



NEW ZEALAND
THOROUGHBRED RACING INC

BUSINESS PLAN
2005 - 2008

NEW ZEALAND THOROUGHBRED RACING

This business plan continues the development of a co-ordinated long-term plan incorporating all aspects and interests of the thoroughbred industry. It explains how we aim to effectively fulfil our role and to meet our constitutional requirements, in alignment with the Racing Board, to ensure a healthier racing industry. First, it is critical that the racing industry fully understands the responsibilities and roles of New Zealand Thoroughbred Racing and the services that it provides.

RESPONSIBILITIES AND ROLES

Each racing code is a product provider, the governing body of which aims to bring a proactive leadership role. New Zealand Thoroughbred Racing's responsibilities and roles are:

To govern the policies and rules of the thoroughbred code

To regulate the conduct and integrity of the thoroughbred code as defined in the Rules of Racing

To represent the collective interests of code participants in regulatory matters and other government interactions to and through the Racing Board

To set code objectives and demonstrate accountability for the thoroughbred code while ensuring that consideration of issues and subsequent decisions are made from an objective perspective, with the interests of the racing industry to the fore, rather than from individual cluster or sector points of view

To allocate funds within the thoroughbred code to maximize all economic benefits

To develop and to establish the annual thoroughbred code calendar with the Racing Board and the other two codes

To provide a central secretariat for the thoroughbred code

To participate in the Racing Board's governance and decision-making on behalf of all thoroughbred code stakeholders through New Zealand Thoroughbred Racing's nominee to the Racing Board

To support Racing Board objectives and proposals at a code level while ensuring that they are fair for thoroughbred racing and all its stakeholders

To develop the code's technical and business skill base and research and development requirements

To certify the code's compliance requirements

SERVICES

New Zealand Thoroughbred Racing's services encompass eleven main activities:

Racing Control

Fund Distribution

Stud Book

Registration

Licensing

Programming and Handicapping

Raceday Services (National Racing Bureau)

Financial Services (incl. Owners' Settlement)

IT and Database Management

Communications, Sponsorship, Ownership

Publishing

INTRODUCTION AND BACKGROUND

The Racing Act 2003 made fundamental changes to the basis of the racing industry and the roles of the various bodies within that industry. The New Zealand Racing Board, the new body born out of the Racing Act, has been charged with a strong change mandate. Firmly embedded in that mandate is the critical need for New Zealand Thoroughbred Racing to work in collaboration with the Racing Board, and to represent the interests of all thoroughbred stakeholders.

The Racing Act 2003 gives the Racing Board overall responsibility for promotion of the racing industry, facilitation and promotion of betting on racing and sporting products, and maximization of its profits for the long-term benefit of New Zealand racing. The Act makes it clear that a more comprehensive response to the new environment would be required, as the new industry structures gained traction, and that the racing industry must apply a more strategic, long-term and collaborative approach.

The Racing Board's Business Plan for 2005-2007 set four long-term objectives. These are:

- 1. Grow net racing industry income by \$35m by FY07**
- 2. Increase TAB gambling market share to 15% (13.7% FY02) of total expenditure by FY07**
- 3. Returns to owners to be 100% of NZRB funding by FY07**
- 4. As part of its global endeavours have at least 10% of NZRB revenue from off-shore by FY07**

In turn, the Racing Board's Business Plan for 2005-2008 identified three key drivers:

- **Channels and Products**
- **Marketing**
- **Industry revitalisation**

(Note: The proposal to grow net racing income by \$35m in the 2005-2007 Business Plan represented growth in off-course only. The basis for this calculation was changed in the 2005-2008 Business Plan to include on-course, FFOB and overseas.

We believe it is appropriate to apply the Racing Board's drivers, detailed in the 2005-2008 Business Plan, as the framework for our own strategic planning, where applicable.

New Zealand Thoroughbred Racing's three overriding drivers for 2005-08 are:

TO INCREASE PROFITABILITY OF AND PARTICIPATION IN THOROUGHBRED RACING
TO IMPROVE THE THOROUGHBRED CODE'S OPERATIONAL EFFECTIVENESS
TO IMPROVE NEW ZEALAND THOROUGHBRED RACING INC'S PERFORMANCE

These three drivers are broken down into constituent objectives in this business plan, the thinking behind these specific objectives, where responsibilities for ensuring their success lie, together with their budgets.

The key thoroughbred code goals, as set by the Racing Board in its 2005-2008 Business Plan, are:

- **\$6m-\$12m: Industry revitalization: On-course entertainment and Ownership/participation – thoroughbred incremental contribution**
- **\$2m-\$4m – Industry revitalization: Venues, Performance Benchmarking, and Cost and Efficiencies**

New Zealand Thoroughbred Racing aims to meet these targets through the following five strategies which are included in the constituent objectives, referred to above, in this business plan:

1. Race club synergies and efficiencies and better utilization of assets by Race Clubs through Regional Racing Clusters
2. Focusing marketing on the four strategic carnivals – Hawke’s Bay, Canterbury, Wellington and the new Auckland Carnival – and other specified events identified in the Strategic Review of the Pattern of Racing
3. A funding policy and stakes allocation structured to encourage participation and to generate higher returns to stakeholders
4. A calendar structured to optimize the horse population and to maximize turnover
5. Increasing sponsorship

These are set out in detail in this business plan. However, New Zealand Thoroughbred Racing is not in a position to attribute precise incremental industry contributions to each of the above targets.

Appendix 1 sets out the respective roles New Zealand Thoroughbred Racing plays within each Racing Board initiative. This table also outlines how New Zealand Thoroughbred Racing is planning to work with other racing codes in performing its own role.

A large, stylized version of the NZTR logo, featuring the letters 'NZTR' in a bold, black, sans-serif font, centered within a large, grey, curved swoosh that mirrors the design of the logo in the top right corner of the page.

KEY OBJECTIVES FOR THE THOROUGHBRED CODE 2005/08

TO INCREASE PROFITABILITY OF AND PARTICIPATION IN THOROUGHBRED RACING

- 1.1 PROFITABILITY:** Maximize the thoroughbred code's profitability through:
- a. Promoting a funding mechanism and a distribution policy that provide the highest long-term returns for the thoroughbred code
 - b. Optimizing placement of thoroughbred race meeting dates
 - c. Working with the Racing Board to enhance thoroughbred information to bettors, both domestic and international
- 1.2 PARTICIPATION:** Increase participation in thoroughbred racing by:
- a. Facilitating more horse ownership and usage appropriately
 - b. Improving communication
 - c. Enhancing sponsorship
 - d. Facilitating maximum promotion for the key strategic events in the calendar following the recommendations of The Strategic Review of the Pattern of Racing

TO IMPROVE THE THOROUGHBRED CODE'S OPERATIONAL EFFECTIVENESS

- 2.1 INFRASTRUCTURE:** Strengthen the thoroughbred code's operational effectiveness by:
- a. Establishing and supporting Regional Racing Clusters
 - b. Promoting and establishing performance and infrastructure standards for race venues
 - c. Strengthening education and training, health and safety compliance, and research and development

TO IMPROVE NEW ZEALAND THOROUGHBRED RACING INC'S PERFORMANCE

- 3.1 CUSTOMER SERVICE:** Provide modern and efficient business services to all customers, internal and external, on a value-for-money basis with full accountability through performance measurement
- 3.2 SYNERGIES:** Maximise strategic and resourcing synergies with the Racing Board and other codes while maintaining the thoroughbred code's viewpoint and autonomy
- 3.3 INTERNATIONAL HARMONIZATION:** Identify opportunities for New Zealand racing to work in partnership with other racing jurisdictions for the benefit of New Zealand racing
- 3.4 INTEGRITY:** Strengthen racing integrity, without compromise

TO INCREASE PROFITABILITY OF AND PARTICIPATION IN THE THOROUGHBRED CODE

STRATEGY	RESPONSIBILITY	BUDGET
1.1. a. Promoting a funding mechanism and a distribution policy that provide the highest long-term returns for the thoroughbred code	NZTR NZRB Clusters	Redistribution of funding

FIG 1. PRIZEMONEY PAID

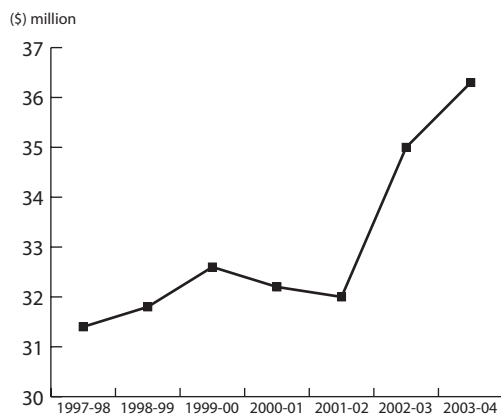
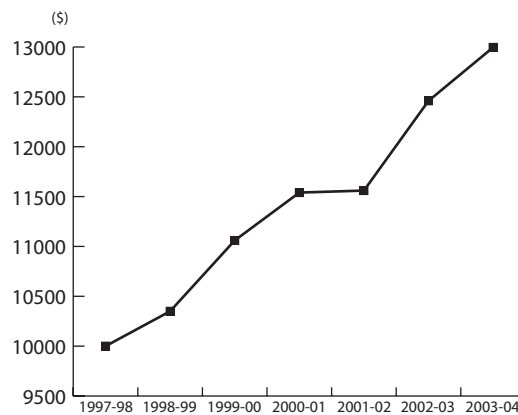


FIG 2. AVERAGE STAKE PER RACE



Economically, the greatest opportunities to grow overall racing turnover, through targeted investment and value adding services, fall within thoroughbred racing.

New Zealand Thoroughbred Racing is under intense pressure from its stakeholders to push for change to the basis of the Racing Board’s funding distribution to each code and will be acting accordingly on their behalf. The feeling of inequity on this issue is very strong within the thoroughbred code. With that in mind, the thoroughbred code considers that this shortfall restricts economic opportunities. We look to the Racing Board to review the basis of how it determines the percentage distribution to each code.

The Racing Board confirmed at the beginning of April 2005 that the funding mechanism for 2005/06, with the exception of fixed odds betting revenues, will remain consistent with 2004/05. That is:

- Each code’s proportional domestic share of net profit before distributions and retentions
- 13% On-course Commission to Clubs
- Premier Marketing Subsidy
- Stakes Subsidy Account
- Friday UHF Trackside Subsidy
- 2.5% Exported Races Commission (subject to the 60 second rule)
- Industry Group Expenses
- Any end of year surplus (except for Board retentions) will be subject to proportional share

Changes are to be made as follows:

- The basis of Fixed Odds Betting distribution will be amended to 5% of turnover

The thoroughbred code considers 2005/06 and its treatment of the Racing Board's distributable funding as a transitional year. New Zealand Thoroughbred Racing acknowledges that previous additional funding of \$1.852m from Racing Board reserves will, from FY2005/06, be generated from the Racing Board's improved operational and financial performance. Taking into account other payments made in FY2004/05, and additional funding commitments New Zealand Thoroughbred Racing has to meet in FY2005/06, there will be no significant increase in funds available to Clusters from FY2004/05 to FY 2005/06

For 2005/06 New Zealand Thoroughbred Racing is working on the basis that this funding will be in accordance with the Racing Board's estimated turnover and distributable earnings as set out in its 2005-2008 Business Plan and will remain the same as 2004-05:

FIG 3. ESTIMATED TURNOVER 2005-06

(\$000s)	THOROUGHBRED 56.7%
On-course	44,607
Off-course	397,514
FOB	10,000
Total	452,121

These turnovers are projected to yield:

FIG 4. ESTIMATED DISTRIBUTABLE EARNINGS

(\$000s)	THOROUGHBRED 56.7%
On-course @ 13%	6,363
FOB @ 5%	498
Premier marketing, stakes & other subsidies	1,763
Interest	60
Overseas royalties	2,994
Owners and breeders scheme	480
Other industry expenses	
Balance by domestic proportions	35,124
Total	47,047

2005-06 THOROUGHBRED CODE DISTRIBUTION POLICY

A broader pool of participants and investors – owners, licencees (trainers and riders) and breeders – who ensure the supply of product which allows us to conduct sustainable racing, is the corner stone for the future of thoroughbred racing. These participants and potential participants require sufficient incentives to allow them to participate or invest more in the industry. This was identified as the key driver in the Racing Board Forums conducted in April 2005. The dilemma facing New Zealand Thoroughbred Racing, as well as the other codes, in the short term is that projected funding for 2005/06 is not significantly different in total terms compared to 2004/05.

The 2005/06 thoroughbred racing season will see three key initiatives introduced – a new category of meeting, titled 'Super Feature,' starter incentives and sponsorship support from the New Zealand Racing Board. These three initiatives are at the forefront of a new funding policy for the thoroughbred code aimed at raising participation and turnover.

Specifically, 'Super Feature' meetings are being introduced by New Zealand Thoroughbred Racing to provide clubs with an opportunity to upgrade a current Feature licence to offer increased prize money, particularly on Saturdays.

The introduction of Super Feature meetings will see stakes increased from a minimum of \$110,000 to \$150,000 per meeting in the Northern Region and from \$90,000 to \$130,000 per meeting in the Central Region. Southern Region Clubs should be in a position to lift minimum stakes for nominated Feature meetings to Super Feature status or alternatively lift minimum stakes for races based on ratings bands comparable to former progressive and intermediate races.

Clubs that run Premier meetings will have the flexibility to either schedule eight PQ races at \$27,500 or six PQ races at \$30,000 depending upon the make-up of the programme. This flexibility will allow the Club to place stake money where it will work hardest in attracting the best horses to Premier meetings.

Clubs will apply to New Zealand Thoroughbred Racing for a Super Feature licence based on the criteria that has been set and the funding that is available. Not all Feature licences will be able to be upgraded to Super Feature status in the 2005/06 season but it is anticipated that by the 2006/07 season the majority of Feature meetings will have been upgraded to Super Feature status. The pattern of racing will be taken into account when allocating Super Feature licences.

The Racing Board is committed to making additional funding available for the introduction of starter incentives and sponsorship growth.

Starter incentives, totalling \$750,000, are to be paid to non-stake earning starters in Maiden races. This incentive is aimed at increasing the number of starters by meeting some of the costs associated with starting horses in these races. It is intended that this will help to encourage owners and trainers to run their horses in races instead of in trials.

The Racing Board has also made an amount of \$2m available in the 2005/06 season, across the three racing codes, to support initiatives, which will encourage investment in the industry at every level. Based on market share the thoroughbred code share will be approximately \$1.12m.

APPENDIX 2 sets out the thoroughbred code's proposed distribution policy.

FIG 5. RACING BOARD NET PROFIT BEFORE DISTRIBUTION AND RETENTIONS

REVENUE CATEGORY	2004/05 FORECAST	2005/06 MINIMUM COMMITMENT	DIFFERENCE
RACING BOARD FUNDS TO DISTRIBUTION ACCOUNT			
Racing Board Base Funding*	33,777,392	35,124,000	1,346,608
Supplimentary Funding	1,852,000		-1,852,000
Interest	68,000	60,000	-8,000
Stakes levies	302,000	326,517	24,517
Final field	16,000		-16,000
Overseas royalties		239,497	239,497
Ex Racing Board Surplus	742,000		-742,000
SUB-TOTAL DISTRIBUTION ACCOUNT LEVEL	36,757,392	35,750,014	-1,007,378
PAID DIRECT TO CLUBS			
On-course Commissions	6,004,694	6,363,000	358,306
FFFOB & FOB Commission	82,348	498,000	415,652
Overseas Royalties	2,852,000	2,754,220	-97,780
Premier Marketing Subsidy	1,380,900	1,380,900	0
Special funding	149,000		-149,000
Turnover guarantees	14,202	23,370	9,168
UHF Trackside Friday subsidy	32,433	32,432	-1
SUB-TOTAL DIRECT TO CLUBS	10,515,577	11,051,922	536,345
TOTAL FUNDING	47,272,969	46,801,936	-471,033

Excludes proposed Maiden Starter Incentives of \$750,000 and sponsorship funding of \$1.12m

*This reflects the minimum funding commitment from the Racing Board based on earnings of \$81m

- * Racing Board Base Funding is made up of:
- 2005/06 New Zealand Thoroughbred Racing share of Racing Board Funding commitment based on code market share
 - Stakes Subsidy Account
 - Interest
 - 5% of FFFOB & FOB profit
 - Stakes Subsidy Account

New Zealand Thoroughbred Racing will provide additional funding from the distribution account in 2005/06 to cover commitments that have previously been funded from either the Racing Board or New Zealand Thoroughbred Racing imposed levies, to maintain the pre-eminent wagering potential of the four key strategic carnivals. These account for only 4% of meetings but over 12% of turnover.

FUNDING CATEGORY	AMOUNT
3-year old Classic Race Subsidy previously funded from export levy	140,000
Racing Board share of Hawke's Bay Spring Carnival funding	100,000
Racing Board share of Paeroa Jumps Day funding	49,000
NEW FUNDING TO SUPPORT (See Section 1.2.d):	
Auckland Cup Carnival	125,000
Wellington R.C Cup Carnival –100 years of racing at Trentham	100,000
Canterbury J.C Cup Week – new \$250k race	100,000
TOTAL	614,000

STRATEGY	RESPONSIBILITY	BUDGET
1.1. b. Optimizing placement of thoroughbred race meeting dates	NZTR NZRB Clusters	N/A

New Zealand Thoroughbred Racing has represented all clusters during the date setting process in conjunction with the Racing Board's Dates Committee and, in that role, will continue to work with the Racing Board to develop a calendar designed to encourage and reward enterprise in order to maximize turnover and reinvestment.

New Zealand Thoroughbred Racing will also work with the Racing Board to develop a more timely, practicable and equitable system for setting the calendar.

During 2004 New Zealand Thoroughbred Racing commissioned and promoted the Strategic Review of the Pattern of Racing. This provided recommendations for a more sustainable and profitable calendar and critical areas requiring attention to support the Pattern.

The recommendations of the Pattern Review Committee have been endorsed by New Zealand Thoroughbred Racing and have been adopted in the 2005/06 calendar. These include the most significant changes to the Pattern since its inception, namely moving the Auckland Cup (highest t/o for a NZ race) and the New Zealand Derby (3rd highest t/o for a NZ race) from their traditional Auckland Cup Carnival positions to a new Carnival in early March.

New Zealand Thoroughbred Racing will ensure that the aims of the Pattern Review are fully realised through 2005-2008.

A summary of the recommendations of the Pattern Review Committee are listed below:

That the industry takes a proactive series of steps to re-emphasise the industry's strength in middle distance and staying races and programme races accordingly; and that NZTR note the importance of adopting patterns, schedules and funding of races to ensure that the New Zealand industry can regain its former position of strength

That NZTR adopt the philosophy that Group 1 and 2 races are national events and that Group 3 and Listed races are regarded as regional events

That NZTR adopt the philosophy that Easter Saturday is ignored in the Dates Calendar

That NZTR supports the proposed Auckland March Carnival and the re-positioning of feature races as proposed by the Review Committee

That the industry commit to an investment in track maintenance and upgrading as well as research and assessment so that track surfaces are presented at their optimum

That NZTR establishes an independent group, to work with the Graded Stakes Committee, that will keep under review the pattern of racing in New Zealand

STRATEGY	RESPONSIBILITY	BUDGET
1.1. c. Working with the Racing Board to enhance thoroughbred information to bettors, both domestic and international	NZTR NZRB Clusters	\$20,000

There is work being undertaken at present, led by the Racing Board, to upgrade existing form content and channels for distribution and to explore industry-owned products. New Zealand Thoroughbred Racing will work alongside the Racing Board to upgrade form and broaden its audience.

Initiatives include:

Enhancement of presentation and format of newspaper lift-outs

The addition of the Otago Daily Times to regional newspapers incorporating the lift-out

Industry ownership of form commentary and information

Enhancement of content and presentation of on-course racebooks

Enhancement of content and presentation of off-course form guides

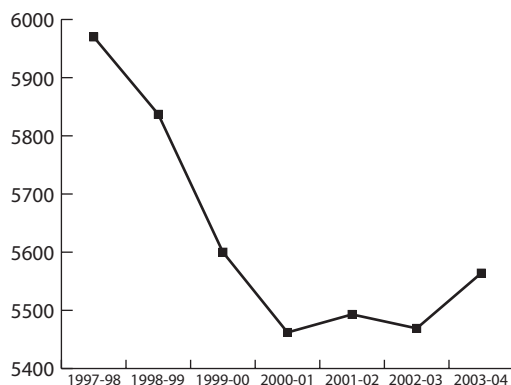
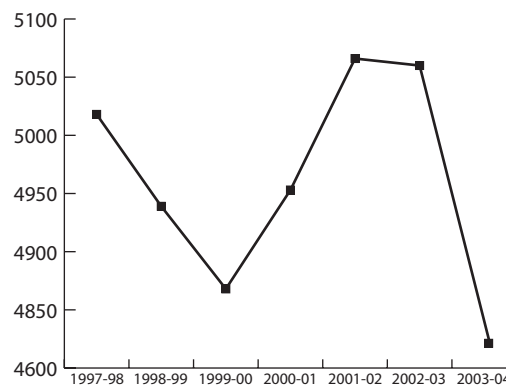
Video replays on appropriate industry websites

Data segmentation on websites

A single industry database

STRATEGY	RESPONSIBILITY	BUDGET
1.2. a. Facilitating more horse ownership and usage	NZTR Clusters Breeders	05-06: \$880,000* 06-07: \$920,000* 07-08: \$960,000*

* – Includes starter incentives. Does not include TBS Scheme

FIG 6. NUMBER OF HORSES RACING IN NZ**FIG 7. NUMBER OF FOALS BRED IN NZ**

The Racing Act 2003 gives the racing board overall responsibility for promotion of the racing industry, namely to:

Promote the racing industry

Facilitate and promote betting on racing and sporting 'products'

Maximise its profits for the long-term benefit of New Zealand racing

The role of each code is complementary through the different types and levels of specialist expertise each organisation brings to racing.

Each racing code is a product provider, the governing body of which has the primary responsibility to provide a proactive leadership role for the thoroughbred code.

With specific reference to horse numbers, usage and ownership, the facts are these (See Appendix 4 – Performance Measures 2003/04):

Broodmares: 9,073

broodmares bred: 6,880

Foal crop (from 2002/03 coverings): 4,700

New horses registered: 3,141

Horses racing: 5,564

Exports: 1,782

New Zealand foal crops are down to pre-1979 levels.

There is not a shortage of horses to race in New Zealand per se, but rather a shortage of owners. Owners pay for the product. Their determinant to reinvest is the level of return on their investment or, for most owners, the level of losses they are prepared to sustain. Stakes govern that level. Building ownership is the key.

First, it is important that the racing industry agrees marketing responsibilities and roles. New Zealand Thoroughbred Racing believes that the marketing of horse ownership rests firmly with the code and, accordingly, must be code driven. Set out below is New Zealand Thoroughbred Racing's understanding of marketing responsibilities and roles within the racing industry.

FIG 8. MARKETING RESPONSIBILITIES AND ROLES

	STAKE-HOLDERS	FUNDING	RESPONSIBILITIES	ROLES
NZRB (TAB)	1. Wagerers (TAB) 2. All participants – Health of racing ind. (NZRB)	Wagering	1. Bet types (off-course only) 2. On-course experience headline events (catering / facilities / entertainment)	1. TAB brand 2. Exposure and delivery of all racing (3 codes) form & live pictures 3. Awareness and understanding of all betting products 4. Enhancing the on-course experience (3 codes)
NZTR	1. Clusters 2. Interest groups / sectors	1. Reg. fees 2. Club levies 3. Wagering surplus	1. Ownership 2. Sponsorship 3. Media / information / publications	1. Facilitating increased participation 2. Facilitating increased investment 3. Maximising communications 4. Providing advisory role to the Racing Board and support marketing goals at a code level
Clusters	1. Members 2. Racegoers 3. Owners 4. Trainers 5. Jockeys	1. Gate 2. Wager'g % 3. Catering 4. Functions	1. Racing 2. Other raceday entertainment 3. Conferences etc 4. Sponsorships	1. Attracting horses 2. Attracting the public 3. Attracting investment (sponsors)
NZTM	Breeders	1. NZB levy 2. NZTR grant	1. Bloodstock 2. Skills 3. Facilities	1. Attracting buyers to NZ bloodstock 2. Promoting investment in breeding, skills & facilities
NZB	Breeders	Owners	Bloodstock	Attracting buyers to NZ bloodstock by auction

To encourage participation New Zealand Thoroughbred Racing will continue to administer the Thoroughbred Bonus Scheme in partnership with the New Zealand Thoroughbred Breeders Association. New Zealand Thoroughbred Racing will administer \$750,000 of Racing Board-sponsored owner incentives for non-stakes finishers in maiden races, to underpin a range of specific initiatives to facilitate more participation, and will support the Racing Board in distributing \$1.12m of sponsorship funding.

Specific initiatives, over and above stakes incentives, in 2005-06 are:

Understanding ownership and licensee motivators / barriers / causes for dissatisfaction / lapsed ownership

Exploring Racing Board post-Forum proposals, namely, introduction of claiming races, races on Tuesday trial days, restricting trials in the North Island and selected areas of the South Island to two-year-olds and non-raced horses, and a rating system with drop-backs compatible with Australia

Growing syndication awareness, interest and participation

Service standards applied by licensees, with particular emphasis on communication with owners

This will be enhanced in 2006-07 to include:

Regulatory requirements and guidelines, such as mandatory training agreements / bloodstock transaction code of practice / more user-friendly public syndicate registration

Reducing costs and barriers to participation, and creating incentives for owners and trainers to more actively race horses

And further enhanced in 2007-08 to include:

Improving on-course facilities for owners and licencees

Consistent and appropriate levels of qualification for licencees and structures in place to ensure that levels are being maintained

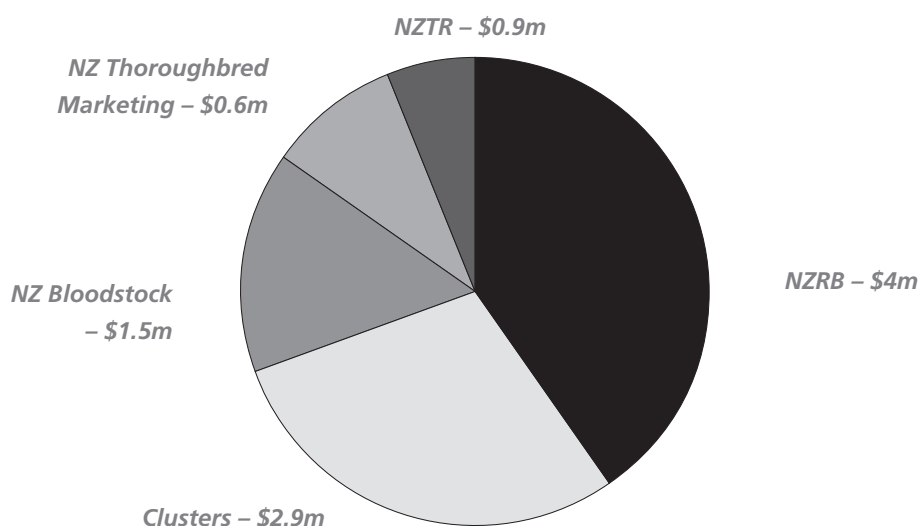
For 2005/06 New Zealand Thoroughbred Racing will work with New Zealand Thoroughbred Marketing to appoint a manager to be wholly responsible for ownership initiatives and direct ownership marketing (re-invigorating 0800 Raceit line and syndicate promotions) and operational liaison between Clubs, New Zealand Thoroughbred Racing and the Racing Board. In addition it will grant \$90,000 to New Zealand Thoroughbred Marketing for specific ownership initiatives, specifically to grow syndication principally through (approved) syndicators / trainers.

In addition to the above initiatives, New Zealand Thoroughbred Racing is working with tourism and related racing bodies in support of two projects aimed at raising the awareness of racing. We are committing both funds and skill resources to:

New Zealand Champions – The National Racing Museum and Hall of Fame to be built at Ellerslie Racecourse

The Hall of Fame – inductees to be announced annually at the time of the new Auckland Cup Carnival

FIG 9. THOROUGHBRED INDUSTRY MARKETING SPEND



STRATEGY	RESPONSIBILITY	BUDGET
1.2. b. Improving communication	NZTR NZRB Clusters Sector Interests	Budget to be drawn from existing resources

This is an activity that requires strengthening at all levels and this process was initiated in 2004 with the Strategic Change Programme – *A Passion for Racing*. Most urgently, time and resources are required to be set aside to establish the most constructive channels of communication between New Zealand Thoroughbred Racing and the Racing Board, and between New Zealand Thoroughbred Racing and its stakeholders to ensure that knowledge is sought and applied most effectively. Existing operational resources will cover requirements.

New Zealand Thoroughbred Racing's primary future role in communications is to be a central resource for all thoroughbred racing clusters and sector interests, focusing on ensuring that what clusters do best at a local and regional level is made fully aware to Wellington, and what Wellington may be planning or doing is made fully aware to clusters by:

Ensuring proactive, timely, clear and consistent information to the media and all stakeholders

Collecting and distributing key data

Monitoring media needs and responding accordingly

Communicating the needs and priorities, and activities and plans of clusters to the Racing Board and vice versa

Providing an advisory role for the Racing Board in all thoroughbred matters and vice versa

STRATEGY	RESPONSIBILITY	BUDGET
1.2. c. Enhancing sponsorship	NZTR Clusters	Budget to be drawn from existing resources

This is clearly the role of each individual cluster or sector at present. National sponsors are few, there are no national standards and neither New Zealand Thoroughbred Racing nor the Racing Board has authority over matters such as granting exclusivity. However, BCG analysis has identified sponsorship as a primary area of opportunity. While Clusters will provide a more efficient structure for regional opportunities, New Zealand Thoroughbred Racing plans to work more closely with the Racing Board to:

1. Support sponsorship initiatives identified under 'Industry Revitalisation' at a code level.
2. Set up mechanisms to centrally gather and report evidence that assists thoroughbred sponsors with their investment or re-investment decisions in the racing industry, particularly demographic information (e.g. generic sponsorship-related research questionnaires), which may also be employed to attract additional sponsors.

STRATEGY	RESPONSIBILITY	BUDGET
1.2. d. Facilitating maximum promotion for the key strategic events in the calendar following the recommendations of The Strategic Review of the Pattern of Racing	NZTR NZRB Clusters	See Fig.13

New Zealand Thoroughbred Racing has drawn up specific primary targets for marketing support. The selection comprises only Premier events, principally made up of Saturday events or Carnivals leading up to a Saturday finale.

While no Sunday or 'picnic' meetings have been identified, we strongly support development of the Sunday Country Cups concept during 'daylight-saving' with a focus on on-course attendance and family entertainment. Sunday meetings are primarily 'local' events with local existing and potential customers.

Some may have limited margins for potential growth, which was considered in the business case for marketing support.

It is New Zealand Thoroughbred Racing's recommendation that the Racing Board provide access to marketing funds, referred to in section 1.1.a, to complement existing spend by clusters to support and enhance their marketing plans. It is further recommended that funds are provided to clusters on a business case by business case basis.

FIG 10. ADDITIONAL MARKETING FUNDING FOR KEY STRATEGIC EVENTS 2006-2008

Event	Date & Location	Strategic positioning	Projected t/o 2005/6: Off-course On-course	Marketing support (\$000s)		
				06	07	08
Hawke's Bay Carnival	27 Aug 05 Hastings	Launch of season	\$2,550,000 \$305,000	300	300	300
	17 Sept 2005 Hastings	Middle leg of Spring Carnival	\$2,450,000 \$230,000			
	1 Oct 2005 Hastings	Richest race of the year	\$3,000,000 \$1,200,000			
Melbourne Cup Day	1 Nov 05 Ellerslie Trentham Otago	Iconic racing event – maximum national awareness	\$4,700,000 \$1,250,000	0	0	0
Canterbury Jockey Club (CJC) Cup Week	5 Nov 05 Riccarton	1,000Guineas – First Classic (female)	\$2,300,000 \$350,000	100	100	100
	9 Nov 05 Riccarton	Couplands Stks – New \$250k race	\$1,450,000 \$600,000			
	12 Nov 05 Riccarton	2,000 Guineas / NZ Cup – First Classic (male) and re-positioned	\$2,900,000 \$1,100,000			
Wellington Cup Carnival	21 Jan 06 Trentham	Ladies Day and first day of WRC Carnival	\$2,500,000 \$470,000	100	0	0
	28 Jan 06 Trentham	Wellington Cup – potential for growth	\$4,200,000 \$1,500,000			
Auckland Cup Carnival	4 Mar 06 Ellerslie	Derby – re-positioning in new Carnival	\$3,000,000 \$1,000,000	250	200	150
	8 Mar 06 Ellerslie	Auckland Cup – re-positioning in new Carnival	\$3,500,000 \$1,600,000			
	11 Mar 06 Ellerslie	Re-positioning in new Carnival	\$2,800,000 \$1,000,000			

TO IMPROVE THOROUGHBRED RACING'S OPERATIONAL EFFICIENCY

STRATEGY	RESPONSIBILITY	BUDGET
2.1. a. Establishing and supporting Regional Racing Clusters	NZTR Clusters	05-06: \$70,000 06-07: tbd 07-08: tbd

The strategic challenge for the next few years is to move from a culture where New Zealand Thoroughbred Racing and clubs receive 'funding' or 'subsidies' and compete for that, to an environment where clusters actively grow turnover and share in those rewards in proportion to contribution. In the early stages of that transition, funds from the distribution account will be a key source of seed capital. As the new environment develops, the thoroughbred code will generate and benefit from its own economic momentum.

New Zealand Thoroughbred Racing's role is to ensure the establishment of clusters and to support them together with their clubs, events and racetrack infrastructures by developing and applying shared goals, resources and expertise.

The key objectives of the Clusters are:

- **Remove the distinction between large and small clubs.**
- **Identify the strategic training and racing venues that the industry supports.**
- **Reduce the impact of elements outside the clubs' control, eg bad weather.**
- **Reduce the dependence on funding policy and date allocation.**
- **Create more certainty, especially ensuring races will be run.**
- **Focus the industry on making money out of its assets outside of racing.**
- **Better utilise industry assets.**
- **Continue to cut costs (nationally and locally) where appropriate, which can be achieved by rationalisation.**
- **Embrace new technology.**
- **Provide appropriate facilities suitable for each race day.**
- **Maintain voluntary support at club level.**
- **Increase returns to stake holders.**
- **Improve professionalism across the industry – NZTR, clubs and sectors**

Work to make clusters an operational reality for the 2005/06 racing year has been underway for 18 months. Work is now focusing on developing financial models to suit each cluster, cluster constitutions, management structures and cluster business plans. Clusters are expected not just to plan and manage racing in their regions but also to plan their own longer-term development. New Zealand Thoroughbred Racing has been and will continue to contribute resources to support cluster development and management.

Clusters will generate their own revenues through racing events and other non-racing commercial activities. At this initial stage the details of the incentive framework reflect our code's history of individual clubs. As the framework evolves we anticipate that clusters will take greater responsibility for setting dates and programming races, and for distributing the collective returns from those events to individual clubs. The initial focus on programming will be to start reconciling events and venues (i.e premier race programmes at premier venues).

Selection of, and investment in, venues will demand choice and focus. The first step will be to help clusters identify the current and potential return on their core and non-core assets, and then to determine the best options for venue maintenance and development and what investment will be required in each case. Decisions will then require a national perspective focusing on generation of betting turnover, accessibility to horse and racegoer populations, standards of facilities and operations. In line with the Racing Board's business plan, New Zealand Thoroughbred Racing will be supporting clubs in taking these steps themselves via the cluster framework.

STRATEGY	RESPONSIBILITY	BUDGET
2.1.b. Promoting and establishing performance and infrastructure standards for race venues	NZTR Clusters	05-06: \$85,000 06-07: \$50,000 07-08: \$50,000

Developing the theme of 2.1.a further, our future depends on the effectiveness of our events and how they compete in the entertainment market. It is clear that some racetrack infrastructures need reinvestment to allow them to compete. New Zealand Thoroughbred Racing is embarking on a 'Warrant of Fitness' programme to ensure that racetracks meet required levels of customer (human and animal) standards, namely:

- Facilities
- Track surfaces
- Services provided

Racing clubs will increasingly operate in collaboration with one another through the cluster approach. Most vitally, the cluster approach will enable clubs to share and take the economic risks that are inherent in seeking improved returns.

New Zealand Thoroughbred Racing will:

- 1. Establish standards for 'hard' infrastructure such as racetracks and buildings and 'soft' infrastructure such as procurement of goods and services, which will provide performance measures for the issuance or non-issuance of licences by the Racing Board in the longer term.**
- 2. Define and share good practice in operations and management**
- 3. Supply portable or centralised services that can deliver better value for money**

STRATEGY	RESPONSIBILITY	BUDGET
2.1.c. Strengthening education and training, health and safety compliance, and research and development	NZTR Clusters Sector interests	05-06: \$52,000 06-07: tbd 07-08: tbd

As a body whose core role centres on regulation, New Zealand Thoroughbred Racing has been inclined to see itself as an organisation focused on administration and technical expertise. New Zealand Thoroughbred Racing's organisational chart is attached at **Appendix 3**.

In a changing industry, our future capability will require a different skill mix. We will be doing more to 'future proof' that skill base through multi-skilling and job rotation, application of technology and identifying synergies with the Racing Board and other partner organisations. This initiative will then be broadened to include all areas of employment in the thoroughbred code.

Strategic and business management capability, directly for New Zealand Thoroughbred Racing activity and indirectly for cluster operations and sector interests, will have higher priority than in the past. We will aim to set out a clear structure, which should identify current and potential future gaps in skill bases across the code, and areas in need of more defined career management and training. We will also be ensuring code-wide compliance with all human resource regulatory requirements.

Workplace health and safety standards will feature prominently on our future agenda through the Warrant of Fitness programme. New Zealand Thoroughbred Racing will co-ordinate and present thoroughbred code perspectives within the racing industry and more widely when appropriate.

We are currently working with the Department of Labour to draw up a workplace health and safety template for Clusters. \$25,000 has been budgeted for this work.

No further funding has been set aside for health and safety and education and training. Existing resources will be utilised.

Thoroughbred racing needs to participate in the development of new knowledge and skills. Some of that activity is an inherent part of ongoing operations, at grassroots level and in New Zealand Thoroughbred Racing's routine code leadership and co-ordination. In other cases we will need to promote, and find ways of funding, specific research and development projects that do not deliver a short-term economic return.

New Zealand Thoroughbred Racing currently grants \$27,000 per annum to the New Zealand Equine Research Foundation.

We will work with the Racing Board to ensure targeted reinvestment that enhances our code's future competitiveness and capability, particularly in the core areas of prohibited substance detection, covered in section 3.4, and turf management.

TO IMPROVE NEW ZEALAND THOROUGHBRED RACING INC'S PERFORMANCE

In mid-2004 New Zealand Thoroughbred Racing embarked on a strategic change programme titled A Passion for Racing. Specific projects were:

Modernisation and upgrade of New Zealand Thoroughbred Racing's management infrastructure including the establishment of a Senior Management Group responsible for policy and co-ordination and for reviewing and monitoring the annual Business Plan

A review of the Pattern of Racing and adoption of subsequent recommendations

A review of Board operations

Recognition of the importance of and a subsequent review of communications

The introduction of a ratings-based handicapping system

A review and approval of future long-term technology requirements

Improvements to business planning and budgeting including an independent review of accounting systems

A change of premises to the Racing Board's National Office

Further development of Regional Racing Clusters

CE knowledge transfer to new CE and Senior Management

New Zealand Thoroughbred Racing will reinforce the initiatives set out in A Passion for Racing through more effective and efficient governance and the appointment of a new Chief Executive in 2005 and through the development of four specific projects which have evolved from A Passion for Racing:

Provide modern and efficient business services to all customers, internal and external, on a value-for-money basis with full accountability through performance measurement

Maximise strategic and resourcing synergies with the Racing Board and other codes while maintaining the thoroughbred code's viewpoint and autonomy

Identify opportunities for New Zealand racing to work in partnership with other racing jurisdictions for the benefit of New Zealand racing

Strengthen racing integrity, without compromise

STRATEGY	RESPONSIBILITY	BUDGET
3.1 CUSTOMER SERVICE: Provide modern and efficient business services to all customers, internal and external, on a value-for-money basis with full accountability through performance measurement	NZTR	05/06 \$330,000 06/07 tbd 07/08 tbd

We recognise the need to continuously improve our services by delivering greater benefits more efficiently on a value-for-money basis.

The first step in that process was a thorough review of all fees charged to ensure a 'user pays' structure reflecting a fair estimate of cost-per-transaction incurred by New Zealand Thoroughbred Racing and to

ensure the legality of all fees charged and collected on behalf of third parties. This was completed in time to implement for the start of the 2005-06 season.

The next step will be systematic collection of customer feedback on what we can do better and what directions we should follow to increase service value.

As a result of recent investments, New Zealand Thoroughbred Racing has a sound and modern technological platform that gives us the capability to improve what we do. The bulk of the budget set aside for customer service, above, will be directed to IT enhancements. Over the period of this business plan we will apply and enhance that capability. A recent example is the introduction of micro-chipping in all foals. We are aiming to migrate predominantly paper-based registration and records services to online.

A quantitative survey undertaken through Thoroughbred Racing Monthly in April 2005 showed that 81.7% of respondents have access to the internet, 64.7% would prefer to nominate/accept for races online, 76.1% would process stud book returns online and 71.3% would prefer to receive all information online if the facility was to be made available. Qualitative customer feedback will then determine customer priorities.

New Zealand Thoroughbred Racing has never before identified a comprehensive list of performance measures, which are both specific and quantitative, and which show past trends, the current position and future targets. This is an evolving process. Performance Measures (2000/01 – 2007/08) are attached to this Business Plan at **Appendix 4**. For the next two years it is planned that this template will be further refined, in stages, and be developed from a quantitative to a more qualitative source of data.

For those performance measures, which are new and for which data is not available, we will develop that information. In some cases, such as on-course attendance, this will require a period of development and investment, and meaningful data may not be available for many months or years. Our future targets are consistent with Racing Board targets and, where appropriate, our targets are drawn directly from theirs, reflecting our interdependency.

With the introduction of these comprehensive performance measures and the adoption of regional racing clusters for the start of the 2005-06 season, New Zealand Thoroughbred Racing recognises that in addition to identifying, collating, monitoring and, most importantly, employing these measures to help set its future direction, they must be consistently communicated across the entire code.

Quantitative tables from which graphs are drawn, together with the more detailed statistics that underlie some particular measures will be developed in the future from this. These will include items such as:

Service delivery and internal efficiency measures

Cluster customer satisfaction by service line / function

Turnaround times by transaction type

Cost per transaction by transaction type

STRATEGY	RESPONSIBILITY	BUDGET
3.2 SYNERGIES: Maximise strategic and resourcing synergies with the Racing Board and other codes while maintaining the thoroughbred code's viewpoint and autonomy	NZTR NZRB	05/06 \$30,000 06/07 tbd 07/08 tbd

New Zealand Thoroughbred Racing has begun a comprehensive review of potential synergies within the racing industry. Opportunities identified include:

Improvement in exchange of information on racedays between New Zealand Thoroughbred Racing and the Racing Board

Office support

Information and form collection and dissemination

IT support and database management

Website development

Racemeeting turnover analysis

Cluster financial performance

Funding analysis

STRATEGY	RESPONSIBILITY	BUDGET
3.3 INTERNATIONAL HARMONIZATION: Identify opportunities for New Zealand racing to work in partnership with other racing jurisdictions for the benefit of New Zealand racing	NZTR NZTM	05/06 \$30,000 06/07 tbd 07/08 tbd

Now, in a global economy, the New Zealand thoroughbred racing industry must become more collaborative in setting its future direction. Its heritage, skills, facilities and infrastructure, built up over 150 years, sit geographically among some of the most successful and fastest developing racing economies in the world.

A report prepared in 2004, as part of the Strategic Change Programme, concluded that New Zealand Thoroughbred Racing and, in some cases, New Zealand racing was operating some areas of activity in isolation, which may be more efficiently operated in partnership or sub-contracted or released. It looked at a number of our functions, which included ratings, handicapping, classifications and graded stakes assessment, as well as the licensing and recording of New Zealand racehorses, races, riders, trainers etc. It became clear that any development in this direction was being held back by territorial and competitive convictions, which were flying in the face of the business and/or political case. There are of course many areas of activity, which New Zealand will need to wholly operate and support for the industry's infrastructure.

Work in collaboration with Racing Victoria has already been undertaken in the areas of handicapping and ratings.

In 2005-06 we will determine how to derive value most effectively from New Zealand's positioning within the global thoroughbred industry. Initially New Zealand Thoroughbred Racing will explore the viability of:

1. **Education:** New Zealand is a leading regional provider of education, particularly tertiary, to foreign students. Its racing infrastructure, environment, expertise and facilities – NZEITO in Hamilton and the Waikato District Apprentice School – and work experience opportunities provide a base for development. Examples of individual projects include the Hong Kong Assistant Trainer scholarship model. New Zealand Thoroughbred Racing will look at positioning New Zealand as a leading racing education provider in Asia Pacific.
2. **Classifications:** An ANZ classifications forum, with the longer-term view of looking to bring the operations of the existing NZ Graded Stakes Committee and the Australian Group & Listed Races Advisory Group closer together.
3. **ANZ Studbook and Registration:** Alignment of processes, practices and fee categories across Australia and New Zealand, in line with increased cross-border movement of horses and the introduction of online registration with the longer-term aim of standardization.
4. **Race programming:** Highlight top New Zealand races as prep races for Australia (ie. ballot exclusion, track conditions, group status opportunities etc) and as part of Asian and World Series as appropriate.
5. **ANZ representation on international organisations and forums:** It is expected and anticipated that New Zealand racing would wish to remain independent on forums where it currently holds a seat. However, in cases which allow ANZ joint-representation would be more beneficial and cost-effective to the interests of NZ racing, it is recommended that this option is pursued. An example might be the legal defence of NZ racing's data rights against an off-shore betting provider.
6. **Research and data / best practice:** Collaboration with other racing jurisdictions in areas of new technology, research, service standards and practices being considered and/or practised by New Zealand racing, which are in place in better-resourced racing jurisdictions, be it nutrition, equipment, IT, facilities, rules, track maintenance etc.
7. **Sponsorship and marketing:** Trans-Tasman sponsorship opportunities for businesses with markets and potential markets in both countries could be better exploited through alliances between races, race series, racecourses etc. and the flow-on affect via marketing these events, products etc
8. **Information / data:** Some exchanges of information are already in place. Assessment of all contras / exchanges is required to ensure that opportunities are not being missed, assets are not under-valued and that all data is protected and correctly valued.

STRATEGY	RESPONSIBILITY	BUDGET
3.4 INTEGRITY: Strengthen racing integrity, without compromise	NZTR	Subject to current discussions concerning the laboratory

As a regulatory body with statutory authority, our most fundamental duty and challenge is to maintain and strengthen the integrity of racing, independently from other industry participants and to demonstrate and communicate that integrity. Unless racing participants – breeders, owners, trainers, riders, supporters, spectators and, most critically, bettors – believe that racing is a 'fair game,' their confidence will diminish and their participation will ultimately cease.

New Zealand Thoroughbred Racing's responsibilities extend not only to the conduct and integrity of race meetings but also to activities such as horse registration, licensing, programming, handicapping and ratings, records and data management.

New Zealand Thoroughbred Racing is required to be more vigilant than ever before in anticipating future challenges – to think, plan and act, not just to react – and, accordingly, its activities in racing integrity over this planning horizon will have three limbs:

- 1 Continue our current 'business as usual' activities within New Zealand, including any incremental improvements that may be required:**
 - Upgrading laboratory capabilities are under discussion with Massey and the Racing Board
 - Licensing and oversight of trainers and riders
 - Horse authentication through our registration and stud book
 - Race authentication through classification, horse ratings and handicapping
 - Race validation and adjudication through records, testing, stewards, racecourse inspectors and judges
- 2 Increase collaboration with the Racing Board in setting and maintaining standards and with our international peers to keep New Zealand abreast of best practice and contributing to international initiatives, including the introduction of random swabbing at trials**
- 3 A comprehensive review and development project entitled '2020 Integrity.' This project, which will systematically identify and plan responses to potential future challenges to racing integrity in New Zealand, will commence in early 2006. Project outcomes are expected to include:**
 - Benchmarking against best practices from other jurisdictions
 - A fresh look at the Rules of Racing
 - Updating criteria for our routine quality standards and operational services
 - Defining targets for people development and management practices
 - Establishing positive perceptions of racing integrity through more open communications between operators and stakeholders and the public
 - Updating technology

Appendix 1

KEY DRIVERS OF RACING BOARD BUSINESS PLAN 2005-2008	RACING BOARD ROLE	ESTIMATED INCREMENTAL INCREASE IN NET INDUSTRY CONTRIBUTION PER ANNUM BY 2007-2008	NEW ZEALAND THOROUGHBRED RACING ROLE	NZTR'S WORK WITH OTHER CODES (TBD)
RACING INDUSTRY REVITALISATION				
On course as entertainment	<ol style="list-style-type: none"> 1. Brands for specific event types 2. Customer service framework 3. Mobile facilities: big screens & marquees 4. Explore national food and beverage services 	\$6M-\$8M <i>(Thoroughbred code only)</i>	<ol style="list-style-type: none"> 1. Help determine key events and develop and apply incentives across our code's clusters/clubs 2. Jointly develop and apply measures, particularly our code's sporting aspects 3. & 4. Help assess business case develop infrastructure and services, and plan investments where applicable 	<ol style="list-style-type: none"> 1. Identify and develop mutually reinforcing events 2. Apply common principles and share good practice 3. Collaborate creatively to improve asset utilisation
Participation	<ol style="list-style-type: none"> 1. Promotion of participation 2. Enhance skilled workforce 		<ol style="list-style-type: none"> Lead planning and delivery of Racing Board-led package of participation initiatives for our code 	<ol style="list-style-type: none"> Seek common principles and possible synergies
Industry efficiencies	<ol style="list-style-type: none"> 1. Secure national sponsorship 2. Club performance benchmarking 3. Industry cost savings 4. Develop export markets 		<ol style="list-style-type: none"> Continuation and reinforcement of 'A Passion for Racing' 	<ol style="list-style-type: none"> Seek and apply possible synergies
MARKETING				
Branding (TAB Brand)	<ol style="list-style-type: none"> 1. Develop brand through 4 marketing drivers: customers, products, events and channels 2. Implementation of a customer-focused database 3. Education 4. Increase traffic to more cost efficient channels 5. Aggressive contact strategy, particularly for new accounts 	Financial benefits reflected through the 'Channels and Products' strategies	Contribute on request as feasible	N/A

Appendix 1 continued

KEY DRIVERS OF RACING BOARD BUSINESS PLAN 2005-2008	RACING BOARD ROLE	ESTIMATED INCREMENTAL INCREASE IN NET INDUSTRY CONTRIBUTION PER ANNUM BY 2007-2008	NEW ZEALAND THOROUGHBRED RACING ROLE	NZTR'S WORK WITH OTHER CODES (TBD)
CHANNELS AND PRODUCTS				
Extension of the retail network	Grow agent sites, social outlets and self-service outlets	\$5M-\$8M	N/A	N/A
Lower cost channels while lifting customer experience	Encourage multi-channel relationships with customers		N/A	N/A
Lift agency performance	Review and improve agency remuneration and reward structure, increase efficiencies and value from commission costs and pursue opportunities for group procurement		N/A	N/A
Improve customer perception	Improve look and feel of retail outlets through information provision, facility presentation and touch-screen technology		N/A	N/A
Broadcasting	Increase wider audience appeal for racing through more information and better presentation, more mainstream TV and international coverage		Timely and accurate delivery of nominations, acceptances and accompanying information to all appropriate channels	N/A
Education, marketing and channel consistency	Match products and educational messages with customers and communication channels through on-course, retail outlets and the internet		Operational support and monitoring of club/cluster role in ensuring success of on-course initiatives	N/A
Product development	Extract any hidden potential of existing products, release new products and introduce co-mingling		N/A	N/A
Extended sports hours	Increase operating hours and provide multi-currency and multi-language internet platform		N/A	N/A

Appendix 2

2005-06 FUNDING AND DISTRIBUTION POLICY

FUNDING		NZTR DISTRIBUTION	
FUNDING	2005-06	DISTRIBUTION	2005-06
NZRB Commitment	35,184,000	Club Funding	38,992,942
0.05% Stakes Levies	326,517	Code Expenditure	150,000
NZRB Spec. & Premier Marketing	1,380,900	TOTAL EXPENDITURE	39,142,942
NZTR 0.2% Overseas Royalties	239,497		
NZTR Distribution Account	1,443,687		
NZRB Funding Facility	626,000		
TOTAL SOURCE FUNDING	39,200,601	FUNDING DIFFERENCE	57,659

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CATEGORY	DISTRIBUTION RECONCILIATION 2005-06									
	37	48	34	18	7	105	50	299	Other	
Licences	86,550,000	79,000,000	50,850,000	19,250,000	8,700,000	107,150,000	42,350,000	393,850,000		
Turnover	Premier	Nth Island Super Feature	Nth Island Feature	Sth Island Feature	Nth Island Normal/Feature	Nth Island Normal	Sth Island Normal	Other		
Meeting Category										
Commission	11.25%	9.00%	8.25%	9.50%	7.50%	6.00%	7.75%			
Club Product Payment	9,736,875	7,110,000	4,195,125	1,828,750	652,500	6,429,000	3,282,125		33,234,375	
Premier Marketing Subsidy	1,380,900								1,380,900	
Feature Race Subsidy									108,000	
Per day Payment no overseas royalties									356,000	
Jumping Subsidy									519,000	
Group/Listed Subsidy									2,015,000	
Three year old Group 1 Subsidy									681,667	
Racing Carnival Support									698,000	
									4,377,667	
									38,992,942	

CATEGORY	DIRECT TO CLUBS 2005-06									
	Premier	Nth Island Super Feature	Nth Island Feature	Sth Island Feature	Nth Island Normal/Feature	Nth Island Normal	Sth Island Normal	Direct to Clubs 2005-06		10,094,172
Turnover	17,000,000	9,140,000	5,123,000	2,850,000	1,415,000	9,465,000	3,362,000	48,355,000		
Meeting Category										
On course commission @13%	2,210,000	1,188,200	665,990	370,500	183,950	1,230,450	437,060	6,286,150		
Overseas Royalties								2,754,220		
5% on FFFOB & FOB Turnover								500,000		
Friday UHF Subsidy & Incidental Guarantees								55,802		
Gaming Machine Grants								498,000		

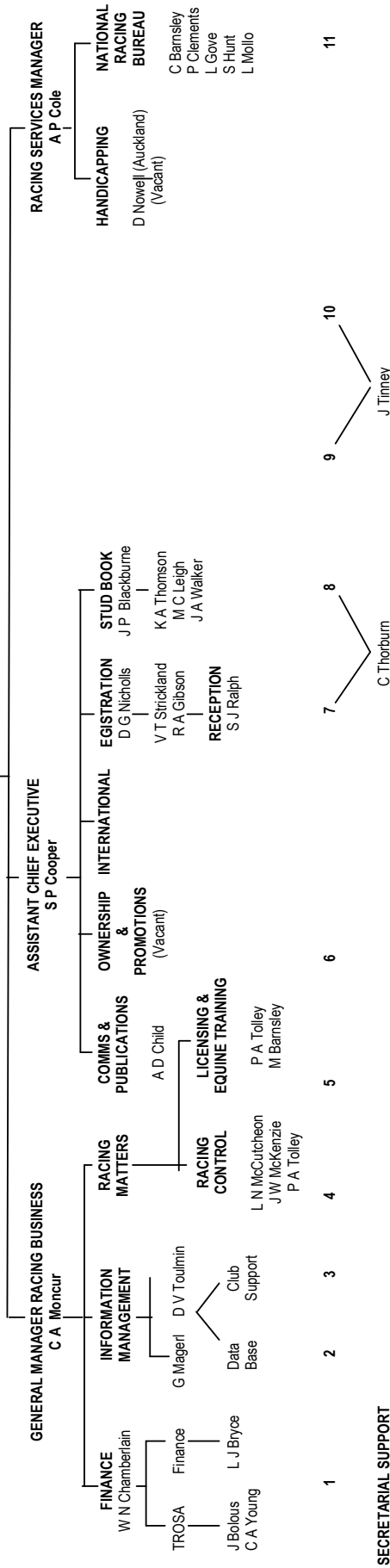
Appendix 3

NEW ZEALAND THOROUGHBRED RACING ORGANISATION CHART JULY 2005

BOARD (10 seats)

6 x Race Club Representatives (2 x South, 2 x Central, 2 x North), 1 x NZTROF, 1 x NZTBA, 1 x APC, 1 x NZTA

CHIEF EXECUTIVE — Personal Assistant (Vacant)
A R Fenwick (Retires 11/05) 12



- 1 **Finance**
NZTR
App Jockey Fund
General Trust Fund
Taxation
Equine Training Fund
Motor Vehicles
Property
Equipment
Superannuation
Insurances
- 2 **Computer**
Data Base
Web Applications
E-mail
- 3 **Club Support**
Raceday
Trials Internet
In House Support
Email
Horse Performance Data
- 4 **Racing Matters**
NZ Racing Board
Racing Club Managers
Club Financial Data
Club Business Plans
- 5 **Publications**
Thoroughbred Monthly
Turf Register
Racing Facts
Media Bulletin
NZTR Report
- 6 **Ownership & Promotions**
Owners
Web Site Content
Communications
Sponsorship
International Races
- 7 **Registrations**
Names
Colours
Colours- Stable/Loan
Leases
Change of Ownership
Approved Companies
Clearances Back to NZ
Update of O/seas Form
Stable Returns
Blinkers
GST Returns
Payee Details
Imaging
Syndicates
- 8 **Stud Book**
Stud Book Records
(incl Non Stud Book)
Broodmare Returns
Export Certificates
Stallion Returns
Bloodtyping
Pedigree
Maintenance
Regulations
International
- 9 **Racing Control**
Field Staff (See separate chart)
Laboratory
Vet Panel
Medical Advisor
Bleeders
Health & Safety
JCA Liaison
Unpaid Forfeit List
Field Data Base
Trial Regulations
Jumping Association
Jumping Certificates
- 10 **Licensing/Equine Training**
Licensing
Invitation Races for Riders
Clearances for Licence Holders
Apprentices
Equine Training
Apprenticeship Board
NZ Equine Academy
- 11 **National Racing Bureau**
Service of Race Days
Service of Trial Days
Programmes
- 12 **Administration**
Mail
Board
Travel Bookings
Boardroom

Admin-Doc-Human Resources-
Org Chart 31-3-05

Appendix 4

NEW ZEALAND THOROUGHBRED RACING PERFORMANCE MEASURES

CLUSTERS / DAYS	07/08	06/07	05/06	04/05	03/04	02/03	01/02
Clusters	4	5	6	n/a	n/a	n/a	n/a
Race venues to race	tbd	tbd	51	51	51	51	51
Race meetings - total	315	305	300	294	283	286	289

RACES (Notes 5-7)	07/08	06/07	05/06	04/05	03/04	02/03	01/02
Races – total	2960	2890	2830	2810	2791	2810	2771
Races – flat	2804	2742	2690	2670	2658	2669	2621
Races – jump	156	148	140	140	133	141	150
Group & Listed races	146	146	146	146	146	151	152
Group & Listed races as % of total flat races	5.2	5.3	5.4	tbd	5.4	5.6	5.7
Special cond. – % of total	10	10	10	tbd	10	10	9
Open – % of total	11	11	11	tbd	10	10	11
Progressive – % of total	17	17	17	tbd	17	18	17
Intermediate – % of total	22	22	22	tbd	22	21	22
Maiden – % of total	35	35	35	tbd	36	36	36

Prestige jump races	12	12	12	10	12	12	n/a
Other jump races	144	136	128	tbd	121	129	150

% of races to Australia off on time (60-second rule)	90+	90+	90+	87 (ytd)	84.1	n/a	n/a
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STARTERS / STARTS (Note 8)	07/08	06/07	05/06	04/05	03/04	02/03	01/02
Total starters	32680	32030	31500	tbd	30766	31267	30771
Starters - Flat	31300	30700	30200	tbd	29501	29899	29363
Starters - Jump	1380	1330	1300	tbd	1265	1368	1408
Ave. starters per race	11.0	11.1	11.1	tbd	11.0	11.1	11.1
Ave starts / runner	6.1	5.8	5.6	tbd	5.5	5.7	5.6
Ave starts / flat	6.0	5.7	5.5	tbd	5.4	5.6	5.5
Ave starts / jump	3.8	3.7	3.6	tbd	3.5	3.7	3.6

Total starters - \$0-\$5k stakes	n/a	n/a	n/a	tbd	0	554	3561
>\$5-\$10k	19080	19610	19720	tbd	19488	19290	17776
>\$10-\$20k	7840	6980	6730	tbd	6560	6566	4833
>\$20-\$30k	2980	2800	2620	tbd	2422	2761	2868
>\$30-\$50k	1420	1370	1280	tbd	1227	1149	878
>\$50k	1360	1270	1150	tbd	1069	947	723

<8 starters – % of races	9	10	11	tbd	12	10	10
8 starters – % of races	7	8	9	tbd	9	8	9
9 starters – % of races	11	11	12	tbd	10	12	11
10 starters – % of races	13	13	13	tbd	12	12	13
11 starters – % of races	14	14	13	tbd	12	13	12
12 starters – % of races	12	12	11	tbd	10	10	10
13 starters – % of races	11	10	10	tbd	9	9	10
14 starters – % of races	10	9	9	tbd	9	8	9
>14 starters – % of races	13	13	12	tbd	12	13	12

Appendix 4 continued

STAKES (Note 9)	07/08	06/07	05/06	04/05	03/04	02/03	01/02
Stakes – total (\$m)	45.00	41.00	38.20	37.875	36.272	35.014	32.023
Stakes – ave/starter (\$)	1376	1280	1212	tbd	1179	1119	1041
Stakes – ave/race (\$)	15202	14186	13498	tbd	12996	12461	11556
Stakes – ave/meeting (\$)	142857	134426	127333	tbd	128904	123072	111400
Stakes – max. for a race (\$'000s)	1250	1000	1000	1000	500	500	500
Stakes – min/all races (\$)	7000	6000	5500	5000	5000	3500	3000

Stakes of \$0-\$5k - total races	n/a	n/a	n/a	n/a	0	56	306
>\$5-\$10k	1545	1640	1695	tbd	1770	1789	1652
>\$10-\$20k	830	750	685	tbd	612	594	442
>\$20-\$30k	270	250	230	tbd	185	210	234
>\$30-\$50k	180	140	125	tbd	110	94	72
>\$50k	135	110	95	tbd	82	73	57

TURNOVER (Notes 10-11)	07/08	06/07	05/06	04/05	03/04	02/03	01/02
Total Tote NZ/tbr (\$m)	494.0	473.0	454.0	436.6	421.1	417.5	420.3
Total tbr off-course (\$m)	425.0	412.8	401.1	382.5	377.3	369.4	373.6
Total tbr on-course (\$m)	47.0	45.2	43.3	45.6	43.8	48.0	46.6
FOB (\$m)	22.0	15.0	9.6	8.5	n/a	n/a	n/a

Ave/race - all (\$'000)	166.89	163.66	160.42	155.16	150.87	148.57	151.67
Ave/race - off-c (\$'000s)	143.58	142.83	141.73	136.12	119.1	119.4	123.7
Ave/race - on-c (\$'000s)	15.87	15.64	15.30	16.22	14.9	15.4	15.2

Ave/starter – all (\$)	15116	14767	14412	tbd	12158	12119	12512
Ave/starter - off-c (\$)	13004	12887	12733	tbd	10801	10733	11146
Ave/starter - on-c (\$)	1438	1411	1374	tbd	1357	1385	1365

T/O – TBR SHARE	07/08	06/07	05/06	04/05	03/04	02/03	01/02
Domestic code - thoroughbred/%	60.00	59.00	58.00	57 (ytd)	55.54	55.30	55.44
Code racing share – thoroughbred/%	68.50	66.5	65.00	64 (ytd)	63.88	64.79	65.29

OWNERS (Note 12)	07/08	06/07	05/06	04/05	03/04	02/03	01/02
Owners	12,450	12,000	11,650	11,337	11,469	11,146	11,109

HORSES	07/08	06/07	05/06	04/05	03/04	02/03	01/02
Registered Total	3300	3250	3200	tbd	3141	3153	3048
Racing in NZ	5750	5700	5650	tbd	5564	5469	5493
Exports – total	1850	1850	1820	tbd	1782	1763	1914
Exports – yearlings	530	455	350	tbd	249	215	250
Exports – 2yo	370	385	400	tbd	417	381	423
Exports – 3yo+	850	900	950	tbd	964	1025	1068
Exports – broodmares	100	110	120	tbd	132	122	159

BREEDING	07/08	06/07	05/06	04/05	03/04	02/03	01/02
Broodmares	9400	9150	8950	8864	9073	9376	9494
Broodmares – bred	7550	7250	7050	tbd	6880	7120	7611
Stallions	230	220	210	204	218	229	244
Foal crop	5200	4950	4750	4600	4700	5060	5066

Appendix 4 continued

LICENCEES	07/08	06/07	05/06	04/05	03/04	02/03	01/02
Public Trainers	370	360	360	tbd	354	361	337
Owner-Trainers	660	670	680	tbd	685	696	632
Permit to Train	360	365	370	tbd	372	379	333
Jockeys	180	172	165	tbd	159	154	150
Apprentice Jockeys	92	83	75	tbd	63	64	55
Amateur Riders	50	35	25	tbd	25	24	18

INTEGRITY (Note 13)	07/08	06/07	05/06	04/05	03/04	02/03	01/02
Race-day charges	tbd	tbd	tbd	tbd	257	n/a	n/a
Non-race-day inquiries	tbd	tbd	tbd	tbd	5	n/a	n/a
Protests	tbd	tbd	tbd	tbd	64	n/a	n/a
Races per protest	tbd	tbd	tbd	tbd	45	n/a	n/a
Appeals	tbd	tbd	tbd	tbd	2	n/a	n/a
Ave time to complete appeals	6 wks	7 wks	8 wks	tbd	8 wks	n/a	n/a
Disqualifications	tbd	tbd	tbd	tbd	1	2	n/a
Max disqualification	tbd	tbd	tbd	tbd	3 mths	12 mths	n/a
Min disqualification	tbd	tbd	tbd	tbd	3 mths	4 mths	n/a
Total suspensions	tbd	tbd	tbd	tbd	124	127	n/a
Max suspension	tbd	tbd	tbd	tbd	1 mth	3 mths	n/a
Min suspension	tbd	tbd	tbd	tbd	1 day	1 day	n/a
Fines	tbd	tbd	tbd	tbd	116	119	n/a
Max fine	tbd	tbd	tbd	tbd	\$5,000	\$6,500	n/a
Min fine	tbd	tbd	tbd	tbd	\$50	\$50	n/a
Ave fine	tbd	tbd	tbd	tbd	\$317		n/a
Total fines (\$'000s)	tbd	tbd	tbd	tbd	\$38.67	\$24.17	n/a
JCA informations filed	tbd	tbd	tbd	tbd	343	334	318

NZTR (Note 14)	07/08	06/07	05/06	04/05	03/04	02/03	01/02
Operating result (\$'000s)	100	100	100	100	(179)	2	(63)
Reserves year end (\$'000s)	2650	2500	2400	2900	1680	2900	3050
Total staff	49	49	49	51	53	48	50
Head office staff	26	27	28	30	32	28	29
Field staff	13	12	11	11	11	11	11
Field Staff Assistants	10	10	10	10	10	9	10
Equine training (\$'000s)	100	100	75	tbd	50	56	60

Notes:

1. In some cases figures and percentages are not rounded up to nearest decimal point (i.e 57.6 = 57, NOT 58). This can result in the individual parts added together not equalling the sum of the parts.
2. In some cases total races, race types and stakes and their percentages for previous years do not equal the sum of the parts due to Racing Board data translation (<5% differentiation).
3. Attendance: This is not currently recorded. Indicative figures can be extracted based on number of betting tickets sold on-course and historical average bet values.

Appendix 4 continued

4. *Sponsorship totals: To be determined from club annual reports under new financial reporting template.*
5. *Race categories: Projected individual race category numbers and percentages are determined by horse population, geography and season. Italicised figures are projections.*
6. *Race categories: Restricted and Weight For Age race categories are included in Open race category.*
7. *Race categories: Special Maiden races are included in Special Conditions race category.*
8. *Starters/Starts: Italicised figures are forecasts based upon Racing Board data.*
9. *Stakes: Italicised figures are projections based upon the Racing Board's 'Estimated Distributable Earnings' included in its 2005-2008 draft Business Plan.*
10. *Turnover: For New Zealand bettors in New Zealand. Overseas royalties not included.*
11. *Fixed Odds Betting (FOB): Final Field Fixed Odds Betting (FFOB), together with Multi Bet, was introduced in September 2004. Before that time Future Field Fixed Odds Betting (FFFOB) was the only FOB.*
12. *Ownership: Includes all individual owners who were shown by OnHorse (NZTR database) as owning a horse at the time it raced in the season. Previously shown as snapshot at 31/7 each season. (Programme to break down data into individual owners, leases, syndicates, companies, racing managers, colours/colour loans, stable colours and replacement certificates is scheduled to be written in 2005/06).*
13. *Integrity: Projections for Integrity are neither applicable nor appropriate, with the exception of 'Average time to complete appeals.'*
14. *Human Resources – information concerning Race Meeting Staffing is not currently documented.*