this transition
- supported NZRB funding of up to \$250k per annum for equine research and development by the Racing Industry-Massey Partnership for Excellence
- provided \$22,000 of funding to the NZ Equine Research Foundation
- provided \$7,000 of funding to the NZ Equine Health Association

NZTR is committed to improving the welfare of thoroughbreds.

Actions

In FY14 NZTR will:

- assess comprehensive data on fatalities and injuries at racedays and trials to determine any trends at racing venues and to include this information in assessments of safety development expenditure and infrastructure development
- implement with ESNZ a re-training and re-homing pathway for retiring racehorses 'Thoroughbreds In Equestrian Sport' (TIES) to:
 - raise awareness with all stakeholders in Thoroughbred racing and equestrian sport of second careers for Thoroughbreds coming out of training particularly following the global success of NZ Thoroughbreds in equestrian sport in FY13
 - help make this transition as simple as possible for Owners and Trainers
- 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 (currently under consideration by the National Animal Welfare Advisory Committee (NAWAC) with anticipated adoption in 2014)
 - consultation on proposed amendments to the Animal Welfare Act with the Ministry for Primary Industries (MPI)
- reach full signatory status on the final Government-Industry Agreement on Biosecurity Readiness and Response
- work with the NZRB and other codes to review equine research projects undertaken by the Racing Industry-Massey Partnership for Excellence

8 Industry Training and Development

Increasing Efficiency and Effectiveness

Current Status

In FY13 NZTR, in co-operation with the Primary Industry Training Organisation (Primary ITO):

- reviewed current qualifications held on the National Qualifications Framework to ensure they provide graduates with necessary skills for long-term future careers
- reformed delivery of industry training by aligning on-the-job and off-the-job training that reflects industry requirements more closely
- marketed and increased enrolments in qualifications for other key industry professions, namely:
 - Stablehands/stud grooms
 - Stable/stud managers
 - Racecourse managers
 - Track work riders
- invested in resources to support tuition for stablehand training and qualification

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 FY14 NZTR will:

- conduct a full review of Industry Training within the Thoroughbred racing industry
- support and promote education and training by agencies related to NZ Thoroughbred racing including St John's Ambulance, the Asian Racing Federation, racetrack maintenance and overseas opportunities and events for Apprentice Riders
- review accidents and injuries to better understand industry ACC levy rates and how these might be further reduced

Key Performance Indicators

		FY13 ACTUAL	FY14 FORECAST	FY15 FORECAST	FY16 FORECAST
6	Apprentice Jockeys	61	> = 50	> = 50	> = 50
7	Level 3 Stablehand Certificate	120	120	120	120

9 Racing Structure

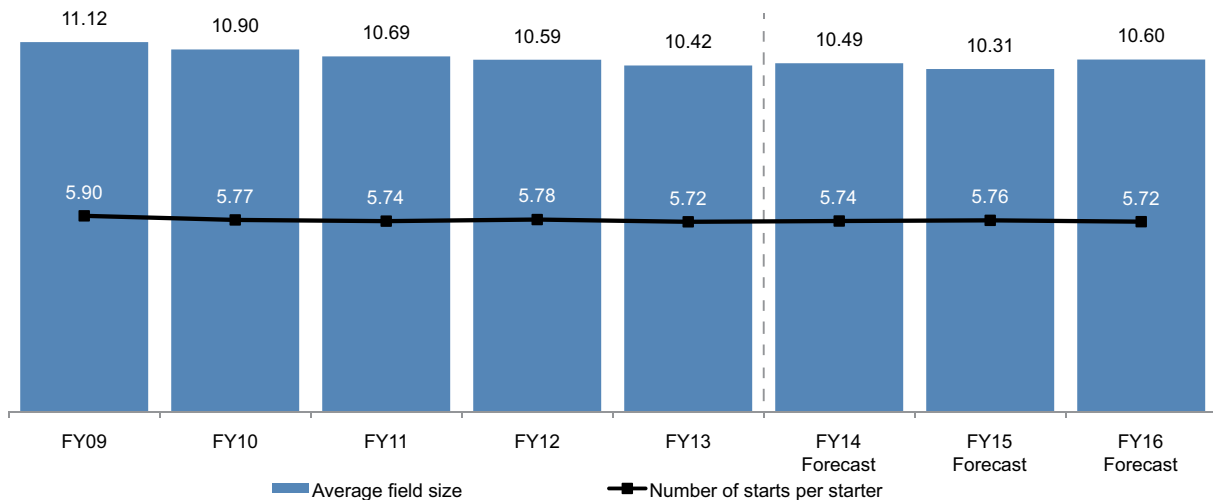
Current Status

In FY13:

- held 358 race meetings, compared to 350 in FY12
- held 3,007 races, compared to 3,061 races in FY12
- programmed a greater proportion of our Saturday race meetings at our Strategic and Significant venues
- reviewed the structure of Premier and Feature licences
- more closely aligned the number of races programmed each month with seasonal variations and regional horse populations
- further reduced the number of races conducted on winter tracks
- reduced the number of races scheduled in the worst performing periods, based on statistical analysis of field size by race types, venues and distances
- the number of races conducted with less than 8 starters reduced by 58 races with 431 races (14.3%) in FY13 as compared to 489 races (16.0%) in FY12
- average field size per race fell to 10.4 starters per race from 10.6 starters per race in FY12. This compares to average field sizes of 10.0 in New South Wales, 9.7 in Victoria and 8.8 in Queensland
- despite this overall average field size reduction the:
 - Rating 75 average field size per race increased by 0.1 to 10.2
 - Rating 85 average field size per race increased by 0.6 to 9.7
 - Open race average field size increased by 0.2 to 10.3

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

Chart 9.1 Number of Starts per Starter and Average Field Size FY09 to FY13 and Forecast FY14 to FY16



Source: NZTR

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

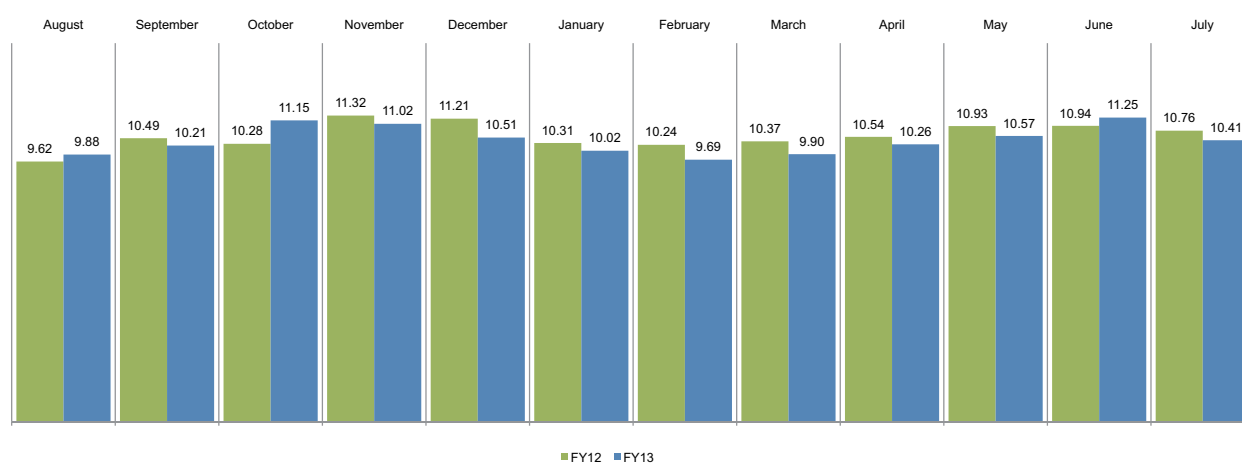
Actions

In FY14 NZTR will:

- fund an additional \$783k minimum prizemoney payments to clubs from 1 January 2014
- provide annualised savings of \$1.2 million on FY13 budget for nomination and acceptance fees for maiden, rating 65, 2YO, 3YO and special conditions races

- implement a new structure of race meeting classifications from 1 January 2014 to provide increased differentiation between Saturday and midweek fixtures, including:
 - 5 Iconic race meetings
 - 15 Premier 1 race meetings
- increase the number of twilight race meetings in the summer period by 6 from 12 to 18
- continue to optimise domestic and international wagering performance by reducing the number of races before 12.30pm midweek and before noon on Saturdays
- limit the reduction of individual starters to -2.0% per annum over the next three years by encouraging more fillies and mares to race (see next Section)
- re-allocate 13 Tuesday meetings, including 7 to Saturdays and 4 to Sundays
- maintain Monday racing, the slot when New Zealand can reach Australian customers by being shown on Sky 1 in Australia

Chart 9.2 Average Field Size (Flat and Jumps) by Calendar Month in FY13 vs FY12



Key Performance Indicators

		FY13 ACTUAL	FY14 FORECAST	FY15 FORECAST	FY16 FORECAST
8	Funded prizemoney (see notes)	\$47.2m	\$48.0m	\$49.0m	\$51.3m
9	Club contribution to prizemoney	\$2.8m	\$3.0m	\$3.2m	\$3.4m
10	Actual prizemoney paid	\$50.0m	\$51.0m	\$52.20m	\$54.7m
11	NZTR nomination and acceptance charges to owners	\$2.9m	\$2.2m	\$2.3m	\$2.3m
12	Average funded prizemoney per race	\$15,687	\$16,311	\$16,680	\$18,465
13	Race meetings conducted	358	364	364	338
14	Races conducted	3,007	2,940	2,940	2,776
15	Races before noon on Saturdays and 12.30pm other days	131	100	100	100
16	Average domestic (tote & FOB) turnover per race Mondays (excl significant meetings)	\$72k	\$74k	\$76k	\$78k
17	Average export turnover per race Mondays (excl significant meetings)	\$91k	\$94k	\$96k	\$98k
18	NZRB Distribution to NZTR	\$73.4m	\$72.2m	\$74.0m	\$76.0m
19	Average field size – all races	10.4	10.5	10.3	10.6
20	Average starts per starter	5.72	5.74	5.76	5.72
21	Races with less than 8 starters	431	410	390	370
22	Total starts	31,331	30,832	30,320	29,422
23	Number of individual starters	5,481	5,371	5,264	5,144

10 Fillies and Mares Racing

Current Status

In FY13 fillies and mares:

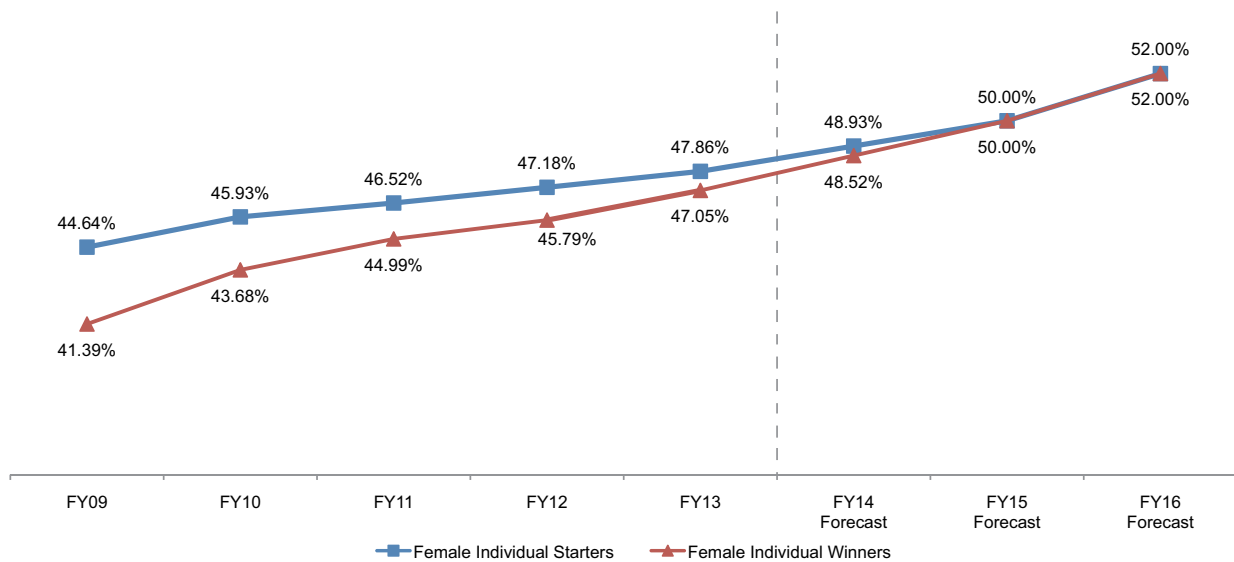
- made up between 54% and 57% of the available horse population after exports
- represented 47.86% of individual starters and 47.05% of winners in FY13, an improvement from 47.18% and 45.79% respectively in FY12
- had less average starts (5.63) than their male counterparts (5.79)

In FY13 NZTR:

- supported the New Zealand Thoroughbred Breeders' Association's (NZTBA) introduction of the Pearl Bonus Series, which attracted 647 entries and provides \$2.9 million in potential bonuses
- increased the number of \$12,000 mid-week races for fillies and mares to 83 (from 30 in FY12) to complement ten \$25,000 special condition fillies and mares only races run on Saturdays
- maintained the 2kg allowance for fillies and mares in open sex races, consistent with the weight-for-age scale

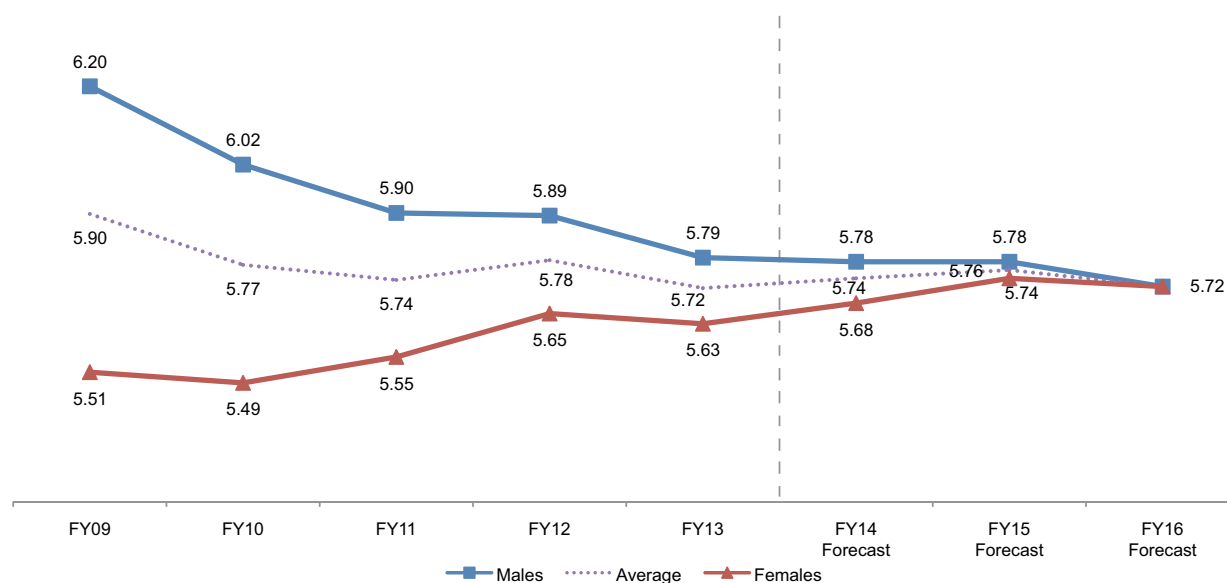
NZTR will provide increased opportunities for owners to race fillies and mares in New Zealand.

Chart 10.1 Percentage of Female Individual Starters relative to Female Individual Winners FY09 to FY13 and Forecast FY14 to FY16



Source: NZTR Database

Chart 10.2 Average Starts per Annum per Horse by Sex FY09 to FY13 and Forecast FY14 to FY16



Source: NZTR Analysis

NZTR believes that the long-term sustainability of New Zealand Thoroughbred racing will be contingent upon ensuring that a larger proportion of fillies and mares are put into training.

Actions

In FY14 NZTR will:

- increase the number of national mid-week races for fillies and mares only from 83 in FY13 (initiated in FY12) to 90 in FY14 and 100 in FY15 and FY16, to complement 10 \$25,000 special condition fillies and mares only races run on Saturdays
- support the NZTBA with the Pearl Bonus Series

Key Performance Indicators

		FY13 ACTUAL	FY14 FORECAST	FY15 FORECAST	FY16 FORECAST
24	Females as % of individual starters	47.86%	48.93%	50.00%	52.00%
25	Females as % of individual winners	47.05%	48.52%	50.00%	52.00%
26	Number of starts per female starter per year	5.63	5.68	5.74	5.72
27	Fillies & Mares only \$12k mid-week races	83	90	100	100

11 Jumps Racing

Current Status

In FY13:

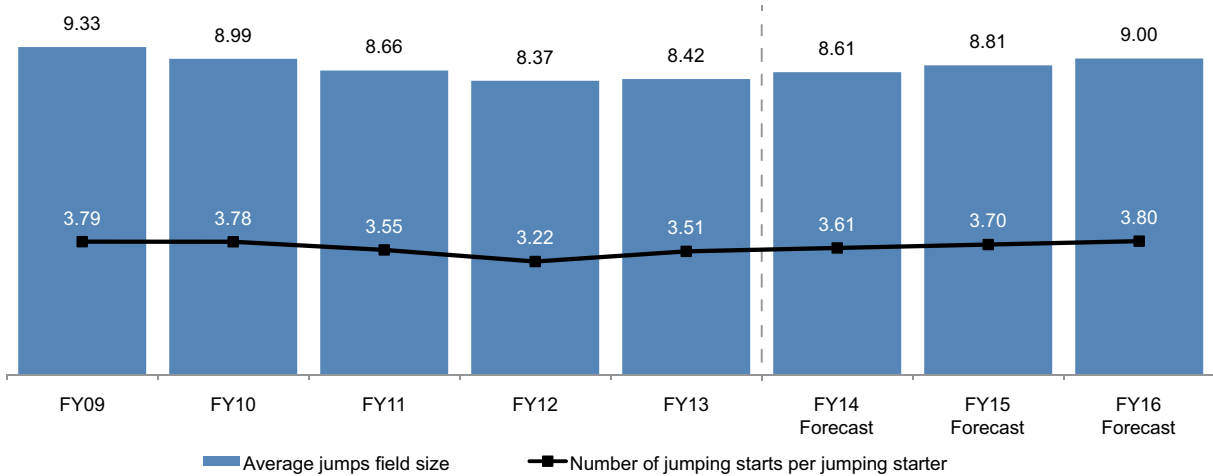
- 113 jumps races (+1 race on FY12) were conducted
- average jumps field size increased by 0.05 from 8.37 to 8.42
- 43 of the 113 jumps races conducted (38.1%) had less than 8 starters, a decrease from 48 in FY12
- there were 271 individual horses which started in at least one jumps race, a decrease of 20 (6.9%) from 291 in FY12

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

In FY13 NZTR:

- successfully introduced open entry races
- implemented a new prizemoney structure for Prestige Jumps races

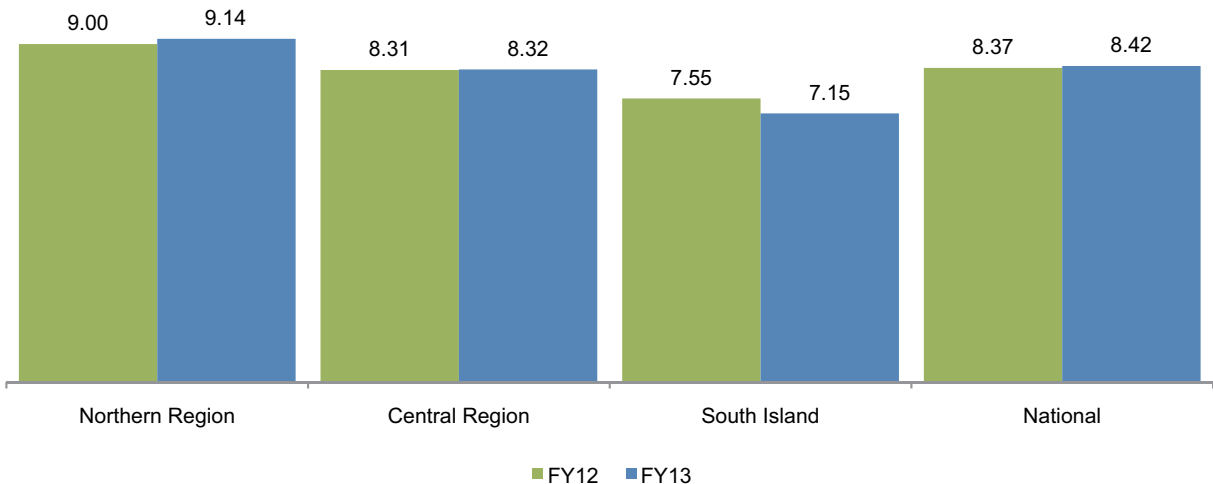
Chart 11.1 Number of Jumping Starts per Jumping Horse FY09 to FY13 and Forecast FY14 to FY16



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 FY13 v FY12



Source: NZTR analysis

Participation levels in South Island jumps racing remains a significant concern.

Actions

In FY14 NZTR will:

- review South Island jumps racing sustainability
- programme jumps racing 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
- reduce the number of jumps races with less than 8 starters
- continue to provide racing opportunities for all jumping horses under the new open entry policy
- 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

		FY13 ACTUAL	FY14 FORECAST	FY15 FORECAST	FY16 FORECAST
28	Field size – jumps races	8.42	8.61	8.81	9.00
29	Number of individual jumps starters	271	300	300	300
30	Number of jumps races with less than 8 starters	43	40	37	34

12 Infrastructure and Asset Optimisation

Increasing Efficiency and Effectiveness

Current Status

In FY13 NZTR:

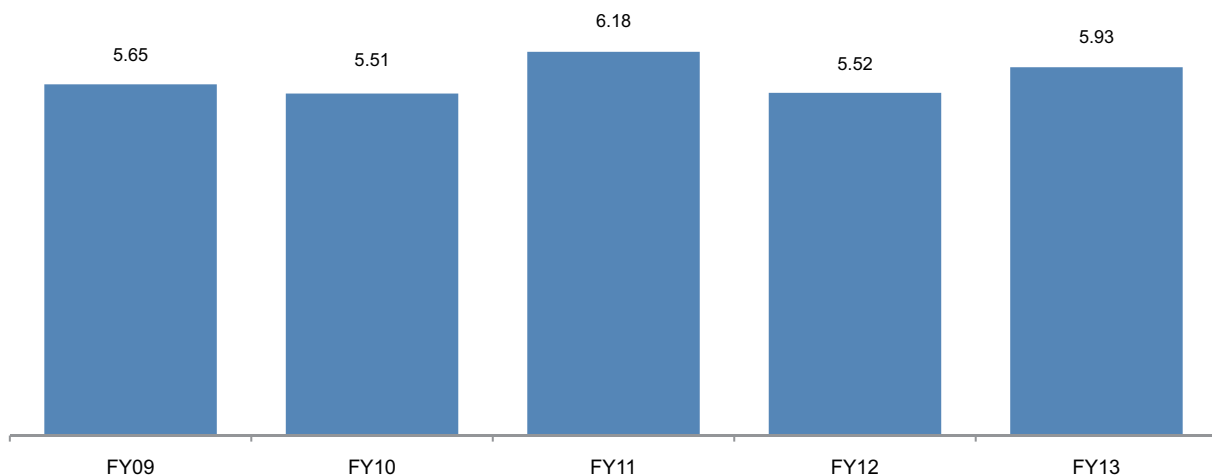
- publicly released its Infrastructure Policy
- set aside \$1m per year to fund key projects at tracks identified as Strategic or Significant
- provided funding of high value infrastructure projects including:
 - \$500k of funding at Ruakaka for a track-widening programme which will cost \$1m in total and which will greatly enhance the ability of our best winter track to carry the load it receives during that period
 - \$245k out of \$450k of expenditure on drainage at Riccarton
 - \$20k out of \$80k of expenditure on drainage at Otaki
 - part funding of plastic running rails at Ellerslie, Te Rapa and Riccarton
 - the purchase of new judicial towers at Strategic and Significant venues
- incorporated venue classifications within the NZTR Race Club Funding Policy
- submitted a business case and proposal to the NZRB for the joint funding of a synthetic track for training and trials in the Waikato
- provided \$405k to the 17 largest training centres in recognition of each of their contributions to the industry via the provision of training facilities and tracks
- fund Turftech reports to help assist clubs in the maintenance and presentation of their turf racing surfaces
- provide racing clubs with access to 'verti-drain' and 'groundbreaker' machinery
- work with the Avondale Jockey Club and the Auckland City Council to develop a plan to ensure the venue's long-term viability

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

In all cases, funding is structured so that it will be returned to the industry in the event a club chooses to cease racing at some future point.

NZTR acknowledges and appreciates the support of the Racing Safety Development Fund (RSDF) for projects which have safety elements.

Chart 12.1 Average Track Conditions (Fast 1 to Heavy 11) FY09 to FY13



Source: NZTR Analysis

Notes: Track rating system introduced during the FY08 season

NZTR Venue Classification

REGION	STRATEGIC	SIGNIFICANT	SUPPORTING	COMMUNITY
NORTHERN REGION	Ellerslie Te Rapa	Cambridge Matamata Pukekohe Ruakaka Tauranga	Avondale Rotorua Te Aroha Te Awamutu	Dargaville Paeroa Taupo Te Teko Thames
CENTRAL REGION	Awapuni	Hastings New Plymouth Otaki Trentham	Wanganui	Foxton Gisborne Hawera Stratford Tauherenikau Waipukurau Wairoa Waverley Woodville
SOUTHERN REGION	Riccarton	Wingatui	Ashburton Invercargill Timaru	Blenheim Cromwell Gore Hokitika Kurow Kumara Omakau Oamaru Omoto Reefton Riverton Waikouaiti Waimate Winton Wyndham

Actions

In FY14 NZTR will:

- commence building a synthetic track for training and trials in the Waikato dependant on NZRB part-funding support
- continue to commit financial support to high value infrastructure projects at Strategic and Significant venues that support NZTR's longer term strategies
- encourage NZRB to establish a Racecourse Development Fund
- continue to work with the RSDF on improvement projects which have safety elements

Key Performance Indicators

		FY13 ACTUAL	FY14 FORECAST	FY15 FORECAST	FY16 FORECAST
31	Percentage of trained starters produced from Strategic training tracks	70.6%	71.0%	72.0%	72.0%
32	Races conducted at venues with more than 10 meetings per annum	64.7%	68.7%	69.3%	70.0%
33	Races conducted at venues with 3-9 meetings	28.6%	23.6%	23.2%	22.8%
34	Races conducted at venues with 1-2 meetings	6.8%	7.7%	7.5%	7.2%

13 Internationalisation

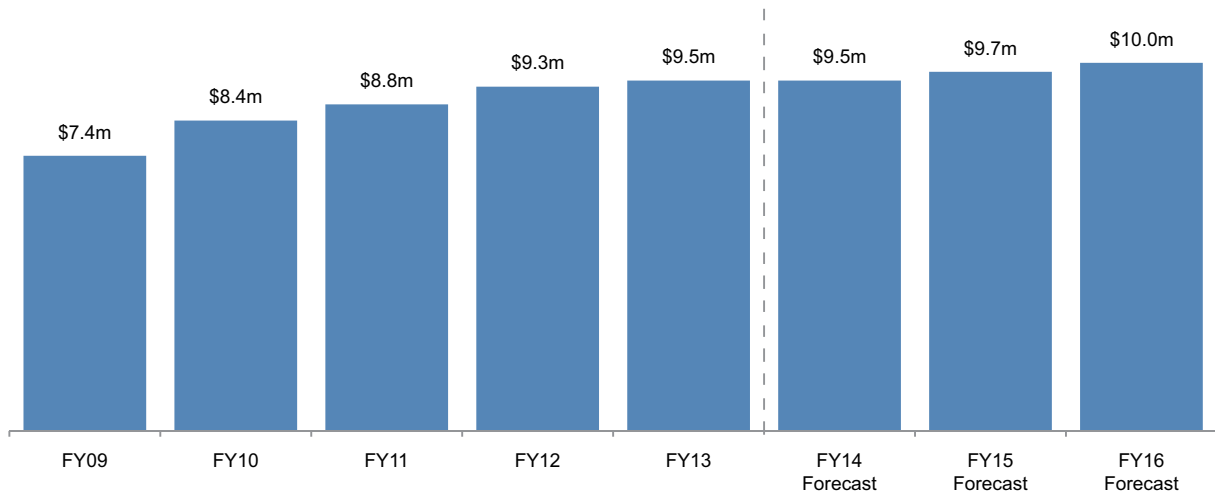
Current Status

In FY13:

- Australian totalisator sales on New Zealand races exceeded NZRB totalisator sales on New Zealand Races for the second successive year
- totalisator wagering turnover by Australian totalisator operators on the three New Zealand codes over the past five years grew by a compound average rate of 7.2% per annum
- 58.1% of New Zealand Thoroughbred racing on Mondays and Tuesdays was broadcast on Sky 1
- the NZRB received \$9.5 million in royalties from Australian totalisator operators betting on New Zealand thoroughbred racing

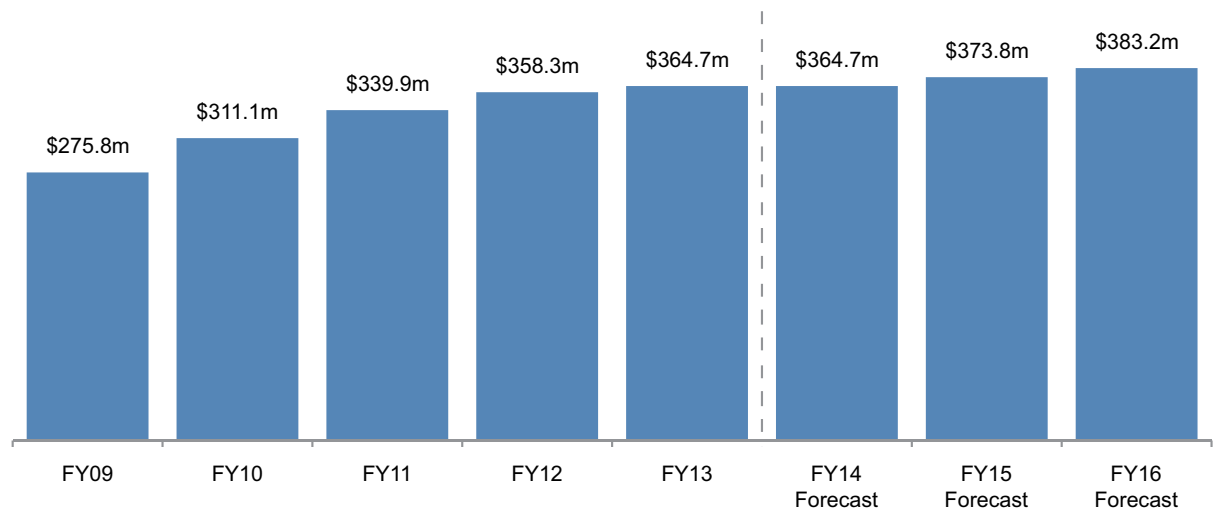
Totalisator wagering with Australian totalisator operators on New Zealand thoroughbred racing has grown by a compound average growth rate of 7.2% per annum over the past five years.

Chart 13.1 Royalties (\$NZ) Paid to the NZRB by Australian Totalisator Operators on NZ Thoroughbred Races FY09 to FY16 (Forecast)



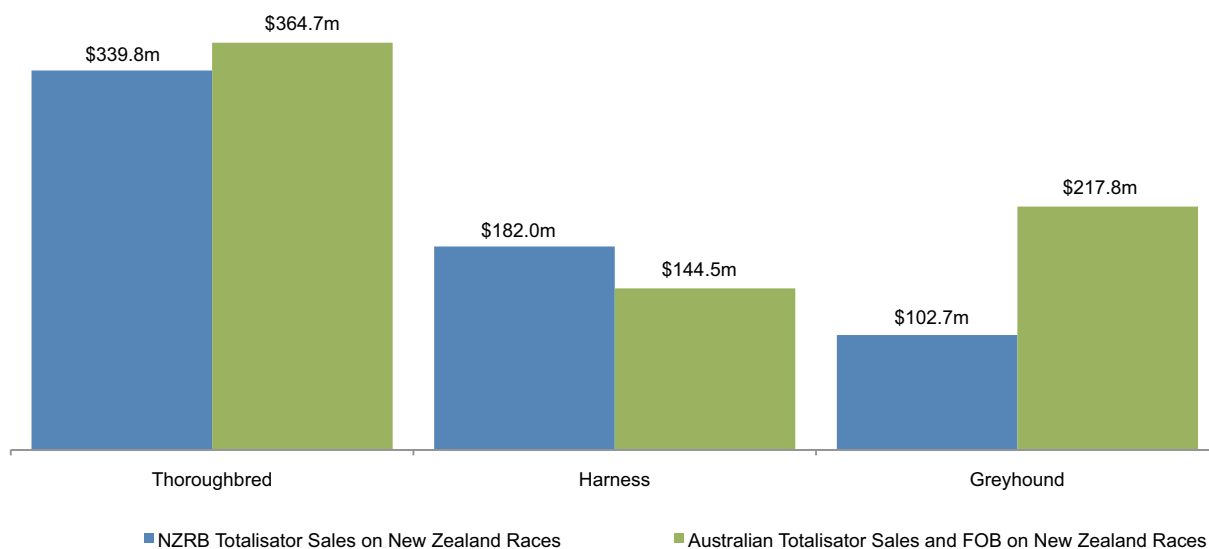
Source: NZRB turnover data, calculated as 2.6% of export Sales on NZ thoroughbred races, plus NZTR forecasting

Chart 13.2 Australian Totalisator Sales on New Zealand Thoroughbred Races (\$NZ)



Source: NZRB turnover data, plus NZTR forecasting

Chart 13.3 Comparison of Totalisator Sales on New Zealand Races FY13 (\$NZ)



Source: NZRB

Actions

In FY14 NZTR will:

- work with the NZRB on current international arrangements to:
 - grow the number and penetration of New Zealand thoroughbred races in the international market place
 - improve how New Zealand Thoroughbred races are promoted and presented in Australia
- work with the NZRB in negotiations with Tabcorp on international arrangements post-June 2015
- continue to improve New Zealand thoroughbred racing form and media coverage in Australian markets
- engage with Australian thoroughbred racing entities to better promote and integrate New Zealand Thoroughbred racing content into the Australian wagering schedule
- ensure New Zealand is appropriately represented within the International Federation of Horseracing Authorities (IFHA), Asian Racing Federation, International Stud Book Committee, ANZ Ratings Committee, the Asian Pattern Committee and the International Grading and Race Planning Advisory Committee

Key Performance Indicators

		FY13 ACTUAL	FY14 FORECAST	FY15 FORECAST	FY16 FORECAST
35	International royalties on New Zealand thoroughbred racing	\$9.5m	\$9.5m	\$9.7m	\$10.0m
36	Coverage on Sky 1 for all New Zealand races	20.6%	20.0%	20.0%	20.0%

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

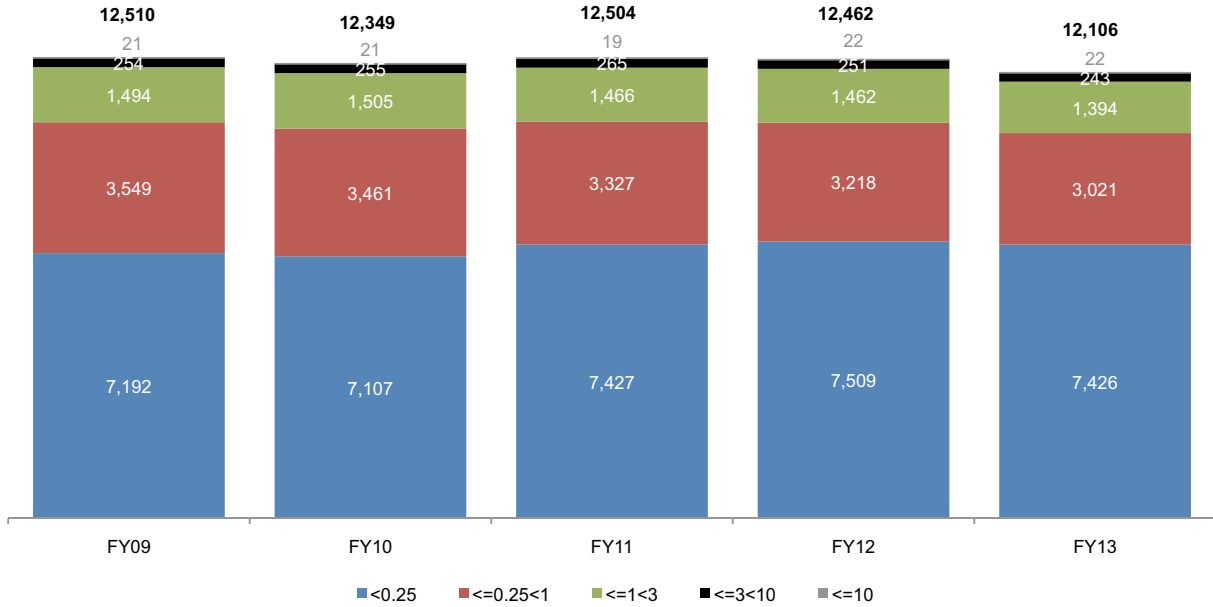
Current Status

In FY13 the number of owners who had a participatory interest in a thoroughbred racehorse that started in at least one race declined by 2.9% from 12,462 to 12,106.

In FY13 NZTR increased funded prizemoney by \$2.8m from \$44.4m to \$47.2m.

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 FY09 to FY13



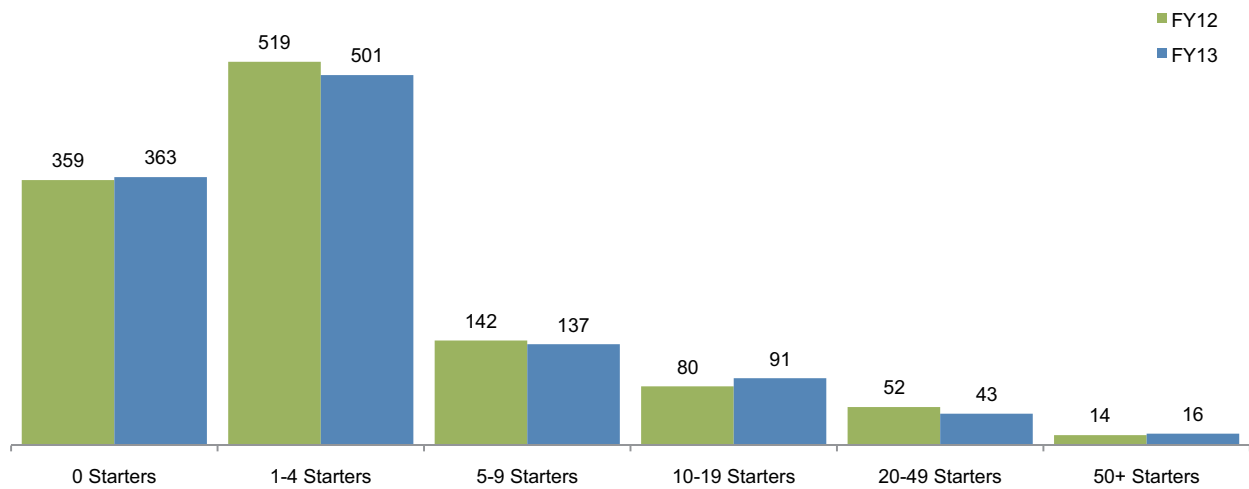
Source: NZTR Analysis

Trainers

In FY13:

- 788 trainers started a horse in at least one race, compared to 807 in FY12
- 150 trainers started 10 or more individual horses in races, accounting for 66.6% of total starts (compared to 146 and 65.8% in FY12)
- 287 trainers started 5 or more individual horses in races, accounting for 83.1% of total starts (compared to 288 and 82.6% in FY12)

Chart 14.2 Trainers by number of individual horses that started in a race FY13 v FY12



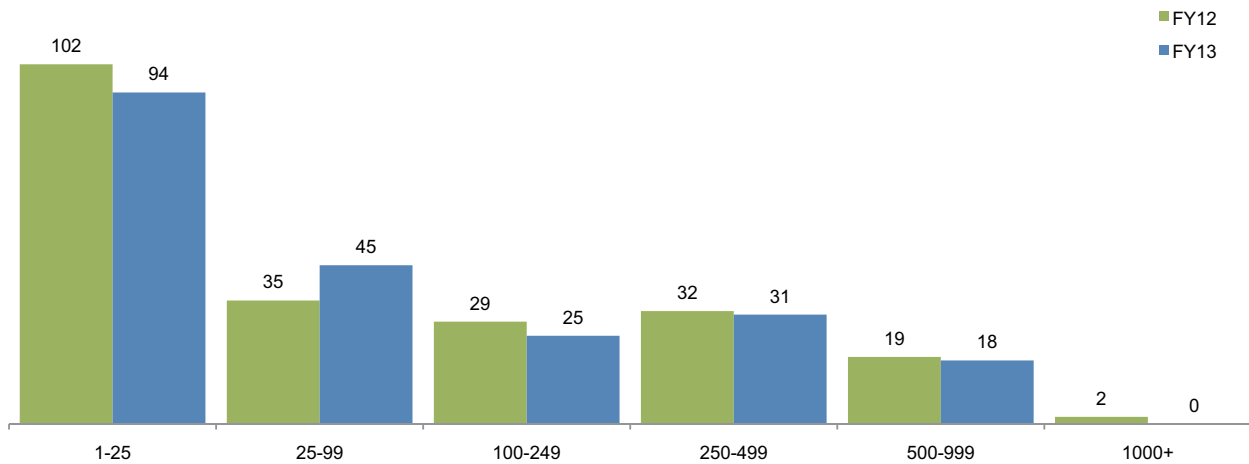
Source: NZTR Analysis

Riders

In FY13:

- there were 213 Riders who rode in at least one race (compared to 219 in FY12)
- 74 Riders (34.7%) rode in 100 or more races (compared to 82 and 37.4% in FY12) taking 89.4% of all rides (compared to 92.1% in FY12)

Chart 14.3 Riders by number of rides FY13 v FY12



Source: NZTR Analysis

Stable hands

In FY13 there were 2,239 track work riders/stablehands (2,013 in FY12), comprising:

- 1,310 non-riding stable hands (compared to 1,178 in FY12)
- 691 riding stable hands (compared to 615 in FY12)
- 238 track work riders (compared to 220 in FY12)

Actions

In FY14 NZTR will:

- increase prizemoney funding by \$783k to \$48.0m
- provide a \$1.2 million benefit to owners (compared to \$500,000 in FY12) from the elimination of nomination and acceptance fees for maiden, rating 65, 2YO, 3YO and special conditions races
- work with New Zealand Thoroughbred Marketing to implement owner and ownership initiatives
- launch an online Owners' Service Centre on the NZTR website – NZRacing.co.nz
- upgrade the online Trainers' Service Centre
- continue to work with clubs to improve race day hospitality standards for owners
- work with race clubs to develop an improved and more consistent ownership experience through the Racing Club Partnership Programme

Key Performance Indicators:

		FY13 ACTUAL	FY14 FORECAST	FY15 FORECAST	FY16 FORECAST
37	Number of owners	12,106	12,237	12,369	12,500

15 Breeding

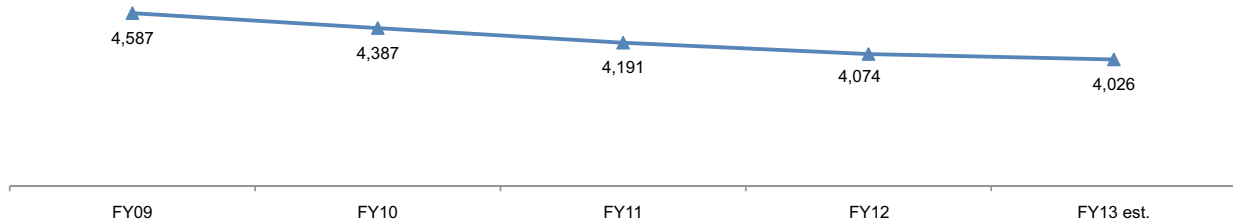
Current Status

In FY13:

- estimated live foals will total 3,967 (compared to 4,040 FY12)
- the percentage of live foals from mares served at 31 July 2013 is estimated to be 70.9% (compared to 68.3% or 2.6% better than FY12)

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

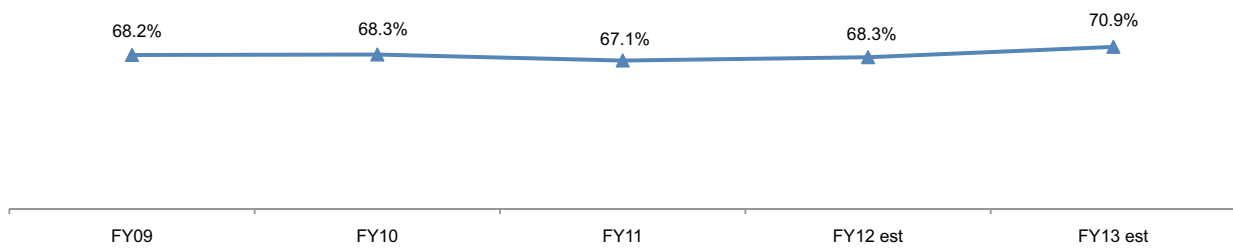
Chart 15.1 Estimated Live Foals FY09 to FY13



Source: NZTR Analysis

Notes: FY12 and FY13 foal numbers are a part-projection based on the previous year's % of live foals to total foals. These numbers will be subject to change in future season's Business Plans once final numbers have been received.

Chart 15.2 Live Foals from Mares served FY09 to FY13



Source: NZTR Analysis

Notes: Foal numbers for a season are divided by the mares served number of the previous season. FY12 and FY13 foal numbers are a part-projection based on the previous year's % of live foals to total foals. These numbers will be subject to change in future season's Business Plans once final foal numbers have been received.

Actions

In FY14 NZTR will:

- work with the Thoroughbred Breeders' Association to improve NZTR's online Breeders' Service Centre
- take an active role in the International Stud Book Committee (New Zealand occupies one of nine seats) to protect the integrity of the Thoroughbred breed
- investigate unique Australasian naming protocols

Key Performance Indicators

		FY13 ESTIMATE	FY14 FORECAST	FY15 FORECAST	FY16 FORECAST
38	Live foals	4,026	3,960	3,895	3,831

16 Intellectual Property

Clubs assign ownership of thoroughbred broadcasting rights to the NZRB, which has contracts with a number of overseas totalisator operators, as a requirement of their betting licence. NZTR currently provides racing information to the NZRB under the terms and conditions of the international rights agreement which expires in June 2015.

Current Status

In FY13:

- most overseas corporate bookmakers exploited New Zealand Thoroughbred intellectual property (IP) rights without payment. The NZRB estimates New Zealand residents bet more than \$300m per annum with international wagering operators, which impacts negatively on:
 - the NZRB's distributions to the three codes of up to \$35 million per annum
 - potential New Zealand government revenue of \$30 million per annum

Actions

In FY14 NZTR will:

- support the NZRB in negotiations relating to the use of Thoroughbred IP beyond June 2015
- work with the NZRB to investigate the potential application of overseas solutions such as race fields legislation and/or an industry levy based on bettors' location

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

17 Supporting NZRB's Performance

Maximising Returns to Industry Participants

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

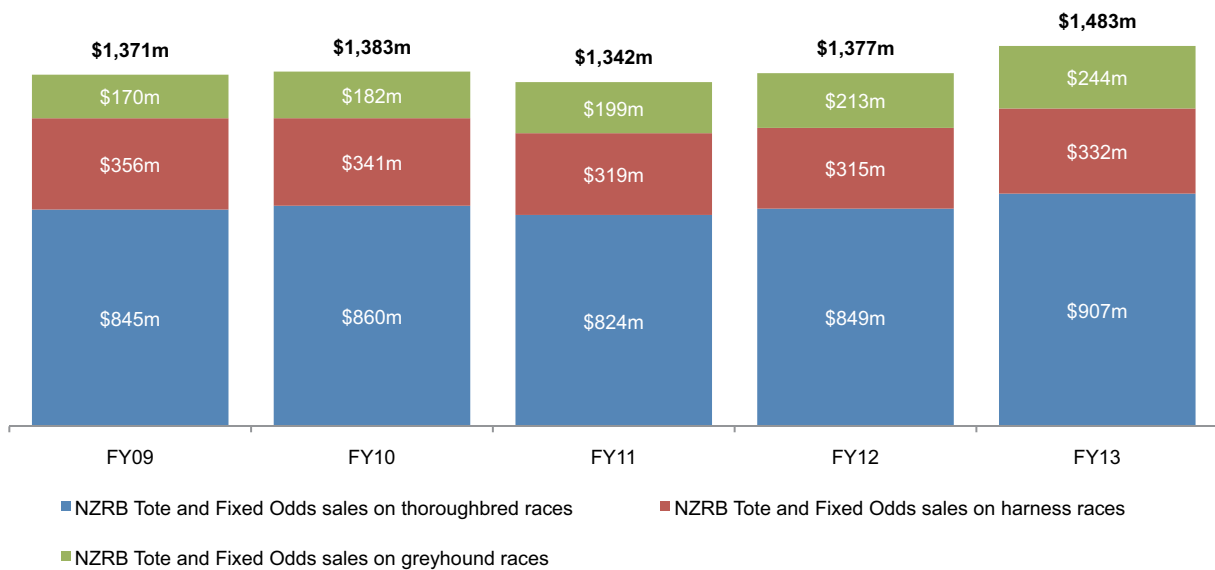
Current status

In FY13:

- NZRB domestic earnings increased to \$112.4m in FY13 (from \$103m in FY12)
- NZRB export earnings increased to \$21.7m in FY13 (from \$20.8m in FY12)
- given the importance of high value wagering customers to NZRB profitability, any reduction of these customers may impact on the NZRB's trading performance and NZTR's distribution

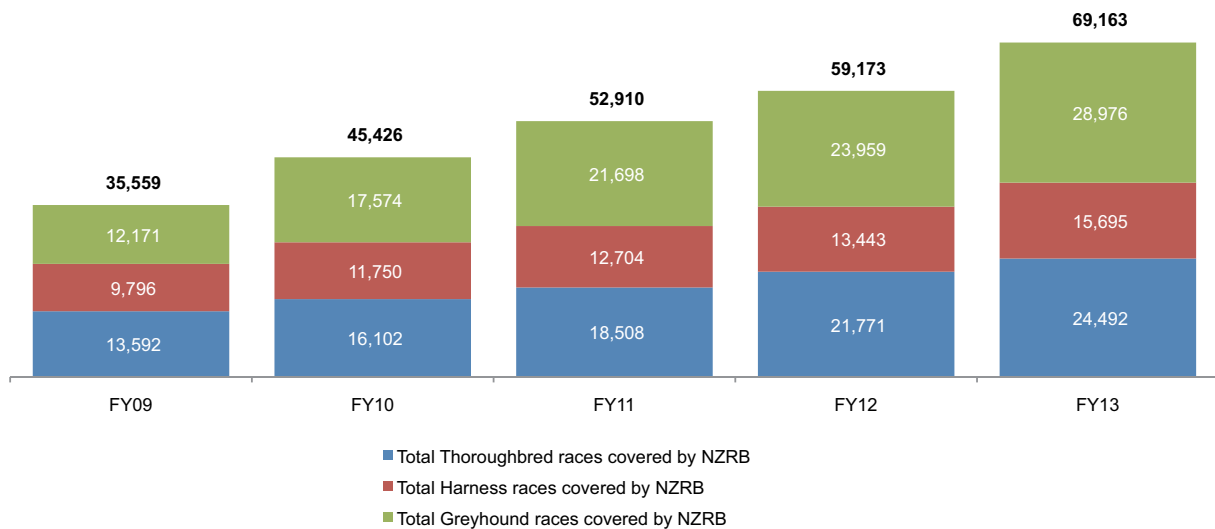
NZTR's success will be dependent on its ability to positively influence NZRB performance.

Chart 17.1 Totalisator and Fixed Odds sales on all Domestic and International Events (Imported Races) FY09 to FY13



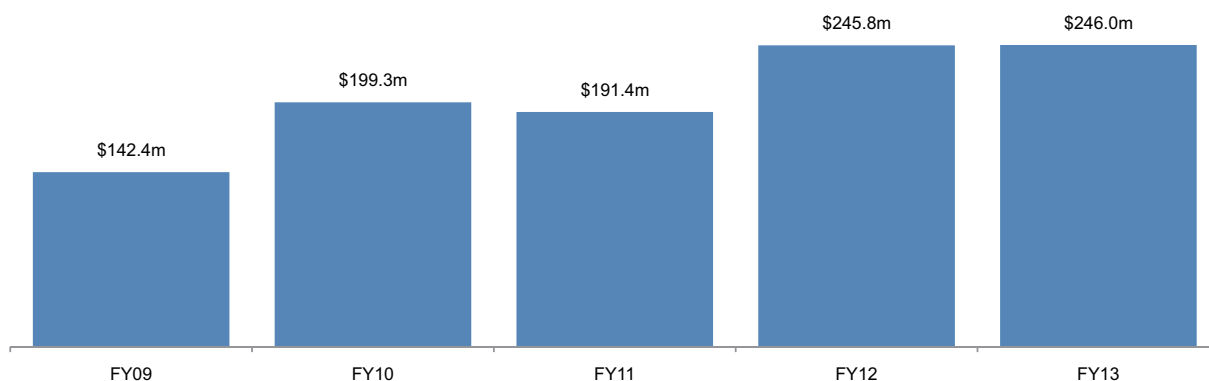
Source: NZRB turnover data

Chart 17.2 Races Covered by NZRB FY09 to FY13



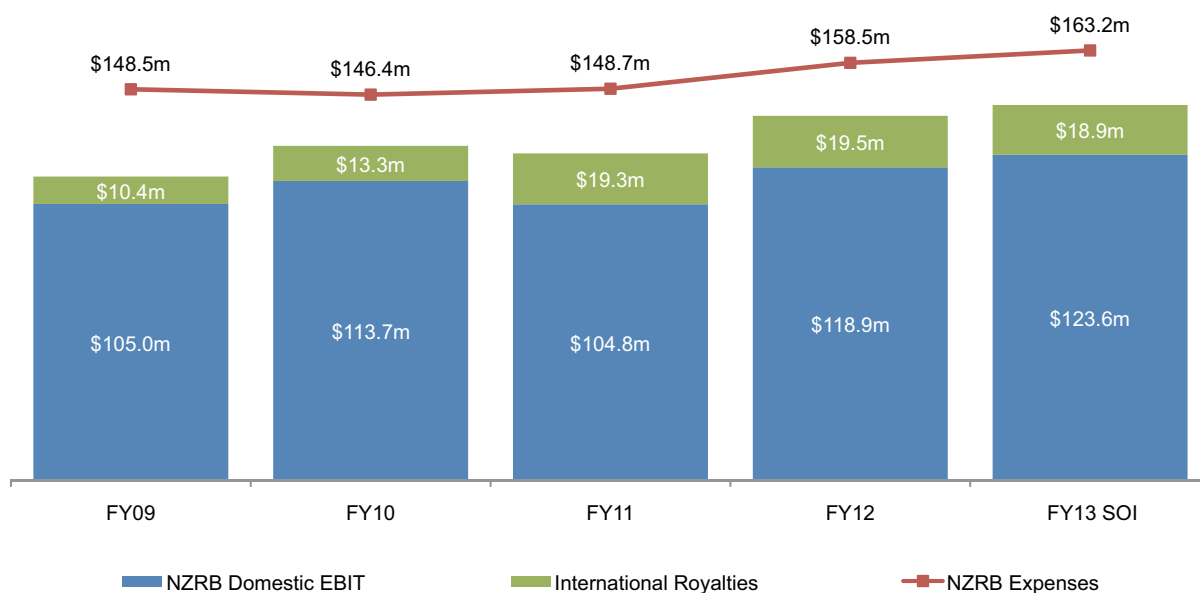
Source: NZRB Financial Reports and NZTR Analysis

Chart 17.3 NZRB Sports Betting



Source: NZRB turnover data

Chart 17.4 NZRB Gross International Royalties and Domestic EBIT Performance



Source: NZRB Annual Reports and SOI

Note: Actual and Forecast numbers from the NZRB SOI 2013-16

Actions

In FY14 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 2014
- trial the use of self service terminals at our major racecourses
- support the provision of on-course wifi
- investigate funding of on-course monitors and displays at our top 14 racecourses

Key Performance Indicators

		FY13 ACTUAL	FY14 FORECAST	FY15 FORECAST	FY16 FORECAST
39	Domestic Thoroughbred sales (Totalisator & Fixed Odds)	\$429.4m	429.1m	\$437.7m	\$433.6m
40	Domestic market share	53.3%	54.0%	54.5%	55.0%

Current Status

In FY13:

- NZTR followed good governance practices and complied with all applicable legislation and standards including the:
 - Racing Act 2003
 - Incorporated Societies Act 1908
 - principles set out in the Code of Proper Practice for Directors approved by the Institute of Directors
 - NZTR Constitution
 - NZTR Board Charter
 - NZTR Board Code of Conduct
- the NZTR Board met seven times in person and on three occasions by teleconference
- the NZTR Board was supported by three permanent Board Committees – Audit & Risk Committee, Integrity Committee and Appointments & Remuneration Committee
- the NZTR Board met with the NZTR Members' Council for the purpose of appraising the Board's performance
- NZTR reviewed all club constitutions
- NZTR and the NZRB made a submission to and met with the Law Commission to consult on the Commission's report on proposed amendments to the Incorporated Societies Act 1908
- reviewed a Directors' Register of Interests at every Board meeting

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

Actions

In FY14 NZTR will:

- work with clubs to improve their rules/constitutions, as part of the Racing Club Partnership programme. This follows on from NZTR's review of all club constitutions and the Law Commission's proposed amendments to the Incorporated Societies Act 1908 which includes the legal requirement for organisations to ensure their constitutions meet present day requirements
- support continuation of joint industry groups including the Combined Racing Industry Group (CRIG) and the Joint NZRB & Code CEOs Group
- continue to ensure all clubs:
 - hold an AGM and submit a copy of the club's audited set of financial statements and Annual Report to NZTR and the NZRB by 31 December following the end of the club's financial year
 - complete and return the NZTR race meeting profit and loss template within six weeks of receiving the template from NZTR
 - comply with all conditions of the betting licence(s) issued to clubs by the NZRB in the final racing calendar, including undertaking a class 4 Gaming Audit
- maintain a Directors' Register of Interests and publish any conflicts of interest in its annual report
- reviewed NZTR policies due for review on a biennial basis

19 The Racing Act 2003

Increasing Efficiency and Effectiveness

Current Status

Under Section 16 of the 2003 Racing Act, NZRB 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.

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

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 the 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.

Further, given the enormous fixed costs of opening the TAB for business each day, it is difficult to believe that the average thoroughbred race with a domestic turnover of \$143,000 has the same profit margin to the NZRB as the much lower turnover-per-race codes. The simplistic revenue share basis of Section 16 ignores the much higher margins that thoroughbreds provide the NZRB and which we need to be paid to cover our higher costs.

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 other two codes to maximise economic returns to industry stakeholders.

Action

In FY14 NZTR will work to ensure the thoroughbred code receives an equitable distribution of NZRB funding, which adequately recognises the higher profitability investment, cost, asset intensity, scale, economic activity and popularity of the thoroughbred code from FY16 and beyond.

20 Government Relations

Promoting the Sport of Thoroughbred Racing

Current Status

In FY13 NZTR strengthened its relationships with government by:

- improving its communications including holding regular briefing meetings with representatives of the Office of the Minister for Racing
- hosting a number of MPs from various political parties, government officials and key stakeholders at NZTR's Wellington Cup function

Actions

In FY14 NZTR will:

- continue a strong level of engagement with the Minister for Racing and his staff
- ensure all political parties are properly briefed on the NZTR Strategic Plan and the improved relationships between NZTR, NZRB and the other two codes
- review and strengthen communication channels between Thoroughbred racing (NZTR and racing clubs) and:
 - government agencies
 - local councils
 - through the Racing Club Partnership Programme
- ensure industry compliance with all relevant legislation and legal requirements in a timely and accurate manner
- support a joint hosting of the Wellington Cup function by the NZRB, NZTR, HRNZ and GRNZ

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

21 NZTR Accountability and Transparency

Increasing Efficiency and Effectiveness

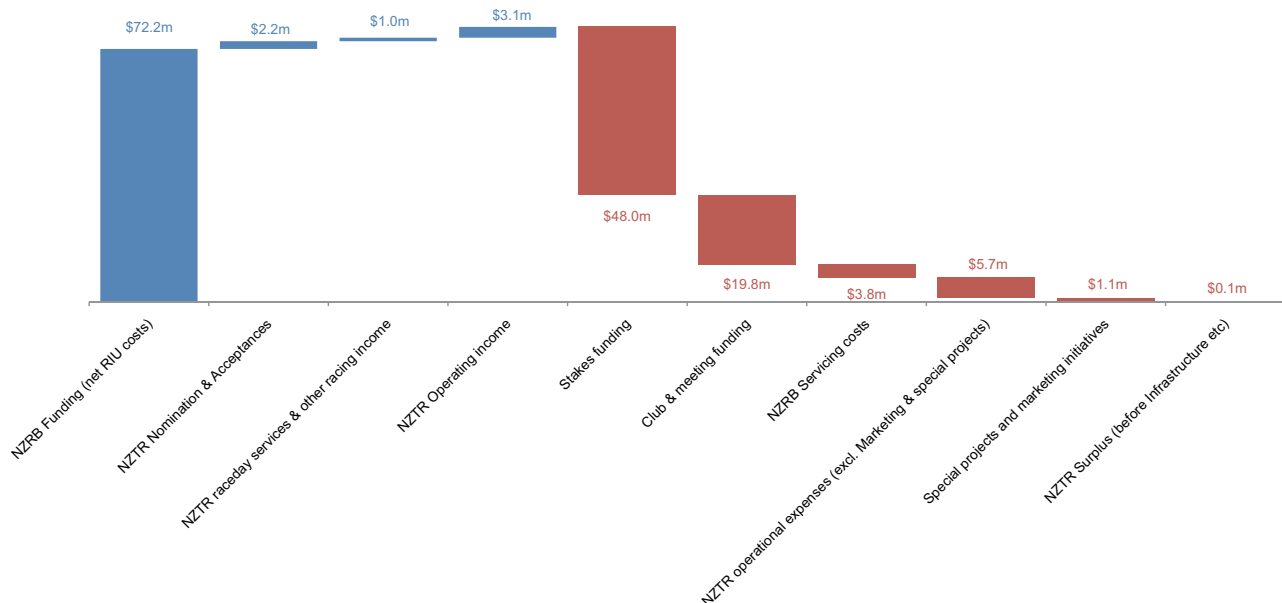
Current Status

In FY13 NZTR:

- reduced its core operating costs below FY12 levels
- returned a surplus before infrastructure projects of \$3.8m and a \$3.5m surplus after expenditure on infrastructure projects
- transferred \$2m of retained earnings to a provision for future infrastructure funding
- held net cash reserves of \$3.9m million at 31 July 2013

Thoroughbred racing industry accountability and transparency starts with NZTR.

Chart 21.1 NZTR Budgeted Sources and Applications of Funds FY14



Source: NZTR Management Reports

Actions

In FY14 NZTR will:

- maintain NZTR's core operational costs (excluding marketing, special projects and infrastructure) below FY12 levels
- review the four-year Inter-code Agreement with the NZRB and the other two codes to ensure it provides a minimum funding undertaking from the NZRB of \$72.2million (inclusive of RIU costs)
- actively manage its financial results against KPIs, including budget-to-actual spend and year-on-year 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
- increase automation of services, particularly through the website's online Trainers' Service Centre and the Breeders' Service Centre
- maintain appropriate reserves policy to ensure a capacity to absorb future revenue or balance sheet shocks

Key Performance Indicators

		FY13 ACTUAL	FY14 FORECAST	FY15 FORECAST	FY16 FORECAST
41	NZTR operational expenses (excluding marketing – see note)	\$5.78m	\$5.74m	\$5.74m	\$5.74m
42	NZTR operational expenses incl. marketing	\$6.08m	\$6.14m	\$6.14m	\$6.14m
43	Website engagement: visits per annum to NZTR website	3.37m	3.49m	3.67m	3.80m
44	Individual transactions made through Trainers' Service Centre as a % of all transactions	40.3%	44.0%	47.0%	50.0%

Note: Marketing expenses excluded to ensure a like-for-like with previous Business Plan costs in KPI 41

Appendix A: KPI's Business Plan 2013-15 compared to KPI's Business Plan 2014-16

NO	DETAILS	KEY PERFORMANCE INDICATORS BUSINESS PLAN 2013-2015				KEY PERFORMANCE INDICATORS BUSINESS PLAN 2014-2016				
		FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST	FY13 ACTUAL	FY14 FORECAST	FY15 FORECAST	FY16 FORECAST	
KPIS										
1	Attendance	480k	510k	520k	530k	487k	500k	520k	530k	
2	Meetings with attendance +2,500	44	45	50	55	49	50	55	60	
3	Meetings with attendance +5,000	13	14	16	18	15	16	18	20	
4	Meetings with attendance +10,000	3	3	4	5	2	3	4	5	
5	Number of Pattern Races to total flat races	4.95%	<5.00%	<5.00%	<5.00%	5.01%	<=5.20%	<=5.10%	<=5.00%	
6	Apprentice Jockeys	55	50	50	50	61	<=50	<=50	<=50	
7	Level 3 Stablehand Certificate trainees	19	120	200	200	120	120	120	120	
8	Funded prizemoney	\$44.4m	\$47.5m	\$48.2m	\$50.0m	\$47.2m	\$48.0m	\$49.0m	\$51.3m	
9	Club contribution to prizemoney	\$3.0m	Not in 2013-2015 Business Plan				\$2.8m	\$3.0m	\$3.2m	\$3.4m
10	Actual prizemoney paid	\$47.4m					\$50.0m	\$51.0m	\$52.20m	\$54.7m
11	NZTR nomination and acceptance charges to owners	\$2.5m					\$2.9m	\$2.2m	\$2.3m	\$2.3m
12	Average funded prizemoney per race	\$14,503	\$15,629	\$15,855	\$16,447	\$15,687	\$16,311	\$16,680	\$18,465	
13	Race meetings conducted	350	Not in 2013-2015 Business Plan				358	364	364	338
14	Races conducted	3,061	3,040	3,040	3,040	3,007	2,940	2,940	2,776	
15	Races before noon on Saturdays and 12.30pm other days	189	125	100	100	131	100	100	100	
16a	Average domestic (tote & FOB) turnover per race Mondays & Tuesdays combined (excl significant meetings)	\$74k	\$76k	\$78k	\$80k	\$74k	Not in 2014-2016 Business Plan			
16b	Average domestic (tote & FOB) turnover per race Mondays only (excl significant meetings)	\$70k	Not in 2013-2015 Business Plan				\$72k	\$74k	\$76k	\$78k
17a	Average export turnover per race Mondays & Tuesdays combined (excl significant meetings)	\$97k	\$97k	\$100k	\$103k	\$92k	Not in 2014-2016 Business Plan			
17b	Average export turnover per race Mondays only (excl significant meetings)	\$90k	Not in 2013-2015 Business Plan				\$91k	\$94k	\$96k	\$98k
18	NZRB distribution to NZTR	\$69.6m	\$71.4m	\$72.2m	\$74.4m	\$73.4m	\$72.2m	\$74.0m	\$76.0m	
19	Average field size – all races	10.6	10.7	10.7	10.7	10.4	10.5	10.3	10.6	
20	Average starts per starter	5.78	5.86	5.92	5.95	5.72	5.74	5.76	5.72	
21	Races with less than 8 starters	489	470	460	450	431	410	390	370	
22	Total starts	32,425	Not in 2013-2015 Business Plan				31,331	30,832	30,320	29,422
23	Number of individual starters	5,610	5,554	5,498	5,471	5,481	5,371	5,264	5,144	
24	Females as % of individual starters	47.18%	48.12%	49.06%	50.00%	47.86%	48.93%	50.00%	52.00%	
25	Females as % of individual winners	45.79%	47.19%	48.60%	50.00%	47.05%	48.52%	50.00%	52.00%	
26	Number of starts per female starter per year	5.65	5.75	5.85	5.95	5.63	5.68	5.74	5.72	
27	F&M only \$12k mid-week races	30	80	90	100	83	90	100	100	
28	Field size – jumps	8.37	8.70	9.00	9.20	8.42	8.61	8.81	9.00	
29	Number of individual jumps starters	291	300	300	300	271	300	300	300	
30	Number of jumps races with less than 8 starters	48	45	42	40	43	40	37	34	

Appendix A: KPI's Business Plan 2013-15 compared to KPI's Business Plan 2014-16 *continued*

NO	DETAILS	KEY PERFORMANCE INDICATORS BUSINESS PLAN 2013-2015				KEY PERFORMANCE INDICATORS BUSINESS PLAN 2014-2016			
		FY12 ACTUAL	FY13 FORECAST	FY14 FORECAST	FY15 FORECAST	FY13 ACTUAL	FY14 FORECAST	FY15 FORECAST	FY16 FORECAST
31	Percentage of starts produced from Strategic training tracks	66.2%	68.0%	70.0%	70.0%	70.6%	71.0%	72.0%	72.0%
32	Races conducted at venues with more than 10 meetings per annum	71.1%	63.8%	67.5%	72.5%	64.7%	68.7%	69.3%	70.0%
33	Races conducted at venues with 3-9 meetings	22.2%	29.0%	25.7%	21.0%	28.6%	23.6%	23.2%	22.8%
34a	Races conducted at venues with 1-2 meetings	7.0%	7.2%	6.8%	6.5%	6.8%	7.7%	7.5%	7.2%
34b	Average track rating	5.52	5.50	5.25	5.00	5.93	Not in 2014-2016 Business Plan		
35	International royalties on New Zealand thoroughbred racing	\$9.3m	\$10.6m	\$11.7m	\$12.9m	\$9.5m	\$9.5m	\$9.7m	\$10.0m
36a	Gain access to Sky 1 for New Zealand Monday and Tuesday races	57.6%	60.0%	60.0%	60.0%	58.1%	Not in 2014-2016 Business Plan		
36b	Coverage on Sky 1 for all New Zealand races	Not in 2013-2015 Business Plan				20.6%	20.0%	20.0%	20.00%
37	Number of owners	12,462	12,504	12,879	13,265	12,106	12,237	12,369	12,500
38	Live foals	4,074	4,141	4,100	4,059	4,026	3,960	3,895	3,831
39	Domestic thoroughbred sales (Fixed odds & Tote)	\$421.7m	\$432.2m	\$443.0m	\$454.1m	\$429.4m	\$429.1m	\$437.7m	\$433.6m
40	Domestic market share	53.8%	54.0%	54.5%	55.0%	53.3%	54.0%	54.5%	55.0%
41	NZTR operational expenses (excl. marketing)	\$5.45m	\$5.8m	\$5.8m	\$5.8m	\$5.78m	\$5.74m	\$5.74m	\$5.74m
42	NZTR operational expenses incl. marketing	Not in 2013-2015 Business Plan				\$6.08m	\$6.14m	\$6.14m	\$6.14m
43	Website engagement: visits per annum to NZTR website	3.17m	3.32m	3.49m	3.67m	3.37m	3.49m	3.67m	3.80m
44	Individual transactions made through Trainers' Service Centre as a % of all transactions	39.3%	44.0%	47.0%	50.0%	40.3%	44.0%	47.0%	50.0%

Notes to the NZTR Forecast Revenue and Expenses for FY13-FY16 on page 4.

1. Based on pre-audited NZTR Profit and Loss statement
2. \$2,000,000 from FY13 Surplus to be transferred to Infrastructure reserve
3. NZRB wagering funding is based on NZRB SOI 2013-2016, Betting Net Profit minus Profit Retained for Reinvestment.
4. NZRB funding to NZTR based on code share of wagering funding as per industry funding agreement, no additional NZRB Industry expenses and reduction in funding to NZTR for races less than 3,040. FY16 funding assumes Industry Funding Agreement remains in place, with reduction in funding to NZTR for races run less than 3,040.
5. FY15 stakes is full year impact of 1 January 2014 stake increases. FY16 stakes increase to match funding increase.
6. Annual increase in club and meeting funding allowed for to FY15, decrease with less meetings and races in FY16.
7. NZRB Code venue service charges FY14 are likely to be less in FY14, but NZTR proposes an allocation of \$400,000 reflecting an initial investment in on-course services. Charges are anticipated to increase again in the years following, as investment in on-course services and depreciation on this investment increases.
8. Assumes no increase in NZTR core operational expenses
9. Decrease in horse starts (and therefore average field size) based on estimated flow-on impacts of decline in foal crop.



NZTR Board

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