

# **NZTR Business Plan 2010-2012**

# NZTR Business Plan 2010-2012

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# NZTR Business Plan 2010-2012

## 1. Executive Summary

The **NZTR Business Plan** for the 2009-10 season has been developed in the context of declining revenues and a very difficult economic climate. The impact on code revenues is significant, with **NZTR facing a reduction in funding (year on year) of almost \$14M – or a decrease of approx 17%**.

The impact of this reduction is already being felt with stakes reduced from 1 April 2009, and further stake decreases to be implemented from 1 August 2009.

NZTR has made the following key funding and stakes changes from 1 April 2009:

- Reduce total funding for Premier and Feature meetings by approximately 12% (refer to Appendix 1 for Stakes Policy)
- Reduce Group and Listed subsidies (refer to Appendix 2 for Group and Listed minimum stakes and subsidies)
- Reduce Jumps subsidies by approximately 20%
- Cease Fillies & Mares/Stayers added bonuses (change made from 1 February 2009)
- There were no funding changes to Industry and Community meeting funding, representing 51% of total races. However to help clubs with the costs of running Industry and Community meetings a \$3,000 reduction in minimum daily stakes was introduced from 1 April 2009.

In addition to the changes implemented from 1 April 2009, NZTR will implement the following key funding and operational changes effective from 1 August 2009:

- Reduce total funding to all race meetings, this means a further reduction to Premier and Feature days that were introduced from 1 April 2009. (refer to Appendix 1 for Stakes Policy)
- Reduce Premier Marketing subsidies by \$10,000 per Premier meeting
- Reduce Carnival Support subsidies by \$260,000
- Reduce Strategic Training and Racing Venue Infrastructure funding over two years by \$880,000
- Reduce Board Fees and Expenses by 10%
- Reduce NZTR Operating Expenses by over 5%

As requested by the NZ Racing Board, the **NZTR Business Plan** for the 2009-10 season focuses on the following key issues and opportunities of:

Section 2.0	Environmental Analysis
Section 3.0	Wagering trends for the Code (to be done in conjunction with the NZ Racing Board)
Section 4.0	Owner's Returns and Calendar Opportunities
Section 5.0	Governance and Code Administration
Section 6.0	Integrity
Section 7.0	Club Health and Revenue Streams
Section 8.0	Funding
Section 9.0	Infrastructure

From this, a number of **Strategic Objectives** have been identified to address the key issues and these strategic objectives are detailed in Section 10.0.

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## 2. Environmental Analysis

The **Environmental Analysis** has been undertaken to identify the key issues facing the thoroughbred code, the base issue being **participation**; both equine and human.

### 2.1 Participation

The following 10 year statistics are provided in the context of better understanding the level of participation in thoroughbred racing in New Zealand.

The decline in participation that we have seen over the last 10 years has turned around during 2008/09 with an increase in both horses racing and total starts. This turnaround and subsequent increase in participation is primarily due to:

- (a) The increase in stakes from \$39.8m in 2005/06 to a forecast \$59.0m for 2008/09, an increase of 48%.
- (b) The introduction of Free Racing in 2007 (removal of payment of nominations and acceptance fees on non Group and Listed races), which provides an annual estimated saving to Owners of over \$4m.
- (c) The introduction of paying riding fees on behalf of Owners for all races up to and including Rating 80. This represents a further savings to Owners of approximately \$2.9m per year.
- (d) Putting in place a flexible racing programme that allows the programming of races to better suit the needs of the horse population.

Table 1 – Participation indicators (last 10 years)

	1999/00 Actual	2008/09 Forecast	% Change
Trainers <sup>1</sup>	1,595	1,266	-20.6%
Jockeys <sup>2</sup>	281	242	-13.9%
Races	2,945	3,076	4.4%
Starters	32,540	33,845	4.0%
Individual Starters	5,599	5,750	2.7%
Trial Starters	7,930	10,745	35.5%

Table 1 shows a significant increase in trial starters, with a **35.5% increase in trial starters over 10 years**. This issue is subject to ongoing review by NZTR, however some upward movement is expected due to the increase in participation.

NZTR acknowledge that there are two key issues that still need to be addressed to ensure participation continues to increase:

- (a) The governance model and administrative capacity is not inspiring confidence or encouraging investment in the industry. Refer to Section 5.0 for work NZTR has done in both areas.

<sup>1</sup> Includes Trainer, Permit to Train and Owner/Trainer

<sup>2</sup> Includes Jockey, Apprentice Jockey and Amateur rider

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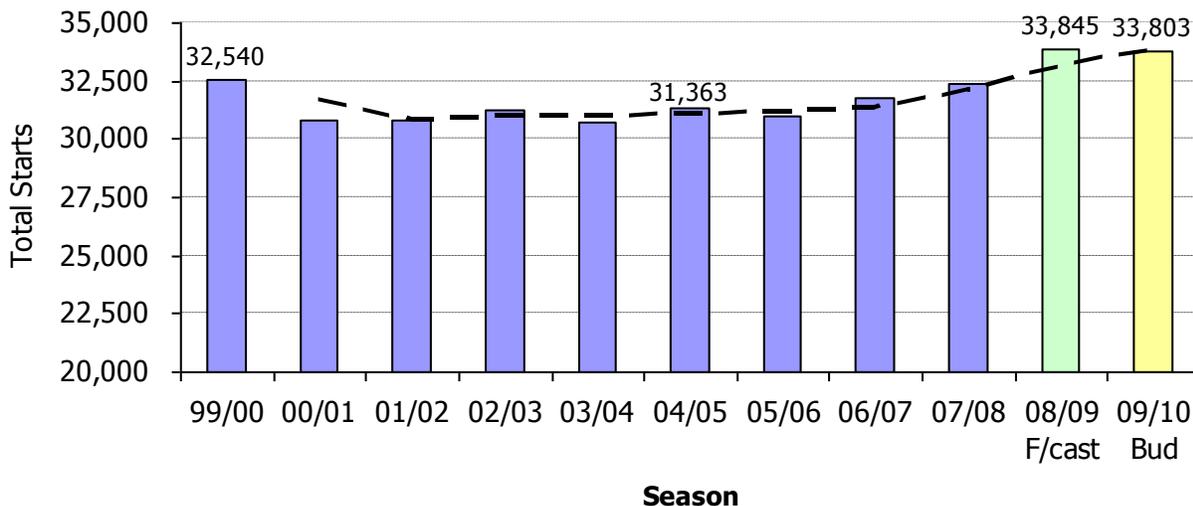
(b) NZTR sees one of the key areas of industry improvement is the marketing of racing and the servicing of customers from a wagering and education perspective on raceday, with the on-course services a key touch point for engaging customers. This is a key issues for all Codes and the NZRB.

## 2.2 Participation - Total Starters

The past three seasons have seen a reversal of the declining trends of total starters per season. This suggests strategies in respect of both higher stakes and encouraging participation through free racing and programming changes is having a positive impact.

Starters are forecast to be at their highest level in 10 years for the 2008/09 season at 33,845. This represents an increase of 1,305 starters or 4% compared to 1999/00.

Graph 1 – Total number of Starters (last 10 years)



## 2.3 Participation – Individual Starters

As outlined at 2.1, the decline over the last 10 years of individual horses racing has been turned around during the 2008/09 season and NZTR believes this is largely to do with the increase in stake levels introduced from the 2006/07 season and free racing from 2007.

While NZTR is committed to driving additional starts-per-horse annually, there are two key factors that will have a detrimental impact on this strategy long-term, being:

- Stake levels during 2009/10 will drop by an estimated \$9.5m or 16% compared to the 2008/09 season. This reduction in stakes is also below 2006/07 levels, however due to other funding initiatives, returns to owners is still higher than 2006/07 levels.
- Delays in decision around construction of a synthetic track at Matamata.

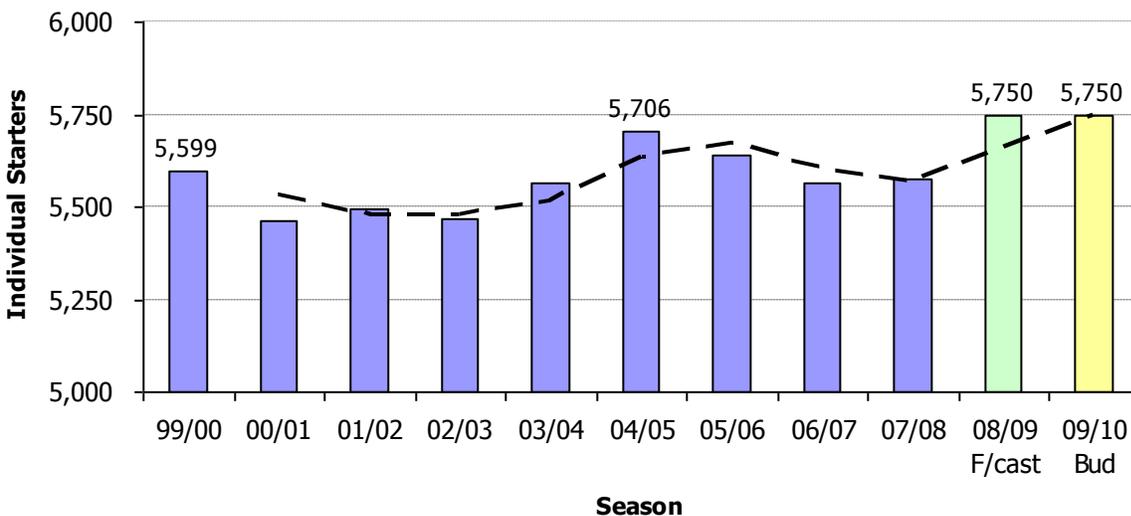
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These factors, combined with a continuing decline in the foal crop means that the thoroughbred code may face challenges meeting the internationalisation commitment beyond the current agreement. While the foal crop has continued to decline in recent years, NZTR believes this may be exacerbated in the coming seasons due to decreasing stake levels, yearling sale returns and the prevailing economic climate. However, what the thoroughbred code has seen in 2008/09 is contrary to some of these statistics – that is, an increase in starter numbers and horses starting despite the reduced foal crop.

Many breeders have indicated they simply do not have the money to continue breeding, although NZTR has brought about a number of initiatives to reduce NZTR costs charged to breeders. Until funding is available to incentivise breeding and retention of horses in New Zealand this problem will continue.

As previously discussed with NZ Racing Board Management, a key strategy of the NZ Racing Board must be to undertake a size and scope study for all codes to understand what the future prospects for the domestic industry are. Based on foal crop and starter trends, further investigation is required to determine whether the decreasing foal crop will impact starter numbers in the future or whether we are now seeing better utilisation of horses that were previously underutilised or not raced at all. NZTR sees this as a critical issue that needs NZ Racing Board support to better understand and plan for.

Graph 2 – Total number of Individual Starters (last 10 years)



## 2.4 Financial Incentive to Increase Starts per Horse

As noted previously, by achieving a similar number of starts per horse as Australia (an increase of half-a-start-per-horse-per-season), NZ has the opportunity increase total annual starters by 8.5% (refer to [Table 2](#)).

This increase, distributed in alignment with current starters would increase domestic turnover on thoroughbreds by in excess of \$40m<sup>3</sup> - this would also deliver a flow-on economic benefit to all codes.

<sup>3</sup> \$40m increase is based on achieving an additional \$14,000 in turnover per additional starter. \$14,000 is based on the current average turnover by starter across all race types.

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Table 2 – Income benefits from generating additional starts per horse

	2008/09	Increase in Starters			
		1.0%	2.5%	5.0%	8.5%
Total Starters	33,845	34,183	34,691	35,537	36,721
Ave. starts per horse	5.9	5.9	6.0	6.2	6.4
Inc. from 08/09 Base	-	338	846	1,692	2,877
Inc. in NZRB Turnover - \$14,000 per starter	-	4,738,230	11,845,575	23,691,150	40,274,955
Inc. in NZRB Profit - 10% margin	-	473,823	1,184,558	2,369,115	4,027,496
Total industry profit		473,823	1,184,558	2,369,115	4,027,496
<b>Thoroughbred</b>	<b>53.50%</b>	<b>253,495</b>	<b>633,738</b>	<b>1,267,477</b>	<b>2,154,710</b>
Harness	32.30%	153,045	382,612	765,224	1,300,881
Greyhounds	14.20%	67,283	168,207	336,414	571,904

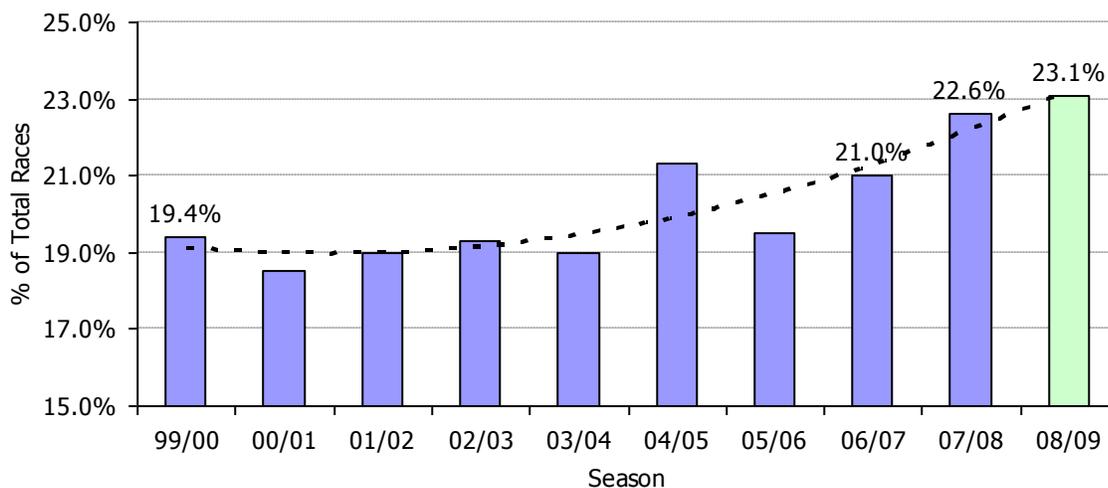
Hence, a continued focus on starter numbers, both through strategic policy development and continued education of participants, will deliver significant economic benefits to all Codes.

## 2.5 Field Sizes

Due to punter preference, NZTR must ensure strategies to encourage consistent field sizes of 12-14 starters.

Despite the need for such optimal field sizes, there has been an increasing trend of smaller field sizes for thoroughbred races in recent years. This has in some part be brought about by the extra race meetings NZTR has had to schedule to meet the thoroughbred codes' international commitment. The trend over the last 10 years is shown below.

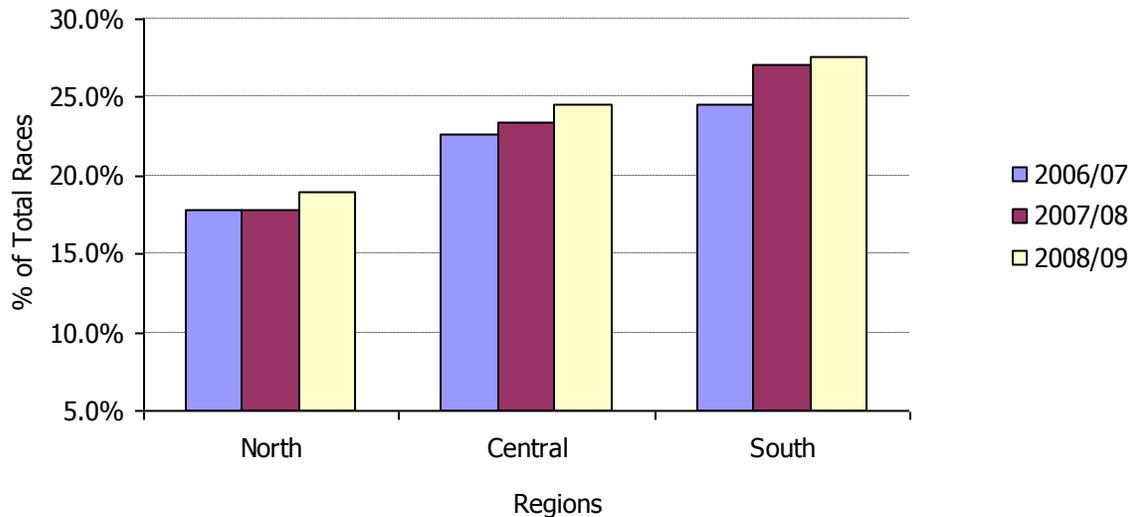
Graph 3 – Thoroughbred Races – Eight (8) Horses or Less



At a regional level, this is highlighted by particularly poor average field sizes within the Central and Southern regions as shown below.

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Graph 4 – Thoroughbred Races – Eight (8) Horses or Less by Region



These figures show that there is non-alignment of trained starters with the proportion of meetings/races currently run in each region.

## 2.6 Participation - Distribution of Activity

Aligning the activity of where horses are trained to where the race meeting licenses are allocated is a key challenge for NZTR. Thoroughbred racing is a high cost product to put on and the **non-alignment of activity unnecessarily increases costs for Owners.**

Accepting there needs to be some equity in the distribution of racing for Clubs and communities, there needs to be greater alignment of participation opportunities close to where horses are trained, thereby lowering Owners costs. The tables below highlight a **significant non-alignment of activity** between trained starters in each region with the current spread of races, an issue further exemplified at the Group and Listed level.

NZTR has completed some initial work on realigning races and venues to match the horse and people populations and will continue to look at further options during the 2010/11 dates calendar process.

Table 3 – Trained Starters by Region (last 10 years)

	1999/00	2008/09	% Change
Northern	49.94%	53.15%	3.21%
Central	28.92%	26.89%	-2.03%
Southern	21.14%	19.96%	-1.18%
Total	100.00%	100.00%	

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**Table 4 – Alignment of training and racing activity**

	% Trained Starters (A)	% Races * (B)	Variance (B) minus (A)
Northern	53.15%	40.71%	-12.44%
Central	26.89%	32.57%	5.68%
Southern	19.96%	26.72%	6.76%
Total	100.00%	100.00%	

\* Forecasts based on calendar for 2009/10 season

**Table 5 – Alignment of training and Group and Listed (G&L) racing activity**

	% Trained Starters (A)	% G&L Races * (B)	Variance (B) minus (A)
Northern	53.15%	42.86%	-10.29%
Central	26.89%	35.37%	8.48%
Southern	19.96%	21.77%	1.81%
Total	100.00%	100.00%	

\* Based on 2009/10 season actual split of races being: North (63), Central (52) and South (32)

Based on the following projected population statistics, this shift in trained starter numbers to the North is likely to further grow in coming years.

**Table 6 – NZ Population Forecasts by Region (23 years)**

	2008	2031 *	% Growth
Northern	2,241,600	2,890,400	22.45%
Central	1,009,100	1,072,900	5.95%
Southern	1,017,300	1,125,700	9.63%
Total	4,268,000	5,089,000	16.13%

\* Forecasts based on figures from Statistics NZ [www.stats.govt.nz](http://www.stats.govt.nz)

The above tables paint a picture of significant non-alignment of training and racing activity. This non-alignment exists currently and will increase in the mid to long-term unless structural change of the racing calendar is pursued.

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## 3. Wagering Trends for the Code

### 3.1 Participation – Wagering on Thoroughbred Racing

The relative decline in domestic wagering on New Zealand thoroughbred racing is due to a number of factors, but is partially driven by timetabling issues and the high level of Australian thoroughbred racing covered in New Zealand.

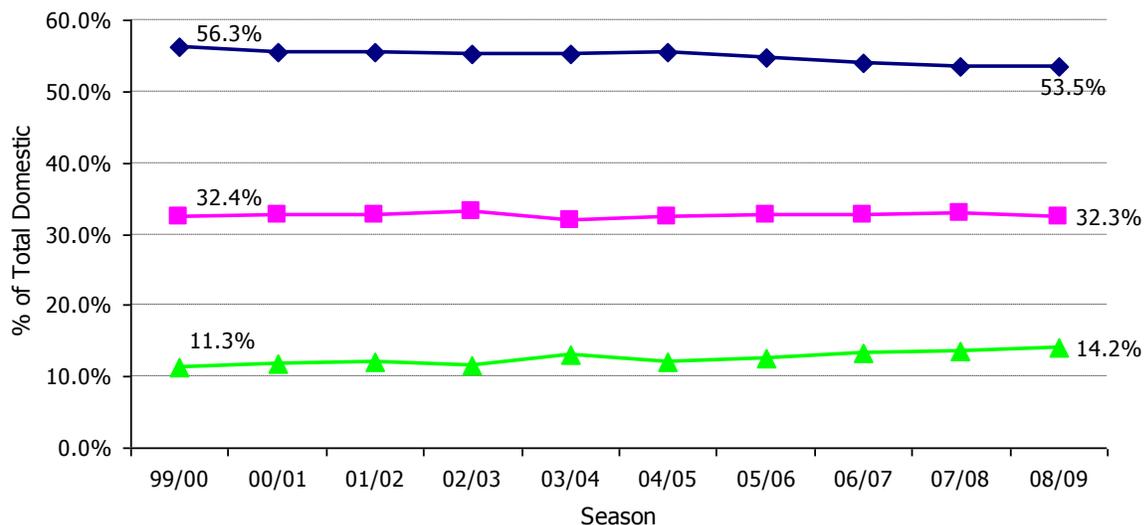
While NZTR supports the drive to both internationalise New Zealand racing and increased wagering opportunities for domestic customers through importation of racing to grow total revenues, once the size and scope study is undertaken by the NZ Racing Board it may well be that the current income distribution model is not appropriate for the future needs of the industry. This is a critical factor that must be considered.

Table 7 – Total Domestic TAB Sales

	1999/00 Actual (\$'000)	2009/10 Budget (\$'000)	% Change
Thoroughbreds	464,000	460,600	-0.7%
Harness	267,000	272,600	2.1%
Greyhounds	93,000	132,500	42.5%
<b>Total Domestic TAB Sales</b>	<b>824,000</b>	<b>865,700</b>	<b>5.1%</b>

The above figures are graphically illustrated below with the three code market share of total domestic TAB sales over the 10 year period.

Graph 5 – Thoroughbred Market Share (based on Domestic TAB Sales last 10 years)



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NZTR note the current NZRB funding model is up for review at the end of the 2009/10 season. NZTR would like to work with the NZRB, HRNZ and GRNZ to evaluate the current model and to see if any improvements can be made to ensure that a fair and equitable model is in place that reflects the contribution each code makes to the overall performance of the NZRB and one that recognises the different cost structures involved in delivering the product.

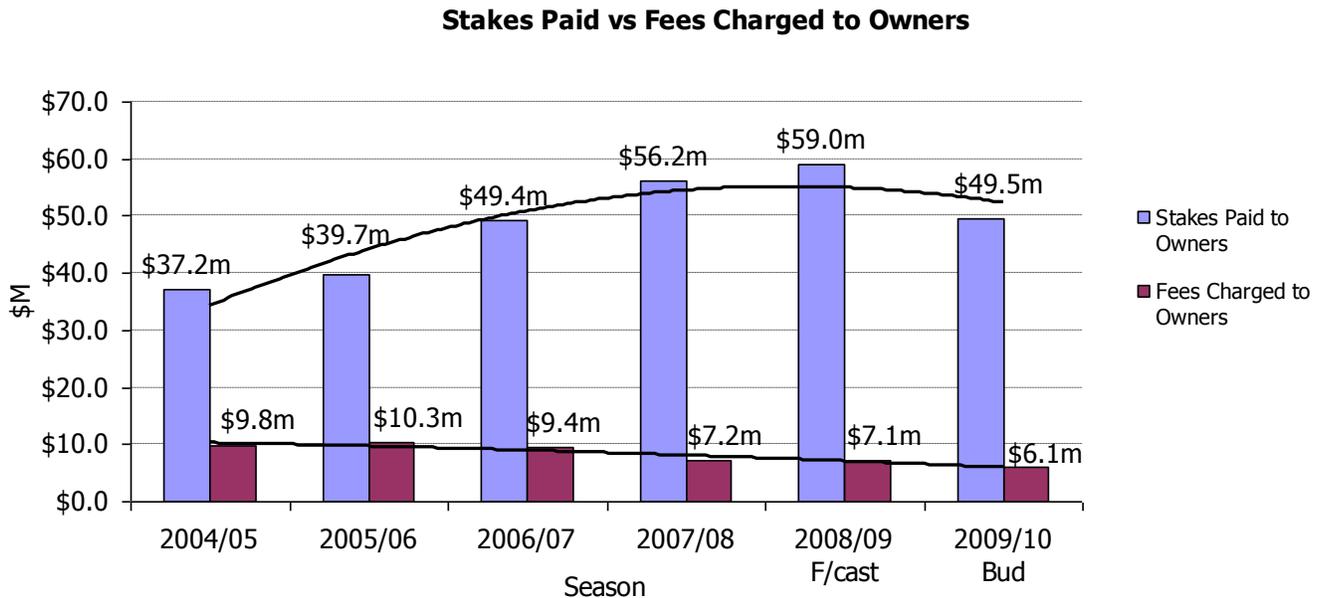
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## 4. Owner's Returns and Calendar Opportunities

### 4.1 Returns to Owners (RTO)

NZTR has focused on ensuring recent increased levels of code revenue have gone directly into RTO. However, the changing economic climate will significantly impact on RTO as forecast below:

Graph 6 – Net Stakes (04/05 to 09/10 seasons)



Despite this forecast reduction, the graph still shows an increase in stakes from \$37.2m in 2004/05 to a forecast total of \$49.5m in the 2009/10 season; a cumulative increase over five seasons of 33%. If you also take into account the reduction in fees charged to owners from \$9.8m in 2004/05 to \$6.1m forecast for 2009/10, the net movement including stakes is \$16m or 58%.

Following on from this, Returns to Owners, shown at [Graph 7](#) includes stakes as well as free racing and other payments made on behalf or to owners such as jockey riding fees and starter incentives. This graph also illustrates that despite the forecast stakes reduction for 2009/10, RTO has increased by \$19.3m or 52% since 2004/05.

Free Racing and payments made on behalf or to owners are an important part of NZTR's funding initiatives as it distributes returns (cost savings) across all owners, not just owners that place 1<sup>st</sup> – 5<sup>th</sup>, who receive stakes.

This is important as it encourages participation into thoroughbred racing, particularly maidens and lower rated races where most owners start at and where entry into thoroughbred races are completely free, i.e. no nomination or acceptance fees are charged and NZTR pay the riding fee on behalf of the owner.

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Graph 7 – Returns to Owners (04/05 to 09/10 seasons)



The distribution of stakes across regions again shows a non-alignment of where horses are trained compared to where stakes are on offer.

Table 8 – Alignment of training and stakes

	% Trained Starters (A)	% of Stakes Paid (B)	Variance (B) minus (A)
Northern	53.15%	44.92%	-8.23%
Central	26.89%	34.24%	7.35%
Southern	19.96%	20.85%	0.89%
Total	100.00%	100.00%	

## 4.2 Regional Comparison of Stakes

In a regional (trans-Tasman) sense, while Australian racing will similarly struggle to maintain stakes increases from recent years, the gap between the average stakes levels in New Zealand when compared to Australia has closed markedly in the past few years. However, due to the significant decrease in New Zealand stakes forecast for 2009/10, this gap is expected to increase.

NZ thoroughbred average stakes as a percentage of Australian average stakes levels are shown below.

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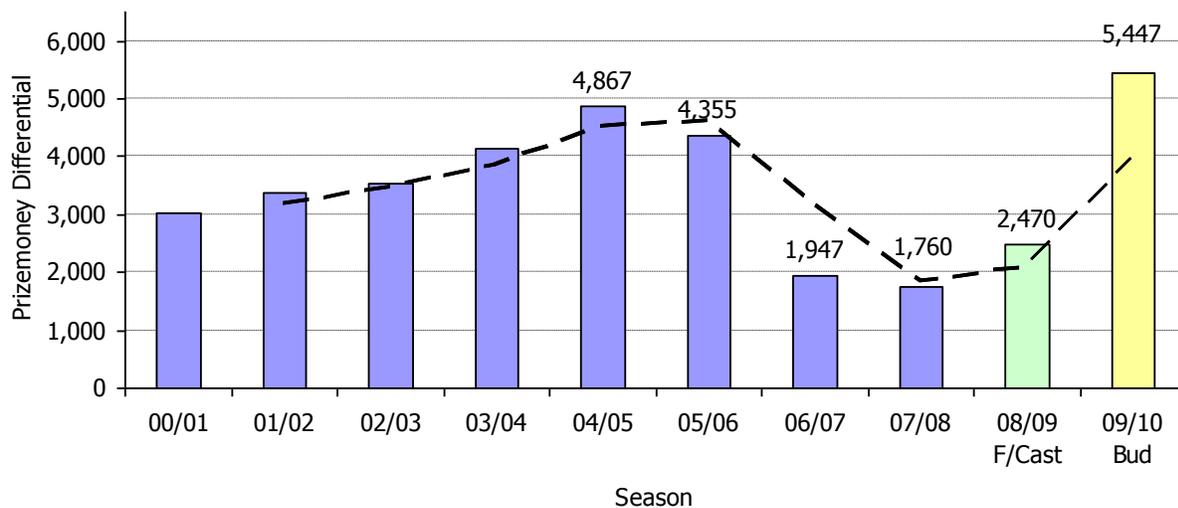
**Table 9 – Prizemoney differential per Race (average) between Australia and NZ (00/01 to 09/10 seasons)**

Season	Aust average stakes per race	NZ average stakes per race	Difference (a) - (b)	Number of Races in NZ	Total Stakes Shortfall	Yr on Yr shortfall increase %
00/01	14,556	11,537	3,019	2,793	\$8.432M	
01/02	14,920	11,557	3,363	2,771	\$9.319M	10.52%
02/03	16,012	12,460	3,552	2,810	\$9.981M	7.10%
03/04	17,147	12,996	4,151	2,791	\$11.585M	16.07%
04/05	18,129	13,262	4,867	2,807	\$13.662M	17.93%
05/06	18,268	13,913	4,355	2,858	\$12.445M	-8.91%
06/07	19,213	17,266	1,947	2,863	\$5.573M	-55.22%
07/08	20,629	18,869	1,760	2,974	\$5.235M	-57.93%
08/09 F/Cast	21,660	19,191	2,470	3,076	\$8.670M	36.32%
09/10 Bud	21,660	16,214	5,447	3,073	\$14.386M	219.73%

\* Forecast for Aust 08/09 stakes per race based on uplift of 5% (average increase across last 10 years)

\* Budget for Aust 09/10 stakes is per 08/09, i.e. no movement has been factored in

**Graph 8 – Prizemoney differential per Race (average) between Australia and NZ (00/01 to 09/10 seasons)**

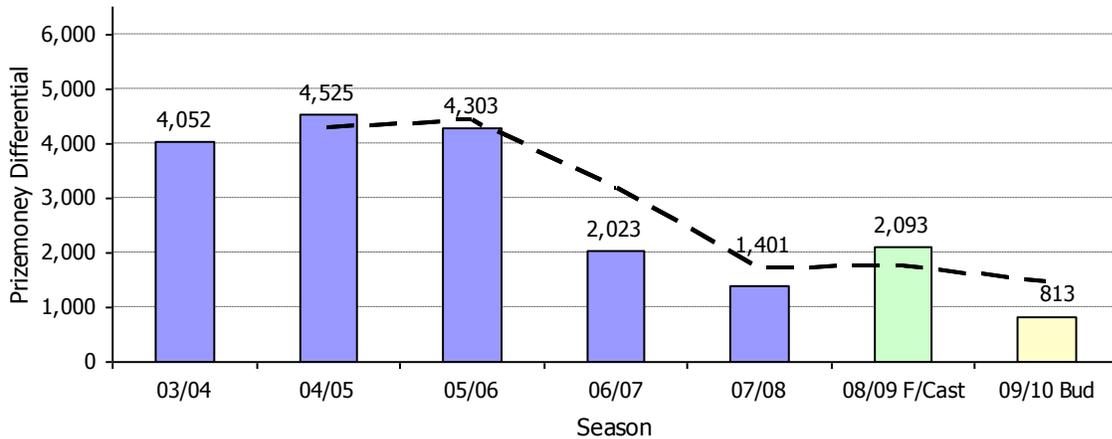


This is an alarming trend given the work done to align the prizemoney differentials over the last few years. At this stage NZTR is not aware of any significant stake decreases in Australia that might realign the prizemoney differentials.

However, during May 2009, Racing NSW indicated their stake levels may drop by up to 20% in 2009/10. Based on this decrease, the differential between NSW and NZ paints a much different picture.

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Graph 9 – Prizemoney differential per Race (average) between NSW and NZ (03/04 to 09/10 seasons)



Another positive note is the cost to owners to train and race a horse per year differs significantly from Australia with the average annual cost in New Zealand being NZD\$22,000 compared to Australia at AUD\$35,000 (NZD\$45,000). When you compare the cost to the stakes on offer between the two countries, the return on investment is actually slightly higher in New Zealand.

Table 10 – Cost to train/race a horse compared to stakes

	<b>NZ NZD\$</b>	<b>Australia AUD\$</b>
Cost train/race a horse per annum	22,000	35,000
Average stakes per race	16,214	21,660
Cost per race (5.9 races per annum for NZ and 6.2 for Australia)	3,729	5,645
Average Stakes per race - 1st Place (approx 62.5%)	10,133	13,538
Potential Return on Investment	272%	240%

### 4.3 Distribution of Prizemoney – Group and Listed Racing

In the past three seasons, as part of NZTR’s broader stakes strategy, NZTR has been able to drive Group and Listed stakes to a regionally (Australasia) competitive level. This is important due to the following:

- (a) Ensures regional competitiveness of New Zealand Group and Listed races;
- (b) Establish prizemoney differentials great enough to encourage participation and retain horses to race in New Zealand;
- (c) Recognise the importance of the New Zealand Pattern of racing;
- (d) Set minimum prizemoney levels for New Zealand Listed races at levels comparative to Saturday prizemoney levels of Australian eastern states.

However, with a forecast significant cut in funding, the NZTR Board has focused stakes cuts on the middle to higher end (as previously advised to NZ Racing Board).

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**Table 10 – Distribution of G&L Prizemoney as % of Total Prizemoney**

	No. of Races	Total Prizemoney	% of Total Prizemoney	% of Total Races
Group One	22	\$10,437,000	17.7%	0.7%
Group Two	24	\$3,474,000	5.9%	0.8%
Group Three	30	\$2,746,000	4.7%	1.0%
Listed	71	\$5,000,000	8.5%	2.3%
<b>Total Group and Listed</b>	<b>147</b>	<b>\$21,657,000</b>	<b>36.7%</b>	<b>4.8%</b>
<hr/>				
Northern	1,187	\$16,466,000	27.9%	38.5%
Central	952	\$12,215,000	20.7%	30.9%
Southern	794	\$8,692,000	14.7%	25.8%
<b>Total</b>	<b>3,080</b>	<b>\$59,030,000</b>	<b>100.0%</b>	<b>100.0%</b>

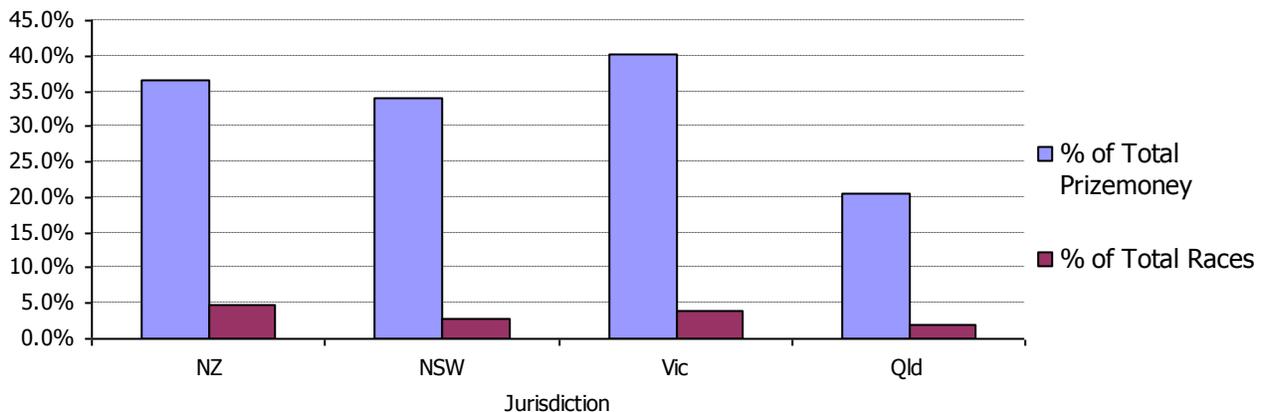
\* Statistics based on forecast 08/09 season

The percentage of prizemoney allocated to Group 1 races (17.7%) has increased on last year (15%) due to the Ministers High End Stakes initiative. Overall this has increased Group and Listed stakes to represent 36.7% of the total stakes compared to 33.9% last year.

#### 4.4 Distribution of Prizemoney – Comparison to Australia

On a comparative basis, the following graph shows NZ Group and Listed prizemoney along with stats for Victoria, NSW and Queensland forecast for the 2008/09 season.

**Graph 10 – Group and Listed Race and Prizemoney Comparison**



The key points from the comparison are:

- (a) NZ has the highest % of Group and Listed races of the four jurisdictions at approx 5%.
- (b) Queensland has the lowest % of Group and Listed races of the four jurisdictions at just 1.9%.

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- (c) NZ Group and Listed prizemoney as a % of the total prizemoney paid (36.7%) is comparable with Victoria (40.2%) and NSW (33.9%) but almost twice as high as Queensland (20.5%).

The Racing Minister's three year Promotion and Co-Sponsorship Fund commitment (Refer to point 4.5) targeting a number of key Group 1 races has a significant impact on both the stakes levels of these races, but also the total stakes available for Owners for three seasons – 2008/09, 2009/10 and 2010/11.

## 4.5 The Racing Minister's Promotion and Co-Sponsorship Fund

The maximum NZTR commitment of funds to this scheme is capped at \$500,000.

Table 11 – Proposed Allocation of Funding and Stakes Levels

	Derby	Auckland Cup	Telegraph Hcp	2000 Guineas	Total
New Stake Levels	\$2.2M	\$1M	\$1M	\$1M	\$5.2M
Previous (07/08) Stake Level	\$700,000	\$700,000	\$250,000	\$325,000	\$1,975,000
Additional Industry Commitment:					
Additional Club Contribution	375,000	25,000	142,000	142,000	684,000
Additional NZTR Commitment	25,000	-	270,500	195,500	491,000
	400,000	25,000	412,500	337,500	1,175,000
Government Commitment	1,100,000	275,000	337,500	337,500	2,050,000
Total	\$2,200,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,200,000

This initiative has proved to be very successful for the thoroughbred code with the following achievements realised:

- All four races achieved record nomination numbers.
- Both Canterbury JC and Wellington RC posted increased turnovers compared to last year on both the race itself and the meeting in total.
- Auckland RC managed to achieve extremely good turnovers despite having to move the NZ Derby to Sunday 1 March due to appalling weather conditions and the Telecom disruption on the day of the Auckland Cup that affected oncourse turnover.
- These turnovers were achieved while all other thoroughbred meetings were on average 8% behind last year.
- Attendance to all four days was up on prior years.
- International interest in the races was a huge success:
  - Telegraph Handicap – seven horses were nominated from Australia. Unfortunately, the uncertainty around travel restrictions due to EI, caused most of these horses to withdraw. One Australian horse did start with some Australian jockeys riding at the Wellington carnival. Overall, the international media attention for the Telegraph Handicap and the Wellington carnival was a huge success for Wellington RC;

## **NZTR Business Plan 2010-2012**

- NZ Derby – attracted international attention, which alone was a major achievement in promoting the race internationally. Two other horses were sold to international owners, but remained in New Zealand for the race. Again a number of Australian jockeys rode in the Derby and at the Auckland carnival;
- Auckland Cup – Again the international presence was strong and international jockeys starred from Australia and Hong Kong.

Unfortunately, due to the timing of the 2000 Guineas and EI travel restrictions, Canterbury JC was unable to secure any international competitors, but this should turnaround in 2009 particularly on the back of the success of the other high staked races.

# NZTR Business Plan 2010-2012

## 5. Governance and Code Administration

### 5.1 Governance

NZTR has recognised for some time that its governance structure is unsuited to today's needs. At the 2006 AGM the Board undertook to review the NZTR governance model and, accordingly, governance was a cornerstone of the code's 2007/08 Business Strategy.

In mid-2008, NZTR determined to lead a process for fundamental governance change in the racing industry, which was initiated with the commissioning of an independent assessment of the suitability of its current governance arrangements.

The key aims of this review were to:

- **Identify weaknesses in current NZTR governance**
- **Clarify roles of the Board**
- Recommend and achieve agreement on future structure and processes that promote decision-making to maximise total benefit to the industry
- Build robust succession planning
- Establish mechanisms to ensure Board focuses on the strategic / leadership / 'industry first' element and integrates the NZTR Strategic Plan into all processes (allowing Management to focus on the operational / compliance / 'delegate focus' elements) and ensure the industry understands
- Ensure there is transparent and regular communication between the Board and industry
- Stimulate Club and Sector groups to examine their own governance

There were three central outcomes sought from this review. These were to ensure:

- Thoroughbred racing was best positioned to meet future governance challenges within the industry;
- Thoroughbred racing's governance structure met the needs of its stakeholders in what it expects will continue to be a very dynamic and challenging environment; and
- All decisions are taken in the best interests of the entire racing industry

The Governance Review Report was presented to and considered by the Board in April 2009 and distributed to the NZRB Chairman and Chief Executive for consideration and feedback.

The key recommendation in the report is for the development of a new enterprise combining the NZRB and NZTR (and potentially the other two codes in due course), similar to Racing and Wagering Western Australia. NZTR is supporting this model. In the event this model is not accepted, NZTR recognises that internal restructuring of its existing governance will be undertaken.

The other two racing codes are aware that NZTR has undertaken a governance review. Clubs and recognised sector organisations have been kept informed and consulted on this review to date.

The NZRB and NZTR have created an integration committee to model the size and nature of the first stage, referred to as the 'Shared Services Model' (SSM). NZRB and NZTR have assigned dedicated resources to this project, and if this modelling exercise reveals sufficient savings, then NZTR and the NZRB will proceed to implement the plan and capture those savings.

The time line of this process is proposed to be across three phases:

# NZTR Business Plan 2010-2012

**Phase I:** Shared services – One or more Codes share costs and services with the NZRB, with the goal of capturing significant operating savings.

**Phase II:** One Racing - All three Codes and the NZRB share significant proportions of their functions, retaining only separate Boards and Codes as required by current legislation.

**Phase III:** One Industry – Racing operates as one industry through one unified governing body. The clubs would continue to exist as separate entities, but the new body would perform all governance and technical functions. This would require new primary legislation, and is a long-term goal.

Phase III would require the agreement of all three Codes, which is only likely to be achieved if significant benefits can be demonstrated through the implementation of Phase I. Steps already undertaken and recommended future steps, subject to industry agreement, are listed below.

## 5.2 Governance Review/Shared Services

### Targeted Outcome

A governance structure for the racing industry that is:

- More efficient in terms of utilisation of industry resources
- More effective in providing the leadership to assure industry sustainability and success

As recommended by the NZTR Governance Review, an implementation taskforce has been formed to address the opportunities to combine the management of operational functions of NZTR & NZRB.

### Project Team

- Provide timely and concise updates to Integration Committee on project status
- Under guidance of Integration Committee, undertake detailed analysis of in-scope activities and provide summary analysis and recommendations. This will involve:
  - Review analysis and findings of earlier Integration working groups and proposals to identify common recommendations and to avoid unnecessary rework
  - Work through areas identified, using current intelligence compiled and bringing together other information as required
  - Review staff structures/organisation charts with roles descriptions, salaries and costs
  - Interviews with relevant staff and industry experts
  - Complete a modelling exercise for shared services and other activities (e.g. Integrity) as required
  - Provide recommendations for possible restructures and reporting lines

### Shared Services Analysis

- Approach to be taken is a detailed costing of all activities of NZTR and NZRB activities in common with NZTR.
- High level estimates of HRNZ and NZGRA activities will be added to the above to provide estimated total industry costs.
- Restructure options to be provided by activity with possible savings identified.
- Costs of restructure options to be provided, and implementation issues identified.

# NZTR Business Plan 2010-2012

## **6. Integrity**

### **6.1 Integrity Initiatives**

NZTR is continuing to strengthen the Integrity of thoroughbred racing with the following initiatives to be undertaken or continued in 2009/10:

- Ongoing professional development of Integrity staff
- Annual audit program of licensees, horses and venues
- Accreditation of raceday officials
- Review of equine and human drug testing protocols
- Continual development of internal integrity systems and technology
- Development of operational manuals for Integrity related raceday officials
- Continue to work with the JCA to develop NZTR/JCA protocols around charges, prosecution and penalties.

### **6.2 Rules of Racing**

NZTR is due to release a full rewrite of the NZTR Rules of Racing effective from 1 September 2009. The main purpose of the rewrite was to simplify the current rules both in terms of language and content.

# NZTR Business Plan 2010-2012

## **7. Club Health and Revenue Streams**

### **7.1 Club Health and Revenue Streams**

Due to current economic conditions, thoroughbred clubs are seeing reductions across their non racing revenue including:

- Hospitality – both race day and non race day functions
- Sponsorship
- Gaming Machine funds

They will also see a reduction in NZTR funding as a result of changes implemented from 1 April and also due to lower turnovers which impacts their bulk funding.

Although NZTR has reduced some stake levels, NZTR expects the amounts contributed by clubs over and above minimum stakes to reduce, but cannot quantify how much or the impact this may have on total stakes.

### **7.2 Club Registration Process**

In 2009, NZTR will be making recommendations to the NZTR Board for a Club Registration process that will enable NZTR to have knowledge of:

- (a) A club's financial positions;
- (b) A club's business plan;
- (c) A club's capital expenditure plan and requirements;
- (d) Ensuring clubs meet NZTR Venue Guidelines;
- (e) Ensuring clubs meet NZTR Health and Safety and Compliance requirements.

The aim of the registration process is to ensure all clubs lodge required information with NZTR to enable them to hold a 'Certificate of Registration' with NZTR as per the NZTR Rules and Constitution.

The expected outcome of a registration process is to ensure NZTR has up to date information about a club, and if necessary de-register a club until they meet the minimum requirements. Under the Rules, this club would not be registered with NZTR and therefore would be ineligible to hold a licence with the NZ Racing Board.

# NZTR Business Plan 2010-2012

## 8. Funding - Forecast 09/10 Income

### 8.1 2009/10 Season - Overview of Earnings

Based on information provided by NZRB Management, indicative funding is as follows for the codes in 2009/10:

Table 12 – Forecast Income Distributions 2009/10

<b>Forecast 09/10</b>	<b>NZTR</b>	<b>HRNZ</b>	<b>GRNZ</b>	<b>Total</b>
Number of Race Meetings	331	289	371	991
Number of Races	3,058	2,818	4,269	10,145
Total Domestic Turnover	\$468.7M	\$273.8M	\$132.8M	\$875.3M
<b>Forecast Domestic Percentage</b>	<b>53.5%</b>	<b>31.3%</b>	<b>15.2%</b>	<b>100.0%</b>
Total Forecast Dist earnings 09/10				\$119,700
Industry Initiatives (Summer festival, DSH, etc)				(2,000)
Industry Good (Lab, JCA, Research)				(3,400)
<b>Available for Code Distribution</b>				<b>\$114,300</b>
Locked in 'Base'	45,793	27,545	10,924	84,262
Export Commission	6,980	1,415	1,750	10,145
On-course Commission	6,880	3,840	640	11,360
FOB Commission	2,450	950	450	3,850
Interest	-	-	-	-
Market Share Distribution	2,508	1,465	710	4,683
<b>Code Total</b>	<b>\$64,611</b>	<b>\$35,215</b>	<b>\$14,474</b>	<b>\$114,300</b>

Table 13 – Total Thoroughbred Code Funding

<b>Item</b>	<b>2009/10</b>	<b>2008/09</b>	<b>Change</b>	<b>% Change</b>
Base funding from NZRB	<b>64,611</b>	74,099	(9,488)	(15%)
Fractions (previously paid to Clubs)	<b>300</b>	-	300	100%
Other NZTR Income	<b>1,751</b>	1,688	63	4%
Racing Fees	<b>850</b>	850	-	0%
<b>Total Funding</b>	<b>67,512</b>	<b>76,637</b>	<b>(9,125)</b>	<b>(14%)</b>
Prior Year Surplus	-	4,282	(4,282)	(100%)
<b>Total Available Funding</b>	<b>\$67,512</b>	<b>\$80,919</b>	<b>(\$13,407)</b>	<b>(20%)</b>

# NZTR Business Plan 2010-2012

## 8.2 2009/10 Season – NZTR Funding Model

In light of decrease in funding available for 2009/10, NZTR has had to reassess the current funding model and recommend changes. Some of these changes took effect from 1 April 2009.

They key elements of the 2009/10 Funding Model are:

- NZRB Funding to NZTR is fixed – the unconfirmed funding is currently \$64.6m;
- Continued use of meeting classifications – Premier, Feature, Industry and Community;
- Continue to fund clubs a fixed amount per race meeting, with the exception of On Course turnover commissions which will be paid at 16%;
- Continuation of Free Racing and payments to participants:
  - No fees charges for nominations or acceptance fees all on non Group and Listed Races. Instead fees charged for withdrawals and scratchings
  - Payment of riding fee on behalf of Owners for all races up to and including Rating 80
  - Payment of the Jockey Engagement fee for any jockey who's ride is scratched after jockey declaration time
  - Payment of the Jockey Minimum Riding Allowance for any jockey that has two or less flat rides or only one jump ride where there are at least four jumps races programmed for the meeting.
- Continuation of paying the following subsidies:
  - Group and Listed – but at changed rates initiated from 1 April 2009 (refer to [Appendix 2](#) for Group and Listed minimum stakes and subsidies).
  - Premier Marketing – but at \$30k per meeting not \$40k
  - Jumping Subsidies – but at lower rates initiated from 1 April 2009
  - Racing Carnival support - \$800k instead of previous amount \$1,060k
- Continuation of payment of identified industry race day services:
  - St John's Ambulance service at each race meeting
  - Stenographers
  - Swabbing Vets and Stewards
  - NZRB Trackside Operations
  - NZRB Trackside Radio
- Continuation of Infrastructure Funding:
  - Training Venues Operating Subsidy – increased from \$320k to \$365k
  - Track Maintenance Programme
  - Strategic Training and Racing Venues Infrastructure allocation – now \$1.2m over 18 months
- Continue of other thoroughbred code initiatives:
  - Contribution to General Trust Fund – reduced to \$50k from original budget of \$300k
  - Contribution to Ministers high end stakes – maximum contribution of \$500k
  - Contribution to NZTR Operating Budget - \$600k cash loss plus \$100k interest drawdown
- New funding as approved in the proposal presented to the Board in January 2009:
  - Capital expenditure allocation of \$300k primarily to fund development of the NZTR raceday systems ie On Horse, On Course, On Account and Website/Online products;
  - Apprentice schools allocation - \$35k
- The following items have been discontinued for the 2009/10 model:
  - Fillies and Mares/Stayers added bonus - \$600k.
  - Small Club Feature subsidy - \$120k
  - Participation Incentives - \$700k; this initiative will be looked at again when funding permits

# NZTR Business Plan 2010-2012

Table 14 – Code Distribution of 2009/10 Earnings

	Budget \$'000 2009/10	Forecast \$'000 2008/09	Change \$'000 Increase/ (Decrease)	Change %
<b>Opening Distribution Account</b>	<b>2,804</b>	<b>3,145</b>	<b>(341)</b>	<b>(10.8%)</b>
<b><u>Income:</u></b>				
Base Funding	64,911	74,099	(9,188)	(12.4%)
NZTR Other Income	2,601	2,538	63	2.5%
<b>Total Income</b>	<b>67,512</b>	<b>76,637</b>	<b>(9,125)</b>	<b>(11.9%)</b>
<b>Total Available Funds (incl Op Bal)</b>	<b>70,316</b>	<b>79,782</b>	<b>(9,466)</b>	<b>(11.9%)</b>
<b><u>Expenditure:</u></b>				
Components Paid to Clubs	56,921	64,663	7,743	12%
NZTR - Initiatives	11,655	11,595	(60)	(1%)
NZTR - Other	935	1,850	915	49%
NZTR - Infrastructure Funding	1,345	1,010	(335)	(33%)
<b>Total Expenditure</b>	<b>70,856</b>	<b>79,118</b>	<b>8,263</b>	<b>10%</b>
<b>Net Income over Expenditure</b>	<b>(3,344)</b>	<b>(2,482)</b>	<b>(862)</b>	<b>(35%)</b>
<b>Closing Distribution Account</b>	<b>(540)</b>	<b>663</b>	<b>(1,203)</b>	<b>181%</b>
Add: Prior Year Surplus	-	2,141	(2,141)	(100%)
<b>Total Surplus</b>	<b>-</b>	<b>2,141</b>	<b>(2,141)</b>	<b>(100%)</b>
<b>Adjusted Closing Distribution Account</b>	<b>(540)</b>	<b>2,804</b>	<b>(3,344)</b>	<b>119%</b>

# NZTR Business Plan 2010-2012

## 8.3 NZTR Distribution Account - Deficit Position 2009/10

Table 14 above shows NZTR running a forecast overdrawn Distribution Account balance at the end of the 2009/10 season of approximately \$0.54m.

NZTR requests the NZRB support this deficit, based on it being brought about primarily by maintaining minimum stake levels at \$6,000. The minimum stake level has not been below \$6,000 since 2005/06 and NZTR believe this stake level together with Free Racing, is the primary reason for the increase in starter numbers.

If the NZRB support NZTR running a deficit of \$0.54m for 2009/10, the following cuts would be suggested to recoup this deficit.

Table 15 – 2 Year Plan

	BUDGET NZTR 2011/12	BUDGET NZTR 2010/11	BUDGET NZTR 2009/10	Notes
<b>Opening Distribution Account</b>	<b>(1,834)</b>	<b>(540)</b>	<b>2,804</b>	
<b><u>Income:</u></b>				
Base Funding	68,100	64,911	64,911	1
NZTR Other Income	3,051	3,051	2,601	2
<b>Total Income</b>	<b>71,151</b>	<b>67,962</b>	<b>67,512</b>	
<b>Total Available Funds (incl Op Balance)</b>	<b>69,317</b>	<b>67,422</b>	<b>70,316</b>	
<b><u>Expenditure:</u></b>				
Components Paid to Clubs	56,371	56,371	56,921	3
NZTR - Existing Initiatives	11,605	11,605	11,655	4
NZTR - Other	735	735	935	5
NZTR - New Initiatives	-	-	-	
NZTR - Infrastructure Funding	545	545	1,345	6
<b>Total Expenditure</b>	<b>69,256</b>	<b>69,256</b>	<b>70,856</b>	
<b>Net Income over Expenditure</b>	<b>1,895</b>	<b>(1,294)</b>	<b>(3,344)</b>	
<b>Closing Distribution Account</b>	<b>61</b>	<b>(1,834)</b>	<b>(540)</b>	

**Notes:**

1. 2010/11 assumes NZRB funding remains at \$119m. 2011/12 assumes funding from NZRB of \$125m with market share as per the 2009/10 funding splits
2. 2010/11 and 2011/12 assumes increase in NZTR's withdrawal and scratching fee structure
3. 2010/11 and 2011/12 assumes a decrease in carnival support of \$50k per carnival (\$125k in total) and a reduction in Group 2, 3 and Listed Subsidies (\$300k).
4. 2010/11 and 2011/12 assumes removal of the General Trust Fund grant of \$50k
4. 2010/11 and 2011/12 assumes a reduction to NZTR operating and capex expenditure of \$200k per year
6. 2010/11 and 2011/12 assumes there will be no contribution to infrastructure funding to strategic racing and training venues, a cut of \$800k.

Only the reduction in Group 2, 3 and Listed subsidies will result in a reduction in stakes.

# NZTR Business Plan 2010-2012

## 9. Infrastructure Funding 09/10

### 9.1 Infrastructure Funding

Following the NZTR Cost Saving – Operations/Stakes/Funding Review in January 2009 the amount of infrastructure funding was reduced from \$2.2M to \$1.2m for the period through to 31 July 2010.

While the majority of funding is still directed to the Strategic Training Venues and jumping infrastructure, funding has also been earmarked for a new set of overhead gates at Riccarton to assist servicing of all of the South Island.

Table 16 – Infrastructure Expenditure

Venue	Project	Amount
Cambridge	Upgrade of Irrigation System	\$290,000
Otaki	Horse Barns and Walking Machine	\$350,000
Riccarton	Horse Barns	\$310,000
Riccarton *	Overhead Starting Gates	\$150,000
Wingatui	Gap Crossing reconstruction	\$50,000
Various	Jumping Infrastructure	\$50,000
Total		\$1,200,000

\* Subject to confirming sponsorship opportunities

Further information on the above projects is available on request.

# NZTR Business Plan 2010-2012

## 10. Strategic Objectives

Function	Strategic Priorities	Specific Initiatives	Timeline
Governance	Advance the preferred "One Industry" model	<p>Progress the work of the "integration task force".</p> <p>This has been broken down into three (3) phases:</p> <p><b>PHASE 1</b> Shared Services – One or more Codes share costs and services with the NZRB, with the goal of capturing significant operating cost savings;</p> <p><b>PHASE II</b> One Racing – All three (3) Codes and NZRB share significant proportions of their functions, retaining only separate Boards and Codes as required under current legislation.</p> <p><b>PHASE III</b> One Industry – Racing operates as one industry through one unified governing body, which would be in effect a 'new entity'. Clubs would continue to exist as separate entities, but the new body would perform all governance and technical functions. This would require new legislation.</p>	
Governance	NZTR to separately consider 'internal' governance changes including a restructured board, changes to the constitution and voting system	Progress through Board	

# NZTR Business Plan 2010-2012

Function	Strategic Priorities	Specific Initiatives	Timeline
Funding	Develop strategies to maximise funding streams to NZTR and maximise on and off course turnover on domestic thoroughbred racing	<ul style="list-style-type: none"> <li>a) Continue to work with NZRB and the other two codes to develop a fair and equitable NZRB funding model based on overall contribution of the thoroughbred code</li> <li>b) Ongoing improvement to the racing calendar, race programming schedule and splitting of races to accommodate horse population;</li> <li>c) Work with the NZRB to optimise turnover on domestic thoroughbred racing including timetabling, product development, fixed odds betting opportunities;</li> <li>d) Review of handicapping system to maximise use of horses population and ensure level playing field across all race categories;</li> <li>e) Review of barrier trials to move horses away from trials to the races;</li> <li>f) Investment and guidance in track maintenance and development options, turf and synthetic;</li> <li>g) Continuation of a fixed funding model that delivers a sustainable minimum stakes regime that encourages horses to start and attracts new and retains existing owners to/in the industry;</li> <li>h) Retention of the free racing elements of the funding model;</li> </ul>	

# NZTR Business Plan 2010-2012

Function	Strategic Priorities	Specific Initiatives	Timeline
Oncourse Experience	In Conjunction with the NZRB develop strategies to enhance the oncourse experience for customers, owners and stakeholders	<ul style="list-style-type: none"> <li>a) NZRB to confirm technology/network platform that is to be used oncourse, that in turn will lead to development of oncourse services levels across racing venues including wagering, information, audio, visual;</li> <li>b) Develop standard operational procedures, resources and equipment for key raceday service functions;</li> <li>c) With NZRB and Clubs raise national and international awareness and participation of our five key carnivals;</li> <li>d) Continue development of ownership initiatives to retain and grow ownership numbers;</li> <li>e) Continue to work with NZRB on development of other key brands and set customer service levels to work alongside the existing Christmas At The Races and Summer Festival Racing brands.</li> </ul>	
Infrastructure	Delivery of venue standards to ensure compliance with health and safety requirements and to deliver an enjoyable oncourse experience for customers	<ul style="list-style-type: none"> <li>a) Ongoing review of NZTR Venue Guidelines to ensure they set minimum health and safety and operational standards for venues;</li> <li>b) Continue working with NZRB on development of Northern Region Track Development Strategy;</li> <li>c) Prioritise infrastructure funding investment in nominated strategic training venues;</li> </ul>	

# NZTR Business Plan 2010-2012

Function	Strategic Priorities	Specific Initiatives	Timeline
Integrity	Continue to strengthen NZTR's integrity function	<ul style="list-style-type: none"> <li>a) Ongoing professional development of Integrity Staff;</li> <li>b) Accreditation and development of operational manuals for raceday integrity officials;</li> <li>c) Continue to work with JCA to develop NZTR/JCA protocols around charges, prosecution and penalties</li> <li>d) Introduction of modern set of Rules Of Racing</li> </ul>	
Industry Development	Development of training programmes and plans for key industry stakeholders	<ul style="list-style-type: none"> <li>a) Develop recruitment and training initiatives for all industry sector groups;</li> <li>b) Review employment and retention options for apprentice jockeys;</li> </ul>	
Business Improvement	Development of business improvement initiatives	<ul style="list-style-type: none"> <li>a) Continue to drive online business applications and enhance our web site;</li> <li>b) Deliver offsite business continuity solution;</li> <li>c) Develop continuous improvement solutions for both internal and external customers;</li> </ul>	

# NZTR Business Plan 2010-2012

## 11.0 NZTR Industry Marketing Plan (Summary)

### 11.1 NZTR's Marketing Vision

*"Develop a brand that defines what makes thoroughbred racing in New Zealand unique"*

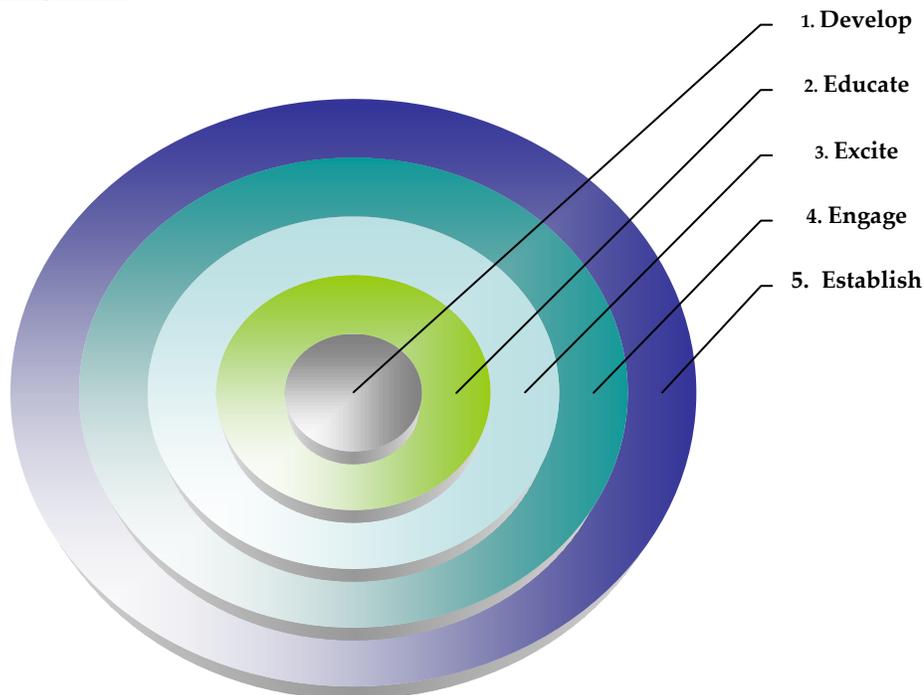
This branding will enable NZTR to raise the profile of thoroughbred racing, through the use of multiple, innovative projects to educate all New Zealanders about racing.

The execution of this education process will provide NZTR with the stage to highlight the openings that racing offers the nation; from ownership and raceday participation to careers and investment opportunities, while clearly sign-posting the pathways to access those offerings.

NZTR will present people with an exciting sporting and leisure time activity that is customer focused, and a sport that can engage and connect generations of people that is of benefit to the wider community.

NZTR will maximise on the current upswing in popularity that racing is enjoying and leverage off this to ensure every household in New Zealand will have their own 'traditional race day' on the calendar, a 'must' to attend.

#### 11.1.1 Vision Keystones



1. Develop	Brand, Improved Information Systems, Relevance to our market
2. Educate	About the Sport, Opportunities, Pathways, Reasonable Expectation
3. Excite	With The Promise, The Delivery, Accentuate the Moment, Repeat again
4. Engage	Public, Youth, Friends & Family, Industry
5. Establish	Loyalty & Earn the Pledge

# NZTR Business Plan 2010-2012

## Business Goals:

- **Maintain** overall ownership numbers at 12,000 in the 2009/10 season - a challenge in current financial circumstances and with stakes/returns to owners decreasing
- **Increase** ownership figures by Australian and Hong Kong nationals by 10% (each) by the end of the 2010/2011 season
- To **reach** a minimum IER Customer Experience Index score of 77 for our bottom two carnival clubs (HBRC & WRC)
- To **provide** and promote attractive ownership options at low level entry points
- To **increase** club non-wagering oncourse revenue streams

## Strategic Goals:

- Through **education** to have a raised and positive public awareness of thoroughbred racing in New Zealand
- For our Core Message "New Zealand; a great place to race a horse" to become a truth
- To keep **redefining** our offering, returning to our customer and ask what attracts and motivates them
- To better **engage** the community particularly the youth of New Zealand
- For there to be at least one **traditional** annual racing event for every New Zealander to attend

## Tactical Goals:

- Re design Ownership section of NZTR's website
- Review of NZTR's resources and how best to utilise them
- Develop, launch and grow Hearts & Minds Country Racing Community project

## **11.2 NZTR's Ideal Customer**

With the 'Ideal Customer', NZTR is primarily focusing on Owners and encouraging ownership. By focusing on this customer and ownership it has a knock on effect of increasing participation, which in turn will increase thoroughbred turnover and ultimately funding and returns available for participants.

### 11.2.1 Market Needs

While NZTR has focused on higher stakes money and reducing costs to owners to great effect thus far, the process of retaining and improving the ownership experience in New Zealand is a key issue for our long term viability and sustainability.

NZTR will meet the needs of our customers through listening and adapting to our customer feedback. Research has shown that the two most important touch-points from an Owners' perspective are:

- Owner/Trainer communication
- Raceday experience

NZTR in conjunction with the New Zealand Trainers Association are developing a new, cost effective, state of the art communication tool to enhance the Ownership experience. NZTR is also committed to continuing the work already begun in association with our Clubs to radically overhaul the raceday experience.

# NZTR Business Plan 2010-2012

## 11.2.2 Market Description

The key aspects NZTR see as important factors when assessing the market and attracting new Owners are:

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**Demographics:** Age: 45-64; Household income: \$125,000+; Occupation: Self employed or employed Professional/Manager

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**Psychographics:** Research has shown that one of the key motivating factors to become an Owner is because they enjoy socialising and love to have friends and family around. Hosting a group of people at a race meeting is an perfect opportunity to do this. Other key motivating factors for initial entry into thoroughbred racing include:

- The fun and excitement of racing
- The thrill of winning
- The love of horses
- To share the experience with family and friends
- To make money from prize winnings, was not a key contributing factor

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**Behaviours:** They are active with their family and frequently the community at large, with a particular interest in sports. They enjoy the competition that thoroughbred racing has to offer.

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**Geographics:** NZTR's ideal client usually lives in the North Island which accounts for 73% of Owners, with a concentration around Auckland and Waikato.

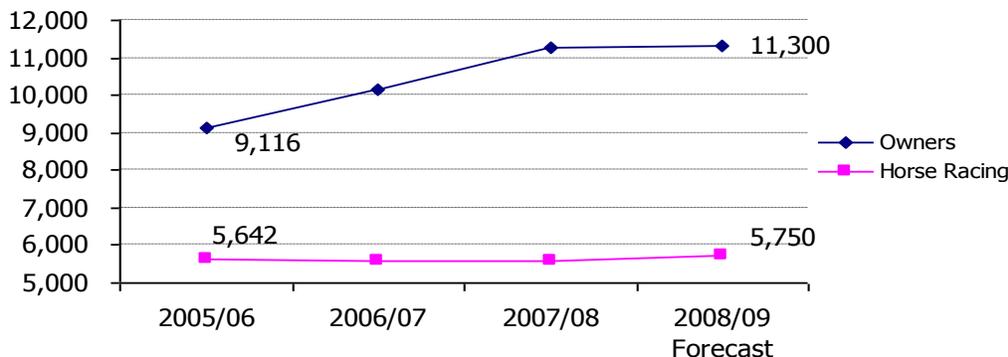
These regions particularly, also have the highest concentration of high income earners in New Zealand

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## 11.2.3 Market Growth

The overall growth of Ownership in thoroughbred racing is linked to increased stakes, the success of New Zealand horses internationally and previously, the health of the worldwide economy as a whole. The success of those key factors in recent years has led to a steady increase in growth of our domestic yearling buying benchmark. Going forward, NZTR's ideal customer is a person who will still have the discretionary income to still afford to race a horse in the current economic environment.

Ownership has increased by 23% from 2005/06 in comparison to horses racing which has remained relatively static. This clearly indicates the growing popularity of syndication and partnerships as attractive and affordable ownership options, while also highlighting the increased popularity that racing has enjoyed over this period.



# NZTR Business Plan 2010-2012

## 11.3 Core Strategy

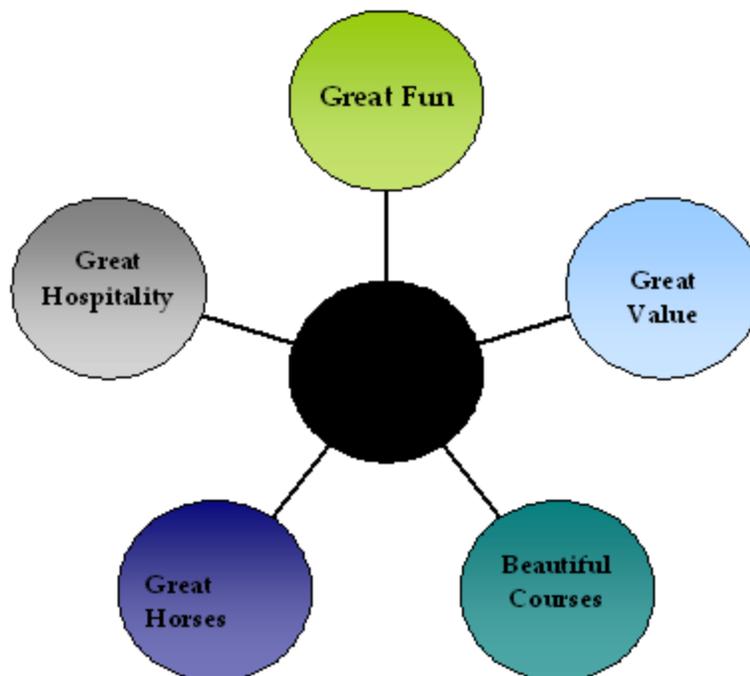
The core message is *'New Zealand: A great place to race a horse'*

NZTR is aiming to achieve the following results from its Core Strategy:

- To encourage a more customer driven model for our five key Carnivals. Achievement of this is partly reliant on the NZRB taking action to address current shortcomings with oncourse wagering facilities and resources
- To see an increased demand for the new investors information packs sent out following contact from potential prospects
- An increase of mainstream media coverage of (positive) human interest stories related to racing
- To provide presentations to VIC, NSW & QLD Racehorse Owners Associations on the opportunities of racing a horse in New Zealand
- To encourage syndication as an affordable entry level option into racehorse ownership
- To maintain the current numbers of new Owners registering on NZTR's database - any growth is a bonus over the next three years
- To facilitate closer and mutually beneficial relationships between the local community and country racing clubs
- To raise public awareness of racing in New Zealand
- For every home in New Zealand to have their own "traditional raceday" to attend

### 11.3.1 Positioning Goal

The aim is for New Zealand to have an international and domestic reputation as a 'great place to race a horse'.



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## 11.3.2 Key Strategic Indicators

- New customer acquisition particularly in the areas of:
  - a) Increase in Australian and Hong Kong based owners of young horses (less than four years of age)
  - b) Referrals via existing members of the industry
- Bi-annual Owners survey's responses showing improved satisfaction
- Growth of the number of national sponsors sourced by NZTR
- Increased traffic to the Ownership section of the website
- Introductory regional Ownership workshops presented
- Increased sales to the domestic buying bench of affordable fillies from Select and Festival sales for syndication, i.e. a new trend
- Increased sales of middle distance/staying bred horses, both in value and number sold, through the promotion of the "Super Six" i.e. renewed popularity in staying races

## 11.4 **Marketing Materials**

The following is a list of ways NZTR can reach the identified target market or things we can improve:

- Improve NZTR's website and online marketing content providing a more interactive platform
- Provide literature to members of associations on NZTR's role twice annually via email updates (interesting and newsy). Providing those members with current information to feed out to their own larger personal networks.
- More interaction with mainstream media pushing the human interest stories within racing
- NZTR taking a more proactive role in forging stronger relationships between local communities and racing clubs
- Educating our current Breeders and Owners' on the materials available to them to direct their friends and family towards - hard copy packs as well as NZTR's revised on-line Ownership section
- Introduction of customer Testimonial Plan

## 11.5 **Measurement Plan**

Measuring the success of any marketing plan can be difficult, but NZTR will monitor the following aspects to measure the success of NZTR's Industry Marketing Plan:

- On the NZTR website gather metrics through the use of Google Analytics of which areas of the revamped Ownership section are showing the highest amount of traffic
- Since most of NZTR's business happens via word of mouth, we will use a CRM database with built-in follow-up reminders and analytics for lead conversion to follow prospects we have identified
- All final industry invitations for promotional events are coordinated by the Marketing Manager, which gives access to the names and mailing address of the invitees (tracked through the CRM database). All of these people are invited to come along and meet with industry stakeholders at each of those events.

### 11.5.1 Key Marketing Metrics

#### Ownership:

NZTR has two key marketing metrics in regards to Ownership. They are:

1. Lead conversion rates from those prospects that NZTR sends the 'Marketing Kit' to who are tracked through our CRM package from initial enquiry through to actual ownership.

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2. The number of overall individual people racing horses over a 12 month period comparative to the previous 12 month period.

Existing data shows us that while the number of horses raced over an historical three year period has remained static (although with a slight increase in 2008/09) the average number of Owners attached to those horses has been rising over the past three years.

## Oncourse Participation:

The key numbers from an oncourse perspective are delivered via IER's oncourse experience reports in conjunction with the five oncourse revenue streams:

1. Gate sales
2. Food & Beverage sales
3. Sponsorship
4. Corporate Hospitality
5. Oncourse wagering

## 11.6 Marketing Calendar

Months	Marketing Theme
April 09	<p><b>MyHorse project - develop marketing concept and plan promotion</b></p> <p>Design and printing of Carnival gate folded inserts            Elite Racing Club concept plan - NZTM &amp; NZTBA            Key Carnival Reporting            Carnival Club Marketing Managers workshop - focus preparing a <b>Carnival Marketing Plan (CMP)</b></p>
May	<p><b>MyHorse - project finalising product for June launch</b></p> <p>Develop materials for NZTR's updated information packs  <b>Develop Hearts &amp; Minds Community Country Racing project (H&amp;M's)</b>            Flesh out concept and finish research for website Ownership section</p>
June	<p><b>Launch of MyHorse project nationwide</b></p> <p>HB Racing to deliver Spring <b>Carnival Marketing Plan (CMP)</b> - provide assistance where nessasary            Outline to Clubs National Sponsor's survey - seek input from Clubs on survey content.            Finalise National Sponsors Survey questionnaire and launch survey (3 weeks running)            Website upgrade continues            Have updated information pack material printed</p>
July	<p>Complete Ownership section of website            Formation of the <b>NEXT Generation</b> committee  <b>Finalise H&amp;M's project materials - selected clubs to be invited to participate</b>            Survey to close and reporting and analysis to begin</p>
August	<p>Sponsorship survey findings report to go to Clubs and NZTR Board            CJC to deliver NZ Cup Week <b>Carnival Marketing Plan (CMP)</b> - provide assistance where nessasary</p>

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	<p>Continue Hearts &amp; Minds project</p> <p>NEXT Generation inaugural meeting</p>
September	<p>Meet with club managers (most likely at cluster meetings) to discuss marketing initiatives: Tea &amp; Toasties and Twilight Gallops for the coming summer months.</p> <p>ARC to deliver Christmas Carnival Marketing Plan (CMP) - provide assistance where nessasary</p> <p>Clubs confirmed for 09/10 season H&amp;M's project</p> <p>Action outcomes of NEXT Generation committee meeting</p> <p>Hawkes Bay Spring Carnival</p>
October	<p>WRC to deliver Wellington Cup Week Carnival Marketing Plan (CMP) - provide assistance where nessasary</p> <p>Prepare for launch of first H&amp;M raceday</p> <p>Kelt Capital Stakes</p>
November	<p>NZ Cup Week</p> <p>NZTR AGM</p> <p>H&amp;M's launch</p>
December	<p>ARC to deliver AK Cup Week Carnival Marketing Plan (CMP) - provide assistance where nessasary</p> <p>First of summer oncourse promotions for Ownership e.g. Tea &amp; Toasties</p> <p>H&amp;M's raceday</p> <p>ARC Christmas Carnival</p>
January 2010	<p>Annual Leave three weeks</p> <p>H&amp;M's raceday</p> <p>Wellington Cup Week</p> <p>Karaka Million twilight racing and Mainstream Media hosting</p>
February 2010	<p>Yearling Sales - tour for Mainstream Media</p> <p>Post event review for HBRC Spring Carnival Marketing Plan</p> <p>H&amp;M's raceday</p> <p>Post event review for CJC NZ Cup Week Carnival Marketing Plan</p> <p>Development of concept plan for NZRW</p>
March 2010	<p>Post event review for ARC Christmas Carnival Marketing Plan</p> <p>Auckland Cup Week Carnival</p> <p>H&amp;M's raceday</p>

## **12. NZTR Industry Training Plan (Summary)**

The key objectives of NZTR's Industry Training Plan are to:

1. Recruit suitable candidates to the industry through initiatives to attract young people who have an understanding of the industry and the work it entails.
2. Improve retention of apprentice jockeys during the first 18 months through appropriate employment, training and support mechanisms, ultimately increasing the number of qualified senior jockeys across all regions.
3. Provide high quality training that meets the academic needs of our students, and enhances the individual's chances of success [and completion].

NZTR aims to address these key objectives through:

### **Industry Promotion and Recruitment**

- Further develop careers promotional collateral, including brochures for each qualification available [stable practice, stable management, apprentice jockey etc]
- Develop careers section of NZTR website to reflect a younger, more appealing image; ensure all information is current, and accurate in relation to training and career opportunities
- Participate in key careers events; Coca Cola expos, Horse of the Year Show, Regional A&P Shows – include industry people
- Source and develop appropriate collateral as giveaways at careers promotions for people interested [different items for different levels/ages etc]
- Develop a register of Licensed Trainers interested in providing work experience prior to each regional careers day so interested people could be referred to these – promote interest among employers
- Work with NZEET to introduce and participate in the Career Field Days nationwide
- Investigate opportunities to promote racing to younger age groups [along the lines of HRNZ Kids Carts]
- Enhance follow up systems to ensure interested parties become industry participants
- Work with Immigration and other government agencies to maximise potential to employ and train overseas students as necessary

### **Improve Retention**

- Investigate opportunities for NZTR [or via NZEET] to employ apprentice jockeys and lease to host employers
- Monitor apprentices regularly through stable visits and regular support
- Introduce a mentoring programme with individually selected apprentices and matched senior jockeys [in consultation with Trainer/employer]
- Review systems for sign on of apprentices to determine most appropriate way to provide additional information about the industry/role
- Initiate education for employers in relation to their obligations as employers [link with sign on meetings for new staff, and workshops through NZTA]
- Ensure new students are given a thorough induction into the industry, and gain a full understanding of what is required of them both in the workplace, and in relation to their training

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## **Improve Industry Training**

- Tutors to undertake/complete NCALE training for Professional Development
- Constantly review training resources and update to ensure accuracy, currency and imbed literacy
- Standardise resources to be presented by Subject Matter Experts (SMEs) to ensure required information is covered {vets, nutritionalist, exercise advisors
- Monitor attendance of students enrolled for training [particularly apprentice jockeys] and follow up with non-attendees to ensure learning outcomes are still achieved
- Introduce "training for trainers", with introduction of mandatory training for all new licensed trainers from the beginning of 2009/10 season.
- Work with the New Zealand Trainers Association to develop a series of informative educational workshops for all trainers
- Market, introduce and implement self-paced training programmes for licensed stable

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## Appendix 1 – Stakes Policy

Original - Prior to 1 Apr 2009	New - 1 Apr 2009 to- 31 Jul 2009	New - 1 Aug 2009 to- 31 Jul 2010
<b>Premier Meetings</b>		
<u>Min Stakes - \$330,000</u>  <u>Option 1</u> Six races @ \$40,000 Four races @ \$20,000 Balance at Club discretion Jumping races per schedule Or <u>Option 2</u> Eight races @ \$35,000 Two races @ \$20,000 Balance at Club discretion Jumping races per schedule	<u>Min Stakes - \$290,000</u>  <u>Option 1</u> Six races @ \$35,000 Four races @ \$15,000 Balance at Club discretion Jumping races per schedule or <u>Option 2</u> Eight races @ \$32,500 Two races @ \$15,000  Jumping races per schedule	<u>Min Stakes - \$280,000</u>  <u>Option 1</u> Six races @ \$35,000 Four races @ \$15,000 Balance at Club discretion Jumping races per schedule or <u>Option 2</u> Eight races @ \$30,000 Two races @ \$15,000  Jumping races per schedule
<b>Feature – Northern</b>		
<u>Min Stakes - \$165,000</u> Min Stakes – Open Races \$20,000 Min Stakes – Maiden Races \$10,000 Min Stakes – All Other Races \$15,000 Balance at Club discretion	<u>Min Stakes - \$145,000</u> Min Stakes – Open Races \$17,500 Min Stakes – Maiden Races \$10,000 Min Stakes – All Other Races \$12,500 Balance at Club discretion	<u>Min Stakes - \$140,000</u> Min Stakes – Open Races \$17,000 Min Stakes – Maiden Races \$10,000 Min Stakes – All Other Races \$12,000 Balance at Club discretion
<b>Feature – Central</b>		
<u>Min Stakes - \$125,000</u> Min Stakes – Open Races \$17,500 Min Stakes – Maiden Races \$10,000 Min Stakes – All Other Races \$12,500 Balance at Club discretion	<u>Min Stakes - \$110,000</u> Min Stakes – Open Races \$15,000 Min Stakes – Maiden Races \$8,000 Min Stakes – All Other Races \$10,000 Balance at Club discretion	<u>Min Stakes - \$105,000</u> Min Stakes – Open Races \$15,000 Min Stakes – Maiden Races \$7,500 Min Stakes – All Other Races \$10,000 Balance at Club discretion
<b>Feature – Southern Tier 1</b>		
<u>Min Stakes - \$115,000</u> Min Stakes – Open Races \$15,000 Min Stakes – Maiden Races \$10,000 Min Stakes – All Other Races \$10,000 Balance at Club discretion	<u>Min Stakes - \$100,000</u> Min Stakes – Open Races \$12,000 Min Stakes – Maiden Races \$8,000 Min Stakes – All Other Races \$8,000 Balance at Club discretion	<u>Min Stakes - \$95,000</u> Min Stakes – Open Races \$12,000 Min Stakes – Maiden Races \$7,500 Min Stakes – All Other Races \$8,000 Balance at Club discretion
<b>Feature – Southern Tier 2</b>		
<u>Min Stakes - \$90,000</u> Min Stakes – Open Races \$12,500 Min Stakes – Maiden Races \$8,000 Min Stakes – All Other Races \$8,000 Balance at Club discretion	<u>Min Stakes - \$80,000</u> Min Stakes – Open Races \$10,000 Min Stakes – Maiden Races \$8,000 Min Stakes – All Other Races \$8,000 Balance at Club discretion	<u>Min Stakes - \$75,000</u> Min Stakes – Open Races \$10,000 Min Stakes – Maiden Races \$7,500 Min Stakes – All Other Races \$7,500 Balance at Club discretion
<b>Industry/Community - Northern &amp; Central **</b>		
<u>Min Stakes - \$68,000</u> Min Stakes – Open Races \$10,000 Min Stakes – Maiden Races \$6,000 Balance at Club discretion	<u>Min Stakes - \$65,000</u> Min Stakes – Open Races \$10,000 Min Stakes – Maiden Races \$6,000 Balance at Club discretion	<u>Min Stakes - \$63,000</u> Min Stakes – Open Races \$10,000 Min Stakes – Maiden Races \$6,000 Balance at Club discretion
<b>Industry/Community – Southern **</b>		
<u>Min Stakes - \$76,000</u> Min Stakes – Open Races \$10,000 Min Stakes – Maiden Races \$6,000 Balance at Club discretion	<u>Min Stakes - \$73,000</u> Min Stakes – Open Races \$10,000 Min Stakes – Maiden Races \$6,000 Balance at Club discretion	<u>Min Stakes - \$69,000</u> Min Stakes – Open Races \$10,000 Min Stakes – Maiden Races \$6,000 Balance at Club discretion

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## Appendix 2 – Group and Listed Subsidiaries and Stakes

Level	Prior to 1 April 2009		1 April 2009 - 31 July 2009		1 August 2009 - 31 July 2010	
	Minimum Stake	Subsidy	Minimum Stake	Subsidy	Minimum Stake	Subsidy
Group 1	\$200,000	\$80,000	\$200,000	\$80,000	\$200,000	\$67,000
Group 2	\$100,000	\$35,000	\$85,000	\$25,000	\$85,000	\$22,000
Group 3	\$75,000	\$24,000	\$70,000	\$21,000	\$70,000	\$19,000
Listed	\$55,000	\$17,000	\$50,000	\$15,000	\$45,000	\$12,000

Group stakes have been maintained at 1 April 2009 levels by increasing owners fees.