

New Zealand Thoroughbred Racing
ANNUAL REPORT 2021-22





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Who We Are

Together shaping a **bright** future for our **people**,
our **horses**

V



DIVERSITY

Embracing differences across our truly diverse set of participants

A



INTEGRITY

Consistently upholding high standards of professionalism, transparency, and ethical behaviour in racing

L



COMMUNITY

Supporting the strength of connection that we have among our people

U



OPPORTUNITY

Enabling success based on merit, skill and experiences

E



LOVE RACING

Passion of the participants, beauty of the horse, and glory of the sport

S



WHANAUNGATANGA

Kinship, connection, and a feeling of belonging developed through shared experience

From the Chair & CEO

Barely two weeks into the 2021-22 racing season and NZTR was working through the implications of another Covid lockdown. By the beginning of September racing, was able to resume, however, periodic regional lockdowns and other inter-regional travel restrictions meant our participants were operating under stressful conditions.

This also impacted our own staff as meetings had to be juggled to fit around the prevailing regulations. The introduction of vaccination passes provided a further hurdle when it came to how our meetings were conducted under the Covid regulations of the time.

We owe a huge vote of thanks to our industry participants, racing clubs, and RIB officials who, despite the uncertainty which Covid once again presented, did their very best to ensure that, where possible, racing was able to continue.

The new season began with sadness as the industry mourned the death of Japanese jockey Taiki Yanagida following a race day fall during the first week of the 2022-23 season.

Financial Result

NZTR recorded a surplus of \$10.70m, slightly exceeding the previous year's result of \$10.57m. Higher funding than budgeted, and lower stakes expenditure compared to budget due to some lost meetings, were the two major contributory factors.

Funding from Racing New Zealand (Racing NZ) to the three codes was determined as part of the inaugural three-year Code Funding Agreement signed in July 2021. NZTR's funding from Racing NZ increased to a total of \$99.6m, up from \$85.2m in FY21. The funding increase was assisted by improved TAB NZ profitability and duty payments being higher than budgeted, including back payments held over from the previous season. Racefields payments increased on budget, with a number of new smaller operators signed with Racing NZ and back payments bolstering this funding stream. Point of Consumption Commission was also received by Racing NZ from the Department of Internal Affairs for the first time, with NZTR receiving just under \$1m.

Enhancement funding of \$1.3m supported overall income received.

NZTR stakes funding increased from \$51.8m in a COVID-19 affected FY21 to \$63.0m in FY22. Due to the loss of some meetings to COVID-19 or weather, and the impact of ongoing restriction on on-course funding streams, club funding was down slightly from \$14.0m in FY21 to \$13.8m in FY22. Compensation payments to owners, trainers and jockeys for abandoned meetings increased from \$96.9k to \$434.5k. NZTR infrastructure expenditure of \$3.1m represented a significant spend on behalf of the industry, directed mainly at the three synthetic track projects and the reconstruction of Te Aroha.

Salaries and other staff costs have increased to 5.1% of Total Revenue. The increase is made up of \$563,953 in Contractors and other one-off costs, \$454,412 for new roles and \$271,332 in re-baselining salaries to the market due to staff turnover.

The Event Services activity (formerly The Races Limited Partnership) was disposed of in May 2022 under an agreement designed to ensure continuity of this service to Clubs while mitigating NZTR's exposure to the service's net running costs, which for 2021/22 were \$479,834.



Stakes Levels

Stakes increases of \$7m for the 2021/2022 Season were announced by NZTR in July 2021 for the period 28 August 2021 to 2 April 2022. These increases included Industry minimum stakes increasing from \$10,000 to \$12,000, Iconic minimums from \$40,000 to \$50,000, Premier minimums (outside Maidens) from \$30,000 to \$40,000 and Feature race increases of between \$2,500 and \$7,500 to minimums between \$15,000 and \$40,000. Group and Listed race minimums were also lifted, with Group 1s increased \$20,000 to \$220,000 and the remainder up \$10,000 – Group 2s to \$110,000, Group 3s to \$80,000 and Listed Races to \$60,000.

As a result of positive funding and trading conditions, nearly all of these increases were extended for the remainder of the season, from 3 April to 31 July, with Feature Opens increasing to \$35,000. Total stakes paid (including club and owner contributions) reached \$65.5m, representing an \$10.6m increase on FY21 in stakes for owners, trainers and riders.

NZTR Board members

The NZTR Members' Council announced two new Board members in March 2022 to fill the vacancies left by the departures of Darryll Park and Bruce Sharrock. The new Board members were Andrew Flexman and Dean Lawrence.

Bruce Sharrock initially moved into the position of NZTR Chief Operating Officer in July 2021, before being appointed CEO to replace the outgoing Bernard Saundry in April 2022. The role of COO was filled by Darin Balcombe, who was appointed in June 2022.

Racing Activity

Once again, it was the training talent of Jamie Richards to the fore, wrapping up the Trainers' Premiership well in advance of his departure to take up an invitation from the Hong Kong Jockey Club to join their training ranks.

While Richards wasn't able to reach the same record-breaking heights of winners trained during his shortened season, there were other highlights, capped by an outstanding \$6,146,137 in stakes.

In November 2021, Richards recorded his 50th Group One victory with The Perfect Pink taking out the New Zealand 1000 Guineas. The Matamata trainer saddled up the first four in the Group One feature, to make the occasion even more memorable.

On top of his efforts on his home tracks, Richards also master-minded the campaign of Brendan and Jo Lindsay's reigning Horse of the Year Probabeel across the Tasman. The mare recorded three wins and a second from six starts in Group company. Success in the Group One Might and Power Stakes, and a narrow defeat to Zaaki in the Group One Underwood Stakes contributed to Probabeel earning the title of Champion Middle Distance Horse for 2022 and going back-to-back as Horse of the Year.

The 2021-22 racing season highlights were able to be celebrated in person, with the Horse of the Year Awards being held in Hamilton after two years of virtual awards.

Probabeel became the 10th horse to win the Horse of the Year title more than once. Sunline took it out four times with Show Gate, Rough Habit, Xcellent, Seachange, Mufhasa, Mongolian Khan, Bonneval, and Melody Belle the other dual winners.

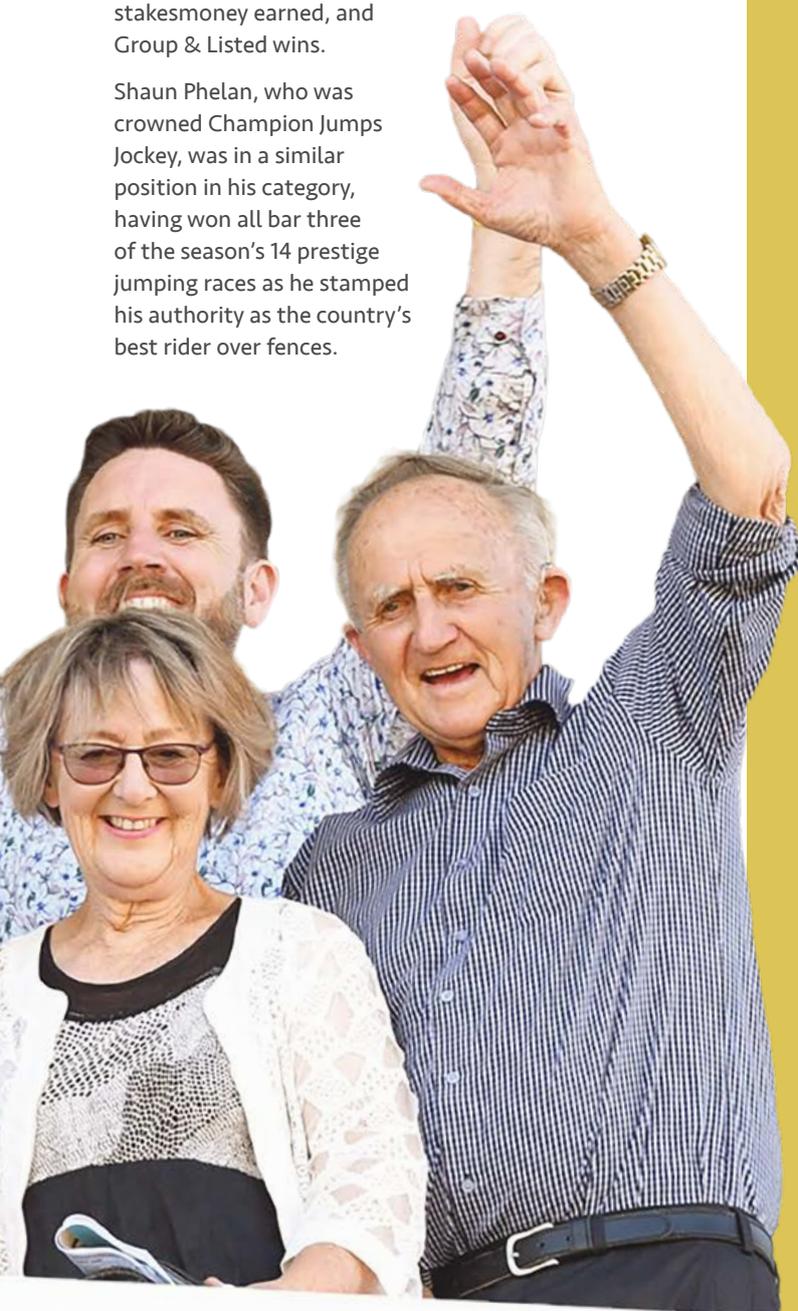


Central Districts trainer Kevin Myers, who has had a long and remarkable career, received the prestigious award for Outstanding Contribution to Racing and Paul O'Sullivan, who followed a stellar New Zealand career with a lengthy training stint in Hong Kong, earned the Outstanding Global Achievement Award.

Premiership winners Michael McNab (Jockeys), Jamie Richards (Trainers), Brendan & Jo Lindsay (Owners), and Joe Kamaruddin (Apprentice Jockeys) were also recognised at the Awards.

In the voted categories, the same trio who took out the Premierships were also the recipients of the Jockey of the Year, Trainer of the Year (sponsored by Dunstan), and Owner of the Year (sponsored by TAB NZ). Such was the dominance of Jamie Richards that he was, once again, the only finalist in the Trainer of the Year category, having topped the number of wins, stakesmoney earned, and Group & Listed wins.

Shaun Phelan, who was crowned Champion Jumps Jockey, was in a similar position in his category, having won all bar three of the season's 14 prestige jumping races as he stamped his authority as the country's best rider over fences.



The full list of winners were:

SENZ NZ Horse of the Year:
Probabeel (30 votes).

Also:

The Cossack (10), **Levante** (9), **Imperatriz** (5), **Coventina Bay** (1), **Pinarello** (1), **Roch 'N' Horse** (1).

NZTR Award for Outstanding Contribution to Racing:
Kevin Myers.

NZTR Award for Outstanding Global Achievement:
Paul O'Sullivan.

Champion Two-Year-Old:
Maven Belle (51 votes).
Other finalists:
Dynastic (3), **Wolverine** (3), **Lickety Split.**

Champion Three-Year-Old:
Imperatriz (48 votes).
Other finalists:
Noverre (3), **Pinarello** (3), **La Crique** (2), **Belle En Rouge** (1), **Asterix**, **Self Obsession**, **Sword Of State**, **The Perfect Pink.**

Champion Sprinter-Miler:
Levante (44).
Other finalists:
Roch 'N' Horse (8), **Entriviere** (3), **Callsign Mav** (1), **Two Illicit** (1), **Mascarpone.**

Champion Middle Distance Horse:
Probabeel (49).
Other finalists:
Coventina Bay (9), **Savy Yong Blonk**, **Tiptronic.**

Champion Stayer:
The Chosen One (33).
Other finalists:
Concert Hall (22), **Uareastar** (3).

Champion Jumper:
The Cossack (54).
Other finalists:
Tallyho Twinkletoe (4), **Argyll**, **No Tip**, **Te Kahu.**

Jockey of the Year:
Michael McNab (52).
Other finalists:
Opie Bosson (5), **Lisa Allpress**, **Craig Grylls.**

Jumps Jockey of the Year:
Shaun Phelan (only finalist).

Trainer of the Year – sponsored by Dunstan:
Jamie Richards (only finalist).

Owner of the Year – sponsored by TAB NZ:
Brendan & Jo Lindsay Partnership (40).
Other finalists:
Trelawney Thoroughbreds (12), **Joan Egan** (2), **Gerry Harvey** (1), **Valachi Downs** (1), **Waikato Stud** (1), **Archer Equine Investments**, **John & Jan Cassin**, **Markwood Lodge**, **Graeme Rogerson.**

LOVERACING.NZ Award for Contribution in Media, Digital & Content:
Aidan Rodley
Other finalists:
Cambridge Stud/Roger Laxon, **Kirsty Lawrence.**

NZ Stablehand of the Year – sponsored by New Zealand Equine Academy:
Nicole Shailer (employed by Mark Walker).
Other finalists:
Caitlin Bills (Kevin Gray), **Melissa Douglas** (Sally McKay).

Jockeys' Premiership:
Michael McNab.

Trainers' Premiership:
Jamie Richards.

Owners' Premiership:
Brendan & Jo Lindsay.

Apprentice Jockeys' Premiership:
Joe Kamaruddin.

Newcomer To Training – sponsored by gavelhouse.com:
Michael House.

NZB Filly of the Year:
Belle En Rouge & Self Obsession.



Innovation Fund

Towards the end of the 2020-21 racing season, NZTR announced a \$500,000 Innovation Fund, from which clubs were encouraged to make application for funding based on initiatives which they believed would improve their race meeting performances.

The first beneficiary of the Innovation Fund was the Otago Racing Club's Southern Mile series, which later gained sponsorship from the region's flagship newspaper, the ODT.

The 10-race series commenced with two heats at Wingatui on Boxing Day 2021 and, after the remaining eight races were held around the South Island, returned to Wingatui for the final on 5 March 2022.

As the name suggested, the races were all held over 1600m and, to be eligible for the final, a horse must have competed in a heat. The series also targeted the largest pool of horses in the region, with entries restricted to R74 and below.

Competitive fields across the series, with starter numbers averaging 12.90 compared with 11.76 across R65 and R74 races in the region the previous season, saw turnover increases.

The ODT Southern Mile qualifying events saw total TAB NZ Turnover of \$2,231,534, an average of \$223,153 per event. This compared favourably with R65 and R74 races the previous season, which averaged \$157,913.

The final attracted a field of 14 and turnover of \$307,756, while the race day itself recorded turnover of \$2.05m, compared with \$1.62m in 2021.

Hong Kong simulcast

The 2022 Vodafone New Zealand Derby was simulcast for betting into Hong Kong for the first time since 2014. The last time the race was taken by Hong Kong, wagering totalled HK\$11.3m. To put this into perspective, that related to around



NZ\$2m at that time, or the equivalent of two local Thursday race meetings.

The decision to take the race was based on NZTR's association with the Asian Racing Federation and the role that NZTR Board member Bruce Sherwin has played in the ongoing development of this relationship.

Not only did the coverage of the race in Hong Kong provide an opportunity to showcase our three-year-olds, it also allowed the New Zealand industry to benefit from wagering by Hong Kong's large and passionate racing market.

The single race attracted massive betting, with total Hong Kong turnover amounting to NZ \$5.5m for the Derby.

Tracks

With Ellerslie and Te Aroha out simultaneously, it was a testing time for tracks in the Northern region. As a result, many tracks have been put under pressure by having an increased workload. We are looking forward to finishing both of these major projects and utilising the venues in the future.

The extremely wet winter across the whole country produced many programming challenges. There were several late changes that were weather-related. NZTR is thankful to those Clubs that put their hand-up at short notice, to help the industry out by holding an unscheduled race meeting.

The Riccarton synthetic was completed during the 2021-22 season, with the first trials meeting held in October and the first raceday held on Thursday 5 May 2022. The Awapuni synthetic was also completed during the season, with its first sets of trials held early in the new season and racing due to commence there in May 2023.

Welfare

NZTR continues to focus on the welfare of our equine participants and, following the introduction of the 1% levy of prizemoney from 1 September, regular updates are now provided around how this Levy is invested in the welfare area.

Two editions of "The 1%" – a newsletter which covers all things welfare, have been distributed to our Owners' database. The newsletter is also available to view online.

A two-page Welfare report, which covers the introduction of the Acknowledged Retainer network and other initiatives, can be found on pages 18 and 19 of this Report.

Training, employment, and licensing

The area of training, employment, and licensing has been a busy one. NZTR has worked closely with the NZ Trainers' Association and the NZ Thoroughbred Breeders' Association to seek more favourable immigration settings for skilled racing and breeding industry staff.

There has also been work undertaken, as the industry navigates the impacts of Government changes in the vocational training sector, primarily with the establishment of Te Pukenga.

Meanwhile, the establishment of the Trackwork Rider Accreditation system saw a structured procedure for prospective trackwork riders to follow prior to being permitted to ride work. This came into effect from 1 February 2022.

Other changes in the licensing area were flagged through an initial consultation in January 2022, which included a number of meetings with trainers and other licence holders. The detail of the eventual changes are now being worked through by NZTR management, in continued consultation with the NZ Trainers' Association and the NZ Jockeys' Association.

Media and Marketing

The LOVERACING.NZ brand continues to be central to the NZTR marketing strategy and supports a wide remit of promotion across our industry. A couple of highlights for the season were the new content series FOR THE LOVE OF RACING



and sharing the importance of welfare, with features which told the stories of some of our horses in their post-racing careers. For more see pages 16 and 17 of this Report.

Technology – Single National System

NZTR continues to work closely with Racing Australia to progress the Single National System (SNS) project.

Racing Australia has re-planned their remaining work, which is tracking towards completion in May 2023. This will enable a potential Go-Live of SNS in October 2023.

SNS training and education will be provided to industry participants prior to Go-Live to ensure everyone understands the changes and how to use the system. There has been ongoing communication with a working group to better understand these requirements ahead of time.

In April, the New Zealand Track Ratings changed to align with those in Australia. This move was in preparation for NZTR's shift to SNS and was implemented at that time due to the significant amount of work needed to update racing data around horses which were currently racing.

The track condition ratings used now align with those in Australia, while the rating numbers remain aligned to the penetrometer reading for that number. The change was widely promoted before being introduced and provides more consistency for punters who bet across both the New Zealand and Australian markets.

Appreciation

NZTR farewelled outgoing CEO Bernard Saundry, with Bruce Sharrock taking up the role in April. Bernard's willingness to ensure there was a handover period of some months was beneficial and appreciated by the Board.

The NZTR staff across the country have once again navigated some interesting times due to lockdowns and the changing landscape which the lingering impact of Covid presented. While our numbers might not be large, those who work for NZTR have a passion for the industry and a desire to see it flourish. Their commitment is clear through their unquestioning dedication to their individual roles.

The position of Minister for Racing was held for the majority of the past season by The Hon Grant Robertson, who demonstrated a great enthusiasm for our industry. We consider ourselves fortunate that when Cabinet roles were reshuffled, Racing found itself with another Minister, in the form of The Hon Kieran McNulty, with a strong interest in and understanding of our industry. We extend our thanks to both gentlemen for their willingness to listen to industry concerns.

Our clubs, the very entities upon which NZTR was created, are also owed a vote of thanks for their willingness to step into the breach when other venues were impacted and unable to host race meetings. We also note the progress clubs are making when it comes to developing a regional approach to thoroughbred racing with Auckland Thoroughbred Racing (ATR) leading the charge. Thank you to all our clubs, their staff, and committees, and to all the other industry bodies who allow racing to be undertaken.

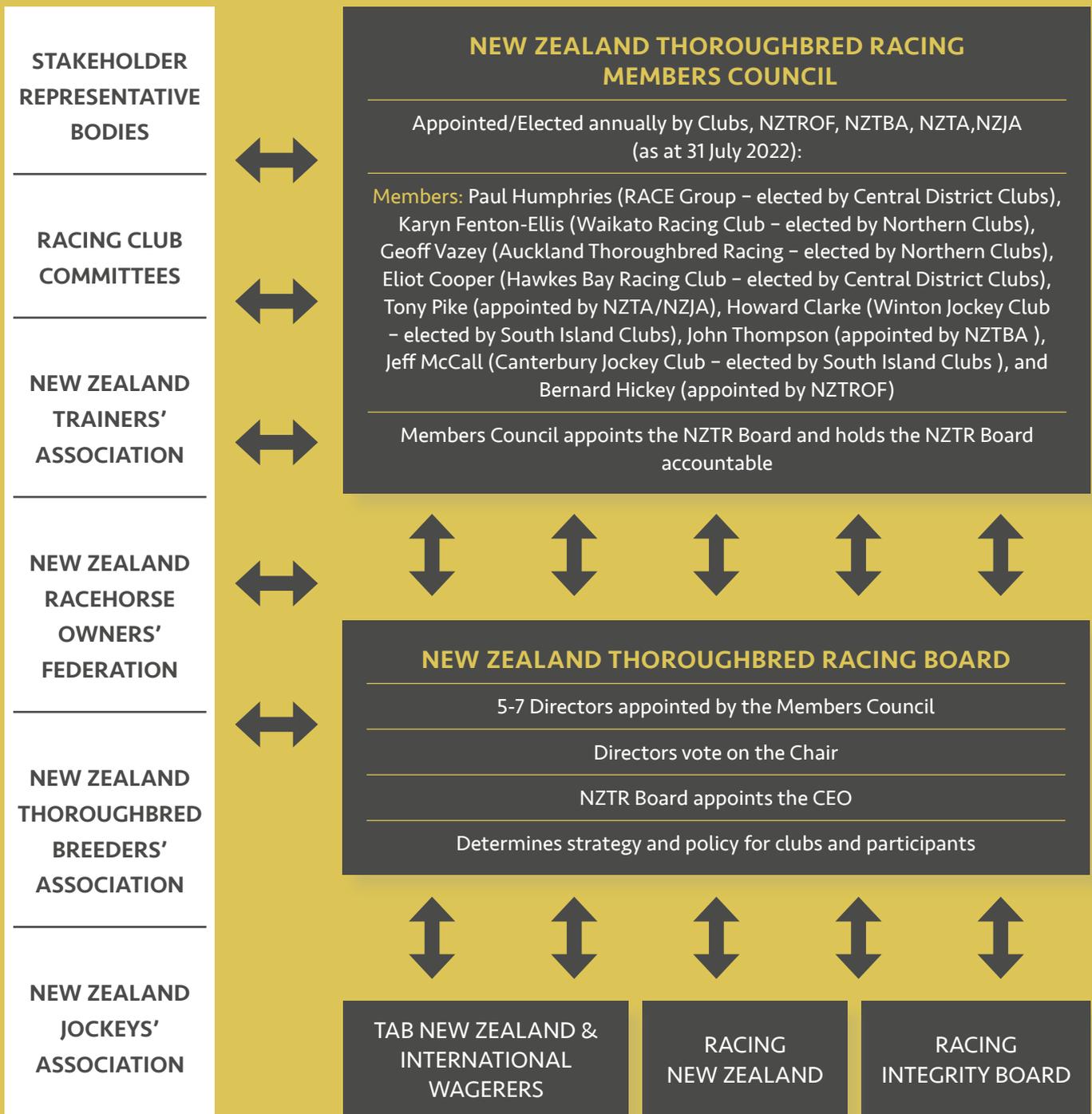
Finally, our thanks go out to every industry participant, be they owner, trainer, breeder, jockey, trackwork rider, stablehand, or punter for the part they have played throughout the past season.

Cameron George

Bruce Sharrock

Industry Structure

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



New Zealand Thoroughbred Horse



of the Year Awards

NEW ZEALAND THOROUGHBRED HORSE OF THE YEAR AWARDS

NZTR AWARD FOR OUTSTANDING CONTRIBUTION TO RACING





Bruce Sherwin

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

Mike Clarke

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

Cameron George – Chairman

Cameron George joined the Board in May 2019, following his appointment by the NZTR Members' Council. Cameron is an experienced Racing & Sports Administrator having previously served as NZTR's Chief Stipendiary Steward and the Chief Executive of the Auckland Racing Club. He is the current Chief Executive of the Vodafone Warriors. Cameron replaced board member Rodger Finlay, who retired following the NZTR Annual General Meeting in December 2018.



Dean Lawrence

Dean is currently a consultant to the International Monetary Fund. Prior to that he held various roles with the Inland Revenue Department. A former president of the Otago Racing Club and GallopSouth Board member, Lawrence combines international experience with a depth of racing administration experience and knowledge while also including longstanding thoroughbred ownership and breeding interests.

Andrew Flexman

Andrew is currently an investment advisor with Forsyth Barr, Cambridge. A former lawyer, sports administrator and current thoroughbred owner, Flexman has previously been the Chief Executive of the Chiefs Rugby Club and has a wealth of experience in fan engagement, sports management, and entertainment.

Andrew Fairgray

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

Jason Fleming

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



Governance

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

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

The Board met 13 times in 2021-22, excluding several sessions on strategy, teleconferences and circular resolutions, and teleconferences of the Board during COVID-19 response periods.

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

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

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

The Members' Council as at 31 July 2022, comprised: Chair Paul Humphries (Central Region), Geoff Vazey (Northern), Nigel Tiley (Trainers & Jockeys), Eliot Cooper (Central), John Thompson (Breeders), Jeff McCall (Southern), Howard Clarke (Southern), Karyn Fenton-Ellis (Northern), and Bernard Hickey (Owners).

NZTR Statutory Role

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

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

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

Small Clubs

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

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

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



LOVERACING.NZ

YOUR HOME OF THOROUGHBRED RACING

PURPOSE

CHAMPION & CELEBRATE
The Sport of
THOROUGHBRED RACING

MISSION

To increase interest and involvement in our sport, champion our heroes, celebrate our athletes, improve perception, inform and entertain our audience.

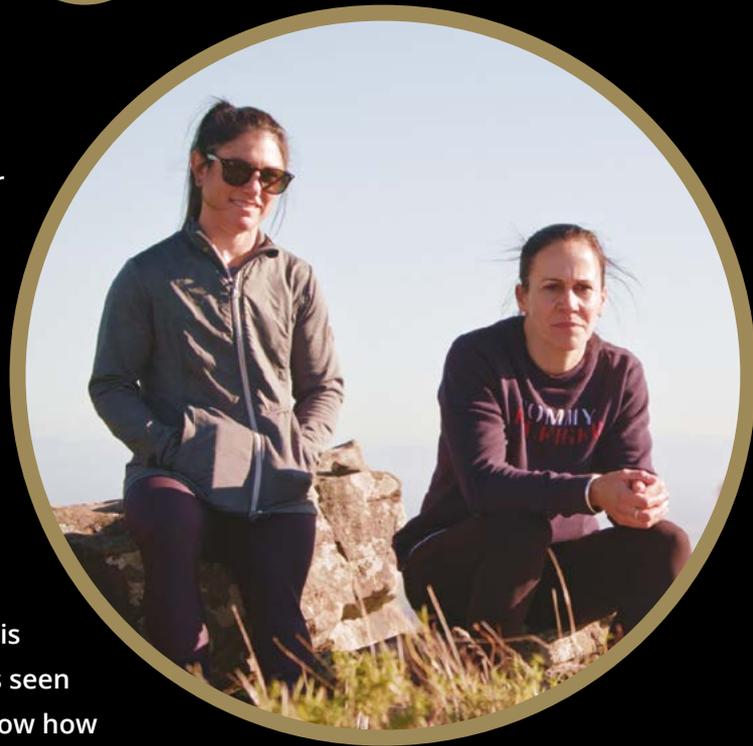


FOR THE LOVE OF RACING

A new series in 2022 focused on the role of **LOVERACING.NZ** in storytelling about the love of our sport with a wider audience. This saw the introduction of FOR THE LOVE OF RACING.

Hosted by Andre Neill, this docu-series showcased a different side of the Thoroughbred industry that is not often shown – that the people involved are very much everyday people who often have livelihood outside of the industry; and also, the care, the attention and the endless hours that go into looking after our horses.

The purpose of this series was to showcase that there is a lot more to our industry and our people than what is seen on our TV screens, on social media and in print. We know how much our people love the game but to grow interest and participation in racing, we need to share these stories and connect with a different audience.



Season One was made up of six episodes. We selected our first season subjects on the basis that many non-racing participants could resonate with them and their back story. Whether flying with Craig Grylls, being cooked an amazing meal by Ashvin Goindasamy or climbing the Port Hills with Tina Comignaghi and Kylie Williams!

In addition to our own platforms, each episode played on Trackside, and we were able to leverage the platforms through our NZME and SENZ relationships to reach a wider audience.

Episode 1: Ashvin Goindasamy

Episode 2: Justine Sclater and Cam & Eva Heron

Episode 3: Kylie Williams & Tina Comignaghi

Episode 4: The Grylls Family

Episode 5: Kenny Moore

Episode 6: Shaun & Emma Clotworthy

Catch up on demand at **LOVERACING.NZ**

Thoroughbred Welfare

The key milestone for Thoroughbred welfare in the 2021/22 season was the introduction, on 1 September 2021, of the 1% Thoroughbred Welfare Levy on prizemoney. This produces a sizeable and lasting operational budget for NZTR to fund welfare enhancing initiatives.

A key undertaking to our owners, trainers and jockeys is that NZTR will provide regular accountability for the expenditure of this levy, as is provided in detail later in this section. Accountability of the activities that NZTR is undertaking is also provided throughout via 'The 1%' e-newsletters that are sent to all owners, trainers and jockeys, and published on [LOVERACING.NZ](https://www.loveracing.nz).

Like any industry or sport that depends on animals, Thoroughbred racing and the breeding industry depend in the long term on the general public not withholding our 'social licence to operate'. While 'social licence' remains a relatively new concept, it is increasingly understood, and perhaps more easily considered, as maintaining trust and confidence of the public in regarding the legitimacy of our sport and industry.

The 1% Thoroughbred Welfare Levy is substantive evidence that NZTR and our participants embrace the need to take ownership, plan and work proactively to ensure that we anticipate and reduce welfare risks to our horses, and develop programmes that help protect their lifetime welfare.

The 2021-2022 racing season saw growth across all aspects of our Thoroughbred welfare initiatives, but, in particular, in the post-racing sector.

NZTR Acknowledged Retrainers

Whilst the foundations for this scheme were laid in the 2020-2021 season, a most notable area of growth in the Thoroughbred welfare space within the past season has been the establishment of the Acknowledged Retrainers Network.

Throughout the year, the network has grown to include fourteen NZTR Acknowledged Retrainers. These Retrainers are located from Riverton to Cambridge and, collectively, rehomed 286 NZ 'off the track' Thoroughbreds (NZOTTB's) in the 2021-2022 season.

NZTR Acknowledged Retrainers not only carry NZTR's endorsement, they are also provided various direct financial supports, along with education or networking opportunities.

Welfare Assistance

NZTR is committed to providing assistance to Thoroughbreds found in a state of neglect, through agreements with the SPCA, MPI, and select equine rescue groups. In the 2021-2022 racing season, this scheme provided assistance to 31 Thoroughbreds throughout New Zealand. The aim is that, over time, with good

decisions and expertise for rehoming, and with education for owners of retired Thoroughbreds fewer Thoroughbreds will require NZTR assistance, enabling NZTR to redirect some of this expenditure to our other Thoroughbred welfare initiatives

NZ Horse Ambulance Trust

NZTR also utilise the 1% levy to ensure that there is a horse ambulance on-course at every Thoroughbred trial and race meeting. In the 2021-22 season, horse ambulances attended 293 Thoroughbred race and trial meetings and were deployed in 32 incidents involving Thoroughbreds. The horse ambulance continues to play an important role, not only in ensuring an injured horse can be safely transported to receive medical treatment, but also in demonstrating the care and compassion felt towards Thoroughbreds in the industry.

The NZ Horse Ambulance Trust is well established. Alice Riggins has been appointed as NZTR's representative Trustee, replacing Martin Burns, who stepped down in June 2022 from his role as Trustee Chairman, a position he held since the Trust's formation in 2016.

Post-Racing NZOTTB Sponsorship

Another highlight of the 2021-2022 season has been the ongoing expansion of NZTR's various post-racing sponsorship avenues which incentivise and highlight the participation of



NZ 'off the track' Thoroughbreds in numerous equestrian disciplines, celebrating their achievement in everything from National Series for eventing, showjumping, show hunter, showing and polo along with various local events.

Expenditure of the 1% Thoroughbred Welfare Levy

The table below details the 2021/22 season expenditure of the levy versus forecast expenditure: As detailed, a \$327,925 unspent levy will be carried forward in reserve, solely dedicated to supporting NZTR's Thoroughbred welfare strategy and future initiatives. There are three contributing factors:

- (1) \$48,926 additional levy collected. The forecast of \$587,00 was prepared prior to stakes increases announced during the 2021/22 season;
- (2) \$189,857 under expenditure. In aggregate, not all of the levy collected has been spent as budgeted. The likelihood of this underspend was signaled in communication through the season, with reasoning that NZTR intended developing initiatives that are beneficial and affordable in the long term, rather than being time-bound to spend on initiatives which might not be sustainable or effective; and

- (3) A one-off NZTR start-up welfare contribution of \$89,142 was provided. \$29,324 of NZTR expenditure not funded by the 1% Levy was offset against this, meaning that the carry-forward for future Thoroughbred welfare initiatives was boosted by \$59,818 from \$268,106 to \$327,925.

Through the careful application of this reserve and the ongoing levy collection, we look forward to continuing to expand our funded Thoroughbred welfare provisions and thereby improve the welfare of the Thoroughbreds who are so very integral to our industry, as well as seeing them go on to continue to have a good life through their success in many varied second careers.

With this in mind, in the latter months of the season, NZTR commenced consideration of a strategy and workplan for Thoroughbred welfare initiatives. NZTR recognises that, when considering animal welfare, there is great value in open minds and broad perspectives. Key guidance to NZTR was obtained the 2022 NZTR Thoroughbred Welfare Forum, which was well attended by industry stakeholders, Government representatives and leading animal welfare organisations. Feedback and viewpoints have been influential in the formation and prioritisation of NZTR's Thoroughbred Strategy for the period to July 2024, separately published prior to the 2022 NZTR AGM.



	Actual	Indicated Forecast
1% Thoroughbred Welfare Levy <i>(period of 11 months from 1 September 2021)</i>	\$635,926	\$587,000
NZTR Start Up Contribution	\$89,142	-
Total Revenue	\$725,068	-
Less Thoroughbred Welfare expenditure		
Acknowledged Retainers	\$39,478	\$193,000
NZTR Contribution to NZ Horse Ambulance Operating Costs	\$157,491	\$114,000
Post Racing Sponsorship – showcasing Thoroughbred versatility	\$57,269	\$85,000
Communications	\$2,455	\$75,000
SPCA/ MPI/ Rescue Groups	\$89,484	\$50,000
Equine Research	21,369	\$30,000
Traceability	\$274	\$30,000
Welfare monitoring and compliance	-	\$10,000
Other costs	\$29,324	-
Less – Total Expenditure of 1% Thoroughbred Welfare Levy	\$397,144	\$587,000
Unspent Levy Carried Forward	\$327,925	-





NZTR Committees 2021-22

These Committees and Trusts had the following membership for the year ended 31 July 2022.

The Audit and Risk Sub-Committee

The Audit and Risk Sub-Committee comprises three people appointed by the NZTR Board. All Directors may attend meetings of the Committee. The Committee met 13 times during the 2021-22 season and now incorporates the Appointments and Remuneration Sub-Committee.

Chair	Members	Secretary
Mike Clarke	Jason Fleming Andrew Flexman	Amy Trigg

The Racing and Integrity Committee

The Racing and Integrity Committee Comprises three people appointed by the NZTR Board. All Directors may attend meetings of the Committee. The Committee met three times during the 2021-22 season.

Chair	Members	Secretary
Mark Freeman	Cameron George Bruce Sherwin Dean Lawrence	Colin Hall

Training and Welfare Committee

Chair	Members	Secretary
Andrew Fairgray	Mike Clarke Mark Worsop	Amy Trigg

General Trust Fund*

Chair	Trustees	Secretary
John Rattray	Jason Fleming Cameron George	Martin Burns

Apprentice Jockeys' Fund*

Trustees	Secretary
Cameron George Bruce Sharrock	Tracy Tutty

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

Industry Statistics

Thoroughbred Clubs	Mtgs	Races	Starts	Total off-course turnover	Total on-course turnover	Total NZ turnover	Tabcorp 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	8	76	848	8,306,491	43,013	8,349,504	6,485,996	1,443,910	7,650	1,436,260	1,688,650	85.05%
Auckland TR	17	158	1,705	56,719,726	1,548,960	58,268,686	28,469,109	10,553,110	1,113,286	9,439,824	8,837,181	106.82%
Avondale JC	5	42	478	6,559,296	162,916	6,722,212	3,849,066	762,315	0	762,315	929,838	81.98%
Banks Peninsula RC	1	10	104	1,765,215	23,417	1,788,632	1,020,724	268,400	0	268,400	314,900	85.23%
Beaumont RC	1	7	73	652,161	54,617	706,778	596,133	94,540	0	94,540	138,272	68.37%
Cambridge JC	14	112	1,129	12,724,652	155,549	12,880,201	8,749,201	1,696,960	20,100	1,676,860	2,131,237	78.68%
Canterbury JC	26	236	2,759	45,158,639	1,277,521	46,436,160	26,286,155	7,604,270	629,618	6,974,652	8,525,569	81.81%
Central Otago RC	1	8	95	1,069,714	16,868	1,086,582	921,790	108,520	0	108,520	150,020	72.34%
Dargaville RC	0	0	-	0	0	0	0	0	0	0	0	0.00%
Egmont RC	5	37	409	4,889,315	70,291	4,959,606	3,130,554	631,670	11,400	620,270	779,170	79.61%
Feilding JC	3	24	265	3,801,746	141,568	3,943,314	2,003,471	505,720	8,750	496,970	614,233	80.91%
Foxton RC	0	0	-	0	0	0	0	0	0	0	5,000	0.00%
Gore RC	3	27	292	3,190,536	35,877	3,226,413	2,492,294	527,960	9,200	518,760	624,960	83.01%
Greymouth JC	1	9	78	1,037,762	92,631	1,130,393	455,035	133,310	0	133,310	172,534	77.27%
Hawke's Bay RI	13	111	1,168	22,351,268	1,044,187	23,395,455	11,657,073	3,948,020	249,811	3,698,209	4,752,106	77.82%
Kumara RC	1	10	97	1,883,249	259,071	2,142,320	894,697	139,500	0	139,500	222,205	62.78%
Kurow JC	1	9	83	1,033,518	114,940	1,148,457	688,167	118,435	0	118,435	166,779	71.01%
Levin RC	2	18	179	2,317,977	46,410	2,364,387	1,570,535	432,150	16,075	416,075	522,812	79.58%
Manawatu RC	9	76	793	14,352,863	648,776	15,001,639	8,103,909	2,715,155	120,804	2,594,351	3,238,169	80.12%
Marlborough RC	0	0	-	0	0	0	0	0	0	0	10,000	0.00%
Marton JC	3	24	227	4,540,980	127,317	4,668,297	2,459,507	661,010	17,400	643,610	782,018	82.30%
Masterton RC	0	0	-	0	0	0	0	0	0	0	0	0.00%
Matamata RC	13	111	1,221	14,942,660	264,789	15,207,448	10,402,922	2,445,745	52,779	2,392,966	2,815,610	84.99%
Oamaru JC	2	17	169	1,894,214	38,595	1,932,808	1,527,851	342,370	0	342,370	410,370	83.43%
Otago RC	11	95	1,025	14,264,083	367,987	14,632,070	8,911,173	2,223,620	42,300	2,181,320	2,640,601	82.61%
Otaki-Maori RC	10	84	852	10,834,082	262,665	11,096,748	8,366,888	1,323,310	26,950	1,296,360	1,669,936	77.63%
Pakuranga HC	1	9	88	955,605	0	955,605	548,091	281,400	9,325	272,075	329,400	82.60%
Poverty Bay TFC	0	0	-	0	0	0	0	0	0	0	10,000	0.00%
Rangitikei RC	2	17	168	3,052,311	89,049	3,141,360	1,805,785	555,300	6,575	548,725	630,933	86.97%
Reefton JC	1	8	69	1,093,591	85,060	1,178,651	592,529	105,985	0	105,985	151,059	70.16%
Riverton RC	4	30	316	4,026,391	251,251	4,277,643	2,483,511	584,210	8,625	575,585	692,978	83.06%
Rotorua, Racing	11	97	1,017	13,820,921	283,143	14,104,063	9,102,865	1,769,840	35,302	1,734,538	2,169,641	79.95%
Rotorua-BOP HC	0	0	-	0	0	0	0	0	0	0	0	0.00%
South Canterbury RC	3	31	333	3,400,793	57,793	3,458,586	2,074,795	417,000	9,450	407,550	515,753	79.02%
South Waikato RC	1	8	87	1,204,771	10,254	1,215,025	1,142,624	107,875	0	107,875	139,375	77.40%
Southland RC	5	45	502	5,661,120	217,028	5,878,148	4,213,014	909,990	8,825	901,165	1,077,642	83.62%
Stratford RC	0	0	-	0	0	0	0	0	0	0	0	0.00%

Thoroughbred Clubs	Mtgs	Races	Starts	Total off-course turnover	Total on-course turnover	Total NZ turnover	Tabcorp 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	10	103	962,109	40,317	1,002,426	520,019	130,915	0	130,915	172,415	75.93%
Taranaki TRI	11	81	820	13,538,171	516,928	14,055,099	7,875,308	1,443,385	10,525	1,432,860	1,933,580	74.10%
Taumarunui RC	1	11	120	2,561,900	153,531	2,715,431	1,090,572	372,752	7,825	364,927	423,321	86.21%
Taupo, Racing	4	32	312	4,225,726	68,906	4,294,631	2,545,770	438,760	0	438,760	519,971	84.38%
Tauranga, Racing	12	98	946	16,082,610	539,754	16,622,364	9,799,732	2,235,470	34,016	2,201,454	2,783,790	79.08%
Te Aroha, Racing	7	63	651	6,431,431	32,799	6,464,229	4,206,044	1,531,990	26,100	1,505,890	1,712,390	87.94%
Thames, Racing	1	10	116	1,927,371	109,144	2,036,515	1,090,728	135,280	0	135,280	217,082	62.32%
Waikato RC	18	163	1,836	32,739,027	797,962	33,536,989	16,765,442	6,580,654	322,042	6,258,612	7,258,006	86.23%
Waikouaiti RC	1	10	119	1,804,027	92,793	1,896,820	1,216,661	284,100	0	284,100	339,159	83.77%
Waimate RC	1	9	100	937,295	16,052	953,347	465,489	120,040	0	120,040	149,040	80.54%
Waipa RC	0	0	-	0	0	0	0	0	0	0	10,000	0.00%
Waipukurau JC	1	7	52	796,570	53,315	831,886	488,818	87,560	0	87,560	134,060	65.31%
Wairarapa RC	2	15	110	1,494,501	314,561	1,809,062	969,115	170,160	0	170,160	297,018	57.29%
Wairio JC	1	8	83	944,211	34,110	978,320	704,653	128,200	0	128,200	147,100	87.15%
Wairoa RC	1	9	62	946,088	26,142	972,230	518,498	118,230	0	118,230	160,855	73.50%
Wanganui JC	9	75	774	10,369,180	273,373	10,642,553	6,990,068	1,645,945	35,750	1,610,195	1,978,851	81.37%
Waverley RC	3	25	248	2,582,459	31,184	2,613,643	1,669,700	307,930	0	307,930	402,430	76.52%
Wellington RC	10	78	818	20,398,105	923,178	21,321,283	9,951,175	4,347,476	519,941	3,827,535	4,910,143	77.95%
Westland RC	0	0	-	0	0	0	0	0	0	0	7,500	0.00%
Whakatane RC	0	0	-	0	0	0	0	0	0	0	0	0.00%
Whangarei RC	7	59	603	10,341,727	323,119	10,664,846	6,353,326	1,406,119	0	1,406,119	1,678,310	83.78%
Winton JC	1	6	70	660,682	0	660,682	502,334	84,145	0	84,145	123,145	68.33%
Woodville-Pahiatua RC	4	33	328	3,775,505	82,264	3,857,769	1,964,528	381,660	0	381,660	492,867	77.44%
Wyndham RC	1	8	74	655,178	7,486	662,663	527,665	109,225	0	109,225	145,725	74.95%
Grand Total	275	2,356	24,974	401,679,520	12,210,461	413,889,981	237,221,112	65,471,596	3,360,424	62,111,172	73,855,708	84.10%

Notes

- Total off-course and on-course turnovers do not include Pick 6 or Turbo Quaddies.
- Export Turnover (\$NZD) is turnover on NZ Thoroughbred Racing through the Australian TABs. Note that Australian Corporate Bookmaker turnover is not included in this amount.
- Club Noms, Accepts & other charges/payments to Owners is the net amount of all direct club nomination and acceptance charges for Group, Listed and Prestige Jumps races, minus credits paid to owners for the same races.
- Total Club, Meeting & Stakes Funding is all NZTR funding paid to clubs, including minimum stakes, Group and Listed, special interest, iconic, heritage, country cup and other race funding, meeting type, venue category, racing compliance, governance/audit, event tier funding, iconic marketing and jumping support, on-course payments and any other meeting funding. Charges to clubs for NZTR race meeting services and NZRB race meeting broadcast costs are no longer passed on to clubs. 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.

Auditor's Report



Independent Auditor's Report

To the Members of New Zealand Thoroughbred Racing Incorporated

Opinion

We have audited the consolidated financial statements of New Zealand Thoroughbred Racing Incorporated ('NZTR') and its subsidiaries ('the group'), which comprise the consolidated statement of financial position as at 31 July 2022, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 26 to 48, present fairly, in all material respects, the consolidated financial position of the group as at 31 July 2022, and its consolidated financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards.

Basis for opinion

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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for the group in the area of taxation advice and vote scrutineering. These services have not impaired our independence as auditor of the group. In addition to this, partners and employees of our firm deal with NZTR 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.

Other information

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.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information 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.

Director's responsibilities for the consolidated financial statements

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 determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditor's responsibilities for the audit of the consolidated financial statements

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.

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>

This description forms part of our auditor's report.

Restriction on use

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.

Deloitte Limited

Wellington, New Zealand

26 October 2022

Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 31 JULY 2022

	Notes	Actual 31 July 2022 \$	Actual 31 July 2021 \$
Revenue			
Racing NZ	3.1.4	99,599,530	85,220,496
Race day fees		700,691	826,660
Race programmes and other publications	3.1.1	77,191	75,183
Stud book	3.1.1	1,458,325	1,545,187
Licence fees	3.1.1	267,887	310,496
Registrations	3.1.1	522,158	654,555
Interest	3.1.2	154,628	65,049
Sundry revenue	3.1.3	1,918,774	438,187
Funding from other sources for infrastructure projects		1,691,001	-
Total revenue		106,390,185	89,135,812
Less expenses			
Club payments (subsidies and prizemoney)	4.1	76,835,572	65,778,718
Other club and industry support payments	4.2	2,593,739	1,901,856
Race programmes and other publications		41,298	51,609
Ownership, media and communications	4.3	1,433,539	996,309
Industry training and development		495,467	504,216
Property and central overheads		795,087	568,904
IT infrastructure and network costs		791,603	843,155
Special projects	4.5	2,700,533	2,613,197
Salaries and other staff costs		5,414,321	4,124,624
Infrastructure expenditure	4.7	3,108,356	-
Other department costs		533,881	399,016
Sundry costs	4.6	629,785	511,330
Total expenses		95,373,182	78,292,934
Other expenses			
Share of losses in The Races Limited Partnership	8.4.5	-	(272,065)
Loss on disposal of The Races Limited Partnership	8.4.5	(320,005)	-
Total surplus attributable to NZTR		10,696,998	10,570,813
Total comprehensive revenue and expense		10,696,998	10,570,813

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2022

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

		Accumulated surplus	Infrastructure reserve	Welfare reserve	Sustainable reserve	Total accumulated reserves
	Note	\$	\$	\$	\$	\$
Accumulated reserves as at 1 August 2021		13,577,005	4,300,000	-	-	17,877,005
NZTR Surplus for the year ended 31 July 2022		10,696,998	-	-	-	10,696,998
Transfer to infrastructure reserve from accumulated surplus	12	(5,700,000)	5,700,000	-	-	-
Transfer to sustainable reserve from accumulated surplus	13	(10,000,000)	-	-	10,000,000	-
Transfer to welfare reserve from accumulated surplus	14	(327,925)	-	327,925	-	-
Accumulated reserves as at 31 July 2022		8,246,077	10,000,000	327,925	10,000,000	28,574,002

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2022

	Notes	Actual 31 July 2022 \$	Actual 31 July 2021 \$
Total accumulated reserves attributable to NZTR		28,574,002	17,877,005
Current assets			
Cash and cash equivalents	2.1	10,072,837	13,412,453
Short term deposits	2.1	14,500,000	5,000,000
Trade and sundry debtors from exchange transactions	2.2	1,741,747	998,062
Trade and sundry debtors from non-exchange transactions	2.2	149,119	52,039
Prepayments		362,676	195,556
Short term loans and advances	2.3	166,107	-
Share in The Races Limited Partnership	8.4.5	-	284,349
Code distribution account	2.2	8,490,235	3,910,904
Total current assets		35,482,720	23,853,364
Less current liabilities			
Trade and sundry creditors from exchange transactions	2.4	5,023,607	4,621,656
Trade and sundry creditors from non-exchange transactions	2.4	26,633	23,395
Employee entitlements	10.0	321,226	306,368
Fees and subscriptions in advance		835,018	412,737
Funds payable to Apprentice Jockeys	8.4.1	1,333,581	1,386,728
Other provisions	2.4	25,000	25,000
Total current liabilities		7,565,065	6,775,885
Net current assets		27,917,655	17,077,479
Non-current assets			
Property, plant and equipment	6.0	126,009	94,692
Intangibles	7.0	-	1,685
Loans and advances	2.3	530,338	703,149
Total non-current assets		656,347	799,526
Net assets		28,574,002	17,877,005

The Financial Statements of New Zealand Thoroughbred Racing Incorporated have been accepted on behalf of the Board of Directors on 26 October 2022.



Cameron George
Chairman of New Zealand Thoroughbred Racing



Mike Clarke
Audit and Risk Chair

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2022

	Notes	31 July 2022 \$	31 July 2021 \$
Cash flow from operating activities			
Cash was provided from:			
Fees, services and subscriptions from exchange transactions		3,825,852	2,393,407
Receipts from the code distribution and other revenue		97,411,891	83,791,965
Interest income		188,083	69,544
		101,425,826	86,254,915
Cash was applied to:			
Payment to suppliers and employees		(15,558,992)	(9,448,661)
Payments to clubs		(79,552,215)	(66,123,174)
		(95,111,207)	(75,571,835)
Net cash flow from operating activities		6,314,619	10,683,081
Cash flow from investing activities			
Cash was provided from:			
Maturity in term deposits		19,800,000	500,000
Repayment of loans		6,703	174,931
		19,806,703	674,931
Cash was applied to:			
Purchase of property, plant and equipment		(160,937)	(31,391)
Investment in term deposits		(29,300,000)	(5,000,000)
Advance of loans		-	(134,000)
		(29,460,937)	(5,165,390)
Net cash flow used in investing activities		(9,654,234)	(4,490,459)
Net (decrease) / increase in cash held		(3,339,615)	6,192,622
Add opening cash and cash equivalents		13,412,453	7,219,832
Total cash and cash equivalents	2.1	10,072,837	13,412,453

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

CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED
FOR THE YEAR ENDED 31 JULY 2022

	31 July 2022	31 July 2021
	\$	\$
Total surplus for the year	10,696,998	10,570,813
Add non-cash items		
Depreciation	95,543	77,093
Amortisation	1,685	47,824
	97,228	124,917
Less Share of losses The Races Limited Partnership	-	272,065
Less loss on disposal in The Races Limited Partnership	320,005	-
Less movement in other working capital items		
Trade and sundry debtors and code distribution account	(5,420,094)	(2,858,557)
Prepayments	(168,699)	143,123
Trade and sundry creditors	366,899	2,457,555
Fees and subscriptions in advance	422,283	(26,835)
	(4,799,612)	(284,714)
Net cash flow from operating activities	6,314,619	10,683,081

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2022

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

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

Note 1 – Basis for Preparation

Note 2 – Financial Instruments

- 2.1 Cash and cash equivalents
- 2.2 Trade and sundry debtors and code distribution receivable
- 2.3 Club loans and advances
- 2.4 Other financial liabilities
- 2.5 Financial instrument risk
- 2.6 Financial guarantee contracts

Note 3 – Revenue

- 3.1 Revenue from exchange transactions
 - 3.1.1 Registrations, stud book, licensing, race programmes and other publications
 - 3.1.2 Interest
 - 3.1.3 Sundry Revenue
 - 3.1.4 RNZ code distribution and other revenue
 - 3.1.5 Fees and subscriptions in advance

Note 4 – Expenditure

- 4.1 Club payments (subsidies and prizemoney)
- 4.2 Other club and industry support payments
- 4.3 Ownership, media and communications
- 4.4 Depreciation and amortisation
- 4.5 Special projects
- 4.6 Sundry costs
- 4.7 Infrastructure expenditure

Note 5 – Operating Leases

Note 6 – Property, plant and equipment

Note 7 – Intangible assets

Note 8 – Related parties

Note 9 – Insurance and indemnities

Note 10 – Employee remuneration and entitlements

Note 11 – Contingent liabilities

Note 12 – Infrastructure reserve

Note 13 – Sustainable reserve

Note 14 – Welfare reserve

Note 15 – Capital commitments

Note 16 – Subsequent events

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2022

1 BASIS OF PREPARATION

Reporting entity and statutory base

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

The primary objectives of NZTR are to:

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

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

Statement of compliance

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

Basis of preparation

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

The Board and Chief Executive consider NZTR is a going concern, that will continue to operate in the foreseeable future.

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

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

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

These financial statements have been prepared exclusive of GST, with the exception of receivables and payables, which include GST invoiced.

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. PBE FRS 48 will result in additional measurement and disclosure requirements including presentation of a statement of service performance. PBE IPSAS 41 will result in some presentation differences but not expected to result in material differences in measurement.

Standard		Date Effective
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
PBE FRS 48	This new standard requires organisations to provide service performance reporting as part of the suite of general-purpose financial reports. This will provide forward looking information on NZTR's goals and objectives and reflect on the work done in the current reporting period to work towards or achieve goals and objectives.	01 January 2022

Critical accounting estimates and assumptions

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

- 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.

Specific definitions

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

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

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

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

Racing New Zealand (RNZ): is the consultative forum established by Racing Industry Act 2020. It represents the codes in negotiations and interactions with other bodies. TAB provides the code distribution to RNZ. RNZ provides the code distribution to each of the codes.

2 FINANCIAL INSTRUMENTS

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

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 2022	31 July 2021
	\$	\$
Operational bank account and cash on hand	41,000	30,544
GST Refund account	468,022	819,345
On call accounts	3,920,723	5,847,993
Short - term deposits	2,500,000	3,500,000
NZTR cash and cash equivalents	6,929,745	10,197,883
Restricted Funds		
Total cash held for Apprentice Jockey Fund	1,824,179	1,975,317
Total cash held for General Trust Fund	1,318,913	1,239,254
Total cash and cash equivalents	10,072,837	13,412,453
Investments - term deposits	14,500,000	5,000,000

Cash balances held for the Apprentice Jockey Fund and the General Trust Fund are not available for NZTR operational expenditure. They are held for the explicit purposes expressed in the Rules of Racing.

2.2 TRADE AND SUNDRY DEBTORS, AND CODE DISTRIBUTION RECEIVABLE

Trade and sundry debtors and code distribution 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 2022	31 July 2021
	\$	\$
Trade and sundry debtors		
Trade debtors from exchange transactions	1,738,129	994,444
Interest receivable	3,618	3,618
	1,741,747	998,062
Trade debtors from non-exchange transactions		
Trade debtors from non-exchange transactions	89,303	52,039
GST Receivable	59,815	-
	149,119	52,039
Code Distribution Receivable (Racing NZ)		
Code Distribution Receivable (Racing NZ)	8,490,235	3,910,904
	8,490,235	3,910,904
Total trade and sundry debtors, and code distribution receivable	10,381,100	4,961,006
Due date profile		
Not past due	9,837,398	4,660,263
Past due 1 - 30 days	307,369	42,862
Past due 31 - 60 days	79,650	31,253
Past due 61	156,682	226,628
Total trade and sundry debtors, and code distribution receivable	10,381,100	4,961,006

NZTR has reviewed all trade and sundry debtors, and code distribution receivable for collectability. There is a provision for doubtful debts recognised on trade or other receivables as at 31 July 2022 of \$82,600 (2021: \$80,177). The provision recognises debts due that are being actively pursued but are considered doubtful, have been placed with a debt collection agency, or where the debtor has been placed on the Arrears List.

2.3 CLUB LOANS AND ADVANCES

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

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

The NZTR Board has determined that the carrying value of the loans materially approximates their fair value as at 31 July 2022.

		31 July 2022	31 July 2021
	Interest rate	\$	\$
Short term loans and advances			
Otaki-Maori Racing Club Inc	OCR + 3.5%	166,107	-
Total short term loans and advances		166,107	-
Non-current loans and advances			
Otaki-Maori Racing Club Inc	OCR + 3.5%	-	158,976
RACE Inc.	OCR + 1%	530,338	544,173
Total non-current loans and advances		530,338	703,149
Total loans		696,446	703,149

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

RACE Inc.	01 May 2027
Otaki-Maori Racing Club Inc	28 February 2023

2.4 OTHER FINANCIAL LIABILITIES

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

Employee entitlement liabilities for annual leave and other contractual payments expected to be settled within 12 months of the reporting date are recognised for employee services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

	31 July 2022	31 July 2021
	\$	\$
Trade and sundry payables		
Trade creditors from exchange transactions	5,023,607	4,621,656
Transfers payable	26,683	23,395
	5,050,290	4,645,052
Other provisions		
International Apprentice Jockey fee refunds	25,000	25,000
Total other financial liabilities	5,075,290	4,670,052

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 and term deposits that are held at fixed rates of interest. NZTR manages its exposure to interest rate risk using registered AA- rated banks.

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 2021/22, NZTR's revenue was primarily received from RNZ. 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.

	31 July 2022	31 July 2021
	\$	\$
Cash	4,429,745	6,697,883
Term Deposits	17,000,000	8,500,000
Receivables	10,381,100	4,961,006
Loans	696,446	703,149
Total financial instruments	32,507,291	20,862,037

2.6 FINANCIAL GUARANTEE CONTRACTS

2.6.1 RACE

TAB NZ has provided a guarantee of \$4,610,420 to the Bank of New Zealand for its lending to RACE Inc. NZTR has provided a back-to-back guarantee to the TAB to cover the amounts guaranteed to the Bank of New Zealand.

As NZTR believe that the value of the security provided by RACE is greater than the loan amounts outstanding, no value has been ascribed to this guarantee. The loan from Bank of New Zealand has been increased to \$6,360,000 with TAB providing a guarantee of \$4,610,420 of that loan amount (2021 loan amount: \$4,360,420).

2.6.2 NEW ZEALAND BLOODSTOCK INSURANCE PEARL SERIES (THE “SCHEME”)

The NZB Insurance Pearl Series is a bonus scheme for NZ-bred fillies and mares. The scheme paid out \$440,500 in bonuses in the 2021/2022 Season and more than \$4 million over the last nine seasons. Each horse nominated for the scheme has been eligible to run in around 180 races over their 2, 3 and 4-year-old racing careers. The scheme will be extended to 5-year-olds for the 2022/2023 Season, with bonuses for each race of up to \$14,000 paid to eligible horses spread across the first three placegetters. 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.

392 fillies and mares are registered as at 31 July 2022 (2021: 317). There were no receivables due from NZTBA as at 31 July 2022 (2021: \$128,672). NZTR has a contingent liability of \$1,139,100 (2021: \$779,600) should the number of fillies and mares registered for the scheme be below the value of the bonus scheme.

3 REVENUE

NZTR is primarily funded through distributions from the RNZ, race day fees, 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 2022	31 July 2021
	\$	\$
Event services income	155,480	-
FastTrack Insurance - Sponsorship	47,269	29,102
Late payment fees	44,700	34,070
IT - Database Sales	29,776	18,826
PITO Apprentices revenue and service fees	63,592	37,376
International Student revenue	2,208	28,556
GTF Revenue	144,728	67,639
Fines	160,984	181,082
Welfare levy	725,068	-
Gain on sale of assets	54,099	-
Bad debt recovery	717	5,946
Pearl series	358,675	-
Other	131,478	35,589
Total sundry revenue	1,918,773	438,187
Sundry revenue from exchange transactions	1,032,721	257,105
Revenue from non-exchange transactions	886,052	181,082
	1,918,773	438,187

3.1.4 RNZ CODE DISTRIBUTION AND OTHER REVENUE

Revenue is recognised pursuant to section 71(2)(b) of the Racing Industry Act 2020. The total distribution is a combination of domestic profit, export and import earnings as per the code funding distribution agreement. This revenue is recognised as an exchange transaction, as NZTR supplies its racing product to the TAB in exchange for its share of the code distribution.

The breakdown is as follows:

	31 July 2022	31 July 2021
	\$	\$
TAB NZ Betting Net Profit	-	66,185,950
Export Funding (Actual)	-	9,901,285
Other Funding (FOB, Sport, Betting Duties, Surplus Funding)	-	6,502,433
Tabcorp Export	7,370,669	-
Corporate bookmaker	11,284,274	-
Imported and sport profit and duty	40,478,709	-
Domestic profit and duty	39,176,026	-
Stakes Enhancement Fund	1,289,852	1,725,300
Infrastructure Fund	-	176,003
Youth Enhancement Fund	-	120,525
Promotion of Racing Fund	-	609,000
Total Funding Recognised from RNZ	99,599,530	85,220,496

Prior year funding is from the TAB.

Stakes Enhancement Funds were invested in infrastructure in the 2021/22 year. Pursuant to Section 19 of the Racing Act 2020, each racing code is responsible for the distribution of funding to the clubs in line with its funding policy. Expenditure is recognised when payments are made to clubs (funding) and stakeholders (prize money). At balance date payments that have not been made are accrued for.

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 2022	31 July 2021
	\$	\$
The expenses included in club payments		
Prize money	63,019,388	51,800,066
Funding model	13,816,184	13,978,652
	76,835,572	65,778,718

4.2 OTHER CLUB AND INDUSTRY SUPPORT PAYMENTS

	31 July 2022	31 July 2021
	\$	\$
The expenses included in club payments		
St John Ambulance	524,469	490,147
Track & surface maintenance programme	541,784	454,472
Industry grants	234,159	218,006
Animal welfare	397,143	220,648
Participant welfare	198,195	169,549
Rider concussion testing and helmets	70,344	51,401
Club liability insurance	121,037	129,696
Compensation for abandoned meeting costs	434,462	96,947
Other funding	72,146	70,990
Total other club and industry support payments	2,593,739	1,901,856

4.3 OWNERSHIP, MEDIA AND COMMUNICATIONS

	31 July 2022	31 July 2021
	\$	\$
Clubs Digital	-	9,056
Digital Media Content	266,169	264,772
LoveRacing.NZ	256,644	252,555
Marketing - Ownership Review	20,000	14,331
Marketing Team	35,869	78,092
NZME	254,293	271,866
Ownership Strategy	47,284	-
Preview Comments	64,465	2,052
Public Relations	9,154	2,233
Strategic Planning	11,306	-
Thoroughbred Horse of the Year Awards	31,550	69,108
Other	30,567	31,663
Events services	406,237	580
Total ownership, media and communications	1,433,539	996,309

4.4 DEPRECIATION AND AMORTISATION

	31 July 2022	31 July 2021
	\$	\$
Property	56,090	28,548
Information Technology - Amortisation	1,685	47,824
Information Technology - Depreciation	31,861	27,444
Infrastructure	7,593	21,101
Total depreciation and amortisation	97,228	124,917

4.5 SPECIAL PROJECTS

	31 July 2022	31 July 2021
	\$	\$
The net cost included in special projects are		
Single national system	1,002,201	1,314,692
NZTR website reskin	897,216	148,800
Clubs Digital & New Zealand Media and Entertainment	20,000	763,983
SENtrack	400,119	159,674
Central Districts Club Hub Project	222,287	7,519
Other	158,710	47,086
Total special projects	2,700,533	2,613,197

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

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.

4.6 SUNDRY COSTS

	31 July 2022	31 July 2021
	\$	\$
The expenses included in sundry costs are:	\$	\$
Board and Member's Council expenses	21,514	84,307
Board fees	217,829	226,232
Diligent board books	27,933	16,514
Legal fees	63,668	45,522
Audit fees	47,000	39,000
Bad debts expense	16,825	19,958
Professional services	66,040	12,225
Annual general meeting and club conference	-	15,042
General expenses (including GTF and AJF)	168,976	51,399
Total sundry costs	629,785	511,330

Audit fees of \$47,000 have been recognised for the audit by Deloitte Limited of NZTR's annual financial statements (2021: \$39,000). Other services of \$36,150 have been provided by Deloitte in relation to taxation services and scrutineering of Horse of the Year (2021: \$12,225).

4.7 INFRASTRUCTURE COSTS

	31 July 2022	31 July 2021
	\$	\$
Track Management	469,027	-
Awapuni synthetic	352,557	-
Riccarton synthetic	336,852	-
Cambridge synthetic	333,333	-
Te Aroha reconstruction	1,616,587	-
Total infrastructure costs	3,108,356	-

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

Commenced 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 2022	31 July 2021
	\$	\$
Lease on premises		
Up to 1 year	126,062	120,059
1 to 5 years	2,072	122,033
Total minimum lease payments	128,134	242,092

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 2022

	Office equipment \$	Motor vehicles \$	Computer hardware \$	Racecourse equipment \$	Event Infrastructure \$	Intangibles \$	31 July 2022 Total \$
Cost							
Balance at 1 August 2021	591,312	177,552	261,747	197,428	-	4,473,514	5,746,554
Additions	-	408,894	36,467	-	30,456	-	475,817
Disposals	-	(400,744)	(8,150)	-	(30,456)	-	(439,350)
Balance at 31 July 2022	591,312	185,702	290,064	197,428	-	4,473,514	5,783,021
Accumulated depreciation							
Balance at 1 August 2021	566,472	164,200	207,640	195,037	-	4,471,829	5,650,178
Depreciation expense for the year	15,611	39,958	31,861	520	7,593	1,685	97,228
Disposals	-	(82,801)	-	-	(7,593)	-	(90,394)
Balance at 31 July 2022	582,083	121,357	239,501	195,557	-	4,473,514	5,657,012
Net book value							
Balance at 31 July 2022	9,229	64,345	50,563	1,871	-	-	126,009

PROPERTY, PLANT AND EQUIPMENT

AS AT 31 JULY 2021

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

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 RNZ.

8.1 BOARD

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

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

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

8.2 BOARD MEMBERS AND KEY MANAGEMENT PERSONNEL

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

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

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

As at 31 July 2022, the NZTR Board comprised seven members (2021: seven members).

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

	31 July 2022	31 July 2021
	\$	\$
Board members' fees	217,829	226,232
Remuneration and other short-term employee benefits	1,433,249	1,145,756
Total Board members and key management personnel	1,651,077	1,371,988

8.3 RACING INTEGRITY BOARD

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

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 NZTR's 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, 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 NZTR's 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, and grants disbursed to licensed persons.

8.4.3 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.

8.4.4 TAB NEW ZEALAND (TAB)

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

8.4.5 THE RACES LIMITED PARTNERSHIP (TRLP)

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

In February 2021, Harness Racing NZ advised the TRLP Board that they wish to exit the Partnership. In 2020/21, an impairment of \$272,065 was recognised.

NZTR purchased the remaining 50% of TRLP from Harness Racing NZ on 1 August 2021 and operated it as a service known as Event Services. The Event Services activity was disposed of in May 2022 in an agreement designed to ensure continuity of this service but one which mitigated NZTR's exposure to the service's running costs. A loss on disposal of \$320,005 was recorded in the financial statements.

8 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.

9 EMPLOYEE REMUNERATION AND ENTITLEMENTS

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

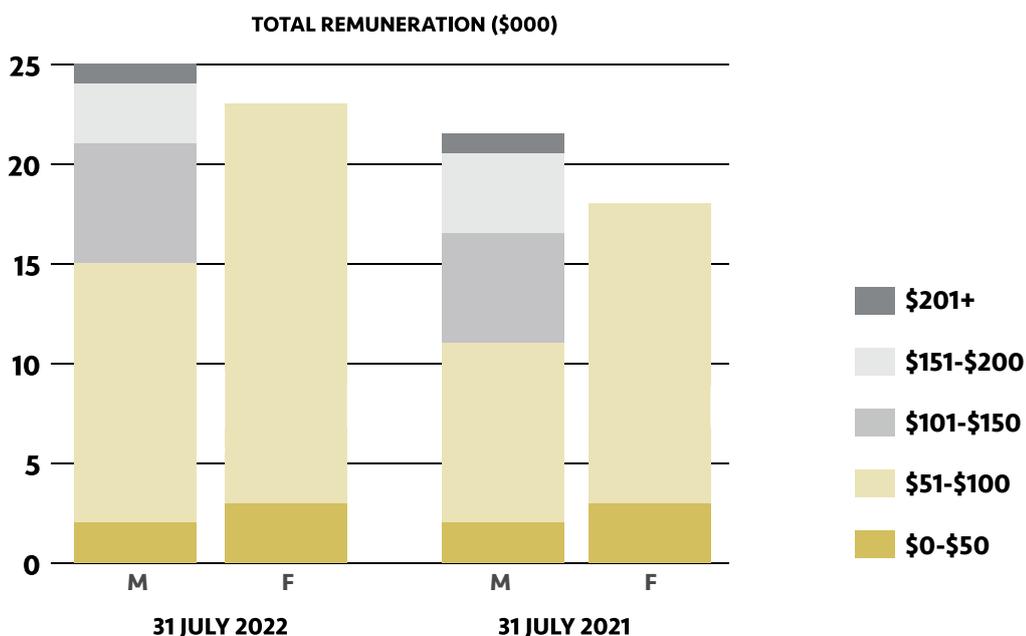
Provisions made in respect of employee entitlements expected to be settled within twelve months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

	31 July 2022	31 July 2021
	\$	\$
Annual leave	214,220	188,940
Accrued remuneration and entitlements	107,006	117,428
Total employee entitlements	321,226	306,368

A number of staff left during 2021/22 resulting in a rebaselining of salary costs to market rates. A number of one-off roles were created and contractors used to support the SNS project and COVID related compliance.

As at balance date there were 48 permanent or fixed term staff members employed by NZTR (2021: 40).

	31 July 2022			31 July 2021		
	Total	Male	Female	Total	Male	Female
Petone head office	32	17	15	28	15	13
Cambridge satellite office	12	4	8	8	3	5
In field	4	4	0	4	4	0
	48	25	23	40	22	18



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 is a contingent liability of \$1,139,100 (2021: \$779,600) should the entrance fees from fillies and mares registering for the PEARL scheme fall below the value of the bonus.

11.1 INFRASTRUCTURE RESERVE CONTRACTUAL AGREEMENTS

There no outstanding contractual agreements. (2021: \$0).

12 INFRASTRUCTURE RESERVE

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

13 SUSTAINABLE RESERVE

The sustainable reserve was set up in 2021/22 so that funds can be set aside for future investment in the racing industry.

14 WELFARE RESERVE

The welfare reserve was set up in 2021/22 to record any collected but unspent welfare levy.

15 CAPITAL COMMITMENTS

There are no capital commitments that will materially affect the financial statements (2021: Nil)

16 SUBSEQUENT EVENTS

There were no events subsequent to balance date.

Acknowledgements

The NZTR Board and Management wish to record their appreciation of the co-operation and assistance they have received during the 2021-22 racing season from the following people and organisations:

**The Hon Grant Robertson, Minister for Racing
(until June 2022)**

**The Hon Kieran McNulty, Minister for Racing
(from June 2022)**

The Office of the Minister for Racing

Racing NZ

TAB NZ

Harness Racing NZ

Greyhound Racing NZ

Department of Internal Affairs

The Racing Integrity Board

Accident Compensation Corporation

Ministry of Primary Industries

**Equine Branch, New Zealand Veterinary
Association**

Massey Foundation

Massey University

The New Zealand Equine Health Association

New Zealand Equine Research Foundation

New Zealand Jockeys' Association

New Zealand Police

St John Ambulance

New Zealand Pattern Committee

New Zealand Qualifications Authority

New Zealand Racing Laboratory Services Ltd

New Zealand Horse Ambulance Trust

New Zealand Salvation Army

New Zealand Thoroughbred Breeders' Association

New Zealand Thoroughbred Marketing Ltd

**New Zealand Thoroughbred Racehorse Owners'
Federation**

New Zealand Trainers' Association

New Zealand Equine Education Trust

**Racing Club Presidents, Committees, Managers,
Administration, and Track staff**

New Zealand Bloodstock

Staff of TAB NZ and Trackside

Asian Racing Federation

**International Federation of Horseracing
Authorities**

Tertiary Education Commission

**Muka Tangata – People, Food and Fibre Workforce
Development Council**

Te Pukenga & Primary ITO

WorkSafe New Zealand

**The International Forum for the Aftercare of
Racehorses**

International Stud Book Committee

**Racing journalists, photographers, and
broadcasters**

Members' Council

**Royal New Zealand Society for the Prevention of
Cruelty to Animals Incorporated**



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