



NEW ZEALAND THOROUGHBRED RACING



SEPTEMBER 2013

FIVE-YEAR
STRATEGIC PLAN
2014-2018



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This Strategic Plan sets out key improvement strategies for New Zealand Thoroughbred racing over the next five years.

It should be read in conjunction with NZTR's annual Business Plan.

NZTR's leadership responsibility is to develop a strategic direction for the Thoroughbred industry.

To achieve this, NZTR will engage with all stakeholders, the New Zealand Racing Board and the Harness and Greyhound Codes, to determine the best way to move forward.

Implementation of this plan is a fixed agenda item at meetings of the NZTR board. It is a living document which we must ensure retains industry focus and remains relevant and responsive to change.

This plan will be formally reviewed and updated annually, at the achievement of a Strategic Target and at any other time deemed necessary.

PURPOSE	Promote the sport of thoroughbred racing Maximise returns to industry participants Increase efficiency and effectiveness of the thoroughbred industry
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VISION	It is time for New Zealand Thoroughbred racing to rise to be a dynamic, engaging and relevant sport
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STRATEGIC GOALS	Grow returns to Owners by 50%	Grow surplus for distribution by \$20.5m	Grow prize money by \$24m	Lift prize money to 80% of NZTR outgoings	Stimulate \$30m of necessary infrastructure investment
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STRATEGIC IMPERATIVES	Brand NZ Thoroughbred racing as a sport	Lift awareness, interest and investment in the sport	Enhance customers' experiences	Deliver a racing and prize money structure to grow participation	Develop facilities at the top 12-16 racing venues	Support club performance and efficiency
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KEY INITIATIVES	Sports Brand	Digital Media	Racing Innovation	Racing Structure	Infra-structure	Racing Club Partnership
	Brand proposition	Website	Iconic racing	Major event promotion	Venue development fund	Event management
	Brand launch	Media innovation	Broadcast strategy	International venue	Raceday performance	Stakeholder relations
	New product and experience innovation	Social media	Differentiate Saturday racing	Raise minimum prizemoney	Industry development priority	Community support



FOUNDATION	Everything NZTR does must pass one simple test: 'What is best for New Zealand Thoroughbred racing'
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NZTR MARKET RESEARCH HAS IDENTIFIED THOROUGHBRED RACING'S SIGNIFICANT CHALLENGES INCLUDING:

'New Zealand's lack of scale limits financial resources necessitating tough choices'

'94% of New Zealanders do not see Thoroughbred racing as 'relevant''

'Fragmentation of the industry has resulted in a lack of direction'

'The industry has been resistant to change and now there is a generation gap in engagement'

'There is a lack of focus on the customer'

'Infrastructure is run down and requires investment'

'There is a lack of marketing direction and inconsistency in quality and messaging'

'The on-course experience lacks innovation'

THE SUCCESS OF THIS PLAN IS DEPENDENT ON HOW ALL THOROUGHBRED RACING'S STAKEHOLDERS WORK TOGETHER TO:

- > improve expenditure and asset utilisation
- > increase economic efficiency
- > promote and deliver racing as entertainment
- > upgrade facilities
- > grow non-wagering income
- > reform operations and governance
- > support and adopt the Plan

THOROUGHBRED RACING'S SIX KEY STRATEGIES

RACING CLUB PARTNERSHIP	Improving racing club financial, event management and governance performance
RACING STRUCTURE	Delivering a racing and prize money structure to grow participation
INFRASTRUCTURE	Developing high class facilities at the top 12-16 venues
RACING INNOVATION	Enhancing customers' experiences
	Attracting new customers
DIGITAL MEDIA	Broadening the appeal and interest in Thoroughbred racing
BRANDING	Implementing a Thoroughbred sports brand

RATIONALE:
The racing club partnership programme is designed to provide race clubs with a basis for long-term capability development and self improvement whether a Strategic or Community club



Goal 1 IMPLEMENTING A RACING CLUB PARTNERSHIP

OUR FIVE AREAS OF FOCUS

- Event management
- Racing club financial performance
- Racing club venue facilities
- Racing club stakeholder relationships
- Racing club governance and reporting

THIS WILL BE DONE BY

- > partnering with the Racing Board On-course Marketing and Events Team to develop and deliver a 'best practice' framework around clubs' promotable race meetings and facilitating investment priorities to enhance the customer experience
- > working with clubs to identify opportunities and implement change to improve club financial performance
- > concluding a national venue inspection to ensure racing venues meet all necessary compliance requirements and identify infrastructure investment priorities
- > surveying internal and external stakeholders to understand their level of awareness and experiences offered by clubs
- > ensuring clubs have good governance in place meeting all statutory requirements and delivering the best outcomes

OUTCOMES

The target is that by the close of the 2014-15 Season the club partnership programme team will have met with every club in the country and have developed and started to implement a partnership framework for NZTR and clubs. Over the following four years this will aim to improve club governance, management, marketing and event management while retaining and enhancing each club's essential place in its community.

Goal 2

PROVIDING A VIBRANT RACING STRUCTURE

NZTR will continue to work with racing clubs to create a vibrant and attractive programme of racing events for our domestic customers and our international customers

THIS WILL BE DONE BY

- > introducing a new hierarchical structure of race meeting categories
- > lifting prize money levels at the top 5 Iconic and top 15 Premier meetings to provide attractive targets and retain good horses in New Zealand
- > lifting base prize money at all Feature race meetings
- > scheduling more twilight meetings
- > initiating a country cup series
- > racing later in the day
- > racing less in the winter

This will take account of domestic customers and our international customers.

PROPOSED RACE MEETING CLASSIFICATIONS

BASE CASE	FY13	FY14	FY15
Iconic (min. race prize money \$40k)	0	5	6
Premier 1 (min. \$30k)	0	15	14
Premier 2 (min. \$20k)	47	22	20
Feature (min. \$15k)	84	92	94
Tier 2 Feature (min. \$7k)	43	41	41
Industry (min. \$7k)	192	189	189
TOTAL	366	364	364

OUTCOME

New Zealand's Thoroughbred racing calendar will provide a consistent supply of high quality racing for New Zealand and global markets

RATIONALE:
We will focus on the customer by providing quality racing at a time and place that meets all their expectations



RATIONALE:
While our annual on-course Customer Satisfaction Score is improving, customer feedback unequivocally shows customers' race-day experiences are held back by poor amenities



Goal 3 FOCUS INVESTMENT ON OUR TOP RACING AND TRAINING VENUES

THIS WILL BE DONE BY

NZTR committing to leveraging its scarce resources to stimulate investment in racing, training and public facilities and, in partnership with clubs:

- > prioritising infrastructure and facility projects
- > investing where industry and participant returns are optimised
- > commissioning Qualmark assessments of key venues
- > funding a synthetic track in the Waikato region for trialling and training
- > encouraging venue master plans at key venues
- > supporting a long-term infrastructure development programme
- > working with the Racing Board and the other codes to establish an industry infrastructure fund

OUTCOMES

- > All Strategic and Significant venues will provide facilities that enhance customers' race-day experience
- > All viable Community venues will attract sufficient financial returns and community support to ensure their long-term futures

NZTR VENUE CLASSIFICATION

REGION	STRATEGIC	SIGNIFICANT	SUPPORTING	COMMUNITY
NORTHERN REGION	Ellerslie	Cambridge	Avondale	Dargaville
	Te Rapa	Matamata	Rotorua	Paeroa
		Pukekohe	Te Aroha	Taupo
		Ruakaka	Te Awamutu	Te Teko
		Tauranga		Thames

CENTRAL REGION	Awapuni	Hastings	Wanganui	Foxton
		New Plymouth		Gisborne
		Otaki		Hawera
		Trentham		Stratford
				Tauherenikau
				Waipukurau
				Wairoa
				Waverley
				Woodville

SOUTHERN REGION	Riccarton	Wingatui	Ashburton	Blenheim
			Invercargill	Cromwell
			Timaru	Gore
				Hokitika
				Kurow
				Kumara
				Omakau
				Oamaru
				Omoto
				Reefton
				Riverton
				Waikouaiti
				Waimate
				Winton
				Wyndham

RATIONALE:
To compete, the
Thoroughbred
racing industry
needs to direct its
focus to what the
customer wants.

Traditionally it has
focused on the
product not the
customer



Goal 4 RACING INNOVATION – GROWING PARTICIPATION AND INVESTMENT

OUR FIVE AREAS OF FOCUS

Promotion of iconic racing events

Racing product innovation

Racing experience innovation

Media innovation

Virtual innovation

THIS WILL BE DONE BY

- > developing virtual initiatives including racing apps and on-line portals
- > promoting five iconic racing events at Auckland Cup Week, Karaka Million, New Zealand Cup Week, Wellington Cup Carnival and the Hawkes Bay Carnival
- > expanding existing initiatives including twilight racing, new championships, ANZ Riders Series, racing tourism, race day tours and infrastructure improvements
- > new products including jackpots, bet packs, on-course wifi and equine sports science
- > developing media initiatives including a racing media hub, online broadcasts, race graphical displays and jockey cam

OUTCOME

Racing clubs, with the help of NZTR, will achieve a material improvement in customers' experiences to compete effectively in the sports and leisure markets.

Goal 5

BROADENING THE APPEAL AND INTEREST IN THOROUGHBRED RACING THROUGH DIGITAL MEDIA

The primary objectives of NZTR's digital media strategy is to provide information and stories to a customer base that is hungry for information and to ignite interest and investment, particularly among new digital generations of New Zealanders.

THIS WILL BE DONE BY

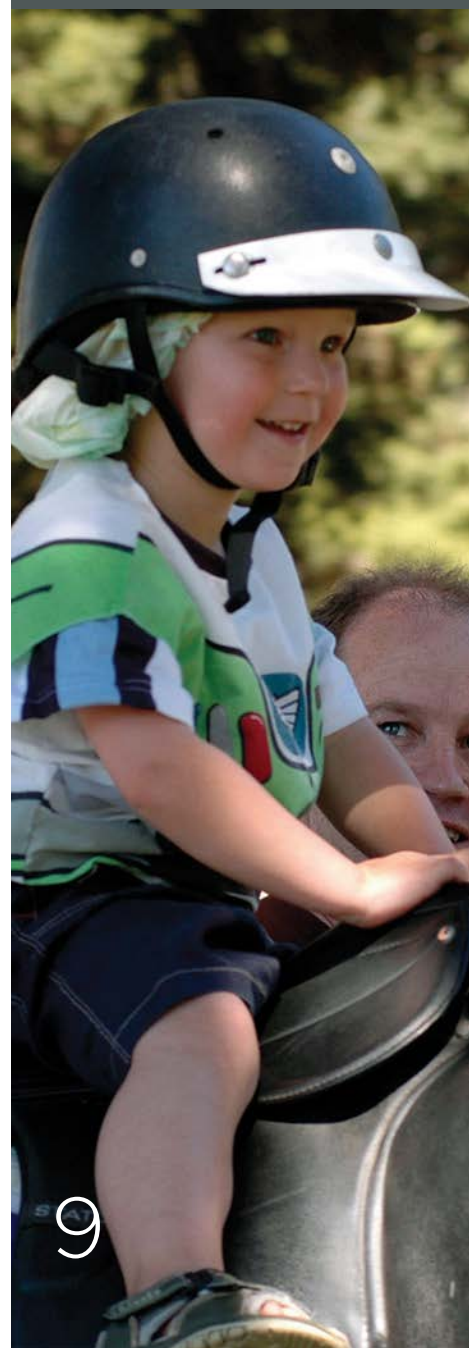
Harnessing NZTR's existing media and digital assets more effectively will build one of New Zealand's largest online sporting communities. Our digital media strategy focuses on developing the three key elements of digital capability:

- > Online - Developing a world-class website including video, on-line community management, ownership syndication, comprehensive form and field information, and owners' and trainers' service centres
- > Mobile - Using smart phone technology to provide content to our customers in the form they want it
- > Social Media - Using Social Media to grow our customers and business

OUTCOMES

- > A digital platform will fully realise the commercial value of Thoroughbred racing's digital asset base
- > A dedicated online channel for trainers and syndicators will engage with owners directly
- > Consistent mainstream media coverage of Thoroughbred racing will grow its customer base
- > Information services based on user-specific requirements will build greater engagement with customers

RATIONALE:
Thoroughbred racing has outstanding digital assets which can be leveraged more effectively



RATIONALE:
Thoroughbred racing is suffering acutely from a generation gap in engagement. A significant industry re-set is required



Goal 6

IMPLEMENTING A THOROUGHBRED SPORT BRAND

THIS WILL BE DONE BY

- > building a national Thoroughbred brand that realises the commercial value of its stakeholder community
- > linking this brand with the digital media initiatives
- > linking this brand with carefully planned campaigns to drive mass market awareness of our key events
- > marketing the sport and its stars
- > providing attractive facilities to support the brand promise and consistent delivery of that brand promise
- > using this brand to break out from a core fan base to a much wider market

OUTCOMES

- > Moving Thoroughbred racing...

<i>from</i>	Reactive	<i>to</i>	Proactive
<i>from</i>	Racegoer	<i>to</i>	Racing Fan
<i>from</i>	Local	<i>to</i>	Global
- > Surveys show Thoroughbred racing is recognized in a new and more exciting light
- > The Thoroughbred Sport brand is nationally and internationally recognised, creates value for the sport and grows awareness, participation and investment in the industry
- > Thoroughbred racing is more engaging for existing and new customers
- > Key industry stakeholders are unified in support of the brand
- > The brand provides a powerful platform to integrate a wide range of initiatives – events, promotions, media coverage, PR, signage, online

APPLICATION OF RESOURCES AND KEY PERFORMANCE INDICATORS

NZTR FORECAST REVENUE AND EXPENSES FOR FY13-FY16

DESCRIPTION	FY13 ACTUAL	FY14 BUDGET	FY15 FORECAST	FY16 FORECAST
NZRB wagering funding to industry	\$135.1m	\$137.4m	\$140.0m	\$145.0m
NZRB gaming funding to industry	\$9.3m	\$8.2m	\$8.5m	\$8.8m
Number of race meetings (actual/scheduled)	358	364	364	338
Number of races (conducted/scheduled)	3,007	2,940	2,940	2,776
Number of horse starts	31,331	30,832	30,320	29,422
Average field size	10.4	10.5	10.3	10.6
Average funded prizemoney per race	15,687	16,311	16,680	18,465
Avg prizemoney minus noms & accepts (NZTR)	14,728	15,561	15,896	17,647
Aggregate funded prizemoney	47,169,600	47,952,893	49,037,893	51,259,305
NZRB funding (net RIU costs)	73,412,267	72,180,124	73,951,642	75,960,824
NZTR nomination & acceptances	2,870,338	2,204,000	2,303,000	2,272,466
NZTR Race Day Services & other racing income	981,449	1,003,000	1,003,000	938,000
NZTR Operating Income	2,946,515	3,082,000	3,082,000	3,082,000
Stakes funding	(47,169,600)	(47,952,893)	(49,037,893)	(51,259,305)
Club & meeting funding	(19,276,703)	(19,783,500)	(20,040,310)	(19,927,668)
NZRB servicing charges	(3,758,987)	(3,762,531)	(3,862,076)	(3,586,214)
NZTR core operational expenses (excluding marketing)	(5,779,368)	(5,737,000)	(5,737,000)	(5,737,000)
Special projects	(166,508)	(705,000)	(250,000)	(250,000)
Industry marketing initiatives	(301,367)	(400,000)	(400,000)	(400,000)
NZTR Surplus	3,758,035	128,201	1,012,363	1,093,104
Industry Infrastructure Provision	(2,000,000)	-	(1,000,000)	(1,000,000)
NZTR Surplus (after Infrastructure)	1,758,035	128,201	12,363	93,104

NOTES

1. Based on pre-audited NZTR Profit and Loss statement
2. \$2,000,000 from FY13 Surplus to be transferred to Infrastructure reserve
3. NZRB wagering funding is based on NZRB SOI 2013-2016, Betting Net Profit minus Profit Retained for Reinvestment.
4. NZRB funding to NZTR based on code share of wagering funding as per industry funding agreement, no additional NZRB Industry expenses and reduction in funding to NZTR for races less than 3,040. FY16 funding assumes Industry Funding Agreement remains in place, with reduction in funding to NZTR for races run less than 3,040.
5. FY15 stakes is full year impact of 1 January 2014 stake increases. FY16 stakes increase to match funding increase.
6. Annual increase in club and meeting funding allowed for to FY15, decrease with less meetings and races in FY16.
7. NZRB Code venue service charges FY14 are likely to be less in FY14, but NZTR proposes an allocation of \$400,000 reflecting an initial investment in on-course services. Charges are anticipated to increase again in the years following, as investment in on-course services and depreciation on this investment increases.
8. Assumes no increase in NZTR core operational expenses
9. Decrease in horse starts (and therefore average field size) based on estimated flow-on impacts of decline in foal crop.





NZTR BOARD

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Mr Joe Walls (Deputy Chairman)

Mr Des Friedrich

Mr Greg McCarthy

Mr Ben Nettleton

Mr John Stace

CHIEF EXECUTIVE

Mr Greg Purcell