

NEW ZEALAND THOROUGHBRED RACING ANNUAL REPORT 2019-20



NEW ZEALAND THOROUGHBRED **RACING**



PUREI HŌIHO NĀTI O AOTEAROA



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NEW ZEALAND
THOROUGHBRED **RACING**



PUREI HŌIHO NĀTI O AOTEAROA

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WHO WE ARE

On paper, New Zealand Thoroughbred Racing is the same organisation we were 12 months ago.

Our guiding principles are unchanged, but Covid-19 has forced us to look at everything in a new light.

The racing industry took a substantial hit from Covid-19, but it also encouraged NZTR and our stakeholders to consider doing things a different way.

We have taken on the advice of those who recommend that “you never let a serious crisis go to waste. It’s an opportunity to do things you think you could not do before.”

We had no option but to do things differently when racing resumed in June, amid unique circumstances. There was no playbook that provided information on what to do when your entire industry locks down for three months.

It has not been practical to maintain all those initial policies, but there are likely to be significant changes in the future.

For example – is the traditional dates structure still fit for purpose and are there ways we can improve the pattern of black-type races? The venue review will be part of this process and the introduction of synthetic tracks will be another catalyst for change.

We also know that we are unlikely to please all of our stakeholders, at any time, let alone all the of the time.

Few can match racing when it comes to diversity. We have licence holders ranging in age from 15 to 91 and our list of participants would be a microcosm of New Zealand society, with a huge range of backgrounds and beliefs.

That is one of racing’s most appealing virtues, but a diversity of backgrounds and roles also leads to a diversity of opinion.

What is good for some sectors is not necessarily good for all sectors and the fact that a decision attracts criticism is not proof that the decision was wrong. A difference of opinion should not be confused with an error.

So often, our staff are required to make judgement calls, under time pressure and around grey areas, where there is no right or wrong answer. But a call must still be made.

One certainty is that those decisions will be made by people with a genuine passion for the industry and with its best interests at heart.

That’s why we are here.





CHAIRMAN'S REPORT

INTRODUCTION

Covid-19 produced a racing season like no other but NZTR and the racing industry in general has emerged from a difficult period in relatively sound shape.

I would like to thank all sectors of the Thoroughbred industry for their efforts during this time. It was an unwanted journey into the unknown and there was no play book on which to base our response.

Decisions had to be made quickly, and often without the customary data on which to base those decisions. There were many grey areas, but the overriding focus was on finding the best outcome for the thoroughbred code as a whole.



It required hard work and sacrifices across the industry, and I thank our stakeholders, as well as our Board and staff, for their commitment and perseverance.

Being deprived of any domestic racing for three months was a frightening and potentially devastating setback. Fortunately, a few cards fell our way. Metropolitan racing continued in Sydney and Melbourne, which provided much needed betting revenue and a Government Covid-19 assistance package helped shore up RITA's financial position and importantly the clubs and codes.

None the less, for much of the lockdown period it appeared that we would have no option but to significantly reduce stakes for the new season. However, after a lot of hard work by all involved, and aided by the Government assistance package, we were able to largely maintain the status quo.

The thoroughbred code maintained the minimum stakes at both maiden and Group I level and has continued "free racing" whilst introducing stakes payment back to 14th, which ensured virtually every runner received at least a small return each start, during the period of return to racing. The uncertainty around funding in the aftermath of Covid-19 did mean that we reduced the number of race meetings for the first quarter of the new season. This was a necessary and prudent decision.

Maximising wagering revenue must be a focus for the industry and the post-lockdown racing has demonstrated the importance of field sizes to the thoroughbred code. Meetings with big fields have produced some outstanding turnover figures since racing resumed. Fields of less than eight runners are turnover killers, while full fields significantly boost punter interest.

NZTR is acutely aware of the need to both encourage and reward our owners and underpin the racing population. It would have been a frustrating season for owners whose horses perform best in the autumn or the winter and we want those horses to return next year.

A key target in the immediate future is to improve returns to owners. One way to achieve that is to reduce the costs of both staging meetings and starting a horse at that meeting. The abolition of nomination and acceptances fees for non-black type races will save our owners around \$1.7 million over the course of a season and the synthetic tracks will also produce significant savings for owners.

It is vital that our stake levels are sustainable in these uncertain times, and while we are optimistic that this will be the case, our budgets for the new season will still be tight and the long-term economic impact of Covid-19 remains uncertain. In response to these uncertain times, the TAB is now making its payments monthly in arrears, and the forecast TAB distribution will be reviewed quarterly.

RACING INDUSTRY BILL

It was both satisfying and a relief to see the Racing Industry Bill become law in June. It contains legislative changes that NZTR has been supporting for a long period.

It will allow a significant step forward in providing the individual codes with greater independence in running their affairs, following a period when the Racing Board often appeared to give only token consideration of the views of the codes.

The bill formally established Racing NZ, which is essentially a forum comprising the Chief Executives and Chairs of the three codes. We have begun meeting under the Racing NZ umbrella and have made significant progress on several issues, including the transition of racefields directly to the codes and the industry funding model.

We also believe that the industry will now see a joint-venture partnership between the TAB and an overseas wagering operator as critical to the industry's future prospects. It is something that myself and our Board have been advocating for many years.

A lack of scale has long been a problem for the NZ TAB, and smaller wagering operators in general, but the prospect of an outsourcing arrangement, together with the Race Fields legislation, will be key factors in the future prosperity of our industry with the targets outlined in the Messara report still in reach.

VENUE PLAN

We continue to make progress with the venue plan and is another matter that can be advanced through a tri-code approach.

The synthetic tracks are part of this process and the Cambridge track is

expected to be in use for working and trialing before the end of the year.

The Cambridge Jockey Club and NZTR began planning for the synthetic track some time ago, with the involvement of the Provincial Growth Fund [PGF] allowing the scale of the project to be extended. A robust business case was compiled and was further examined by RITA before the PGF funding was confirmed.

Our expectations are that the Cambridge track will be a huge asset, which will both generate revenue for the industry and produce real savings for owners. Much of the benefit will come from the surety of trial dates and training options, and the race meetings will have the added advantage of reducing wear and tear on our turf tracks. The PGF has also confirmed support for synthetic tracks at Awapuni and Riccarton and planning and consultation by the clubs has begun at both venues.



FINANCIAL RESULT

A surplus of \$1.1 million was a good result under the circumstances and reflected a rigorous attention to costs by NZTR once Covid-19 emerged.

Net operating expenses for 2019-20 were down 8.1 percent on the previous year and NZTR had cash reserves of approximately \$3 million at the end of the financial year. We will need to remain vigilant in relation to costs, particularly while the shadow of Covid-19 makes the outlook cloudy. The pandemic has shown how quickly previously successful sports codes can be put under financial pressure by an unexpected disruptor.

Most importantly though NZTR has been able to make significant investment into projects that will strengthen the code beyond the current season. These include integration with the Australian National Racing system, continuing to improve horse welfare and participant training as well as increased promotion of New Zealand Thoroughbreds in the large Australian market.

WELFARE

The launch of the comprehensive NZTR welfare policy last September was a notable landmark.

Those of us involved in the industry have no doubt about the quality of the care our horses receive but that is no longer sufficient. We cannot assume that the public will understand the needs and life cycle of a thoroughbred, as New Zealand is becoming more urbanised and a growing percentage of the population has little understanding or knowledge of horses or farm animals in general.

The racing industry must ensure that we are seen to be taking continuous enhancements in the welfare of our participants, both equine and human. NZTR now has dedicated budgets to support staff and programmes dealing with welfare issues, including the traceability and rehoming of our thoroughbreds.

We are also conscious of our responsibilities to our human participants. All business sectors are putting more emphasis on mental wellbeing in the workplace and racing, with its rare combination of highs and lows, regularly tests the resilience and outlook of its participants. NZTR is no exception.

LOOKING BACK AND FORWARD

The 2020 Annual General Meeting will mark the end of my five-year stint as the NZTR Chair. It has been a challenging time to lead the organisation, but I have been proud of the collective efforts of my fellow board members and the NZTR staff and we have momentum beyond the immediate Covid-19 uncertainties.

It has been a period of change for the industry, which included the introduction of the Health & Safety in the Workplace Act, the Messara Review, the Racing Industry Act, the development of our venue plan and, in the final few months, the Covid-19 crisis. Most importantly however, the key features in the new Act provide us with the ability to shape our own destiny and clarifying the ownership of IP by the Codes and their stakeholders provides that much needed platform for change.

Although Racing is also a sport which has tended to place more store on tradition than change, NZTR believes there is a growing awareness that the industry needs to be more innovative whilst preserving our rich heritage. Some of the changes will need to be significant, but they are exciting and can provide a step change in the performance of the code and the returns to the participants. I am certain the clubs and the participants can work together to achieve the best outcomes and I have no doubt that the industry will have a healthy future.

ACKNOWLEDGEMENTS

The racing industry has been fortunate to have had the Rt Hon Winston Peters as the Minister for Racing during a particularly testing period.

The Minister, in addition to getting vital legislation through the parliamentary process, has encouraged the industry to be open to change and has championed the worth of synthetic tracks.

His push to provide Government assistance for the industry during the Covid-19 crisis was another example of his genuine desire to see our industry prosper and deliver on its potential.

We also worked closely during the year with the RITA Board, and particularly when the Covid-19 crisis broke, and I would like to acknowledge the work of Dean McKenzie and his team.

It was a particularly busy year for the NZTR Board, with my five fellow members being asked to give much more of their time to NZTR than normal, particularly with Covid-19. That they did so willingly, is an indication of their commitment to and affection for our industry.

Likewise, much was asked of our staff in the past year and we have been fortunate to have retained a CEO with Bernard Saundry's experience and skillset. Our senior management team also responded in impressive fashion during the Covid-19 crisis and their efforts are much appreciated.

We have a small workforce, that operates in an increasingly complex industry, and for many, a love of racing and a desire for it to reach its potential is their prime motivation for being at NZTR. We should all appreciate that passion.

My very best wishes to you all for your racing endeavours in the coming season and beyond.

CHIEF EXECUTIVE'S STATEMENT

RACING ACTIVITY

Despite the turbulence off the track, the New Zealand thoroughbred industry had some memorable moments on the track in 2019-20.

Jamie Richards and Opie Bosson were the premier Group I performers in Australasia and the equine talent included a three-year-old crop who made a mark on both sides of the Tasman.

It is rare, if not unique, for a New Zealand trainer or jockey to win more Group I races than any of their Australian counterparts, but it happened in both categories this year.

Richards, who heads the Te Akau racing operation, won 11 Group I races, as did stable rider Opie Bosson. In both instances they were New Zealand records.

Bosson was the leading Group I rider at the Sydney autumn carnival and won five Group I races in Australia and six at home. His strike rate at the elite level was extraordinary, with 11 wins and six placings from 28 mounts.

No other rider in Australia or New Zealand got close to 11 Group I wins for the season, the next best being Craig Williams, with six. In fact, Williams was the only jockey to win more Group I races in Australia than Bosson.

Richards, in just his second season in sole charge at Te Akau, had a memorable year. His dominance in almost every statistical category was illustrated when he was the sole finalist for Trainer of the Year at the NZ Thoroughbred Horse of the Year Awards.

His Matamata stable headed the NZ premiership, with 101 wins, and was also the leading stable in terms of black-type wins and stake earnings. The stable runners earned \$3.82 million at home and A\$3.15 million in Australia, with three horses topping \$1 million in stakes for the season.

Chris Waller – one of New Zealand's gifts to Australian racing – had more than 100 runners at Group I level in 2019-20 and was again Australia's leading Group I-winning trainer but recorded two less wins than Richards.

Three of Te Akau's Group I wins came in Australia, including two at Randwick on the same day, and the stable's 20 black-type victories included wins in both the Karaka Million 2YO and 3YO.

Five horses – Melody Belle, Te Akau Shark, Avantage, Probabeel and Cool Aza Beel – were responsible for the 11 Group I wins for the stable, with Melody Belle providing four and Avantage three.

Melody Belle became the first horse to take all three legs of the Hawke's Bay Triple Crown, which has been a target for our premier weight-for-age gallopers since 1999.

The Triple Crown is not an easy target and provides a stern test of a horse's class, versatility, and constitution, which is why it has taken 21 years for the feat to be achieved. Till the 2019-20 season, eight horses had managed to win two of the three legs in the same year.

Avantage achieved the notable feat of recording Group I wins at 1200m, 1600m and 2000m.

OFF-SHORE SUCCESS

Australia has traditionally been the testing ground for our leading gallopers and in that respect the class of 2019-20 measured up well.

The Covid crisis reduced the numbers competing at the Sydney autumn carnival but five New Zealand-trained gallopers – Melody Belle, Te Akau Shark, Bostonian, Quick Thinker and Probabeel – notched up Group I wins in Australia and four of those horses topped \$1 million in earnings.

Quick Thinker won three group races in Sydney, culminating in a brave win in the Australian Derby. More remarkably, he was the fifth New Zealand-trained winner of the Derby in the past eight years and the





fifth winner in the race for Cambridge trainer Murray Baker.

Baker first won the race in 2008 and has won another four since training in partnership with Andrew Forsman. Baker has now matched Bart Cummings' tally of Australian Derby winners and Tommy Smith is the only trainer to have won the race more often.

It is interesting to note that three of Baker's Australian Derby winners – Nom du Jeu, Mongolian Khan and Quick Thinker – were owned outside New Zealand.

It is evidence that having a

horse trained in New Zealand can be a profitable and enjoyable experience for both international and domestic owners.

THREE-YEAR-OLDS

The three-year-old crop provided many of the racing highlights and eight from that crop – Catalyst, Jennifer Eccles, Loire, Probabeel, Quick Thinker, Sherwood Forest, Two Illicit and Travelling Light – were finalists for three-year-old of the year. Together this group recorded 29 wins and 29 placings from 67 starts.

Catalyst was unbeaten from five starts in New Zealand, winning by a wide margin each time.

The public enjoyed the three-year-old crop and the race with the highest betting turnover during the season was the Karaka 3YO Mile, at Ellerslie, and the Vodafone New Zealand Derby had the third highest turnover.

The stake for the Karaka 3YO Mile was increased to \$1 million in 2018 and is the only domestic race to attract more than \$1 million in turnover in each of the past two seasons.

Ellerslie staged the top four races, in terms of turnover, in 2019-20, with the Karaka 3YO followed by the Barfoot & Thompson Auckland Cup, NZ Derby and Sistema Railway.

JOCKEYS' PREMIERSHIP

Lisa Allpress won her fourth jockeys' premiership in 2019-20 but it was another feat which meant the Whanganui rider made international headlines during the season.

Allpress put New Zealand racing in the spotlight when she became the first female rider to win a registered race in Saudi Arabia.

Allpress won the opening race in international jockeys' challenge at Riyadh, in February. The competition included seven women riders, along with male stars like Frankie Dettoni, Mike Smith, and Olivier Peslier.

Allpress, who is on the verge of 1600 wins in New Zealand, has now ridden in six countries, emphasizing her contribution to advancing the cause of female riders on the international stage.

Another feature of the 2019-20 racing year was the emergence of Riccarton rider Kozzi Asano, who became the first South Island rider to win the apprentices' premiership for almost 60 years.

Asano's success showed that there can be various pathways to the racing industry. The 26-year-old was brought up in Japan but had little contact with horses till he took a working holiday

in Australia. He then moved to New Zealand and rode as an amateur before becoming apprenticed to Andrew Carston.

Asano, who had a career tally of just eight wins at the start of the season, had a remarkable run over the summer and led the jockeys' premiership for a time. He won five races in a day three times and had a run of eight successive wins, while recording 10 wins and two placings from 14 mounts over two race days.

COVID-19

I must commend the efforts of our stakeholders to deal with the changes and sacrifices resulting from the Covid-19 pandemic.

The lockdown period was frustrating for everyone and the virus will continue to have an impact on the new season.

The industry emerged in a better position than most expected, but our stakeholders should bear in mind that the impact of the virus will linger for some time. It is unrealistic to expect that all aspects of racing will immediately return to the "old normal."

I also want to make mention of the extra effort put in by our Board and of staff during the lock down period. They had to contribute far more hours than would normally be the case, and under difficult circumstances, and their efforts should be acknowledged.

FINANCIAL

Under the circumstances, the financial result for the year was satisfactory.

Net operating expenses dropped by more than eight percent and we will continue to keep a tight rein on expenses, as our



payments to the industry for the 2019-20 season represented 91.35 percent of total revenue.

There is also a need for NZTR to develop a fund for infrastructure spending in the short term.

We also began a core-systems migration project with Racing Australia (RA). This includes replacing NZTR's aging racing management system with RA's 'Single National System', the same system used by each Principal Racing Authority in Australia. This work will also integrate TechnologyOne as NZTR's finance management information system.

HORSE WELFARE

Like most racing jurisdictions, NZTR is putting substantial resources into our welfare policy.

It is no longer acceptable to just assume that our stakeholders will do the right thing in this regard and we must be seen to be making advances. If we fail to walk the welfare walk, we risk significant damage to our public profile.

We made good progress during the past year, launching a new welfare policy and introducing rule changes that will improve the traceability of thoroughbreds. All registered thoroughbreds will now have an "accountable person" who will be responsible for ensuring the horse's welfare needs are met.

NZTR is also proposing that from February 1, 2021, one percent of all stake money will go towards equine welfare. Similar legislation is already common around the racing world.

The use of the whip is another issue that will continue to be discussed. There has already been a significant reduction in whip use in recent years and some prominent racing figures in Australasia are now advocating for a ban on whip use, except for safety reasons.

PROMOTION AND MEDIA

LOVERACING.NZ has continued to expand its audience and is proving to be a valuable information and promotional platform for the industry.

The website achieved one of our strategic goals when attracting 100,000 unique users in January 2020 and has maintained strong year on year growth.

Activity across web and social is filling some of the gaps left by the more traditional media outlets, which in most cases have reduced their racing coverage. Video content has been a key focus for the LOVERACING.NZ content team and the team has also extended their on-course activities, resulting in a combined organic monthly reach of more than a million Facebook users.

The most popular videos attract more than 50,000 views, among them Life at home with Sir Peter Vela, The family behind Jamie Richards and No place like home – James McDonald.

Specific promotional campaigns during the year included LOVE Summer RACING, The Classics Carnival and LOVE Jumps and our customer team has also taken over The Races Ltd Facebook, which has been rebranded as LOVERACING.NZ events.

NZTR was also involved in the negotiations to return RaceForm to the market and, in conjunction with the two other codes, has been instrumental in increasing racing coverage through the NZME group, including the NZ Herald.

We also initiated regular New Zealand Thoroughbred content on SENTrack, an independent radio racing network, which was launched in Australia this year. Australians betting on NZ racing is still a largely untapped market and there is real upside in Australian punters becoming more familiar with New Zealand form.

APPRECIATION

The last year has been a difficult and unusual one by any standards. A lot was asked of our stakeholders and there will be more changes and sacrifices needed in the immediate future.

However, the very nature of our sport means that racing participants do not lack resilience and racing has always been a game of highs and lows.

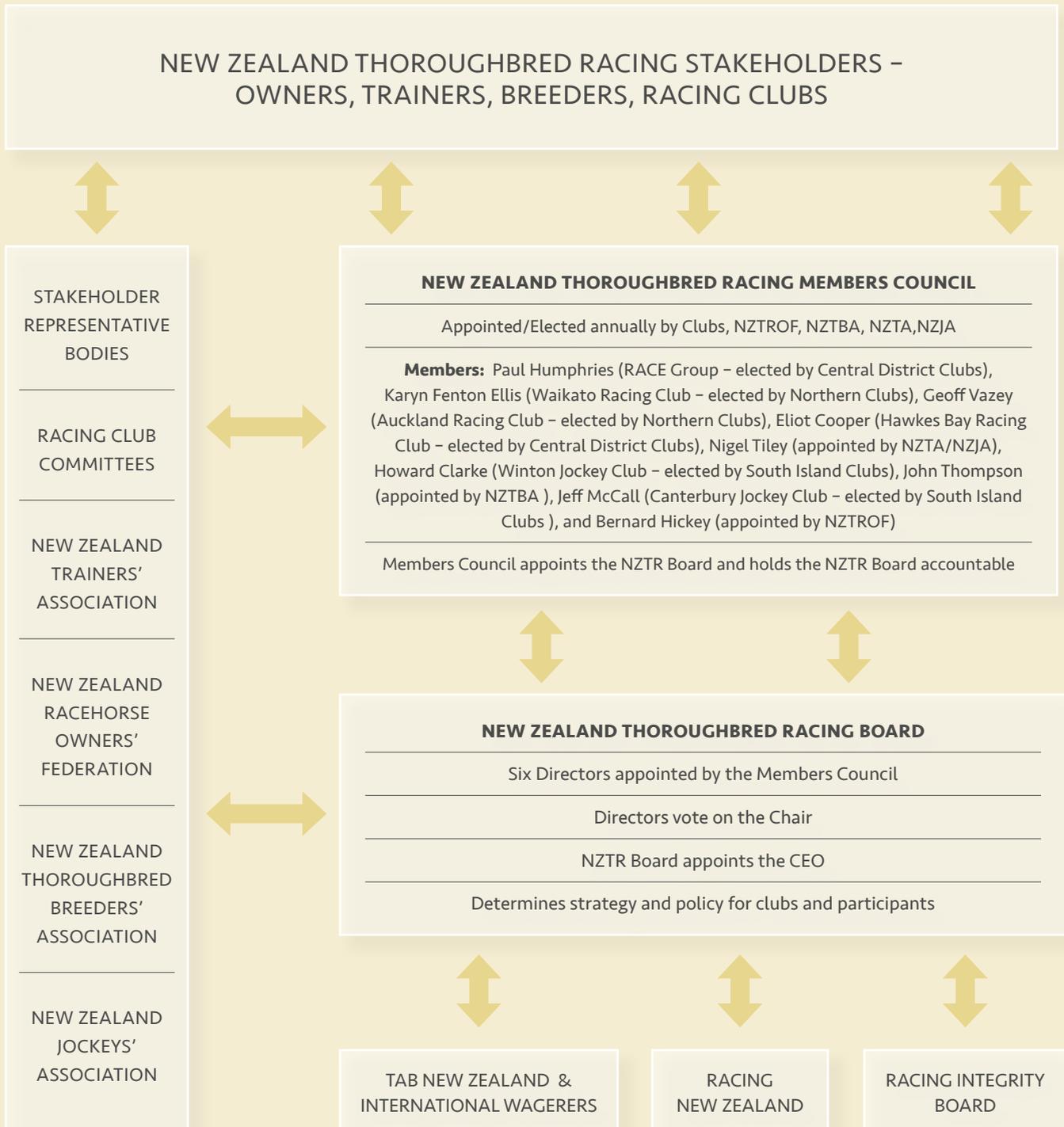
In addition, change often leads to opportunities and some of the byproducts of Covid-19 will have an upside for racing, and may hasten new thinking.

My special thanks to both the NZTR Board and staff, who have been faced with a host of unexpected and complex problems. It is usually safe to say that there is little that happens in racing that has not occurred before but that has not been the case in 2020.

I also want to formally record my appreciation for the work done by our retiring Board Chair, Dr Alan Jackson. Alan had to take on an already difficult role during a time of change but his enthusiasm and dedication to the task has never waned.

His understanding of all facets of the industry and his ability to take a long-term view has been immensely valuable and the policies and plans he has helped put in place will benefit the thoroughbred code for many years.

INDUSTRY STRUCTURE





2019-20

NEW ZEALAND THOROUGHBRED

CAMERON GEORGE 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 the 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 New Zealand 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 while working as a stable hand for champion trainer John Wheeler during holidays from studies. He is a member of the Institute of Directors and acts as a consultant for not-for-profit organisations in Hawke's Bay.

VICTORIA CARTER ONZM DEPUTY CHAIR

Victoria has over 25 years' experience in governance roles on the boards of NZX, private companies, charities and council entities in the transport, tourism, education, property and entertainment sectors. She is a Director of Waka Kotahi NZ Transport Agency, Auckland Eye, and the Auckland Regional Amenities Funding Board. Victoria founded Cityhop carshare. A former Auckland City Councillor, she is a Chartered Fellow of the NZ Institute of Directors. Victoria has a Bachelor of Laws from the University of Auckland. She was a Director of the Auckland Racing Club and Chairman of the NZTR Members' Council. She breeds and races horses with her husband. In 2016 Victoria received an ONZM for services to arts, business and the community.

PROFILES



DR ALAN JACKSON CHAIRMAN Alan has had over 30 years of international business experience across a wide spectrum of industries and disciplines including public and listed companies and racing bodies in three countries. He has undertaken consulting for RWWA, Racing NSW, Racing Victoria and was Chair of TVN in Australia. His current governance roles include independent directorship of Delegat Group. He was a founding Director of the New Zealand Racing Board between 2003 and 2006 and again a Director in 2012-13 including serving briefly as Chairman of NZRB. Along with his wife Colleen, Alan is a successful owner and breeder of Thoroughbreds.

RICK WILLIAMS Rick is General Manager of The Oaks Stud in Cambridge. He has had 30 years of experience as an owner, breeder and manager of commercial stud farms in New Zealand. He graduated from Massey University with a Bachelor of Agricultural Science majoring in Farm Management, Economics and Marketing. He managed Waikato Stud and Bloomsbury Stud before being appointed General Manager of The Oaks Stud and Manager of The Oaks Racing Team. He served on the Council of the Thoroughbred Breeders' Association for seven years.

BRUCE SHARROCK Bruce has had over 20 years in the professional Sports Management Industry. He is currently a founding Director of Esportif, a Global leader in the management of leading Rugby Union and Rugby League talent as well as providing advisory services to many professional clubs and national Unions through the Esportif Intelligence Division. The company now has offices across the Globe in all the major Rugby playing nations. Bruce has owned and bred Thoroughbreds and been part of a racing family all his life. His late father Bob also had a lifelong involvement, while his brother Allan currently holds a trainers' licence.



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 six independent Directors.

Appointments to the Board are for three-year terms and for a maximum of three terms.

The Board met ten times in 2019-20, excluding several sessions on strategy, teleconferences and circular resolutions, and the weekly teleconferences of the Board while New Zealand was nationally at Level 3 and 4 during March, April and May 2020.

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

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

A Members' Council, comprising six members elected by racing clubs (three from each of the two geographical regions) and three members appointed by recognised sector organisations (Owners, Trainers and Jockeys, and Breeders), is charged with responsibility for all aspects of the appointment, appraisal and termination (if required) of the six independent Directors. The Current Members' Council comprises: Chair Paul Humphries (central region), Geoff Vazey (northern), Nigel Tiley (trainers & jockeys), Elliott Cooper (central), John Thompson (breeders), Jeff McCaull (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.

Measures to 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;
- NZTR has included small clubs in all industry communications and consultation and has had regard to their views;
- NZTR is in the process of establishing a small clubs advisory group;
- Board decisions relating to small clubs will be referred to the small clubs advisory group;
- Board papers that have particular implications for small clubs are required to have those implications set out.

CONTENT/ON-COURSE

A greater focus and investment into our content strategy has driven outstanding results in engaging a wider audience in our sport. There has been broader coverage of both premier and regular racedays, creating content largely for an active social audience. With changes to TAB Trackside and coverage of oncourse presenters this is an area where **LOVERACING.NZ** will play a greater role in going forward.



LOVERA RACING'S B



CLUB ENGAGEMENT

As the brand continues to develop, we aim to closely align our activity and collaborate with Clubs to deliver an improved Thoroughbred experience - both digitally and on-course.

With a number of key initiatives already underway, we are looking to further strengthen our relationships with our key stakeholders.



KEY NUMBERS

30,100  **6.4 Million**
LIKES + REACH
 (+11% YOY) (+103% YOY)

3.5 Million
TOTAL PAGE in January 2020
VIEWS
 (+ 10.15% YOY)



122,211 in January 2020
UNIQUE
WEBSITE VIEWS
 (+56% YOY) **RECORD**

CARNIVALS/ PROMOTIONS

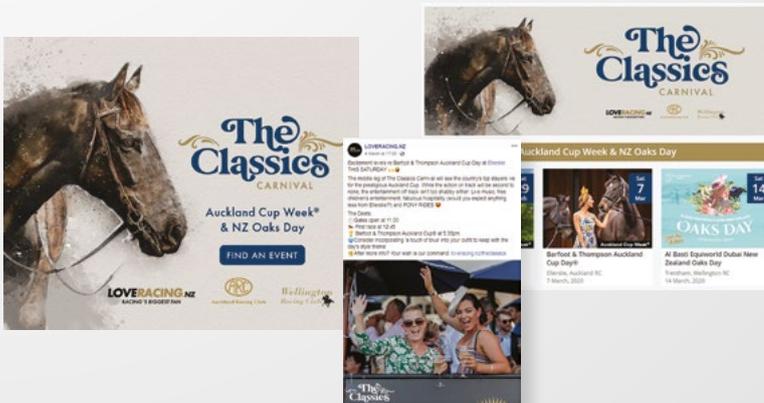
LOVE Summer RACING was developed as a brand campaign, to drive awareness of our sport across the key Summer racing period, supporting our Clubs with the ultimate aim to drive on-course attendance and also traffic to our website, converting newbies to becoming racing fans.



RACING.NZ

LARGEST FAN

Developed as an over-arching carnival theme, branded The Classics, celebrating the prestige and tradition of the Auckland Cup and feature 3YO racing in Autumn i.e. Vodafone Derby Day, Barfoot & Thompson Auckland Cup Day and Al Basti Equiworld New Zealand Oaks.



LOVE Jumps was an industry promotion to celebrate the jumping heroes of our sport - both horse and human.

“our primary objective with LOVERACING.NZ is to grow interest and participation in Thoroughbred racing”

DAN SMITH, GENERAL MANAGER - CUSTOMER, NZTR





NZTR COMMITTEES 2019-20

These committees and trusts had the following membership in 2019-20

The Audit and Risk Committee

Comprises three people appointed by the Board. All Directors may attend meetings of the Committee. The Committee met 12 times during 2019-20, with the increase in meetings largely due to the impact of Covid-19.

Chair

Jason Fleming

Members

Victoria Carter
Alan Jackson

Secretary

Tracy Tutty

The Appointments and Remuneration Committee

Comprises two people appointed by the Board. All Directors may attend meetings of the Committee. The Committee met three times in 2019-20.

Chair

Victoria Carter

Members

Alan Jackson

Secretary

Bernard Saundry

The Integrity Committee

Comprises three people appointed by the Board. All Directors may attend meetings of the Committee. The Committee met two times in 2019-20.

Chair

Mark Freeman

Members

Jason Fleming
Rick Williams

Secretary

Colin Hall

General Trust Fund*

The Trustees met once during the year.

Chair

John Rattray

Trustees

Jason Fleming
Cameron George

Secretary

Martin Burns

Apprentice Jockeys' Fund*

Trustees

Alan Jackson
Bernard Saundry

Secretary

Tracy Tutty

MEMBERS' COUNCIL

Paul Humphries (Chair)
Central region

Jeff McCall
Southern region

Geoff Vazey
Northern region

Nigel Tiley
Trainers & Jockeys

Eliot Cooper
Central region

John Thompson
Breeders

Howard Clarke
Southern region

Karyn Fenton-Ellis
Northern region

Bernard Hickey
Owners

* These are restricted funds governed by the Rules of Racing, and not Trusts that are legally separate from NZTR.

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 & STAKES FUNDING	NET STAKES TO FUNDING RATIO
Ashburton RC	4	36	381	4,253,039	116,379	4,369,418	3,656,820	544,000	9,600	534,400	684,184	78.11%
Auckland RC	16	140	1,496	38,709,988	4,447,979	43,157,967	19,952,722	9,649,675	1,032,556	8,617,119	9,247,141	93.19%
Avondale JC	6	45	422	5,039,766	111,820	5,151,586	4,093,960	491,300	0	491,300	709,571	69.24%
Banks Peninsula RC	1	11	125	1,352,158	56,657	1,408,815	1,271,593	126,000	0	126,000	170,816	73.76%
Beaumont RC	1	8	84	572,138	0	572,138	441,459	97,000	0	97,000	143,500	67.60%
Cambridge JC	1	8	87	1,098,158	31,167	1,129,325	404,928	90,000	0	90,000	140,000	64.29%
Canterbury JC	20	191	2,304	35,035,392	2,324,121	37,359,513	22,046,296	5,840,487	0	5,840,487	6,696,740	87.21%
Central Otago RC	1	6	52	635,042	72,563	707,604	531,051	75,000	0	75,000	123,667	60.65%
Counties RC	10	87	951	13,759,306	716,669	14,475,975	9,272,088	1,699,000	38,063	1,660,938	2,125,515	78.14%
Dargaville RC	0	0	0	0	0	0	0	0	0	0	7,500	0.00%
Egmont RC	2	17	212	2,619,748	150,787	2,770,535	2,256,224	353,500	10,838	342,663	434,558	78.85%
Feilding JC	1	10	128	2,109,972	126,461	2,236,432	1,584,212	252,500	7,125	245,375	315,044	77.89%
Foxton RC	0	0	0	0	0	0	0	0	0	0	10,000	0.00%
Gore RC	3	24	247	2,839,193	64,853	2,904,046	3,245,116	409,000	6,625	402,375	524,936	76.65%
Greymouth JC	2	19	177	2,227,133	250,337	2,477,469	1,018,880	230,000	0	230,000	351,247	65.48%
Hawke's Bay RI	9	81	801	14,954,706	1,719,134	16,673,840	9,089,585	2,435,250	187,094	2,248,156	3,149,519	71.38%
Kumara RC	0	0	0	0	0	0	0	0	0	0	10,000	0.00%
Kurow JC	1	9	83	844,500	127,455	971,955	648,464	110,000	0	110,000	159,271	69.06%
Levin RC	2	16	153	2,041,536	129,794	2,171,330	1,869,918	347,500	14,225	333,275	453,512	73.49%
Manawatu RC	5	41	431	7,715,637	544,949	8,260,585	5,084,375	1,202,000	31,425	1,170,575	1,501,966	77.94%
Marlborough RC	0	0	0	0	0	0	0	0	0	0	10,000	0.00%
Marton JC	4	33	349	5,740,624	265,927	6,006,551	3,162,575	712,300	16,550	695,750	896,938	77.57%
Masterton RC	1	7	48	664,489	0	664,489	386,432	87,000	0	87,000	134,500	64.68%
Matamata RC	9	73	723	11,227,465	594,192	11,821,657	7,903,259	1,258,000	30,025	1,227,975	1,657,694	74.08%
Oamaru JC	1	9	81	641,165	11,722	652,887	755,631	91,725	0	91,725	136,725	67.09%
Otago RC	9	78	889	10,038,877	498,597	10,537,474	7,906,575	1,559,250	38,300	1,520,950	1,977,006	76.93%
Otaki-Maori RC	8	58	516	6,739,382	280,785	7,020,168	5,515,625	1,111,250	24,000	1,087,250	1,442,168	75.39%
Pakuranga HC	1	7	65	1,039,329	70,328	1,109,658	713,370	193,300	8,934	184,366	256,067	72.00%
Poverty Bay TFC	1	8	69	917,669	113,607	1,031,276	451,734	106,000	0	106,000	147,155	72.03%
Rangitikei RC	2	18	218	3,313,472	176,229	3,489,701	2,056,502	327,700	0	327,700	412,587	79.43%
Reefton JC	1	8	66	879,441	79,107	958,548	728,461	97,000	0	97,000	146,224	66.34%
Riverton RC	1	8	69	559,610	18,918	578,528	686,289	81,450	0	81,450	126,450	64.41%
Rotorua, Racing	6	45	410	5,873,225	263,498	6,136,723	5,118,732	641,250	13,260	627,990	891,723	70.42%
Rotorua-BOP HC	1	7	52	489,224	31,348	520,572	370,097	90,750	0	90,750	140,750	64.48%
South Canterbury RC	3	29	350	3,804,138	144,102	3,948,240	2,488,639	376,500	5,625	370,875	492,352	75.33%
South Waikato RC	1	6	51	776,502	51,461	827,964	652,680	70,000	0	70,000	117,500	59.57%
Southland RC	5	46	502	4,908,236	290,610	5,198,846	4,032,583	848,300	7,150	841,150	1,029,914	81.67%
Stratford RC	0	0	0	0	0	0	0	0	0	0	10,000	0.00%

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 & STAKES FUNDING	NET STAKES TO FUNDING RATIO
Tapanui RC	1	7	60	756,176	42,681	798,857	267,135	116,000	0	116,000	132,120	87.80%
Taranaki TRI	11	84	798	12,442,061	807,359	13,249,421	8,720,654	1,407,500	25,138	1,382,363	1,945,278	71.06%
Taumarunui RC	0	0	0	0	0	0	0	0	0	0	10,000	0.00%
Taupo, Racing	4	29	324	3,869,270	277,254	4,146,524	2,653,324	327,000	0	327,000	480,269	68.09%
Tauranga, Racing	10	77	694	10,881,361	821,092	11,702,453	7,299,095	1,477,310	15,936	1,461,374	1,981,935	73.73%
Te Aroha, Racing	7	59	587	6,574,983	255,189	6,830,171	5,545,874	807,000	0	807,000	1,106,865	72.91%
Thames, Racing	1	8	80	1,209,914	92,055	1,301,969	746,208	105,000	0	105,000	185,324	56.66%
Waikato RC	13	112	1,249	22,211,948	1,197,169	23,409,117	13,482,344	3,294,600	172,718	3,121,882	3,797,889	82.20%
Waikouaiti RC	1	8	66	869,460	84,178	953,638	461,470	98,000	0	98,000	147,649	66.37%
Waimate RC	0	0	0	0	0	0	0	0	0	0	7,500	0.00%
Waipa RC	0	0	0	0	0	0	0	0	0	0	7,500	0.00%
Waipukurau JC	1	8	69	984,824	92,355	1,077,179	631,735	86,000	0	86,000	139,378	61.70%
Wairarapa RC	3	24	217	2,998,190	515,173	3,513,363	1,622,926	291,750	6,659	285,091	477,324	59.73%
Wairio JC	0	0	0	0	0	0	0	0	0	0	10,000	0.00%
Wairoa RC	2	15	137	1,725,157	111,693	1,836,850	1,240,160	179,000	0	179,000	249,749	71.67%
Wanganui JC	9	84	915	9,964,346	543,498	10,507,844	7,647,883	1,347,250	16,750	1,330,500	1,709,607	77.82%
Waverley RC	3	23	252	2,747,112	105,356	2,852,468	2,032,014	279,000	0	279,000	369,073	75.59%
Wellington RC	8	71	696	16,564,128	1,399,831	17,963,959	9,491,718	3,605,900	571,846	3,034,054	4,222,742	71.85%
Westland RC	1	7	74	688,412	49,979	738,391	475,052	91,000	0	91,000	132,678	68.59%
Whakatane RC	2	16	142	1,740,856	115,390	1,856,246	1,043,336	177,700	0	177,700	262,507	67.69%
Whangarei RC	7	53	479	7,488,278	402,301	7,890,579	4,973,998	854,000	7,425	846,575	1,190,459	71.11%
Winton JC	1	9	80	715,786	20,917	736,703	613,593	111,000	0	111,000	150,260	73.87%
Woodville-Pahiatua RC	3	23	199	2,023,794	71,635	2,095,429	5,017,943	242,750	0	242,750	358,039	67.80%
Wyndham RC	1	10	118	1,118,361	32,816	1,151,177	749,461	121,000	0	121,000	161,289	75.02%
Grand Total	228	1,916	19,828	300,994,676	20,919,475	321,914,151	204,112,798	46,622,747	2,297,867	44,324,880	56,219,871	78.84%

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 not netted off. 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.
- A number of race meetings were not run as a result of the COVID-19 lockdown in New Zealand from 25 March, and other race meetings held from 20 June onwards were held without attendees on-course and with no on-course turnover.

AUDITOR'S
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 ('NZTR') and its subsidiaries ('the group'), which comprise the consolidated statement of financial position as at 31 July 2020, and the consolidated statement of financial performance, statement of comprehensive revenue and expense, statement of changes in net assets/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 27 to 53, present fairly, in all material respects, the consolidated financial position of the group as at 31 July 2020, 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 the Company 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>
Other information	<p>The Directors' are responsible on behalf of the group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.</p> <p>Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.</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 Standards, and for such internal control as the Directors determines 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 Directors 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: 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>

Deloitte Limited

Wellington, New Zealand
19 October 2020

This audit report relates to the consolidated financial statements of New Zealand Thoroughbred Racing (the 'NZTR') and its subsidiaries (the 'group') for the year ended 31 July 2020 included on the entity's website. The Directors are responsible for the maintenance and integrity of the entity's website. We have not been engaged to report on the integrity of the entity's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 19 October 2020 to confirm the information included in the audited consolidated financial statements presented on this website.

FINANCIAL STATEMENTS



CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 31 JULY 2020

	NOTES	ACTUAL 31 JULY 2020 \$	ACTUAL 31 JULY 2019 \$
Revenue			
Racing Industry Transition Authority	3.1.4	65,368,457	81,624,033
Race day fees		2,177,084	3,162,297
Race programmes and other publications	3.1.1	92,744	86,682
Stud book	3.1.1	1,431,616	1,615,921
Licence fees	3.1.1	300,321	294,486
Registrations	3.1.1	529,158	568,299
Interest	3.1.2	57,006	134,902
Sundry revenue	3.1.3	764,856	785,627
Total revenue		70,721,242	88,272,247
Less expenses			
Club payments (subsidies and prizemoney)	4.1	56,723,540	73,984,363
Other club and industry support payments	4.2	4,159,511	4,865,235
Race programmes and other publications		16,948	121,745
Ownership, media and communications		1,003,752	775,551
Industry training and development	4.3	338,847	408,485
Property and central overheads	4.4	559,110	550,241
IT infrastructure and network costs	4.5	701,430	704,056
Special projects	4.6	1,150,467	1,100,206
Salaries and other staff costs	10.0	4,092,764	3,964,434
Other department costs	4.7	500,962	534,156
Sundry costs	4.8	517,669	555,016
Total expenses		69,765,000	87,563,488
Other income			
Share in The Races Limited Partnership	8.4.6	176,736	379,678
Total surplus (deficit) attributable to NZTR		1,132,978	1,088,437

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2020

	ACCUMULATED SURPLUS	INFRASTRUCTURE RESERVE	TOTAL ACCUMULATED RESERVES
	\$	\$	\$
Accumulated reserves as at 1 August 2018	5,083,308	1,469	5,084,777
NZTR Surplus for the year ended 31 July 2019	1,088,437	-	1,088,437
Transfer of infrastructure reserve to accumulated surplus	1,469	(1,469)	-
Accumulated reserves as at 31 July 2019	6,173,214	-	6,173,214
	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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2020

	NOTES	ACTUAL 31 JULY 2020 \$	ACTUAL 31 JULY 2019 \$
Total accumulated reserves attributable to NZTR		7,306,192	6,173,214
Current assets			
Cash and cash equivalents	2.1	4,663,736	6,085,511
Apprentice Jockey restricted funds	8.4.1	1,304,873	732,118
General Trust restricted funds	8.4.2	1,251,222	1,212,196
Short term deposits	2.1	500,000	552,987
Trade and sundry debtors from exchange transactions	2.2	401,657	1,711,725
Trade and sundry debtors from non-exchange transactions	2.2	45,079	46,750
Prepayments		338,679	111,902
Short term loans and advances	2.3	49,796	-
Share in The Races Limited Partnership	8.4.6	556,414	379,678
Code distribution account	2.2	1,655,714	439,020
Total current assets		10,767,170	11,271,887
Less current liabilities			
Trade and sundry creditors from exchange transactions	2.4	2,467,063	4,256,692
Trade and sundry creditors from non-exchange transactions	2.4	92,497	43,989
Employee entitlements	2.4	355,790	215,932
Fees and subscriptions in advance		439,572	359,753
Funds payable to Apprentice Jockeys	8.4.1	965,243	1,332,170
Other provisions	2.4	25,000	15,150
Total current liabilities		4,345,165	6,223,686
Net current assets		6,422,005	5,048,201
Non-current assets			
Property, plant and equipment	6.0	140,395	195,673
Intangibles	7.0	49,508	123,770
Loans and advances	2.3	694,284	805,570
Total non-current assets		884,187	1,125,013
Net assets		7,306,192	6,173,214

The Financial Statements of New Zealand Thoroughbred Racing Incorporated have been accepted on behalf of the Board of Directors on 19 October 2020.



Dr Alan Jackson
Chairman of New Zealand Thoroughbred Racing



Jason Fleming
Audit and Risk Chair

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2020

	31 JULY 2020	31 JULY 2019
	\$	\$
Cash flow from operating activities		
Cash was provided from:		
Fees, services and subscriptions from exchange transactions	4,512,172	2,635,895
Receipts from the code distribution and other revenue	66,328,848	84,655,561
Interest income	40,898	154,914
	70,881,918	87,446,370
Cash was applied to:		
Payment to suppliers and employees	(9,123,892)	(8,544,575)
Payments to clubs	(62,624,172)	(77,792,008)
	(71,748,064)	(86,336,583)
Net cash flow from operating activities	(866,146)	1,109,787
Cash flow from investing activities		
Cash was provided from:		
Maturity in term deposits	552,987	1,044,000
Repayment of loans	61,490	871,567
	614,477	1,915,567
Cash was applied to:		
Purchase of property, plant and equipment	(58,325)	(50,380)
Purchase of intangibles	-	(18,767)
Investment in term deposits	(500,000)	(1,596,987)
	(558,325)	(1,666,134)
Net cash flow from investing activities	56,152	249,433
Net (decrease)/increase in cash held	(809,994)	1,359,220
Add opening cash and cash equivalents	8,029,825	6,670,605
Total cash and cash equivalents	7,219,831	8,029,825

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 31 JULY 2020

	31 JULY 2020	31 JULY 2019
	\$	\$
Total surplus/(deficit) for the year	1,132,978	1,088,437
Add non-cash items		
Depreciation	113,602	132,316
Amortisation	74,262	157,121
	187,864	289,437
Less Share in The Races Limited Partnership	(176,736)	(379,678)
Less movement in other working capital items		
Accrued revenue	7,930	29,523
Sundry debtors	87,116	(811,856)
Prepayments	(226,775)	(100,798)
Sundry creditors	(1,968,191)	1,028,756
Fees in advance	89,668	(34,034)
	(2,010,252)	111,591
Net cash flow from operating activities	(866,146)	1,109,787

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

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:

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2020

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 Racing Industry Act 2020 replaced the Racing Act 2003 on 1 August 2020.

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 recent Covid-19 outbreak has been considered as part of the Groups adoption of the going concern basis. Thus far, we have not observed any impact on the Groups’ 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.

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 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
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 <i>Financial Instruments: Recognition and Measurement</i> . PBE IPSAS 41 also supersedes PBE IFRS 9 <i>Financial Instruments</i> .	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 instalment 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 Racing Industry Transition Agency (RITA) and the Codes. It represents the agreed methodology by which the RITA will make distributions to NZTR and the other codes as per section 16 and 25 of the Racing Act 2003.

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 coming into force.

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 2020	31 JULY 2019
	\$	\$
Operational bank account and cash on hand	64,431	64,413
GST Refund account	830,317	940,766
On call accounts	3,268,988	5,080,332
Short-term deposits	500,000	-
Total cash and cash equivalents	4,663,736	6,085,511
Investments – term deposits	500,000	552,987

The net cash asset as at 31 July 2020 was \$2,550,912 (2019: \$3,543,305); 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 2020	31 JULY 2019
	\$	\$
Cash and cash equivalents (including term deposits)	4,663,736	6,085,511
Trade and sundry debtors from exchange transactions	401,657	1,711,725
Trade and sundry debtors from non-exchange transactions	45,079	46,750
Trade and sundry creditors from exchange transactions	(2,467,063)	(4,256,692)
Trade and sundry creditors from non-exchange transactions	(92,497)	(43,989)
Total net cash asset	2,550,912	3,543,305

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.

	31 JULY 2020	31 JULY 2019
	\$	\$
Total cash held for Apprentice Jockey Fund	1,304,873	732,118
Total cash held for General Trust Fund	1,251,222	1,212,196

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 2020	31 JULY 2019
	\$	\$
Trade and sundry debtors		
Trade debtors from exchange transactions	400,295	1,702,126
Interest receivable	1,362	9,599
	401,657	1,711,725
Trade debtors from non-exchange transactions	45,079	38,908
General Trust Fund receivables	-	7,842
	45,079	46,750
Code distribution account (RITA)	1,655,714	439,020
	1,655,714	439,020
Total trade and sundry debtors, and other revenue receivable	2,102,450	2,197,495
Due date profile		
Not past due	1,804,345	1,811,638
Past due 1 - 30 days	121,686	127,211
Past due 31 - 60 days	2,735	119,688
Past due 61	173,684	138,958
Total trade and sundry debtors, and other revenue receivable	2,102,450	2,197,495

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 2020 of \$95,762 (2019: \$37,764). 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 approximates their fair value as at 31 July 2020.

		31 JULY 2020	31 JULY 2019
	INTEREST RATE	\$	\$
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			
Northern Race Day Services Inc.	OCR + 1%	-	64,916
Central Districts Starting Gates Inc.	OCR + 1%	-	37,146
RACE Inc.	OCR + 1%	694,284	703,508
Total non-current loans and advances		694,284	805,570
Total loans		744,080	805,570

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

Northern Race Day Services Inc.	05 March 2021
Central Districts Starting Gates Inc.	30 June 2021
RACE Inc.	01 May 2027

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. The ability for staff to take annual leave was impacted by Covid-19. They are measured at the amounts expected to be paid when the liabilities are settled.

	31 JULY 2020	31 JULY 2019
	\$	\$
Trade and sundry payables		
Trade creditors from exchange transactions	2,467,063	4,256,692
Taxes and transfers payable	92,497	43,989
	2,559,560	4,300,681
Other provisions		
International Apprentice Jockey fee refunds	25,000	15,150
Employee entitlements		
Provision for annual leave	267,251	187,824
Salaries payable	88,539	28,108
Total employee entitlements	355,790	215,932
Total other financial liabilities	2,940,350	4,531,763

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 2019/20, NZTR's revenue was primarily received from the RITA. 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.

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) provided a loan of \$3,000,000 to Racing at Awapuni, Otaki and Trentham Combined Enterprise Incorporated (RACE Inc.) and provided a guarantee to the Bank of New Zealand as additional security for its lending to RACE Inc. to the value of \$8,820,000. In 2014 the NZRB re-advanced a loan of \$3,000,000 to RACE Inc.

RITA loans are secured by mortgages over RACE property. NZTR has provided a back-to-back guarantee to the RITA to cover the amounts guaranteed to the Bank of New Zealand and amounts advanced to RACE Inc. by RITA. 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.

At 31 July 2020 the loan from RITA remained at \$0 (2019: \$0). The loan from Bank of New Zealand remains at \$4,360,420 (2019: \$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 215 individual races for 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.

298 fillies and mares are registered as at 31 July 2020 (2019:400). A receivable due from NZTBA of \$22,333 has been recognised (2019: \$146,358).

3 REVENUE

NZTR is primarily funded through distributions from RITA, 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 2020	31 JULY 2019
	\$	\$
FastTrack Insurance - Sponsorship	75,000	50,000
Horse of the Year Sponsorship	161,421	-
Cox Plate and autumn promotion	17,912	-
Sundry revenue	1,101	32,845
Insurance proceeds	24,500	-
IT - Database Sales	40,694	31,573
PITO Apprentices revenue	9,512	253,026
International Student revenue	6,339	39,246
GTF Consolidation	5,533	56,795
Fines	67,146	73,659
Wage Subsidy / Government grant	280,698	-
Use of Money Interest	-	107,806
Bad debt recovery	-	35,022
Total sundry revenue	689,856	679,972
Infrastructure projects funding recoded	75,000	105,655
Total sundry revenue	764,856	785,627
Sundry revenue from exchange transactions	697,710	711,969
Revenue from non-exchange transactions	67,146	73,659
	764,856	785,627

NZTR applied for the wage subsidy on behalf of 40 staff and the leave support scheme on behalf of two staff. The Covid-19 wage subsidy extension was not applied for.

3.1.4 RITA CODE DISTRIBUTION AND OTHER REVENUE

Revenue is recognised pursuant to Section 16 and 25 of the Racing Act 2003 based upon the base level of code funding received from RITA, 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 RITA in exchange for a distribution from RITA surpluses, accumulated from RITA's wagering, sports betting and gaming activities, as follows;

	31 JULY 2020	31 JULY 2019
	\$	\$
Locked in Base Funding	51,990,184	63,661,283
Export Funding (Actual)	5,891,252	8,302,024
Stakes advance funding	4,524,000	6,500,000
Interest on distribution account	4,054	6,543
Other Funding (FOB & Sport Commission)	109,024	138,567
Surplus funding	1,048,370	1,534,693
Total RITA Code Distribution	63,566,884	80,143,110
RITA Enhancement funds		
Stakes Enhancement Fund	1,279,548	515,000
Infrastructure Fund	274,627	842,724
Youth Enhancement Fund	115,500	111,774
Animal Welfare Fund	-	11,425
Promotion of Racing Fund	131,898	-
Total RITA Enhancement Funds	1,801,573	1,480,923
Total Funding Recognised from RITA	65,368,457	81,624,033

NZTR reached a funding agreement with RITA which included funding export up to a total amount of \$8,328,704 (2019: \$9,328,717). The funding agreement stopped at the end of March 2020 due to Covid-19 restrictions causing racing to cease. At this point NZTR had earned \$5,891,252 of export earnings. The funding agreement was replaced in June by a funding agreement covering the transitional quarter (May – July 2020) where meetings and stakes were funded on a per meeting / per race basis.

The amount of total domestic export turnover recognised by NZTR as illustrated above is the actual export earnings recorded during the financial year (\$5,891,252). The distribution above the locked in based funding is recognised as RITA surplus funding (\$746,370).

Surplus funding

	31 JULY 2020	31 JULY 2019
	\$	\$
RITA Surplus	-	110,000
Export variance	746,370	1,026,693
Broadcast and venue services	302,000	398,000
	1,048,370	1,534,693

Pursuant to Section 25 of the Racing Act 2003, 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

The fund was unveiled in January 2017, with \$4.77 million allocated over three years and centred on infrastructure, youth development and stakes.

NZTR is grateful for the contributions made through the RITA 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 2020	31 JULY 2019
	\$	\$
Heritage Races	125,000	165,000
Special Interest Races	102,500	169,000
Other Racing (Dunstan Stayers, Thames & Wairarapa Cups, Autumn Sprint)	78,051	181,000
	305,551	515,000

Infrastructure Funds were applied to the following programmes:

	31 JULY 2020	31 JULY 2019
	\$	\$
Cambridge Synthetic Track	87,047	407,741
Regional track upgrade programme	112,579	111,072
Trentham Running Rails (FY18 costs)	-	79,241
Central Districts Starting Gates	-	108,471
Track Moisture Meters	-	85,208
Underground Services (mapping of plumbing and electrical)	-	50,991
Total RITA contribution to Infrastructure projects	199,626	842,724

Industry Training and Education:

During the year a total of \$115,500 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 (2019: \$111,774).

RITA supports "ICC" 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.

The total support for 31 July 2020 was \$0 (2019: \$86,400).

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 2020	31 JULY 2019
	\$	\$
The expenses included in club payments		
Prize money	43,274,714	56,558,523
Funding model	13,448,826	17,425,840
	56,723,540	73,984,363

The prize money variance between seasons is representative of ceasing racing from 26 March to 20 June 2020 due to Covid-19 restrictions. 84 meetings covering 614 races were cancelled during this time. Four meetings had previously been abandoned in the earlier part of the season.

4.2 OTHER CLUB AND INDUSTRY SUPPORT PAYMENTS

	31 JULY 2020	31 JULY 2019
	\$	\$
The expenses included in other club payments		
St John Ambulance	262,619	319,085
Track & surface maintenance programme	441,351	249,389
Industry grants	273,945	260,509
Medical advisor	16,752	20,590
Animal welfare	65,413	42,172
Club liability insurance	99,271	111,069
Abandoned meeting costs	24,948	117,953
Rider concussion testing and helmets	37,027	69,893
RITA broadcast and venue services	2,929,608	3,633,312
Sectional timing	321	23,859
Raceday services travel	4,433	-
Other funding	3,823	17,404
Total other club and industry support payments	4,159,511	4,865,235

The major variance between seasons is the cessation of racing from 26 March to 20 June 2020 due to Covid-19 restrictions. The recognised value in the NZTR financial reports is the subsidised value of the total cost to the wider industry. Clubs have contributed a further \$3.23m (2019: \$3.45m).

4.3 INDUSTRY TRAINING AND DEVELOPMENT

	31 JULY 2020	31 JULY 2019
	\$	\$
The expenses included in industry training and development are:		
Apprentice awards	5,332	6,732
Motor vehicles	24,488	31,405
NZEET administration	15,505	19,736
Promotion and marketing	139	3,885
Property	2,018	3,172
Stationery, print and consumables	14,554	10,166
Travel, accommodation and meals	37,341	62,487
Total industry training and development payments	99,377	137,583
Add costs reallocated from salaries and other staff costs		
Tutors, advisors and wellbeing providers	239,470	270,902
	338,847	408,485

During the year NZTR provided training to 128 students enrolled in NZQA equine qualifications. 47 industry participants completed qualifications at level 2, 3, and 4 over the year. These included apprentice jockeys, stablehand trainees and breeders programme trainees. (2019: 108).

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

4.4 PROPERTY AND CENTRAL OVERHEADS

	31 JULY 2020	31 JULY 2019
	\$	\$
The expenses included in property and central overheads are:		
ACC Levy	10,165	20,878
Bank fees	38,511	39,746
Insurance	81,838	63,234
Equipment leases	7,915	10,833
Printing and postage	75,162	56,397
Rent and property expenses	160,767	160,441
Depreciation	35,768	28,361
Telephone	38,768	48,554
General expenses	89,524	102,158
Total property and central overheads	538,418	530,602
NZTR staff training and development recorded under industry training	20,692	19,639
Total property and central overheads	559,110	550,241

Industry training and development costs reported in note 4.3, 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).

As a result of 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 2020	31 JULY 2019
	\$	\$
Information Technology infrastructure and network costs:		
Amortisation	74,262	157,121
Depreciation	39,331	51,863
Maintenance and network development cost	587,837	495,072
Total information technology	701,430	704,056

NZTR's racing administration system will be upgraded in 2020/21. NZTR explored alternative racing administration systems in 2018/19 resulting in reduced development activity during this time.

4.6 SPECIAL PROJECTS

	31 JULY 2020	31 JULY 2019
	\$	\$
The expenses included in special projects are:		
Racing administration system	884,756	3,612
NZTR website reskin (codeware and contracted resource)	67,401	158,699
Total of categories reported in prior year statements	952,157	162,311
Cambridge synthetic track	157,711	414,480
Infrastructure projects		
Starting Gates	-	162,334
Club moisture meters and going sticks	-	133,506
Location of underground services	-	84,228
Track maintenance programme	40,599	143,347
Total special projects	1,150,467	1,100,206

Additional funding received from RITA and other sources to support the costs of most special project activities are reported under 3.1.3 sundry revenue and 3.1.4 RITA 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 continues through 2020/21. Further information on this project can be found in the Chief Executive's report.

4.7 OTHER DEPARTMENT COSTS

	31 JULY 2020	31 JULY 2019
	\$	\$
The expenses included in other department costs are:		
DNA typing and microchipping	197,880	227,905
Travel including motor vehicle expenses	108,156	120,290
Mobile telephones	-	5,773
Freephone number	-	4,356
Accommodation	34,159	32,371
Subscriptions	37,021	29,646
Conferences and committees	29,722	65,786
Stud book	-	6,869
Depreciation	37,343	38,923
General expenses	56,681	2,237
Total other department costs	500,962	534,156

4.8 SUNDRY COSTS

	31 JULY 2020	31 JULY 2019
	\$	\$
The expenses included in sundry costs are:		
Board and Member's Council expenses	90,357	78,490
Board fees	218,700	171,037
Diligent board books	12,466	14,305
Legal fees	11,072	72,360
Audit fees	36,500	34,000
Bad debts expense	66,173	21,890
Raceday depreciation	1,161	13,170
Annual general meeting and club conference	270	9,945
General expenses (including consolidation of GTF and AJF)	80,970	139,819
Total sundry costs	517,669	555,016

The variance in Board member fees is mainly attributable to a lower number of members during the 2018/19 season than in 2019/20 season. Reduced spend in legal services also represents a portion of the variance between seasons. The variance in general expenses is an effect of consolidation with the General Trust Fund whose grants paid in the 2018/19 season were greater than those of 2019/20.

Audit fees of \$36,500 have been recognised for the audit by Deloitte Limited of NZTR's annual financial statements (2019: \$34,000). Other services of \$6,375 by Deloitte in relation to taxation services.

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 2020	31 JULY 2019
	\$	\$
Lease on premises		
Up to 1 year	113,050	113,050
1 to 5 years	227,958	341,318
Total minimum lease payments	341,008	454,368

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 2020

	BUILDINGS	OFFICE EQUIPMENT	MOTOR VEHICLES	COMPUTER HARDWARE	RACECOURSE EQUIPMENT	INTANGIBLES	31 JULY 2020 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

PROPERTY, PLANT AND EQUIPMENT

AS AT 31 JULY 2019

	BUILDINGS	OFFICE EQUIPMENT	MOTOR VEHICLES	COMPUTER HARDWARE	RACECOURSE EQUIPMENT	INTANGIBLES	31 JULY 2019 TOTAL
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance at 1 August 2018	45,000	607,467	173,277	924,443	197,428	4,482,649	6,430,265
Additions	-	16,109	36,884	31,349	-	18,767	103,109
Disposals	-	(35,611)	(19,130)	(766,964)	-	(27,902)	(849,607)
Balance at 31 July 2019	45,000	587,965	191,031	188,828	197,428	4,473,514	5,683,767
Accumulated depreciation							
Balance at 1 August 2018	36,000	484,443	117,670	852,319	179,575	4,220,524	5,890,531
Depreciation expense for the year	9,000	19,361	38,923	51,863	13,170	157,121	289,438
Disposals	-	(1,648)	(19,130)	(766,966)	-	(27,901)	(815,645)
Balance at 31 July 2019	45,000	502,156	137,463	137,216	192,745	4,349,744	5,364,324
Net book value							
Balance at 31 July 2019	-	85,809	53,568	51,612	4,683	123,767	319,443

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 RITA.

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, Finance and Business Services (to April 2020)
- General Manager, Customer
- General Manager, Welfare and Sustainability
- General Manager, Racing and Infrastructure

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 2020, the NZTR Board comprised six members (2019: five members).

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

	31 JULY 2020	31 JULY 2019
	\$	\$
Board members' fees	218,700	171,037
Salaries and other short-term employee benefits	1,053,069	983,726
Total Board members and key management personnel	1,271,769	1,154,763

The Board elected to allocate board members fees earned from 26 March to 30 June 2020 to an NZTR future fund. The amount allocated was \$41,368.

8.3 RACING INTEGRITY UNIT

NZTR owns 25% of the Racing Integrity Unit (RIU) and, therefore has the ability to appoint a director to its Board. The RIU has been set up where each code will fund their share of the RIU's operating expenses on a cost recovery basis. This means the RIU has been set up as an independent vehicle that is funded via the codes with no intention to generate any profit. Therefore, in line with PBE IPSAS 7: Investment in Associates, all initial start-up funding provided by NZTR to RIU was expensed and all ongoing costs are funded from the code distribution from RITA. This is on a basis that any equity accounting would not be material as there is no investment value to capitalise, nor any share of any profits.

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 RACING INDUSTRY TRANSITION AGENCY (RITA)

RITA is a continuation of The New Zealand Racing Board established under the Racing Act (2003). RITA was replaced by TAB NZ on 1 August 2020. Its primary purpose is to promote and enhance the racing industry, run a profitable betting business and generate long-term profits for the benefit of, and distribution to, the racing industry. RITA charges NZTR with associated industry operating costs such as IT, shared property costs, broadcast services and venue services. RITA calculates interest on the distribution account on a monthly basis, which is either payable to or receivable by NZTR.

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 was known as RITA up to 31 July 2020. Acquisition and operational activity under TRLP commenced 1 August 2017. TRLP will continue to deliver services to racing clubs to support the marketing and management of events on course for the improvement of customer experience during 2020/21. Funding for the activities of TRLP was secured through a three-year agreement with the RITA, partial cost recovery from racing clubs, and application of gaming funds as appropriate to the gaming fund policy. The funding agreement included a loan which was repaid in July 2020. TRLP was restructured after funding from RITA ceased as a result of Covid-19.

The surplus for the year ended 31 July 2020 is \$353,472 (2019: \$759,357). TRLP continues to operate within its economic capacity to service clubs. The share of the surplus due to NZTR as at 31 July 2020 was \$176,736. This represents NZTR's 50% share of the equity value held in TRLP.

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. The increase in annual leave entitlements is due to Covid-19 limiting staff options for leave.

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.

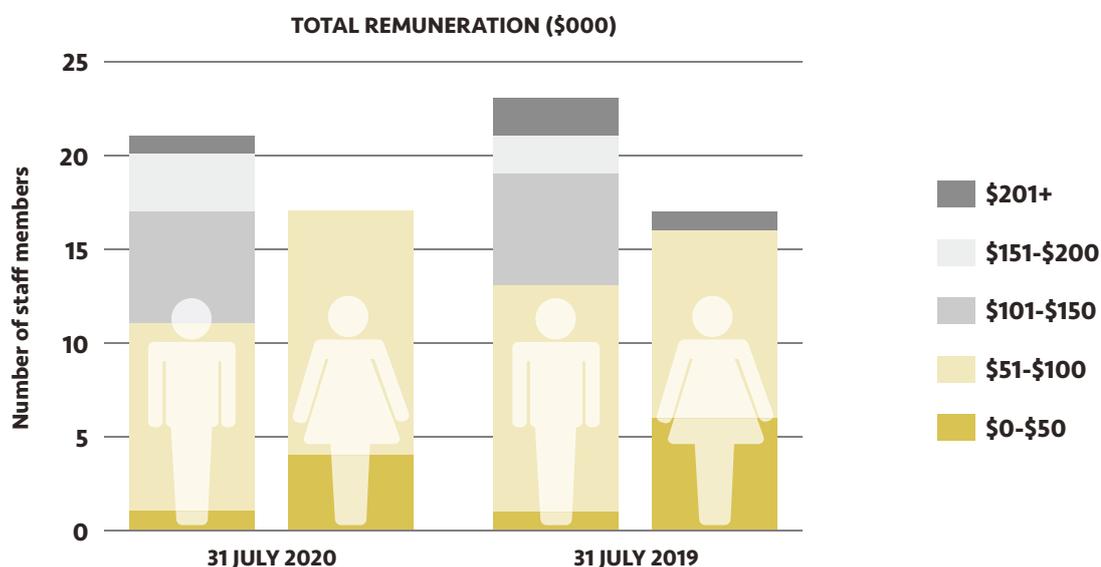
	31 JULY 2020	31 JULY 2019
	\$	\$
Annual leave	267,251	187,824
Accrued remuneration and entitlements	88,539	28,109
Total employee entitlements	355,790	215,933

As at balance date there were 38 permanent or fixed term staff members employed by NZTR (2019: 40).

There were three employees engaged on fixed term contracts due to expire during the 2020/21 season.

As at 31 July 2020 there were no unfilled positions (2019: 1).

	31 JULY 2020			31 JULY 2019		
	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE
Petone head office	30	17	13	31	17	14
Cambridge satellite office	5	2	3	4	2	2
In field	3	2	1	5	4	1
	38	21	17	40	23	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.

There are no contingent liabilities. (2019: \$0)

11.1 INFRASTRUCTURE RESERVE CONTRACTUAL AGREEMENTS

There no outstanding contractual agreements. (2019: \$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, RITA 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 2020 the balances of the loan to RACE from the BNZ is \$4,360,000 (2019: \$4,360,420). The loan from RITA is \$0 (2019: \$0). NZTR had provided a back-to-back guarantee to the RITA to cover the amounts guaranteed to the Bank of New Zealand and amounts loaned by the RITA. This guarantee was transferred to TAB NZ on 1 August 2020.

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) involves 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 will be 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.

Cambridge is the largest thoroughbred training centre in the Southern hemisphere. It is, however, at peak capacity. In addition, its tracks are no longer suitable for the amount of training at the venue and its facilities overall are in need of an upgrade for the benefit of track users and the industry as a whole.

NZTR has agreed to work with the Club and the Racing Industry Transition Agency on the project.

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

12 CAPITAL COMMITMENTS

There are no capital commitments that will materially affect the financial statements (2019: Nil)

13 SUBSEQUENT EVENTS

Revenue received from TAB NZ (previously known as RITA) 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 impact revenue forecasts for 2020/21. This has not materialised but remains a risk.

ACKNOWLEDGEMENTS

The Board and Management wish to record their appreciation of the co-operation and assistance they have received during the 2019-20 season from the following people and organisations:

The Rt Honourable Winston Peters, Minister for Racing

The Office of The Minister for Racing

Racing Industry Transition Agency

Harness Racing New Zealand

Greyhound Racing New Zealand

Department of Internal Affairs

NZTR Members' Council

Trustees of the General Trust Fund

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 Jumps Inc.

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 Unit

Staff of TAB NZ and Trackside

International wagering operators

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

Professor Emeritus David J Mellor





NEW ZEALAND
THOROUGHBRED **RACING**



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