

ANNUAL REPORT

2020-21



INSIDE...

Reports

Industry Structure

Board Profiles

Governance

LOVERACING.NZ

PLUS...

Welfare

Statistics

Financial Statements

Acknowledgements

NEW ZEALAND
THOROUGHBRED **RACING**



PUREI HŌIHO NĀTI O AOTEAROA

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@nztr.co.nz





contents

2 *Who we are*

3 *From the Chair & CEO*

9 *Industry Structure*

10 *Season by numbers*

11 *Board profiles*

13 *Governance*

14 *LOVERACING.NZ*

16 *Welfare*

18 *NZTR Committees 2020-21*

20 *Industry Statistics*

26 *Financial Statements*

31 *Notes to Financial Statements*

53 *Acknowledgements*





who we are

Any racing enthusiast can check our names by clicking on the list of NZTR contacts on the LOVERACING.nz website.

That will provide information about what we do but gives little insight into who we are or what we stand for.

Technically, we are racing administrators but in reality the vast majority of those who have a role with Purei Hôiho Nāti O Aotearoa – New Zealand Thoroughbred Racing – are motivated by a love of racing and the thoroughbred rather than a fascination with excel spreadsheets.

Most have been interested or involved with racing for much, if not all, of their lives.

Keeper of the Stud Book Julie Walker grew up at the Tauherenikau Racecourse, where her father, Jim, who began his working life as a jockey, was the course manager. The one downside to growing up surrounded by equine companions is that Julie is now a shareholder in far more thoroughbreds than any financial advisor would recommend.

Communications expert Mary Burgess grew up listening to tales of the turf from her grandfather, Percy Burgess, who was a successful jockey and trainer in a fiercely competitive era. Percy, who was a long neck away from winning the Centennial Melbourne Cup, trained two

Wellington Cup winners and both rode and trained a New Zealand Derby winner.

Mary, like Julie, remains susceptible to requests for “just one more person to join the syndicate” but her investments have produced a Group 1 winner.

Visit the NZTR head office in Petone and you can see what our staff stand for. On the wall as you come through the door is a list of NZTR’s core values – diversity, integrity, community, opportunity, love racing and whanaungatanga.

Diversity has long been a hallmark of the racing industry around the world and New Zealand has embraced it more than most, particularly when it comes to providing opportunities for our female participants.

The importance of integrity is self-evident as is providing opportunities, at both ends of the scale, for our participants. The latter requires a balance between providing options for the moderate performers while also offering sufficient incentives to encourage the top echelon to remain New Zealand-based.

A love of racing generally comes with the territory but whanaungatanga probably sums up the way forward for the industry as well as any concept. Whanaungatanga refers to relationships and the importance of forming and maintaining relationships between kin and communities.

It encourages a sense of belonging through shared experiences and the formation of Auckland Thoroughbred Racing is an example of the progress our industry can make when clubs in the same area work together.

References are often made to the “racing family” and our aim is to make our family closer and as a result better rewarded.

“...NZTR’s core values –
diversity, integrity, community,
opportunity, love racing and
whanaungatanga.”



from the chair & ceo

Introduction

We should all be proud of the way our industry came through the 2020-21 season.

A year that began with real uncertainty about the effects of the first Covid lockdown ended with returns that exceeded our budgets and expectations and heightened optimism about what lies ahead.

New Zealand thoroughbred domestic turnover was up almost 20 per cent on budget and there was a significant rise in our market share for the year. Receiving more than \$9 million in Racefields revenue was also well above expectations.

A key factor in the improved returns for the 2020-21 term was in the lift in the average field size, together with a reduction in the number of races with less than eight runners. The average thoroughbred field size for the season was 11.28, the highest for 24 years.

The bubble of horses available when racing resumed after lockdown was a factor, but the fields still held up well in the latter stages of the season. It was also a reminder of the part field sizes play in attracting punters.

Another significant element was the concerted effort by TAB New Zealand to reduce costs. The TAB cost structure had long been a source of concern to the three codes and Dean McKenzie and his team are to be applauded for their results in this area. NZTR has also kept a tight rein on costs post-Covid.

Financial Result

NZTR recorded a strong financial result in 2020-21, with a final surplus of \$10.57m. As well as Racefields commissions being up on budget by \$5.0m, base funding revenue from TAB NZ to thoroughbred code was \$3.4m above budget.

The policy – introduced following the first major lockdown – of paying prize money back to 14th but retaining this prize money for races with less than a capacity field, proved beneficial for owners and NZTR. We were able to add 138 more races than scheduled.

Special projects costs increased by \$1.46m. This was largely from increased costs associated with the Single National System IT project, the clubs digital network, SEN Track and the synthetic track projects.

Building our reserves will also be a priority, with the long-term effects of Covid still uncertain and major infrastructure projects looming.

Stakes Levels

In May 2021 NZTR was able to announce a \$7 million stakes boost for the period between August 28, 2021, and April 2, 2022.

These are increases that will go directly to our stakeholders. It means another \$700,000 to be spread among the trainers, a \$350,000 boost in percentages for our riders and the bulk returned to owners.

The rises were applied across the board, with the minimum stake now \$12,000 and maidens racing for \$15,000 at feature meetings. The previous minimum had been \$10,000 and was \$7,000 prior to March 2017.



At the same time, we were able to maintain paying stakes down to 10th and continue to waive nomination and acceptances fees for all races below black-type level.

Increases for the last four months of the season will be on the agenda but will be largely dictated by betting turnover and margins during the height of the season.

Though there is never universal agreement on how stakes increases should be applied, NZTR is firmly of the view that we need to enhance returns at all levels, including the top tier, hence an increase in the minimum stake for all black type races.

Our age group, weight-for-age and open class stars should be suitably rewarded. These horses are the industry's shop window, enhance our public profile and contest the races that attract the greatest turnover. There is a reason All Blacks get paid much more than those playing rugby at club level.

If we neglect the horses at the top of the tree, we also risk losing more of our rising stars to Australia. Kiwi punters can still follow those horses, but the highest value returns

to the industry come from New Zealand punters betting on domestic racing.

We want our stakes to be aspirational and improving returns for owners is a priority for NZTR..

NZTR has also boosted direct club funding for the 2021-22 season, with club and meeting funding budgeted to increase by \$2m (up 16 per cent), with clubs to receive an average funding increase of 10 per cent per meeting.

An increased commission rate has been applied to all on-course turnover, including that placed with TAB NZ through digital devices. The payment of commission on TAB NZ turnover placed on-course through digital devices is a significant advance and will further reward clubs for attracting customers on-course.

Racing clubs, like many businesses, have endured a difficult time since Covid-19 and NZTR is intent on returning more money to clubs, based on race days, performance, and the need to continue to engage with their communities.

Racing Activity

There was a distinct tangerine tint to the domestic racing season in 2020-21.

The season, and the Group I races in particular, were dominated by the Te Akau Racing team, most of whom race in the now well-known tangerine colours.

The Te Akau operation, developed by David Ellis, has been a force for many years but had never previously experienced a season like this one.

Jamie Richards, in just his third season as solo trainer, broke virtually every NZ training record, establishing new marks in terms of wins, earnings and big-race triumphs.

He was aided by an enviable team of horses, with strength in quality and quantity, along with good staff, but results like these do not happen by chance.

Richards, who is still in his early thirties, has an impressive skillset, combined with a formidable work ethic. The modern thoroughbred trainer cannot rely solely on their equine skills to succeed. They also need to be well organised, good communicators and understand how to run a business.

The figures achieved by the Te Akau team in 2020-21 are worth noting. There were 160 wins in New Zealand – 68 more than the next best – and another four in Australia and Richards recorded his 100th domestic win for the term before the end of January.

The stable won a record 13 of the 21 Group I races run in New Zealand and two Group I races in Australia. Richards had been the leading Group I-winning trainer in Australasia the previous season and equalled Chris Waller in 2021. No other Australasian stable managed more than five Group I wins in the season.

Te Akau notched 40 black-type wins, including 34 at Group level, with almost \$6 million in stakes in New Zealand and another A\$1.08 in Australia.

The stable recorded just two wins in August and three over the final two months but dominated the remainder of the season and won 27 races in October.

There were 28 wins at Ellerslie, including five wins apiece on Boxing Day and Derby Day and a treble on January 1. There were also five wins on Cup Day at Riccarton Park and another highlight was producing the first four placegetters in the Karaka Million 2YO.

"There was a distinct tangerine tint to the domestic racing season in 2020-21."

Champion Mares

The main flagbearers for Te Akau in recent seasons have been the outstanding mares Melody Belle and Avantage, who between them won 35 races – including 23 at Group I level – and almost \$6.5m in stakes.

Melody Belle retired from racing at the end of her winter campaign and injury ended Avantage's race career early in the new season. Both mares were subsequently sold at auction, with Melody Belle making A\$2.6 million and Avantage \$4.1m, showing that the worth of our leading gallopers is recognised around the world.

Melody Belle was a dual NZ Horse of the Year and became the most prolific NZ-trained Group I winner when successful in the Bonecrusher Stakes at Ellerslie. That was her 14th Group I win, taking her past Sunline's tally.

Melody Belle is the only horse to have won the Hawke's Bay Triple Crown and raced at the top level for five seasons. She was also the first horse to win five Group I races in New Zealand in a single season, since the group race system was introduced in 1977-78, a feat Avantage matched in the season under review.

Another feature of Melody Belle's career was that she won 19 races but finished second only once. That statistic suggests she was nearly unbeatable when at peak fitness, particularly at home, where she won 17 of her 25 starts.

She did not have the same strike rate in Australia but was a Group II winner across the Tasman as a juvenile and a Group I winner at the Melbourne spring carnival.

Avantage, who like Melody Belle won the Karaka Million as a youngster, won 16 of her 28 starts, including 9 Group I wins, and never finished further back than fourth in New Zealand till her final start. She was a multiple Group I winner at 1200m, 1400m and 1600m and had a Group I win and two Group I seconds from her three middle distance attempts.

The absence of Melody Belle and Avantage will be felt at Te Akau, but younger stablemate Probabeel is already a multiple Group I winner in Australia.

Probabeel was the sole New Zealand-trained galloper to win at Group I level in Australia in the 20-21 season but three-year-old Aegon, who was unbeaten at home, was a Group II winner in Sydney.

The Chosen One, a stablemate of Aegon, was a winner in Australia and warrants special mention for his Caulfield and Melbourne Cup placings. He was the best of the Australasian contenders when fourth in the Melbourne Cup and the first New Zealand-trained runner to finish in the first four in a Melbourne Cup since Xcellent ran third, in 2005.

Ocean Billy and his owner-trainer Bill Pomare probably provided the feel-good story of the season with their Auckland Cup win and The Cossack stood out amongst the jumpers.

Jockeys' Premiership

New Zealand's reputation for providing an ideal environment for female riders was reinforced when Danielle Johnson won the jockeys' premiership, a title that eluded her father, Peter, who was one of the best jockeys of his era.

Female riders have now won the premiership for four successive seasons, with Danielle's triumph preceded by Lisa Allpress, who won two in a row, and Sam Collett.

In addition, Hazel Schofer was the leading apprentice. Schofer is apprenticed to New Plymouth trainer Allan Sharrock, who has developed several successful apprentices, including Michael Walker and Matt Cameron.

Johnson finished the season with 151 wins, 60 more than her nearest rival. She also led her rivals in terms of domestic stake earnings and the only rider to match her 15 stakes wins was Opie Bosson.

Bosson was the leading Group I rider, winning a third of the 21 Group I races.

Racing NZ

The value of Racing NZ was illustrated when the three codes agreed to a three-year code funding agreement in July this year.

It was a more nuanced version of the agreement that had had to be introduced at short notice for the 2020-21 season and will expire in 2024.

It is also a significant improvement on the previous funding model, which had been largely unchanged for the best part of two decades.

Till last year, the Government had been responsible for determining the funding model, but the new Racing Industry Act passed that on to the three codes.

Marketing and Media

Our marketing, digital and media strategy continues to be underpinned by fan brand LOVERACING.NZ

The aim is to boost interest and participation through profiling and storytelling, with an emphasis of illustrating the emotion associated with the racing experience.

A good example was the Nicole Shailer strapper video, which reached 600,000 people on Facebook.

At the completion of the 2020/21 season, LOVERACING.NZ's Facebook page had just over 49,000 followers and gained 6,529 new followers during the year. It was also rare for the Facebook page to have a cumulative reach below one million per month.

We have also established a Tiktok presence with 45,000 followers, allowing us to connect with a new audience

Another major project has been the updating of most club websites, which has resulted in 55 clubs having new sites. Websites are a key element of any modern business, and our clubs now provide a uniform experience for the site users.

The media strategy has included partnerships with radio networks SEN Track in Australia and SENZ in New Zealand and NZME (NZ Herald) and the Otago Daily Times.

Future Developments

From a NZTR Board perspective, probably the most pleasing aspect of the season under review was the progress made with several key reshaping projects, all designed to future proof our industry.

Important building blocks have been laid. In some cases, it will be several years before these projects can be completed but we firmly believe they will produce the step-changes we need.

The key to making the required changes is – and will be – the willingness of clubs to work together to decide the best outcomes for both their local area and the overall industry.

This has not always been the case in the past and the industry has rarely displayed a hearty appetite for change. But there is now greater acceptance that the industry must make wholesale changes in order to first survive and then thrive.

It is vital that we both reduce costs and increase returns to ensure that ownership remains an attractive proposition.

NZTR recently sent stakeholders and supporters a consultation document outlining some of the game-changing projects the Board intends to lead over the next three to five years.

The potential changes in the Auckland area are hugely exciting and already returning dividends and work has begun on long-term projects in Waikato, Canterbury, and the central districts.

A review of racing and venues across the three codes in Canterbury is expected to be completed early next year and NZTR is committed to advancing discussions around a Greenfields solution for racing and training purposes in Waikato and possibly Hawke's Bay.

Major track renovations will start at Ellerslie and Te Aroha in the next few months and significant track projects are scheduled for Awapuni, Te Rapa, Riccarton Park and Matamata.

Good progress has been made on the central districts club hub project. This is another example of clubs working together, with the partnership expected to involve every club in the area.

In terms of the racing landscape, an Aotearoa Champions Day, a Breeders Cup Championship, a new series of twilight meetings, a stayers championship and night racing are on the agenda.

Auckland Thoroughbred Racing

The merger between the Auckland Racing Club and Counties Racing Club, to form Auckland Thoroughbred Racing, is cause for celebration.

The merger was not forced upon the two clubs because they were struggling to survive on their own. Rather, it is a case of two successful clubs combining their strengths and assets, for the greater good of the industry.

The combined entity will be much better placed to make an impact in the Auckland area, which is obviously key in terms of wagering and ownership. As an early example of the potential benefits from the merger, ATR has announced it would be raising the stake money at Ellerslie and Pukekohe Park meetings by more than \$1 million in the 2021-22 season.

ATR will be able to raise revenue from the realisation of redundant assets and will also work with the Avondale Racing Club.

Avondale is certain to continue as a racing venue in the immediate future but the longer-term vision, which has been discussed in principle, is for racing to cease at Avondale in the 2025-26 season.

The Avondale JC will then hold its meetings at Ellerslie but remain an independent entity. However, it may enter into an asset-sharing agreement, which would further boost stake levels at Ellerslie, as well as ensuring that the Avondale club both continues and flourishes.

By that time, racing at Ellerslie will be conducted on a new StrathAyr track, which will enhance the quality and consistency of the racing surface, making the venue more attractive for horses and both New Zealand and Australian punters.

Construction of the new track at Ellerslie will start following the Auckland Cup meeting in March and will take around two years to complete.

No races can be held at Ellerslie while the new track is being constructed. Ellerslie currently hosts 17 meetings, containing 22 Group races, and it is expected that the bulk of those meetings would be transferred to Pukekohe, Te Rapa, and Avondale. Matamata, Tauranga, Rotorua, and Taupo are also likely to hold extra meetings.

Venue Plan

The third phase of the NZTR venue plan will be developed, following further consultation with the industry, in the new season.

Much of this phase will revolve around plans for the three synthetic tracks and improving the standard of the active turf tracks. There was a lack of investment in tracks over a long period and several of our major tracks need remedial work.

The Cambridge synthetic track was open for trackwork for much of the 2020-21 season and hosted its first race meeting in May. Its value as a training and trialling facility was never in doubt and it has also raced well, with horses able to win from on and off the pace.

The provision of a reliable training surface throughout the winter helped extend the racing campaigns for some horses and helped others be better prepared for their spring campaigns. In addition, each meeting held at Cambridge reduced the pressure on turf tracks in the Waikato and further afield.

The Riccarton Park synthetic has been completed, with the first trials meeting held in October and the first raceday scheduled for May, while the Awapuni synthetic will be completed next year,

Welfare

NZTR continues to expand our investment in the welfare and training of our equine and human participants.

Virtually all racing jurisdictions are now placing greater importance on the welfare of our thoroughbreds, both before, during and after their race careers.

Where previously it might have been assumed that the appropriate care was being provided – and in almost every instance that was the case – we are now being more proactive and recording who is responsible for their care and where the horses have gone after their race careers ended.

In addition, from August 1 this year, one per cent of all prize money paid will go towards horse welfare.

The LOVERACING.NZ website contains a separate section on welfare, including the Wall of Fame, a highly recommended innovation which tells the post-racing story of many of our equine participants.

The use of the whip on raceday is another subject that comes under the welfare banner and further modifications to whip use came into effect from September 1, 2021. Jockeys are now not permitted to use the whip for two consecutive strides at any stage of a race. Previously, the whip could be used only five times before the final 100m but over the final 100m, the riders could use the whip as they saw fit.

The riders appear to be adapting well to the new guidelines and the reduced use of the whip has become one of the most marked changes in racing over the past 25 years.

IT Projects

NZTR is undertaking its biggest IT project to date by linking up with Racing Australia's Single National System (SNS).

NZTR's current system has served the organisation well but is labour intensive and in need of an upgrade and further development to remain fit for task.

As a result, it was decided to join SNS, which will provide economies of scale, rather than have NZTR carry the costs and risks associated with a solo development.

Racing Australia has already implemented most of the modernisation work that would be required for the NZTR system and employs a large pool of developers. This will enable NZTR to benefit from the speed at which Racing Australia can deliver enhancements and new features and NZTR will be included in the SNS future development working group.

Many of the current functions of the current NZTR system are manual and most of these functions are already automated within SNS, which will have benefits for both stakeholders and NZTR staff.

A dual studbook will assist with border and naming issues and the link with Racing Australia will significantly enhance NZTR's disaster recovery prospects. Racing Australia has two data centre locations and in the event of a disaster hitting Wellington, would be capable of maintaining NZTR's needs. In addition, SNS can be operated from any part of New Zealand.

NZTR staff have begun testing the SNS functions and the system is expected to Go Live early in 2022.

Appreciation

It has been another busy and testing year for the NZTR Board and staff, with Covid disruptions adding to the workload, and we have been impressed with the way the NZTR staff have been able to quickly adapt to challenging circumstances.

There will be changes at the board level in the new term, with the two deputy chairs, Darryll Park and Bruce Sharrock stepping down.

They both made valuable contributions and while Bruce is stepping down from the Board, his input into the industry will increase rather than decline, as he has accepted a new role as the NZTR Chief Operating Officer. One of his main tasks will be to oversee the reshaping projects aimed at increasing returns to all sector of the industry.

His two years as a NZTR Board member, together with his management background and a lifelong interest in racing, made him an ideal candidate for the new role.



Much has been asked of our stakeholders and supporters over the last two years. Covid-19 has added an additional layer of complexity and stress to an industry that has always tested the resilience of its participants.

It has meant that the NZTR Board and staff have often had to make quick and difficult decisions, on occasions without any precedent to guide them. We do not have a large workforce but fortunately it is a motivated one.

Racing Minister the Hon Grant Robertson is an extraordinarily busy man but has been willing to find the time when we have required information or advice and has a genuine interest in the industry.

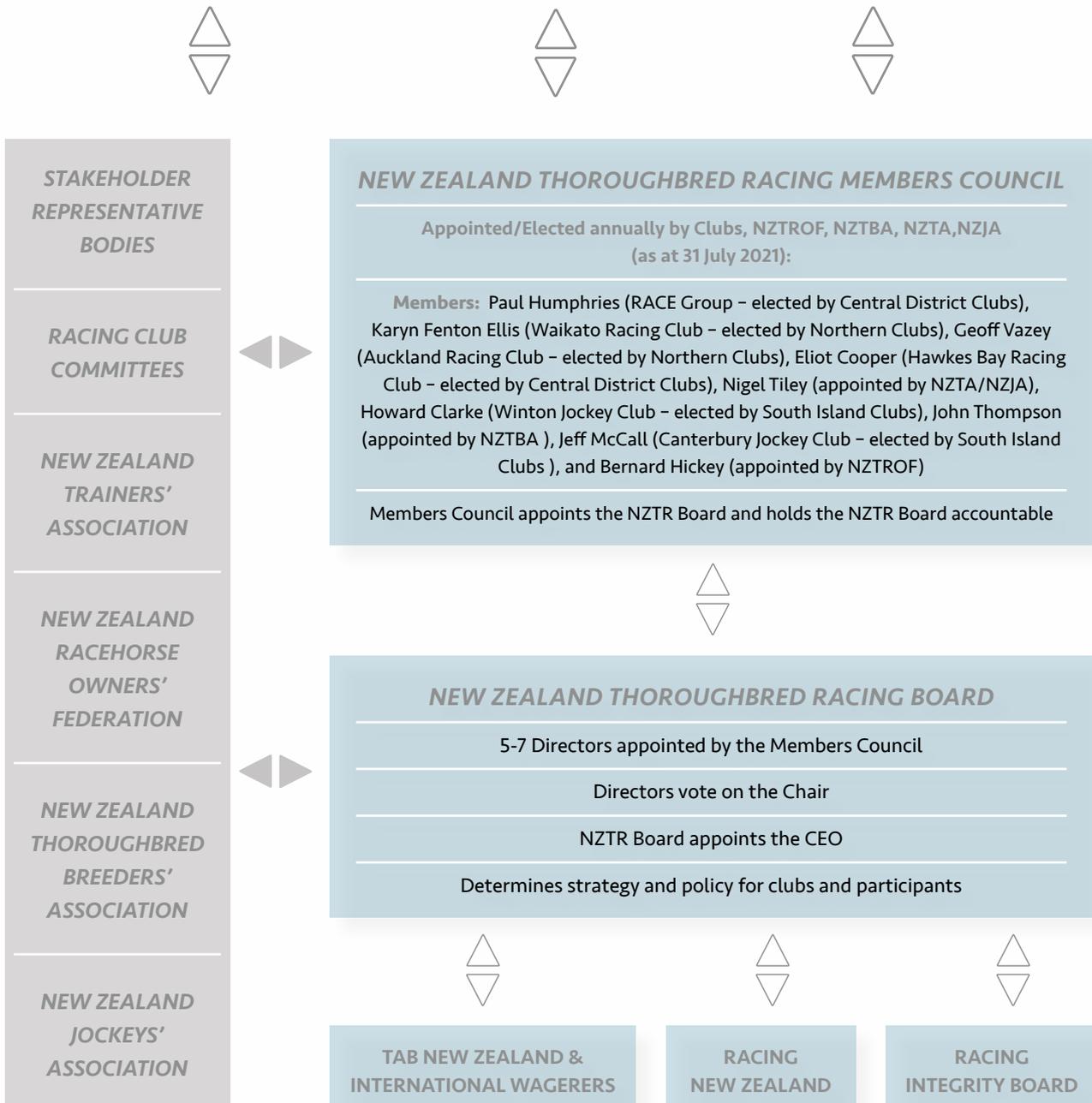
Our thanks also go out to every owner, trainer, breeder, jockey, track rider, stable hand, and punter, together with club staff and committees and industry bodies, who have all played an important role during the season.

Cameron George

Bernard Saundry

industry structure

NEW ZEALAND THOROUGHBRED RACING STAKEHOLDERS – OWNERS, TRAINERS, BREEDERS, RACING CLUBS



season by numbers



Owners
14,028

Breeders
3,868

Foals
3,128



Jockeys
202

**Stablehands &
Trackworkers**
2,097



Trainers
867

**Clubs which
raced**
57



**Average
field size**
11.28



**Tracks
used**
34

Races
2,447

**Total
starts**
27,611

Meetings
277



**Individual
Starters**
4,784



Total Prize Money

\$54,908,895

board profiles



Cameron George – Chairman

Cameron is CEO of the Vodafone Warriors. Previously Cameron worked within the Australian and New Zealand Racing Industries in the integrity and commercial sectors. Since joining the NZ racing industry in 2006 he has been involved in significant change and reform at the coal face and governance of the industry. Cameron is an active racehorse owner in NZ and Australia and enjoys a day at the races having a beer and punt with the people of the industry. Cameron's view is he represents the industry on the NZTR Board and will be a strong, decisive, and ambitious leader of the industry to get the best outcomes for all participants.



Jason Fleming

Jason is Managing Director of a financial services company based in Hawke's Bay. Jason holds a Bachelor of Laws and Bachelor of Arts (Political Science) from Victoria University. Following admission to the Bar he developed a career in structured finance overseas and upon his return to NZ was the CEO of East Coast Racing and Hawke's Bay Racing Incorporated. He has been active in the Thoroughbred industry as a breeder and owner after developing a deep appreciation for the industry whilst working as a stable hand for champion trainer John Wheeler during holidays from studies. He is a member of the Institute of Directors and is also involved in a number of not-for-profit organisations in Hawke's Bay. Jason is the Thoroughbred code nominee to the statutory appointed TAB Board.



Mike Clarke

Mike is a Director and Board Advisor with more than 30 years of business experience across a range of industries including gaming. He was a Consulting Partner with KPMG (stepping down December 2020) and prior to that spent eight years with SkyCity as Chief Information Officer. He has worked in the UK, Asia, and Australia with technology organisations to support business transformation. Following a lifelong passion, he is active in the Thoroughbred industry as an owner and breeder. Mike is a Chartered Member of the Institute of Directors (CMIInstD).



Andrew Fairgray

Andrew has an extensive background in IT&T over more than 25 years. He is currently Chief Business Office at 2degrees. He is passionate supporter of leveraging technology and believes we are about to start a new wave of convergence where Media and Telecommunications combine to monetise the consumers appetite for real time content. The opportunity to leverage his local and global experience to bring the best of these worlds together through innovation and transformation to benefit the NZTR is a driving force behind why he applied for the vacant Director role. He is passionate about the thoroughbred industry and how it contributes to New Zealand Inc. He is personally involved in breeding and racing horse via his company JETA Group.



Bruce Sherwin

Bruce is the managing director of the Cambridge thoroughbred stud Raffles Farm (www.rafflesfarm.com). He studied as an accountant (Waikato University – Bachelor of Management Studies) and worked in public practice before landing a broadcasting contract with the Macau Jockey Club. During his time there he also worked for the Hong Kong Jockey Club before returning home. Bruce continues to broadcast part-time in New Zealand. Bruce was 11 years treasurer of the Cambridge Jockey Club – the largest training centre in Australasia, and currently sits on the New Zealand Pattern Committee.

Former Board members Bruce Sharrock and Darryll Park resigned during the 2020-21 season and the NZTR Members' Council has begun the procedure to appoint replacements.



governance

The Constitution of New Zealand Thoroughbred Racing Incorporated determines the composition, selection and duties of its Board of Directors. This is supported by a Board Charter and a Board Code of Conduct. New Zealand Thoroughbred Racing supports the need for the highest standards of behaviour and accountability from Directors, and endorses the principles set out in the Code of Proper Practice for Directors approved by the Institute of Directors in New Zealand (Inc).

New Zealand Thoroughbred Racing is governed by a Board of between five and seven independent Directors. Appointments to the Board are for three-year terms and for a maximum of three terms.

The Board met 13 times in 2020-21, excluding several sessions on strategy, teleconferences and circular resolutions, and teleconferences of the Board during COVID-19 response periods.

Board members with perceived or real conflicts of interest are excluded from Board discussions and decision making.

The Audit, Risk and Remuneration Committee reviews all expense claims of the Chief Executive and oversees a formal performance review process for all NZTR staff.

A Members' Council, comprising six members elected by racing clubs (two from each of the two geographical regions) and three members appointed by recognised sector organisations (Owners, Trainers and Jockeys, and Breeders), is charged with the responsibility for all aspects of the appointment, appraisal and termination (if required) of the six independent Directors.

The Members' Council as at 31 July 2021 comprised: Chair Paul Humphries (central region), Geoff Vazey (northern), Nigel Tiley (trainers & jockeys), Elliott Cooper (central), John Thompson (breeders), Jeff McCall (southern), Howard Clarke (southern), Karyn Fenton-Ellis (northern), and Bernard Hickey (owners).

nztr statutory role

NZTR's statutory role has changed significantly due to the passage of the Racing Industry Act 2020.

NZTR's statutory objective is to develop and promote racing conducted by NZTR, and its statutory functions are to:

- (a) to govern racing clubs, racing venues, and participants, including by—
 - (i) monitoring the performance and finances of those racing clubs and racing venues and their approach to managing risks to health and safety under the Health and Safety at Work Act 2015;
 - (ii) making racing rules (and any amendments to those rules) in relation to racing conducted by the code;
 - (iii) approving the constitution of a racing club and any amendments to it before the constitution or amendments take effect;
 - (iv) registering or licensing racing clubs, participants, horses, and greyhounds (as appropriate) in accordance with racing rules made by the code;
 - (v) taking measures to ensure adequate representation and involvement of small racing clubs in the code's decision making.
- (b) to develop and implement policies that are conducive to the overall economic development of racing conducted by the code and the economic wellbeing of people who, and organisations which, derive their livelihoods from that racing.
- (c) to use its resources, including (without limitation) its financial, technical, physical, and human resources for purposes that, in the code's opinion, will directly or indirectly benefit racing conducted by the code.
- (d) to develop and implement animal welfare policies in respect of racing conducted by the code.
- (e) to distribute revenue received by the code to racing clubs registered with the code.
- (f) to manage any assets or surplus venues transferred to the code under subpart 2 of Part 2, including (without limitation) by selling or retaining any asset or surplus venue.
- (g) to undertake, or arrange for the undertaking of, research, development, and education for the benefit of New Zealand racing.
- (h) to enter into commercial agreements with TAB NZ.
- (i) to collaborate with the other racing codes to achieve the objectives of the racing industry as a whole.
- (j) to carry out any other functions that are necessary or desirable to assist the code in achieving its objectives.

small clubs

Measures to allow for adequate representation and involvement of small racing clubs in the code's decision making.

For the purposes of section 18(2)(b) of the Act:

- Small clubs are entitled to participate through the NZTR Members Council in the appointment of the NZTR Board;
- Small clubs are entitled to vote at the NZTR AGM in proportion to the meetings they conduct;
- NZTR has included small clubs in all industry communications and consultation and has had regard to their views;
- NZTR has convened a small clubs advisory group.

LOVERACING.NZ

MEDIA PARTNERSHIPS

Our relationship with mainstream media to ensure that racing has a voice across as many platforms is critical. It allows us to reach a wider audience and to promote racing in a new way to attract new fans.

The direct relationship with NZME was formed off the back of the TAB decision to no longer invest in field and form in the paper. Working with the other two codes our approach has been driven from a digital perspective as priority. This has seen racing being promoted up the order of sports in the drop-down menu and greater coverage of racing content – both editorial and video. Recognising that print still has its place we have focussed coverage on the Friday Super Sport liftout.

In addition we have supported our Southern clubs with an initiative in the ODT to get greater coverage of racing and it was pleasing to see Clubs being proactive and working together.

Building on our relationship with SENtrack in Australia the introduction of SENZ in New Zealand has been a huge win for the industry. Many have missed broadcast racing and the new format that has been introduced positions racing favourably alongside SENZ's sports agenda. Our activity through SENZ has been centred on promoting our events and sharing the experiences of ownership.

BETTER AT DIGITAL

A great digital experience is essential for sports and brands today. Racing is no different. However, New Zealand racing was slow off the mark and, as a result, has fallen behind.

NZTR has led a digital workstream throughout the 2020/21 season that looked to address this. We have taken a holistic view, and while we recognised the LOVERACING.NZ website needed to improve, our initial phase focussed on supporting our Clubs. The Clubs landscape was a mix of good, through to clubs with no digital presence at all.

With the support of our digital partners Codeware (who have strong experience with the Racing.com build) we undertook a single digital investment that going forward will support not just LOVERACING.NZ but our stakeholders. What this has seen is the transition of 50+ of our Clubs onto the digital network as a tenant – leveraging the benefits of this investment. The LOVERACING.NZ build is underway in the 2021/22 season.

This connected network of digital assets will position New Zealand racing well for future strategies to grow our audience. Data capture, third party integrations, and content syndication are all key areas that we will look to focus on together as a code.

PROMOTIONAL PERIODS – MARKETING

We continue to build our fan-focussed marketing strategy supporting the key racing periods of the season with four campaign periods:

- LOVE Summer RACING
- The Classics Carnival
- LOVE Jumps
- Spring Racing

The core purpose of these campaigns is to increase interest and promote the many ways to participate in our sport. These campaigns include mainstream media placement and focussed digital marketing to convert a new audience to become Thoroughbred racing fans.

These campaign periods allow us to grow brand awareness and drive traffic to LOVERACING.NZ.

We will continue to build on these periods that underpin our marketing strategy and digital plays a key part in this allowing us to:

- Entertain and engage our audience
- Celebrate the heroes of our sport, both horse and human
- Create greater awareness and promotion of our key racing periods
- Support Clubs and drive on-course attendance

KEY
NUMBERS



49,096
LIKES
(+62%)

1
MILLION
ENGAGED
INDIVIDUAL
USERS

PROFILING OUR PEOPLE

A real focus of our content strategy in 2020/21 was to build the profile of our racing participants and “hero” our champions. We have some fantastic athletes across our sport but as an industry we need to do more to build awareness with the general public. Jockeys, as an example, have been proven in international studies to be competitive in any athletic endeavour.

Our LOVE Summer RACING campaign provided a great opportunity for us to profile our jockeys across the country in a fun and engaging way – giving our audience the chance to connect with the superstars of our sport.

Just like other sports the role models and champions of racing are what will inspire the next generation to spark an interest in racing. They can also ignite an interest in pursuing the many pathways available for those wanting to work in the industry.

Lockdown created challenges for content but our “race from your base” campaign looked to continue the interest for our fans.

SUPPORTING OUR STAKEHOLDERS

The LOVERACING.NZ content team has increased its activity across the board.

Our on-course coverage extended to Cromwell (November) and the West Coast (January) during the season. These are iconic days with rich history. Supported by our Clubs we were able to share a different side of racing and the people from these regions. Facebook content created reached just shy of 150,000 individual users over the two days at Cromwell and confirms the interest.

Further we covered the premier days at Ellerslie, Te Rapa, Trentham and Riccarton Park to celebrate racing excellence and capture the emotion of our high-profile days.

The support of the LOVERACING.NZ team also extended to the coverage for the Hall of Fame dinner. To be there to celebrate our best was a highlight of the season.



thoroughbred welfare

NZTR's broadening activity and achievements in support of Thoroughbred welfare continued in the season.

Continued recognition of the fact that any opportunity for adverse perceptions of animal welfare in racing may be very damaging to racing's community support ("social licence") was reinforced by the outspoken public and political criticism faced by overseas racing authorities, where apparently systemic issues relating to injuries in racing or the treatment of retired racehorses were evidenced. Closer to home, 2021 marked the third external review in eight years regarding the welfare of racing and breeding of greyhounds.

Recognition of a need to further advance practical measures the lifetime welfare of Thoroughbreds, and to be proud and proactive in our public communication are major motivators for NZTR, and a recognised foundation of the ongoing sustainability of racing.

In 2016, NZTR's last major review of Thoroughbred Welfare was completed in consultation with external agencies and government. A new review will be conducted in the 2022 season, repeating a similar process, but with increased public disclosure. NZTR also looks forward to working closely both strategically and operationally with the newly formed Racing Integrity Board which shares a responsibility for animal welfare.

An open and consultative approach was again demonstrated in December 2020 when NZTR hosted the inaugural Thoroughbred Welfare Forum which included a range of invited delegates from within the racing and breeding sectors, and externally representatives of the government (MPI & NAWAC), SPCA, Massey University and equine veterinarians. The purpose of this assembly is 'to provide NZTR with objective guidance, advice and practical recommendations to advance the welfare of Thoroughbreds in New Zealand, which through general communication will boost external trust and confidence that Thoroughbred welfare issues are properly attended, and that steady progress is being made to further improve welfare outcomes'. A follow up forum was held in May and will be repeated annually in May of each year.

The area of focus at the May 2020 forum was traceability of horses. NZTR's stated goal is comprehensive traceability of Thoroughbreds from birth until earlier of death or retirement from racing and breeding. Since early 2020 a major effort has

been sustained in tracing horses foaled since 2012 which are no longer active in racing or breeding. From this dataset, the following death or retirement information was obtained:

- **76%** Officially Retired
- **24%** Deceased (Note – this includes horses that were not officially retired on a timely basis when finished racing and then subsequently died)

Of 607 horses Officially Retired, for 20% there was no stated 'Retirement Purpose'. For those for which a purpose was stated:

- **67%** Equestrian / pleasure / working / companion horse
- **33%** Other
- **0.2%** Sent to livestock sale / auction

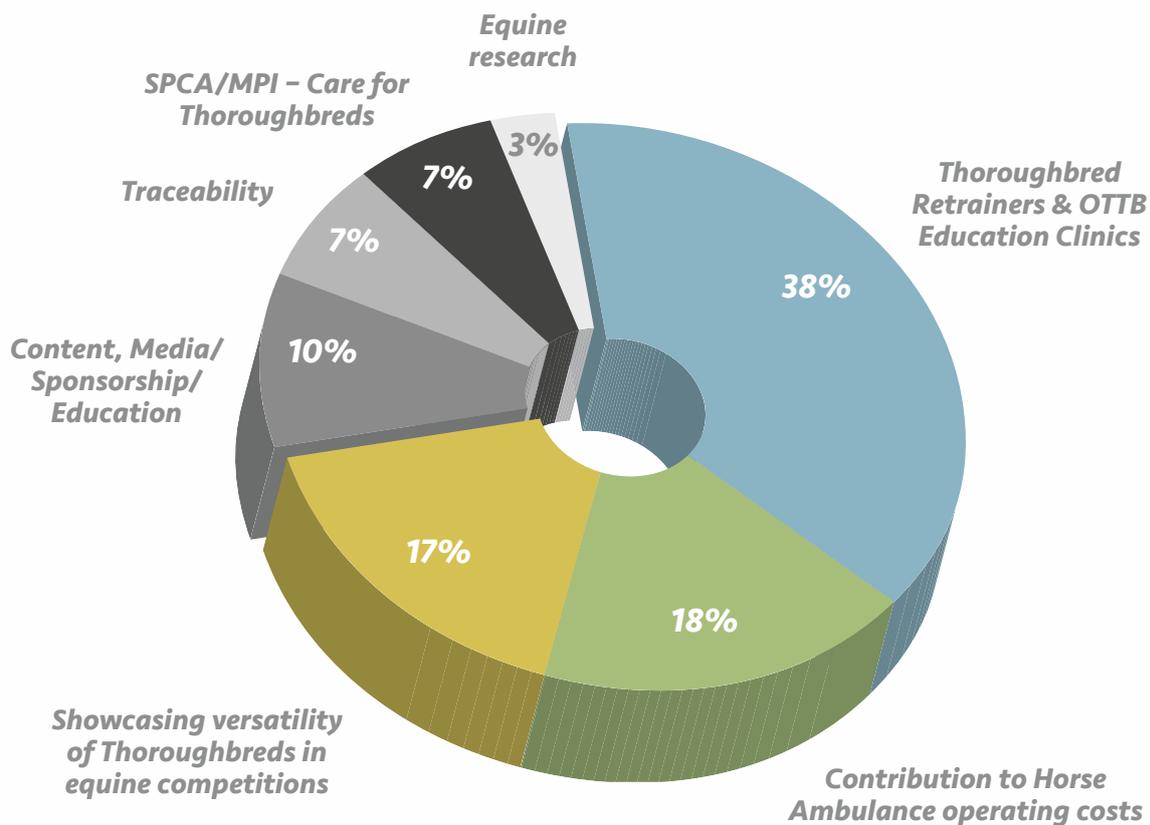
Of 187 deaths, there were 147 horses where details of death were stated:

- **77%** Humanely euthanised
- **20%** Died due to accident or natural causes
- **3%** Culled for animal consumption

NZTR's focus is shifting to timely reporting to reduce the proportion of incomplete returns. Adoption of the Australian SNS system in 2022 will drive this outcome.

In 2019 NZTR released Thoroughbred Welfare Assessment Guidelines, in December 2020 NZTR was proud to announce that these guidelines were incorporated in to the horse welfare standards of the International Federation of Horseracing Authorities. Our internationally recognised role is being further reinforced by NZTR's current involvement in the International Stud Book Committee's production of welfare standards for horses in the breeding sector.

We look forward to the coming seasons as critical in achieving and resetting targets that will maintain the profile and reputation of our sport and industry regarding Thoroughbred welfare. The institution of a 1% welfare levy on prizemoney from September 2021 will allow NZTR to further invest in initiatives. Below is an indicative breakdown of how these Thoroughbred Welfare Levy funds will be directed. NZTR's communications will provide participants with updates that will provide information and accountability for these initiatives.



Retraining of Thoroughbreds for their 'second careers' after racing is the major component. In April, in partnership with Beyond the Barriers NZ, NZTR hosted a very successful forum of Thoroughbred retainers to explore and understand how NZTR can support their activities and generally promote Thoroughbreds as a sporthorse or in other ridden pursuits. The formation of a supported and growing network of NZTR Acknowledged Retrainers will be the result.

NZTR remains proud of our role in support of a range of equine welfare focussed entities in New Zealand, whether in relation to research, policy or practical measures. The NZ Equine Health Association became a collector of an equine biosecurity levy which is being applied to biosecurity readiness and response activities, which in the 2020/21

year included bringing stocks of Proteqflu equine influenza vaccine onshore and into use for pre-export vaccination, and with the Ministry for Primary Industries the successful eradication response to an incursion of Piroplasmosis. The NZ Horse Ambulance Trust is now well established and in the year through its #completethefleet campaign is not far from collecting the funds that will pay for the remaining two ambulances that will bring the fleet to a full complement of ten ambulances, servicing Thoroughbreds, Standardbreds and sporthorses in competition or in response to other emergencies.

NZTR looks forward to leading or supporting these and other initiatives, and importantly, in communicating the excellent care and futures of our horses.

The NZ Horse Ambulance Trust is now well established and in the year through its **#completethefleet** campaign is not far from collecting the funds that will pay for the remaining two ambulances that will bring the fleet to a full complement of ten ambulances...

nztr committees 2020-21

These Committees and Trusts had the following membership as at 31 July 2020-21

The Audit and Risk Sub Committee

The Audit and Risk Sub Committee comprises three people appointed by the NZTR Board. All Directors may attend meetings of the Committee. The committee met seven times during 2020-21 and now incorporates the Appointments and Remuneration Sub Committee.

Chair	Members	Secretary
Jason Fleming	Mike Clarke Darryll Park	Gary Butler

The Racing and Integrity Committee

Comprises three people appointed by the NZTR Board. All Directors may attend meetings of the Committee. The Committee met three times during 2020-21.

Chair	Members	Secretary
Mark Freeman	Cameron George Bruce Sherwin	Colin Hall

General Trust Fund*

Chair	Trustees	Secretary
John Rattray	Jason Fleming Cameron George	Martin Burns

Apprentice Jockeys' Fund*

Trustees	Secretary
Cameron George Bernard Saundry	Gary Butler

**These are trusts governed by the Rules of Racing.*



industry statistics

THOROUGHBRED CLUBS	MTGS	RACES	STARTS	TOTAL OFF-COURSE TURNOVER	TOTAL ON-COURSE TURNOVER	TOTAL NZ TURNOVER	EXPORT TURNOVER (\$NZD)	TOTAL STAKES PAID	CLUB NOMS & ACCEPTS & OTHER CHARGES/ PAYMENTS	NET STAKES	TOTAL CLUB, MEETING & STAKE \$ FUNDING	NET STAKES TO FUNDING RATIO
Ashburton RC	9	83	967	10,316,909	220,145	10,537,054	8,012,782	1,190,472	7,050	1,183,422	1,444,072	81.95%
Auckland RC	19	166	1,915	51,547,894	4,261,298	55,809,192	23,110,790	10,276,218	1,158,440	9,117,778	9,805,075	92.99%
Avondale JC	5	40	418	5,130,153	105,189	5,235,342	3,730,319	380,500	0	380,500	525,500	72.41%
Banks Peninsula RC	1	9	105	1,466,802	47,914	1,514,716	991,496	196,863	0	196,863	245,863	80.07%
Beaumont RC	1	5	48	398,325	55,838	454,163	326,438	59,905	0	59,905	96,405	62.14%
Cambridge JC	7	62	701	8,454,551	250,719	8,705,270	4,902,710	955,390	21,175	934,215	1,141,499	81.84%
Canterbury JC	19	178	2,249	36,731,571	2,174,165	38,905,736	19,834,894	5,614,325	523,097	5,091,228	6,282,326	81.04%
Central Otago RC	1	8	96	975,799	36,249	1,012,048	778,171	85,800	0	85,800	122,300	70.16%
Counties RC	10	89	997	14,810,711	568,543	15,379,254	10,736,097	1,478,010	43,491	1,434,519	1,832,791	78.27%
Dargaville RC	0	0	0	0	0	0	0	0	0	0	0	0.00%
Egmont RC	4	42	533	6,834,261	281,681	7,115,942	3,792,482	694,910	10,050	684,860	821,098	83.41%
Feilding JC	3	26	295	4,276,254	297,149	4,573,403	2,603,169	435,480	19,000	416,480	559,641	74.42%
Foxton RC	0	0	0	0	0	0	0	0	0	0	10,000	0.00%
Gore RC	2	19	220	2,382,623	37,090	2,419,713	1,502,024	341,950	0	341,950	407,450	83.92%
Greymouth JC	1	8	75	952,672	81,705	1,034,378	651,975	100,420	0	100,420	128,891	77.91%
Hawke's Bay RI	12	109	1,171	21,839,850	1,680,492	23,520,343	12,139,643	3,272,227	281,113	2,991,114	4,046,851	73.91%
Kumara RC	1	9	88	1,586,900	258,619	1,845,519	876,714	107,460	0	107,460	173,723	61.86%
Kurow JC	1	9	92	1,151,084	142,872	1,293,956	968,423	101,520	0	101,520	145,156	69.94%
Levin RC	3	27	289	4,151,861	299,105	4,450,966	2,513,536	539,843	18,800	521,043	671,979	77.54%
Manawatu RC	10	86	931	15,822,031	1,032,095	16,854,126	9,359,869	2,580,342	150,136	2,430,206	3,167,576	76.72%
Marlborough RC	0	0	0	0	0	0	0	0	0	0	10,000	0.00%
Marton JC	3	25	248	5,222,485	166,879	5,389,364	2,627,148	479,133	6,125	473,008	598,176	79.08%
Masterton RC	1	1	7	112,523	3,611	116,134	32,727	8,600	0	8,600	37,600	22.87%
Matamata RC	14	125	1,468	20,325,132	688,624	21,013,757	13,687,703	1,904,349	31,863	1,872,487	2,361,686	79.29%
Oamaru JC	2	18	196	1,988,220	58,966	2,047,187	1,231,269	284,688	0	284,688	342,688	83.07%
Otago RC	12	104	1,187	14,462,733	521,023	14,983,757	9,551,371	1,894,081	34,475	1,859,606	2,337,473	79.56%
Otaki-Maori RC	8	68	755	8,218,482	274,804	8,493,285	6,597,620	920,892	15,750	905,142	1,191,981	75.94%
Pakuranga HC	1	11	122	1,462,851	22,682	1,485,534	732,589	221,250	3,972	217,278	268,150	81.03%
Poverty Bay TFC	0	0	0	0	0	0	0	0	0	0	10,000	0.00%
Rangitikei RC	2	14	154	2,598,698	156,317	2,755,015	1,530,494	333,658	7,500	326,158	415,808	78.44%
Reefton JC	1	8	69	876,854	82,548	959,402	469,257	89,660	0	89,660	120,589	74.35%
Riverton RC	4	38	399	4,969,134	371,659	5,340,793	2,980,552	600,362	6,750	593,612	680,993	87.17%
Rotorua, Racing	7	64	688	8,528,354	400,681	8,929,035	5,929,378	818,360	20,488	797,873	1,045,639	76.30%
Rotorua-BOP HC	0	0	0	0	0	0	0	0	0	0	0	0.00%
South Canterbury RC	7	66	793	7,450,170	197,499	7,647,669	4,772,438	710,180	7,125	703,055	909,366	77.31%
South Waikato RC	1	8	86	1,023,850	79,752	1,103,602	722,778	84,200	0	84,200	114,979	73.23%
Southland RC	6	50	568	5,934,094	306,701	6,240,796	4,833,695	761,849	12,750	749,099	948,102	79.01%

THOROUGHBRED CLUBS	MTGS	RACES	STARTS	TOTAL OFF-COURSE TURNOVER	TOTAL ON-COURSE TURNOVER	TOTAL NZ TURNOVER	EXPORT TURNOVER (\$NZD)	TOTAL STAKES PAID	CLUB NOMS & ACCEPTS & OTHER CHARGES/ PAYMENTS	NET STAKES	TOTAL CLUB, MEETING & STAKE S FUNDING	NET STAKES TO FUNDING RATIO
Stratford RC	0	0	0	0	0	0	0	0	0	0	0	0.00%
Tapanui RC	1	8	92	897,437	43,488	940,925	582,719	92,560	0	92,560	129,060	71.72%
Taranaki RI	12	104	1,102	18,020,368	1,180,827	19,201,195	10,205,486	1,629,242	44,350	1,584,892	2,144,064	73.92%
Taumarunui RC	1	8	73	1,490,358	103,748	1,594,106	700,404	203,062	0	203,062	233,754	86.87%
Taupo, Racing	4	36	389	5,163,857	156,522	5,320,379	3,506,228	462,460	0	462,460	555,264	83.29%
Tauranga, Racing	12	102	1,094	18,049,547	1,262,411	19,311,958	11,504,188	1,773,738	28,009	1,745,729	2,286,678	76.34%
Te Aroha, Racing	9	78	866	9,956,262	279,238	10,235,499	6,453,766	812,065	0	812,065	1,121,185	72.43%
Thames, Racing	1	10	101	1,852,399	115,910	1,968,310	888,555	101,000	0	101,000	174,852	57.76%
Waikato RC	18	163	1,873	35,160,760	1,574,512	36,735,272	18,780,755	4,686,740	251,916	4,434,824	5,341,971	83.02%
Waikouaiti RC	1	9	111	1,546,433	76,146	1,622,578	804,901	201,350	0	201,350	246,822	81.58%
Waimate RC	1	10	101	915,649	23,180	938,829	420,546	120,810	0	120,810	154,810	78.04%
Waipa RC	0	0	0	0	0	0	0	0	0	0	10,000	0.00%
Waipukurau JC	1	9	86	1,150,147	66,917	1,217,064	65,437	93,700	0	93,700	138,379	67.71%
Wairarapa RC	2	15	152	2,746,465	654,308	3,400,773	1,234,609	186,900	5,548	181,352	330,165	54.93%
Wairio JC	1	8	64	725,215	23,103	748,318	523,159	85,720	0	85,720	119,720	71.60%
Wairoa RC	1	8	79	1,327,744	70,746	1,398,490	582,814	92,760	0	92,760	134,123	69.16%
Wanganui JC	9	81	939	10,978,333	435,723	11,414,056	7,151,474	1,200,533	25,625	1,174,908	1,509,080	77.86%
Waverley RC	3	33	401	4,016,680	138,951	4,155,631	2,441,031	370,660	0	370,660	449,425	82.47%
Wellington RC	9	78	872	21,368,163	1,734,942	23,103,105	10,624,488	3,754,991	506,554	3,248,437	4,428,366	73.36%
Westland RC	0	0	0	0	0	0	0	0	0	0	0	0.00%
Whakatane RC	0	0	0	0	0	0	0	0	0	0	7,500	0.00%
Whangarei RC	7	56	607	9,954,978	494,717	10,449,695	5,489,118	924,802	0	924,802	1,228,176	75.30%
Winton JC	1	8	82	1,031,220	25,305	1,056,525	632,445	88,420	0	88,420	123,019	71.88%
Woodville-Pahiatua RC	4	40	514	5,093,234	186,639	5,279,873	3,020,043	411,560	0	411,560	522,360	78.79%
Wyndham RC	1	8	83	703,558	24,574	728,131	540,954	92,925	0	92,925	124,425	74.68%
Grand Total	277	2,447	27,611	424,152,641	23,834,522	447,987,163	248,683,670	54,908,895	3,241,152	51,667,743	64,534,626	80.06%

Notes

- Total off-course and on-course turnovers do not include Pick 6 or Turbo Quaddies.
- Export Turnover (\$NZD) is turnover on NZ Thoroughbred Racing through the Australian TABs. Note that Australian Corporate Bookmaker turnover is not included in this amount.
- Club Noms, Accepts & other charges/payments to Owners is the net amount of all direct club nomination and acceptance charges for Group, Listed and Prestige Jumps races, minus credits paid to owners for the same races.
- Total Club, Meeting & Stakes Funding is all NZTR funding paid to clubs, including minimum stakes, Group and Listed, special interest, iconic, heritage, country cup and other race funding, meeting type, venue category, racing compliance, governance/audit, event tier funding, iconic marketing and jumping support, on-course payments and any other meeting funding. Charges to clubs for NZTR race meeting services and NZRB race meeting broadcast costs are no longer passed on. All efforts have been made to reconcile against the club settlement statements but there still may be some discrepancies between funding recorded and total funding received by clubs.
- Net Stakes to Funding Ratio is Stakes Paid minus Club Noms & Accepts & other charges/payments, then divided by Total Club, Meeting & Stakes Funding. Note that club funding and other numbers can be affected by meetings or races not run, abandoned or transferred.



audit report

Independent Auditor's Report

To the Members of New Zealand Thoroughbred Racing Incorporated

Opinion	<p>We have audited the financial statements of New Zealand Thoroughbred Racing Incorporated ('NZTR') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position as at 31 July 2021, and the consolidated statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.</p> <p>In our opinion, the accompanying consolidated financial statements, on pages 26 to 52, present fairly, in all material respects, the consolidated financial position of the Group as at 31 July 2021, and its consolidated financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards.</p>
Basis for opinion	<p>We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the <i>Auditor's Responsibilities for the Audit of the Consolidated Financial Statements</i> section of our report.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>We are independent of NZTR and the Group in accordance with Professional and Ethical Standard 1 <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i>, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>Our firm carries out other assignments for the Group in the area of taxation advice. These services have not impaired our independence as auditor of the Group. In addition to this, partners and employees of our firm deal with the entity and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the entity and its subsidiaries. The firm has no other relationship with, or interest in, the entity or any of its subsidiaries.</p>
Director's responsibilities for the consolidated financial statements	<p>The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director's either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.</p>
Auditor's responsibilities for the audit of the consolidated financial statements	<p>Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.</p> <p>A further description of our responsibilities for the audit of the consolidated financial statements is located on at the External Reporting Board's website at:</p> <p>https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7</p> <p>This description forms part of our auditor's report.</p>
Restriction on use	<p>This report is made solely to the Members, as a body, in accordance with Section 20 of the Constitution. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.</p>



Hamish Anton, Partner
for Deloitte Limited
Wellington, New Zealand
21 October 2021





financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 31 JULY 2021

	NOTES	ACTUAL 31 JULY 2021 \$	ACTUAL 31 JULY 2020 \$
Revenue			
TAB NZ	3.1.4	85,220,496	65,368,457
Race day fees		826,660	2,177,084
Race programmes and other publications	3.1.1	75,183	92,744
Stud book	3.1.1	1,545,187	1,431,616
Licence fees	3.1.1	310,496	300,321
Registrations	3.1.1	654,555	856,958
Interest	3.1.2	65,049	57,006
Sundry revenue	3.1.3	438,187	764,856
Total revenue		89,135,812	71,049,042
Less expenses			
Club payments (subsidies and prizemoney)	4.1	65,778,718	57,051,340
Other club and industry support payments	4.2	1,901,856	4,159,511
Race programmes and other publications		51,609	16,948
Ownership, media and communications		996,309	1,003,752
Industry training and development	4.3	504,216	338,847
Property and central overheads	4.4	568,904	559,110
IT infrastructure and network costs	4.5	843,155	701,430
Special projects	4.6	2,613,197	1,150,467
Salaries and other staff costs	10.0	4,124,624	4,092,764
Other department costs	4.7	399,016	500,962
Sundry costs	4.8	511,330	517,669
Total expenses		78,292,934	70,092,800
Other income			
Share of (loss)/profit in The Races Limited Partnership	8.4.6	(272,065)	176,736
Total surplus attributable to NZTR		10,570,813	1,132,978

The accompanying accounting policies and notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2021

	NOTE	ACCUMULATED SURPLUS \$	INFRASTRUCTURE RESERVE \$	TOTAL ACCUMULATED RESERVES \$
Accumulated reserves as at 1 August 2019		6,173,214	-	6,173,214
NZTR Surplus for the year ended 31 July 2020		1,132,978	-	1,132,978
Accumulated reserves as at 31 July 2020		7,306,192	-	7,306,192

		ACCUMULATED SURPLUS \$	INFRASTRUCTURE RESERVE \$	TOTAL ACCUMULATED RESERVES \$
Accumulated reserves as at 1 August 2020		7,306,192	-	7,306,192
NZTR Surplus for the year ended 31 July 2021		10,570,813	-	10,570,813
Transfer to infrastructure reserve from accumulated surplus	12	(4,300,000)	4,300,000	-
Accumulated reserves as at 31 July 2021		13,577,005	4,300,000	17,877,005

The accompanying accounting policies and notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2021

	NOTES	ACTUAL 31 JULY 2021 \$	ACTUAL 31 JULY 2020 \$
Total accumulated reserves attributable to NZTR		17,877,005	7,306,192
Current assets			
Cash and cash equivalents	2.1	10,197,883	4,663,736
Apprentice Jockey restricted funds	8.4.1	1,975,317	1,304,873
General Trust restricted funds	8.4.2	1,239,254	1,251,222
Short term deposits	2.1	5,000,000	500,000
Trade and sundry debtors from exchange transactions	2.2	998,062	401,657
Trade and sundry debtors from non-exchange transactions	2.2	52,039	45,079
Prepayments		195,556	338,679
Short term loans and advances	2.3	-	49,796
Share in The Races Limited Partnership	8.4.6	284,349	556,414
Code distribution account	2.2	3,910,904	1,655,714
Total current assets		23,853,364	10,767,170
Less current liabilities			
Trade and sundry creditors from exchange transactions	2.4	4,621,656	2,467,063
Trade and sundry creditors from non-exchange transactions	2.4	23,395	92,497
Employee entitlements	2.4	306,368	355,790
Fees and subscriptions in advance		412,737	439,572
Funds payable to Apprentice Jockeys	8.4.1	1,386,728	965,243
Other provisions	2.4	25,000	25,000
Total current liabilities		6,775,885	4,345,165
Net current assets		17,077,479	6,422,005
Non-current assets			
Property, plant and equipment	6.0	94,693	140,395
Intangibles	7.0	1,684	49,508
Loans and advances	2.3	703,149	694,284
Total non-current assets		799,526	884,187
Net assets		17,877,005	7,306,192

The Financial Statements of New Zealand Thoroughbred Racing Incorporated have been accepted on behalf of the Board of Directors on 21 October 2021.



Cameron George
Chairman of New Zealand Thoroughbred Racing



Mike Clarke
Audit and Risk Chair

The accompanying accounting policies and notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2021

	31 JULY 2021 \$	31 JULY 2020 \$
Cash flow from operating activities		
Cash was provided from:		
Fees, services and subscriptions from exchange transactions	2,393,407	4,512,172
Receipts from the code distribution and other revenue	83,791,964	66,328,848
Interest income	69,544	40,898
	86,254,915	70,881,918
Cash was applied to:		
Payment to suppliers and employees	(9,448,660)	(9,123,892)
Payments to clubs	(66,123,174)	(62,624,172)
	(75,571,834)	(71,748,064)
Net cash flow from/(used in) operating activities	10,683,081	(866,146)
Cash flow from investing activities		
Cash was provided from:		
Maturity in term deposits	500,000	552,987
Repayment of loans	174,931	61,490
	674,931	614,477
Cash was applied to:		
Purchase of property, plant and equipment	(31,391)	(58,325)
Investment in term deposits	(5,000,000)	(500,000)
Advance of loans	(134,000)	-
	(5,165,390)	(558,325)
Net cash flow from/(used in) investing activities	(4,490,459)	56,152
Net (decrease) / increase in cash held	6,192,622	(809,994)
Add opening cash and cash equivalents	7,219,832	8,029,825
Total cash and cash equivalents	13,412,453	7,219,831

The accompanying accounting policies and notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 JULY 2021

	31 JULY 2021 \$	31 JULY 2020 \$
Total surplus for the year	10,570,813	1,132,978
Add non-cash items		
Depreciation	77,093	113,602
Amortisation	47,824	74,262
	124,917	187,864
Less Share of profit/(loss) in The Races Limited Partnership	272,065	(176,736)
Less movement in other working capital items		
Accrued revenue	-	7,930
Sundry debtors	(2,858,557)	87,116
Prepayments	143,123	(226,775)
Sundry creditors	2,457,555	(1,968,191)
Fees in advance	(26,835)	89,668
	(284,714)	(2,010,252)
Net cash flow from/(used in) operating activities	10,683,081	(866,146)

The accompanying accounting policies and notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

The notes to the financial statements include information which is required to understand the treatment, recognition and measurement of the transactions which compile the financial statements, and information that is material and relevant to the operations of NZTR.

The notes to the financial statements are organised into the following sections:

Note	1	Basis for Preparation
Note	2	Financial Instruments
	2.1	Cash and cash equivalents
	2.2	Trade and sundry debtors and revenue receivable
	2.3	Club loans and advances
	2.4	Other financial liabilities
	2.5	Financial instrument risk
	2.6	Financial guarantee contracts
Note	3	Revenue
	3.1	Revenue from exchange transactions
	3.1.1	Registrations, stud book, licensing, race programmes and other publications
	3.1.2	Interest
	3.1.3	Sundry Revenue
	3.1.4	RITA code distribution and other revenue
	3.1.5	Fees and subscriptions in advance
Note	4	Expenditure
	4.1	Club payments (subsidies and prizemoney)
	4.2	Other club and industry support payments
	4.3	Industry training and development
	4.4	Property and central overheads
	4.5	IT Infrastructure and network costs
	4.6	Special projects
	4.7	Other department costs
	4.8	Sundry costs
Note	5	Operating Leases
Note	6	Property, plant and equipment
Note	7	Intangible assets
Note	8	Related parties
Note	9	Insurance and indemnities
Note	10	Employee remuneration and entitlements
Note	11	Contingent liabilities
Note	12	Capital commitments
Note	13	Subsequent events

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

1. Basis of preparation

Reporting entity and statutory base

New Zealand Thoroughbred Racing Incorporated (“NZTR”) is an Incorporated Society registered and domiciled in New Zealand. It is a racing code as defined in the Racing Industry Act 2020. Its principal activity is to govern and promote thoroughbred racing in New Zealand.

The primary objectives of NZTR are to:

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

Any equity has been provided with a view to supporting these primary objectives rather than making a financial return. Accordingly, NZTR has designated itself as a public benefit entity for financial reporting purposes.

Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with Tier 1 Public Benefit Entity Standards (PBE IPSAS), which are the New Zealand equivalents of the International Public Sector Accounting Standards (IPSAS) and other financial reporting standards as applicable for Tier 1 not-for-profit entities.

Basis of preparation

These financial statements have been prepared on the basis of historical cost. Cost is based on the fair value of the consideration given in exchange for assets.

The Board and Chief Executive consider NZTR is a going concern, that will continue to operate in the foreseeable future. The uncertainty as to the future impact to the Group of the COVID-19 outbreak has been considered as part of the Group’s adoption of the going concern basis. Thus far, we have not observed any impact on the Group’s ability to continue as a going concern.

Accounting policies are selected and applied in a manner that ensures the resulting financial information satisfies the concepts of relevance and reliability.

These financial statements are the consolidated financial statements of NZTR. Consolidation includes the combined results of operations, assets and liabilities of both the General Trust Fund (GTF) and the Apprentice Jockey Fund (AJF). NZTR’s share of The Races Limited Partnership are consolidated using the equity method.

NZTR and such entities are together referred to in these financial statements as NZTR or the Group.

These financial statements are prepared in New Zealand dollars, which is the functional currency of NZTR and all values are rounded to the nearest dollar.

Certain prior year comparatives have been reclassified to align with current year.

Changes in accounting policies

There were no changes in accounting policies.

New standards and interpretations issued and not yet effective

The following new standards and or amendments issued by the External Reporting Board are not yet effective and have not been early adopted by NZTR. NZTR has not yet assessed the impact of adopting these standards.

STANDARD		DATE EFFECTIVE
PBE IFRS 9	This new standard replaces most of the requirements of PBE IPSAS 29 and introduces a new classification model for financial assets.	01 January 2022
PBE IPSAS 40	The PBE Combinations standard objective is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about a public benefit entity (PBE) combination and its effects.	01 January 2021
PBE IPSAS 41	This Financial Instruments standard establishes requirements for the recognition and measurement of financial instruments by Tier 1 and Tier 2 public benefit entities. When applied, PBE IPSAS 41 supersedes most of PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 also supersedes PBE IFRS 9 Financial Instruments.	01 January 2022
PBE IPSAS 48	This new standard requires organisations to provide service performance reporting as part of the suite of general-purpose financial reports. This will provide forward looking information on NZTR's goals and objectives and reflect on the work done in the current reporting period to work towards or achieve goals and objectives.	01 January 2022

Critical accounting estimates and assumptions

In preparing these financial statements NZTR has made estimates and assumptions concerning the future. These estimates and assumptions may differ from actual results. The significant estimates and assumptions are as follows:

- Property, plant and equipment: NZTR establishes the useful life of property, plant and equipment at acquisition. It reviews the life and utility of this property, plant and equipment annually. In the event the life differs from those assigned or if the utility of the assets is less than assumed, the cost in the form of depreciation may be wrongly allocated to any one year.
- Provisions: A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation and it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation.
- Loans and advances: The carrying values of the loans and advances assume that no debtor will default on any installment due and that the guarantee over the loan is equal to or higher than the value of the loan. At balance date the carrying value of the loans was face value plus any capitalised interest.

Taxation

NZTR is exempt from income tax pursuant to section CW 47 of the Income Tax Act 2007.

The following taxes, duties, levies and similar charges are paid by NZTR:

- Goods and Services Tax (GST)
- Fringe Benefit Tax (FBT)
- Employment taxes (PAYE/WT)
- Employer compulsory Kiwisaver contributions
- Accident Compensation Commission (ACC) levies.

These financial statements have been prepared exclusive of GST.

Specific definitions

Throughout this report specific language is used to refer to industry activity. Some definitions specific to the racing industry are detailed below.

Codes: Codes refers to the racing industry bodies, namely Harness Racing New Zealand Incorporated, New Zealand Greyhound Racing Association Incorporated and New Zealand Thoroughbred Racing Incorporated.

Code funding distribution agreement: The code funding distribution agreement refers to the relevant inter-code agreement between the TAB NZ (TAB) and the Codes. It represents the agreed methodology by which the TAB will make distributions to NZTR and the other codes under section 71(2)(b) of the Racing Industry Act 2020.

Club funding policy: The club funding policy represents the agreed methodology by which NZTR will distribute funds to Thoroughbred Clubs for prize money and other racing activities.

New Zealand Racing Board (NZRB): The New Zealand Racing Board was a statutory body established by the Racing Act 2003 whose primary purpose was to promote and enhance the racing industry, run a profitable betting business and generate long term profit for the benefit of the racing industry (the codes). The NZRB was renamed as the Racing Industry Transition Agency (RITA) by the Racing Reform Act 2019.

Racing Industry Transition Agency (RITA): The Racing Industry Transition Agency was appointed by Racing Minister Rt. Hon. Winston Peters on 1 July 2019 to enable the changes required to drive the racing industry toward a financially sustainable future. Through the Racing Reform Act 2019, RITA had a legislative mandate to manage the changes needed to revitalise the racing industry and carry out the day to day functions of the TAB and Trackside. RITA was replaced by TAB NZ on 1 August 2020 as a result of the Racing Industry Act 2020.

TAB New Zealand (TAB NZ): is the statutory body established through the Racing Industry Act 2020. It provides betting services to New Zealanders and makes returns back to New Zealand racing and sporting organisations.

2 Financial instruments

NZTR's financial instruments are principally debtors, cash and cash equivalents, short-term bank investments, loan and advances, and creditors.

Financial instrument categories

NZTR classifies its financial assets as loans and receivables. Financial liabilities are classified as other financial liabilities and measured at amortised cost.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. NZTR's loans and receivables balance includes cash and cash equivalents, including short-term deposits, trade and other receivables and loans and advances to racing clubs. Loans and receivables are initially recognised at the fair value and subsequently measured at amortised cost using the effective interest method.

At the end of each reporting period, and whenever circumstances warrant, loans and receivables are assessed for objective evidence of impairment. Impairment is considered incurred as a result of one or more events which had an impact on the estimated future cash flows of that asset and can be estimated reliably. Any financial asset impairment loss is recognised through the statement of comprehensive revenue and expense.

2.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, and call deposits with an original maturity date of less than three months.

NZTR places surplus funds on term deposit with the following objectives;

- to ensure credit risk is minimised as far as possible
- to ensure liquid funds are available when necessary
- to maximise interest revenue.

All NZTR operational bank accounts and short-term deposits are held with ANZ Banking Corporation Limited, which has an AA-credit rating.

All cash or call deposit balances held by NZTR are available for use. The carrying values of cash and cash equivalents approximate their fair values.

The maximum credit exposure over cash and cash equivalents is limited to the carrying value of the cash and call deposits.

	31 JULY 2021 \$	31 JULY 2020 \$
Operational bank account and cash on hand	30,544	64,431
GST Refund account	819,345	830,317
On call accounts	5,847,993	3,268,988
Short - term deposits	3,500,000	500,000
NZTR cash and cash equivalents	10,197,883	4,663,736
Total cash held for Apprentice Jockey Fund	1,975,317	1,304,873
Total cash held for General Trust Fund	1,239,254	1,251,222
Total cash and cash equivalents	13,412,453	7,219,831
Investments – term deposits	5,000,000	500,000

Other cash balances held as at balance date included funds held for the Apprentice Jockey Fund and the General Trust Fund. These funds are not available for NZTR operational expenditure. They are held for the explicit purposes expressed in the Rules of Racing.

The net cash asset as at 31 July 2021 was \$6,602,933 (2020: \$2,550,912); and represents the total funds available for use at the direction of NZTR. It is calculated as total cash held by NZTR, less amounts payable at year end, offset by revenue earned but not yet collected.

	31 JULY 2021 \$	31 JULY 2020 \$
Cash and cash equivalents (including term deposits)	10,197,883	4,663,736
Trade and sundry debtors from exchange transactions	998,062	401,657
Trade and sundry debtors from non-exchange transactions	52,039	45,079
Trade and sundry creditors from exchange transactions	(4,621,656)	(2,467,063)
Trade and sundry creditors from non-exchange transactions	(23,395)	(92,497)
NZTR Net Cash Asset	6,602,933	2,550,912

2.2 Trade and sundry debtors, and revenue receivable

Trade and sundry debtors and revenue receivable are initially recognised at the fair value of the amounts to be received. They are subsequently measured at amortised cost, using the effective interest method, less any provision for impairment loss due to doubtful debts.

	31 JULY 2021 \$	31 JULY 2020 \$
Trade and sundry debtors		
Trade debtors from exchange transactions	994,444	400,295
Interest receivable	3,618	1,362
	998,062	401,657
Trade debtors from non-exchange transactions	52,039	45,079
General Trust Fund receivables	-	-
	52,039	45,079
Code distribution account (TAB NZ)	3,910,904	1,655,714
	3,910,904	1,655,714
Total trade and sundry debtors, and other revenue receivable	4,961,006	2,102,450
Due date profile		
Not past due	4,660,263	1,804,345
Past due 1 - 30 days	42,862	121,686
Past due 31 - 60 days	31,253	2,735
Past due 61	226,628	173,684
Total trade and sundry debtors, and other revenue receivable	4,961,006	2,102,450

NZTR has reviewed all trade and sundry debtors, and other revenue receivable for collectability. There is a provision for doubtful debts recognised on trade or other receivables as at 31 July 2021 of \$80,177 (2020: \$95,762). The provision recognises debts due that are being actively pursued but are considered doubtful, have been placed with a debt collection agency, or where the debtor has been placed on the Arrears List.

2.3 Club loans and advances

NZTR has advanced loans primarily to assist clubs with infrastructure projects. Loans and advances are recognised when the club becomes party to the contractual provisions of the financial instrument. Loans and advances are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and advances are measured at amortised cost using the effective interest method.

NZTR holds bank guarantees or security over the assets of each club provided with a loan or advance. The value of assets for which the security rests is in excess of the loan amounts outstanding.

The NZTR Board has determined that the carrying value of the loans materially approximates their fair value as at 31 July 2021.

	INTEREST RATE	31 JULY 2021 \$	31 JULY 2020 \$
Short term loans and advances			
Northern Race Day Services Inc.	OCR + 1%	-	33,151
Central District Starting Gates Inc.	OCR + 1%	-	16,645
Total short term loans and advances		-	49,796
Non-current loans and advances			
Otaki-Maori Racing Club Inc	OCR + 3.5%	158,976	-
RACE Inc.	OCR + 1%	544,173	694,284
Total non-current loans and advances		703,149	694,284
Total loans		703,149	744,080

Loans are due to be settled on the following settlement dates:

RACE Inc. 01 May 2027

Otaki-Maori Racing Club Inc 28 February 2023

2.4 Other financial liabilities

NZTR classifies all its financial liabilities as other financial liabilities. Trade and sundry payables are recognised when NZTR becomes obliged to make future payments. Trade and sundry payables are measured at amortised cost using the effective interest method.

Employee entitlement liabilities for annual leave and other contractual payments expected to be settled within 12 months of the reporting date are recognised for employee services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. In 2019/20, the ability for staff to take annual leave was impacted by COVID-19.

	31 JULY 2021 \$	31 JULY 2020 \$
Trade and sundry payables		
Trade creditors from exchange transactions	4,621,656	2,467,063
Taxes and transfers payable	23,395	92,497
	4,645,052	2,559,560
Other provisions		
International Apprentice Jockey fee refunds	25,000	25,000
Employee entitlements		
Provision for annual leave	188,940	267,251
Salaries payable	117,428	88,539
Total employee entitlements	306,368	355,790
Total other financial liabilities	4,976,419	2,940,350

No interest is incurred on trade creditors unless the amounts payable fall overdue. Interest is charged at the discretion of the creditor. NZTR has financial risk management policies in place to ensure all payables are paid within the credit time frame.

2.5 Financial instrument risks

NZTR's activities expose it to a variety of financial instrument risks, including interest rate risk, credit risk and liquidity risk. NZTR seeks to minimise exposure from financial instruments by not allowing any transactions that are speculative in nature.

2.5.1 Capital risk management

NZTR's capital is its accumulated funds represented by net assets. NZTR manages its equity as a by-product of prudent financial dealings, to ensure that NZTR effectively achieves its objectives and purpose while remaining a going concern.

2.5.2 Interest rate management

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. NZTR's exposure to interest rate risk is limited to bank deposits that are held at fixed rates of interest. NZTR does not actively manage its exposure to interest rate risk.

2.5.3 Liquidity risk management

Liquidity risk is the risk that NZTR will encounter difficulties in meeting its payment obligations associated with financial liabilities as they fall due. In 2020/21, NZTR's revenue was primarily received from TAB NZ. The draw on this distribution is managed by monitoring forecast racing events and actual cash flow requirements. Adequate cash reserves of liquid short-term deposits are maintained to satisfy anticipated capital expenditure and committed infrastructure projects. In 2020/21, additional short-term deposits were maintained following the upgraded risk assessment of racing being affected by a change in COVID-19 alert levels.

All trade and sundry payables are due within three months.

2.5.4 Credit risk management

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to NZTR. NZTR invests surplus funds with registered AA- rated banks.

In the normal course of business NZTR is exposed to credit risk from cash and term deposits with banks, receivables, and financial instrument assets. For each of these, the maximum credit exposure is best represented by the carrying amount in the Statement of Financial Position.

There is an inherent credit risk for loans and advances made to thoroughbred racing clubs. NZTR holds sufficient mortgage or guarantee security over all loans and advances, which are reviewed on a regular basis.

2.6 Financial guarantee contracts

2.6.1 RACE

On 5 January 2009 the Racing Industry Transition Agency formerly known as the New Zealand Racing Board (NZRB) and now known as TAB NZ, provided a guarantee to the Bank of New Zealand for its lending to RACE Inc. to the value of \$8,820,000.

NZTR has provided a back-to-back guarantee to the TAB to cover the amounts guaranteed to the Bank of New Zealand. As NZTR believe that the value of the security provided by RACE is greater than the loan amounts outstanding, no value has been ascribed to this guarantee. The loan from Bank of New Zealand remains at \$4,360,420 (2020: \$4,360,420).

2.6.2 New Zealand Bloodstock Insurance Pearl Series (the "Scheme")

During the financial year ending 31 July 2017 NZTR entered into a financial guarantee arrangement with New Zealand Thoroughbred Breeders Association (NZTBA), effective from 1 August 2017 and subsequently renewed each racing season up to 31 July. The guarantee provides assurance that funds will be available for the payment of bonuses won through the offering of the Scheme and can only be called upon when the Scheme has insufficient funds to do so itself.

The NZB Insurance Pearl Series is a bonus scheme for NZ-bred fillies and mares, offering bonuses of up to \$2.6 million and prize money of up to \$2.8 million. The Scheme includes circa 185 races scheduled for registered fillies and mares over three seasons' racing, with bonuses for each race of up to \$20,000. The Scheme has been designed to benefit owners, trainers and breeders of fillies and mares running in New Zealand and is available in all regions of the country. All bonuses are cumulative, which means a horse can win multiple bonuses throughout her racing career.

317 fillies and mares are registered as at 31 July 2021 (2020: 298). A receivable due from NZTBA of \$128,672 has been recognised (2020: \$22,333). NZTR has recognised a contingent liability of \$779,600 should the number of fillies and mares registered for the scheme be below the value of the bonus scheme.

3. Revenue

NZTR is primarily funded through distributions from the TAB NZ, registration and licensing fees.

Under the current suite of accounting standards, IPSAS 9 and IPSAS 23, revenue is required to be classified as either revenue from exchange transactions or revenue from non-exchange transactions in the statement of comprehensive revenue and expenses. All major classes of revenue are separately disclosed in the statement of comprehensive revenue and expenses and are further detailed in the notes below.

Revenue is measured at fair value of consideration received.

3.1 Revenue from exchange transactions

NZTR's sales of goods or services are classified as exchange transactions. The specific accounting policies applicable to NZTR's exchange transactions are as follows:

3.1.1 Registrations, stud book, licensing, nominations, acceptance and scratching fees, racing programmes and other publications

Revenue is recognised once the service has been provided which is either at the time of invoicing or when a payment is made for goods/services. One-off receipts are recorded under sundry revenue in the statement of comprehensive revenue and expenses. Registrations, stud book, nominations, acceptances, scratchings, licensing fees, racing programme subscriptions and other publications are disclosed separately.

3.1.2 Interest

Interest revenue is recognised on a time-proportionate basis that takes into account the effective yield on the financial asset.

3.1.3 Sundry revenue

Sundry revenue is recognised once the service has been provided or liability of the goods has passed. Sundry revenue is made up of the following receipts.

	31 JULY 2021 \$	31 JULY 2020 \$
FastTrack Insurance - Sponsorship	29,102	75,000
Horse of the Year Sponsorship	-	161,421
Cox Plate and autumn promotion	-	17,912
Sundry revenue	-	1,101
Late payment fees	34,070	-
Insurance proceeds	-	24,500
IT - Database Sales	18,826	40,694
PITO Apprentices revenue and service fees	37,376	9,512
International Student revenue	28,556	6,339
GTF Revenue	67,639	5,533
Fines	181,082	67,146
Wage Subsidy / Government grant	-	280,698
Bad debt recovery	5,946	-
Total sundry revenue	402,598	689,856
Infrastructure projects funding	35,589	75,000
Total sundry revenue	438,187	764,856
Sundry revenue from exchange transactions	257,105	697,710
Revenue from non-exchange transactions	181,082	67,146
Total sundry revenue	438,187	764,856

3.1.4 TAB code distribution and other revenue

Revenue is recognised pursuant to section 71(2)(b) of the Racing Industry Act 2020 and is based upon the base level of code funding received from the TAB, plus additional distributions in accordance with the code funding distribution agreement. This revenue is recognised as an exchange transaction, as NZTR supplies its racing product to the TAB in exchange for a distribution from TAB surpluses, accumulated from TAB's wagering, sports betting and gaming activities, as follows;

	31 JULY 2021 \$	31 JULY 2020 \$
TAB NZ Betting Net Profit	66,185,950	51,990,184
Export Funding (Actual)	9,901,285	5,891,252
Stakes advance funding	-	4,524,000
Interest on distribution account	-	4,054
Other Funding (FOB & Sport)	26,009	109,024
Betting duties	3,803,389	-
Surplus funding	2,673,035	1,048,370
Total TAB NZ Code Distribution	82,589,668	63,566,884
TAB NZ Enhancement funds		
Stakes Enhancement Fund	1,725,300	1,279,548
Infrastructure Fund	176,003	274,627
Youth Enhancement Fund	120,525	115,500
Promotion of Racing Fund	609,000	131,898
Total TAB NZ Enhancement Funds	2,630,828	1,801,573
Total Funding Recognised from TAB NZ	85,220,496	65,368,457

The distribution above the locked in base funding is recognised as TAB surplus funding of \$2,673,000 (2020: \$746,370). Broadcast and venue services are no longer charged. Export funding is based on actual earnings.

Surplus funding	31 JULY 2021 \$	31 JULY 2020 \$
TAB NZ Surplus	2,673,035	-
Export variance	-	746,370
Broadcast and venue services	-	302,000
	2,673,035	1,048,370

Pursuant to Section 19 of the Racing Act 2020, each racing code is responsible for the distribution of funding to the clubs in line with its funding policy. Expenditure is recognised when payments are made to clubs (funding) and stakeholders (prize money). At balance date payments that have not been made are accrued for.

Enhancement Funds

For the 2020/2021 season the three codes were allocated \$3.4m for stakes enhancement funding and \$1.6m for other authorised purposes such as tracks and infrastructure, promotion of racing, and training and education. NZTR's share of this funding was \$1.82m for stakes enhancement and \$790,000 for other purposes, as well as our share of a further \$114,000 for tri-code activities.

NZTR is grateful for the contributions made through the TAB Enhancement Funds.

Stakes Enhancement Funds:

The following stakes and or racing activity were maintained due to the contribution made from the Stakes Enhancement Fund:

	31 JULY 2021 \$	31 JULY 2020 \$
Heritage Races	134,000	125,000
Special Interest Races	282,000	102,500
Other Racing	269,686	78,051
	685,686	305,551

Infrastructure Funds were applied to the following programmes:

	31 JULY 2021 \$	31 JULY 2020 \$
Cambridge Synthetic Track	-	87,047
Regional track upgrade programme	137,925	112,579
Event Services	6,678	-
Brice Scales roll out	31,400	-
Total TAB NZ contribution to Infrastructure projects	176,003	199,626

Industry Training and Education:

During the year a total of \$120,525 was received from the Youth Enhancement Fund as a contribution towards encouraging youth to safely participate in our sport. Programmes included Ride to Time, fall training, and a digital enhancement project (2020: \$115,500).

TAB NZ supports costs towards NZTR and Harness Racing New Zealand (HRNZ) training and education participants who train through the Primary Industry Training Organisation (PITO) on topics such as race day riding, the stable hand profession and breeding.

3.1.5 Fees and subscriptions in advance

Fees and subscriptions in advance are funds that are received for services or goods that have not yet been delivered. If revenue is received before the services or goods are rendered, then it is recorded as a liability and recognised as revenue over the period for which the services or goods are delivered.

4. Expenditure

NZTR reports its comprehensive revenue and expenses and financial position by function. The following tables outline the expense by nature within each function. Direct costs are charged to the function and indirect costs are allocated to functions based on cost drivers related to the activity or usage information. Depreciation is charged on the basis of asset utilisation. Employment costs are charged on the basis of actual time incurred.

There have been no changes to the cost allocation methodology since the date of the last audited financial statements.

4.1 Club payments (subsidies and prizemoney)

	31 JULY 2021 \$	31 JULY 2020 \$
The expenses included in club payments		
Prize money	51,800,066	43,274,714
Funding model	13,978,652	13,448,826
	65,778,718	56,723,540

The prize money variance between seasons is representative of ceasing racing from 26 March to 20 June 2020 due to COVID-19 restrictions.

4.2 Other club and industry support payments

	31 JULY 2021	31 JULY 2020
The expenses included in other club payments	\$	\$
St John Ambulance	490,147	262,619
Track & surface maintenance programme	454,472	441,351
Industry grants	218,006	273,945
Medical advisor	11,180	16,752
Animal welfare	220,648	65,413
Participant welfare	158,369	-
Rider concussion testing and helmets	51,401	37,027
Club liability insurance	129,696	99,271
Abandoned meeting costs	96,947	24,948
TAB NZ broadcast and venue services	-	2,929,608
Other funding	70,990	8,577
Total other club and industry support payments	1,901,856	4,159,511

4.3 Industry Training and Development

	31 JULY 2021	31 JULY 2020
The expenses included in industry training and development are:	\$	\$
Apprentice awards	2,190	5,332
Motor vehicles	26,816	24,488
NZEET administration	20,104	15,505
Promotion and marketing	3,113	139
Property	5,631	2,018
Stationery, print and consumables	14,287	14,554
Travel, accommodation and meals	34,987	37,341
Total industry training and development payments	107,129	99,377

Add costs reallocated from salaries and other staff costs

Tutors, advisors and wellbeing providers	397,087	239,470
	504,216	338,847

During the year NZTR provided training to 73 students enrolled in NZQA equine qualifications. 86 industry participants completed qualifications at level 2, 3, and 4 over the year. These included apprentice jockeys, stablehand trainees and breeders programme trainees. (2020: 128).

There are four field staff employed by NZTR. Field staff salaries are recorded under salaries and other staff costs.

Industry training and development costs reflect the total costs of operating the apprentice jockey training and development programme and the education programme for breeding. (Total costs exclude NZTR staff salaries which are recorded under salaries and other staff costs).

4.4 Property and central overheads

	31 JULY 2021	31 JULY 2020
	\$	\$
The expenses included in property and central overheads are:		
ACC Levy	19,331	10,165
Bank fees	37,626	38,511
Insurance	40,591	81,838
Equipment leases	10,934	7,915
Printing and postage	55,691	75,162
Rent and property expenses	187,470	160,767
Depreciation	28,548	35,768
Telephone	30,478	38,768
General expenses	144,506	89,524
Total property and central overheads	555,175	538,418
NZTR staff training and development recorded under industry training	13,729	20,692
Total property and central overheads	568,904	559,110

In the prior financial year, as a result of an increase in COVID-19 alert levels, NZTR received a rent rebate equivalent to 50% of the rent payable for two months.

4.5 Information Technology, infrastructure and network costs

	31 JULY 2021	31 JULY 2020
	\$	\$
Information Technology infrastructure and network costs		
Amortisation	47,824	74,262
Depreciation	27,444	39,331
Maintenance and network development cost	767,887	587,837
Total information technology	843,155	701,430

Development of NZTR's racing administration system and finance systems began in 2020/21. The system is expected to go live at the end of quarter 2 of 2022.

4.6 Special projects

	31 JULY 2021	31 JULY 2020
	\$	\$
The net cost included in special projects are:		
Single national system	1,314,692	884,756
NZTR website reskin	148,800	67,401
Clubs Digital	754,433	-
New Zealand Media and Entertainment - Tricode	9,550	-
Preview Comments	32,086	-
SENtrack	159,674	-
Central Districts Club Hub Project	7,519	-
Cambridge synthetic track	1,323	157,711
Riccarton synthetic track	(1,295)	-
Awapuni synthetic track	118,360	-
Reshaping projects	15,000	-
Track maintenance programme	53,055	40,599
Total special projects	2,613,197	1,150,467

Additional funding received from TAB and other sources to support the costs of most special project activities are reported under 3.1.3 sundry revenue and 3.1.4 TAB code distribution and other revenue.

The racing administration system is the project which began in 2019/20 to upgrade NZTR's racing system using Racing Australia's single national system. This project continued through 2020/21 and is planned to complete mid 2022.

4.7 Other department costs

	31 JULY 2021	31 JULY 2020
	\$	\$
The expenses included in other department costs are:		
DNA typing and microchipping	213,475	197,880
Travel including motor vehicle expenses	74,324	108,156
Accommodation	27,011	34,159
Subscriptions	27,240	37,021
Conferences and committees	14,410	29,722
Depreciation	19,971	37,343
General expenses	22,585	56,681
Total other department costs	399,016	500,962

4.8 Sundry costs

	31 JULY 2021	31 JULY 2020
	\$	\$
The expenses included in sundry costs are:		
Members council expenses	(0)	0
Board and Member's Council expenses	84,307	90,357
Board fees	226,232	218,700
Diligent board books	16,514	12,466
Legal fees	45,522	11,072
Audit fees	39,000	36,500
Bad debts expense	32,183	66,173
Raceday depreciation	1,131	1,161
Annual general meeting and club conference	15,042	270
General expenses (including consolidation of GTF and AJF)	51,399	80,970
Total sundry costs	511,330	517,669

The variance in general expenses is an effect of consolidation with the General Trust Fund whose grants paid in the 2020/21 season were greater than those of 2019/20.

Audit fees of \$39,000 have been recognised for the audit by Deloitte Limited of NZTR's annual financial statements (2020: \$36,500). Other services of \$12,225 have been provided by Deloitte in relation to taxation services (2020: \$6,375).

5. Operating leases

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

NZTR has one office lease:

- 106-110 Jackson Street, Petone, Wellington
- Commencing 1 August 2015 with three years right of renewal and a final expiry date of 6 August 2023.

The following commitments are based on the current lease terms.

	31 JULY 2021	31 JULY 2020
	\$	\$
Lease on premises		
Up to 1 year	120,059	113,050
1 to 5 years	122,033	227,958
Total minimum lease payments	242,092	341,008

There are no leases held by either the Apprentice Jockey Fund or the General Trust Fund.

6. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis. This allows the cost of each asset to be allocated over its expected useful life, and to its estimated residual value. Depreciation is recognised within the applicable function in the statement of comprehensive revenue and expense. The estimated useful life, residual values and depreciation methods are reviewed at the end of each period.

- Buildings 20.00%
- Office equipment 20.00%
- Motor vehicles 33.33%
- Computer hardware 33.33%
- Racecourse equipment 10.00%

Any gain or loss on disposal, which is calculated as the difference between the net proceeds from disposal and the carrying amount of the item, is recognised in the statement of comprehensive revenue and expense within the function holding the disposed asset.

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the extent, if any, of the impairment loss recognised in the statement of comprehensive revenue and expense.

7. Intangible assets

NZTR develops specialised software for its own use in the business. The cost of internally generated software comprises all directly attributable costs necessary to create and prepare the asset to be capable of operating in the manner intended by management.

Computer software and website development is a finite life intangible asset and is recorded at cost, less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful life of 3 or 5 years and is recognised within the statement of comprehensive revenue and expense.

Any gains or losses on disposal, which is calculated as the difference between the net proceeds from disposal and the carrying amount of the item, is recognised in the statement of comprehensive revenue and expense within IT infrastructure and network costs.

The carrying amounts of intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication of impairment exists, then the asset's recoverable amount is estimated to determine the extent of recognition in the statement of comprehensive revenue and expense.

PROPERTY, PLANT AND EQUIPMENT

AS AT 31 JULY 2021

	BUILDINGS \$	OFFICE EQUIPMENT \$	MOTOR VEHICLES \$	COMPUTER HARDWARE \$	RACECOURSE EQUIPMENT \$	INTANGIBLES \$	31 JULY 2021 TOTAL \$
Cost							
Balance at 1 August 2020	45,000	587,965	176,857	234,400	197,428	4,473,514	5,715,165
Additions	-	3,347	695	27,347	-	-	31,389
Disposals	-	-	-	-	-	-	-
Balance at 31 July 2021	45,000	591,312	177,552	261,747	197,428	4,473,514	5,746,554
Accumulated depreciation							
Balance at 1 August 2020	45,000	537,924	146,589	177,836	193,906	4,424,006	5,525,261
Depreciation expense for the year	-	28,548	17,611	29,804	1,131	47,823	124,917
Disposals	-	-	-	-	-	-	-
Balance at 31 July 2021	45,000	566,472	164,200	207,640	195,037	4,471,829	5,650,178
Net book value							
Balance at 31 July 2021	-	24,840	13,352	54,107	2,391	1,685	96,377

PROPERTY, PLANT AND EQUIPMENT

AS AT 31 JULY 2020

	BUILDINGS \$	OFFICE EQUIPMENT \$	MOTOR VEHICLES \$	COMPUTER HARDWARE \$	RACECOURSE EQUIPMENT \$	INTANGIBLES \$	31 JULY 2021 TOTAL \$
Cost							
Balance at 1 August 2019	45,000	587,965	191,031	188,828	197,428	4,473,514	5,683,767
Additions	-	-	16,000	45,572	-	-	61,572
Disposals	-	-	(30,174)	-	-	-	(30,174)
Balance at 31 July 2020	45,000	587,965	176,857	234,400	197,428	4,473,514	5,715,165
Accumulated depreciation							
Balance at 1 August 2019	45,000	502,156	137,463	137,216	192,745	4,349,744	5,364,324
Depreciation expense for the year	-	35,768	36,053	40,620	1,161	74,262	187,864
Disposals	-	-	(26,927)	-	-	-	(26,927)
Balance at 31 July 2020	45,000	537,924	146,589	177,836	193,906	4,424,006	5,525,261
Net book value							
Balance at 31 July 2020	-	50,041	30,268	56,564	3,522	49,508	189,903

8. Related party transactions

As part of its normal operations, NZTR transacts with thoroughbred racing clubs and thoroughbred kindred bodies across New Zealand. These transactions include receipt of levies, prize money, and other fees and the administration of the NZTR code distribution from TAB NZ.

8.1 Board

All members of NZTR's Board (or their immediate families) may have interests in thoroughbred racing in New Zealand through ownership, breeding or training. All members of the Board may race horses and be eligible for prize money from thoroughbred racing clubs.

In accordance with NZTR's Constitution a person is not eligible for appointment to the NZTR's Board if they are a licensee as per the NZTR Rules of Racing, or a member of the Members' Council, or a trustee of a gaming trust, or a member of a committee or an employee of a club, racing association or any of the racing codes.

In the financial year, no services were purchased by NZTR from businesses owned or operated by NZTR Board members.

8.2 Board members and key management personnel

Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of NZTR. In addition to the members of the NZTR Board, the following employed positions are considered key management personnel and form the executive team:

- Chief Executive
- Company Secretary and General Counsel
- General Manager, Customer
- General Manager, Welfare and Sustainability
- General Manager, Racing and Infrastructure
- Head of Finance and Analytics

The salaries and other short-term employee entitlements include the salaries received and accrued for all employees of the executive team.

As at 31 July 2021, the NZTR Board comprised seven members (2020: six members).

The remuneration of Board members and other key management personnel during the financial year were as follows:

	31 JULY 2021	31 JULY 2020
	\$	\$
Board members' fees	226,232	218,700
Salaries and other short-term employee benefits	1,145,756	1,053,069
Total Board members and key management personnel	1,371,988	1,271,769

8.3 Racing Integrity Board

On 1 July 2021 in line with the Racing Industry Act 2020 requirements, the Racing Integrity Board ("RIB") was established by the Minister for Racing. The RIB will carry out both compliance and adjudication functions with responsibility for ensuring race day compliance with relevant racing rules and appointing adjudicative committees to hear matters in accordance with racing rules. The RIB replaces the RIU (Racing Integrity Unit).

As a result of the establishment of the RIB, the process was started to wind up the RIU. NZTR will not have any shareholding or control of the Racing Integrity Board.

8.4 Other related parties

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

8.4.1 Apprentice Jockeys' Fund

The Apprentice Jockeys' Fund (AJF) was established under Rule 1310 of the Rules of Racing and is managed by the NZTR Chairman and Chief Executive as part of NZTRs broader operations. The purpose of the fund is to hold income earned from an apprentice jockey until such time as they finish their apprenticeship. The aim is for an apprentice to finish their apprenticeship with financial backing to ensure they are suitably funded when they become a self-employed jockey". Payments to apprentice jockeys are made during the term of their apprenticeship for living costs and additional riding costs not covered by their employer.

Revenue and expenditure recognised through the statement of comprehensive revenue and expenditure consists of interest received, bank fees, audit services and interest expense.

8.4.2 General Trust Fund

The General Trust Fund (GTF) was established under Rule 1301 of the Rules of Racing to financially support licensees when they become injured as a result of an accident while carrying out duties in their capacity as a licensee or, in some instances, where serious illness prevents their ability to carry out duties in their capacity as a licensee. Funding for the GTF is provided from NZTRs broader operations, including an allocation to the GTF of fines paid to NZTR.

Revenue and expenditure recognised through the statement of comprehensive revenue and expenditure mainly consists of donations and interest received, bank fees, audit services and grants disbursed to licensed persons.

8.4.3 New Zealand Equine Education Trust (NZEET)

The New Zealand Equine Education Trust is a private training establishment providing training and education to apprentice jockeys. NZTR contributes funding towards the administration costs of the NZEET.

8.4.4 New Zealand thoroughbred racing clubs

While thoroughbred racing clubs are not related parties by interpretation of accounting standards, it is acknowledged that NZTR has provided loans and advances to thoroughbred racing clubs during the year. Details relating to the terms and outstanding balances of club loans are disclosed in note 2.3.

8.4.5 TAB New Zealand (TAB)

TAB is a continuation of RITA which was a continuation of The New Zealand Racing Board. The TAB began on 1 August 2020. Its primary purpose is to promote the racing industry and maximise the proceeds of wagering for the benefit of the racing industry, comprising the thoroughbred, harness and greyhound Racing Codes. TAB charges NZTR with associated industry operating costs such as IT, shared property costs, broadcast services and venue services.

8.4.6 The Races Limited Partnership (TRLP)

During the financial year ended 31 July 2017 NZTR, in partnership with Harness Racing New Zealand, established a 50/50 partnership named The Races Limited Partnership, for the acquisition of the Event Management Logistic business unit of the disestablished NZRB, which is now known as TAB NZ.

In February 2021, Harness Racing NZ advised the TRLP Board that they wish to exit the Partnership. The Partnership was wound up on 1 August 2021. The assets and liabilities were transferred to NZTR, with a payment made to HRNZ for their share of the net assets. NZTR continues to provide event infrastructure services to the clubs.

As a result of the above, the Partnership was no longer considered to be a going concern, and the financial statements were prepared on a wind-up basis. As a result, the share of losses and impairments of \$272,065 has been recognised to reflect the expected realisable value of the Partnership.

9 Insurance and indemnities

NZTR provides Board member and officers' liability, statutory liability and professional indemnity insurance cover in respect of liability for losses or costs being incurred by a member of the Board or an employee of NZTR in the course of their duties to NZTR. NZTR indemnifies employees in respect of liability for loss or costs they incur in the course of their duties to NZTR provided that they have acted in good faith and in accordance with internal processes and practices.

NZTR holds a suite of liability insurance products on behalf of racing clubs. These include professional indemnity, internet liability, crime liability, employment disputes, legal prosecution defence, general liability, statutory liability, employers' liability and associations' liability insurances. Clubs are advised to maintain their own insurance over property, plant and equipment.

10 Employee remuneration and entitlements

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

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

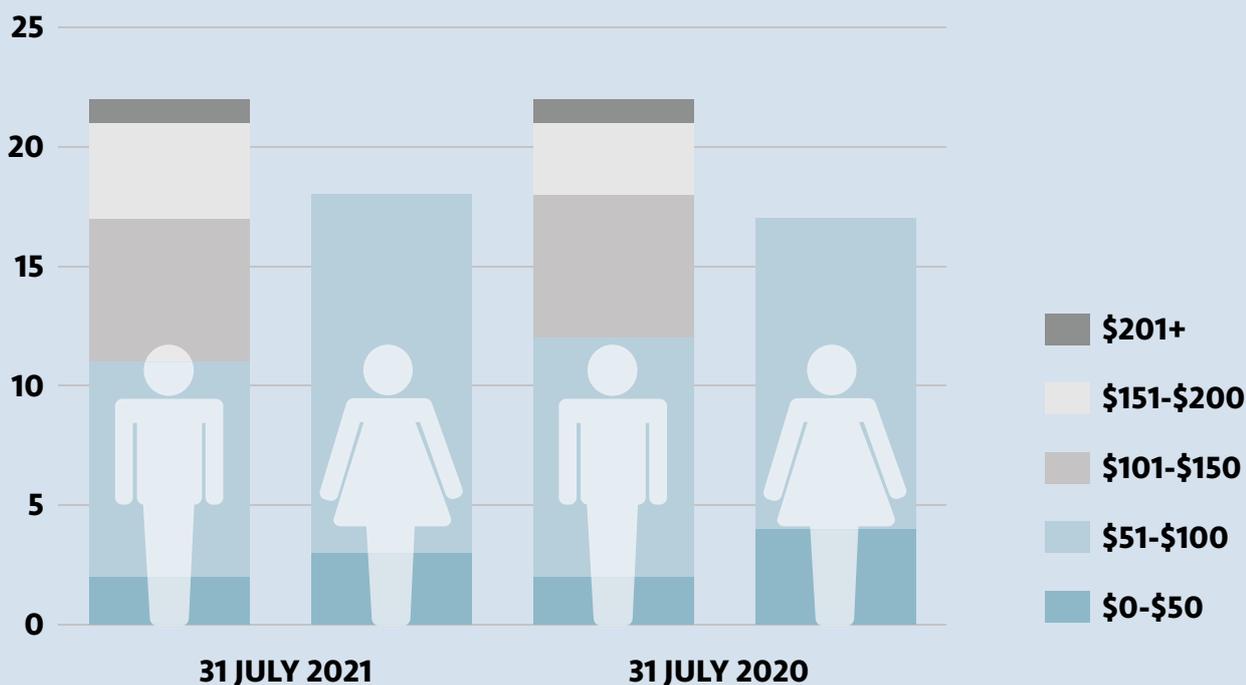
	31 JULY 2021 \$	31 JULY 2020 \$
Annual leave	188,940	267,251
Accrued remuneration and entitlements	117,428	88,539
Total employee entitlements	306,368	355,790

As at balance date there were 40 permanent or fixed term staff members employed by NZTR (2020: 38).

There were fifteen employees engaged on fixed term contracts due to expire during the 2021/22 season (2020: 3).

As at 31 July 2021 there were no unfilled positions (2020: 0).

	31 JULY 2021			31 JULY 2020		
	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE
Petone head office	28	15	13	30	17	13
Cambridge satellite office	8	3	5	5	2	3
In field	4	4	0	3	2	1
	40	22	18	38	21	17



11 Contingent liabilities

A contingent liability is a potential liability that may occur, depending on the outcome of an uncertain future event. A contingent liability is recorded if the contingency is likely and the amount of the liability can be reasonably estimated.

A contingent liability of \$779,600 (2020: \$0) has been recognised should the entrance fees from fillies and mares registering for the PEARL scheme fall below the value of the bonus.

11.1 Infrastructure reserve contractual agreements

There no outstanding contractual agreements. (2020: \$0).

11.2 Loan guarantees

Where NZTR has entered into financial guarantee contracts to guarantee the indebtedness of third-party entities, a liability is recognised when it becomes probable that NZTR will be required to make a payment under the guarantee. If it becomes probable, NZTR will recognise an expense and corresponding liability based on estimates of future cash flows under the contract. At the end of each reporting period NZTR assesses whether its recognised liability is adequate in comparison to the estimates of future cash flows under the contract. If that assessment shows that the carrying amount of the liability is inadequate, then the entire deficiency is recognised in the statement of comprehensive revenue and expense.

On 5 January 2009, TAB provided a guarantee to the Bank of New Zealand in relation to racing at Awapuni, Otaki and Trentham Combined Enterprises Incorporated (RACE) to the value of \$8,820,000. In 2014 the NZRB renewed a loan of \$3,000,000 to RACE Inc. All loans were secured by mortgages over RACE property.

At 31 July 2021 the balances of the loan to RACE from the BNZ is \$4,360,000 (2020: \$4,360,000). NZTR had provided a back-to-back guarantee to the TAB to cover the amounts guaranteed to the Bank of New Zealand and amounts loaned by the TAB.

As NZTR believes the value of the security provided by RACE is greater than the loan amounts outstanding, no value has been ascribed to this guarantee.

11.3 Cambridge Synthetic Track

The Cambridge synthetic track project (the Project) involved the construction of a synthetic track by the Cambridge Jockey Club, in place of the existing course proper, at the Club's training centre in Cambridge. The synthetic track is used principally for training and trialling but is also intended to hold approximately 16 to 20 race meetings during a synthetic race season from May to September each year.

NZTR worked with the Club and the Racing Integrity Board on this project. The first meeting using the Cambridge synthetic track was held on 19 May 2021.

In the event the total project costs exceed \$12.75m NZTR will meet the excess costs up to the value of \$0.7m.

12 Infrastructure reserve

The infrastructure reserve represents funds set aside for establishment of upgraded facilities to improve the operation of the thoroughbred racing in New Zealand.

13 Capital commitments

There are no capital commitments that will materially affect the financial statements (2020: Nil)

14 Subsequent events

Covid 19 Impact: Revenue received from TAB NZ is based on actual betting revenue and class four gaming revenue generated. Restrictions placed on racing or class four gaming due to a change in COVID-19 alert levels may have a significant impact on revenue forecasts for 2021/22. This has not materialised but remains a risk.

TRLP Sale Agreement: On 1 August 2021 NZTR acquired the event infrastructure assets of The Races Limited Partnership, to allow its former joint partner Harness Racing NZ to exit this business. NZTR will now provide event infrastructure services previously conducted through TRLP. Note 8.4.6 provides further details of this agreement.

acknowledgements

The NZTR Board and Management wish to record their appreciation of the co-operation and assistance they have received during the 2020-21 season from the following people and organisations:

The Hon Grant Robertson, Minister for Racing

The Office of The Minister for Racing

Racing NZ

TAB NZ

Harness Racing NZ

Greyhound Racing NZ

Department of Internal Affairs

NZTR Members' Council

The Judicial Control Authority

Accident Compensation Corporation

Ministry of Primary Industries

Equine Branch, New Zealand Veterinary Association

Massey Foundation

Massey University

New Zealand Equine Health Association

New Zealand Equine Research Foundation

New Zealand Jockeys' Association

New Zealand Police

St John Ambulance

New Zealand Pattern Committee

New Zealand Qualifications Authority

New Zealand Racing Laboratory Services Ltd

New Zealand Horse Ambulance Trust

New Zealand Salvation Army

New Zealand Thoroughbred Breeders' Association

New Zealand Thoroughbred Marketing Ltd

New Zealand Thoroughbred Racehorse Owners' Federation

New Zealand Trainers' Association

Primary Industry Training Organisation

New Zealand Equine Education Trust

Racing Club Committees, Managers, Administration and Track staff

Racing Integrity Board

New Zealand Bloodstock

Staff of TAB NZ and Trackside

Asian Racing Federation (ARF)

International Federation of Horseracing Authorities (IFHA)

Racing Journalists, Photographers and Broadcasters

Tertiary Education Commission

WorkSafe New Zealand

The International Forum for the Aftercare of Racehorses

International Stud Book Committee



