



# ANNUAL REPORT 2008/2009



NEW ZEALAND THOROUGHBRED RACING



NZTR INC.

106-110 Jackson Street, Petone, Wellington 5045, New Zealand  
PO Box 38 386, Wellington Mail Centre 5045, New Zealand

TELEPHONE: +64 4 576 6240 FACSIMILE: +64 4 568 8866  
EMAIL: [office@nzracing.co.nz](mailto:office@nzracing.co.nz) WEBSITE: [www.nzracing.co.nz](http://www.nzracing.co.nz)

DESIGN: Bite Design PRINTING: Printlink



# contents

Board.....	2-3
Board Committees.....	4
NZTR Team .....	5
NZTR Profile .....	6
Annual Review.....	7-11
NZTR Initiatives and Outcomes 2008/09.....	12-16
Summary of Statistics .....	17
Statement of Financial Performance .....	19
Statement of Changes in Equity .....	20
Statement of Financial Position .....	21
Statement of Cash Flows .....	22
Notes to the Financial Statements .....	23-30
Auditor's report.....	31
Acknowledgements .....	32



## nztr board

### MIKE MCCURDY

(Small Clubs' Director)

B.Ag. Com. Dip. B.S.

Managing Director  
Locations Realty

### PETER HUTT

(NZ Thoroughbred  
Breeders' Association)

LLB

Lawyer, Tripp  
Rolleston & Co.,  
Timaru

Member NZTBA  
Council

### DENNIS RYAN

(NZ Trainers' Association)

Journalist

Executive Officer NZ  
Trainers' Association

Vice-President Racing  
Matamata

### GUY SARGENT – CHAIRMAN

(Central Region)

Owner and Director  
of Angus Beef (NZ)

Director of a  
cattle artificial  
insemination  
business



**DAVID SMITH**  
 (Northern Region)  
 Director Camtech Ltd  
 Chairman of the  
 Waikato Racing Club  
 Chairman Racing  
 Waikato Cluster

**MARION STEVENSON**  
 (Southern Region)  
 Licensed Trainer  
 President of the  
 Otago Racing Club

**GEORGE RITCHIE**  
 (Southern Region)  
 Chairman of the  
 Canterbury Jockey  
 Club

**JOHN MCGIFFORD**  
 (Central Region)  
 Director, East Coast  
 Racing Incorporated  
 Manager, Central  
 Racing Board

**BILL GIANOTTI**  
 (Northern Region)  
 Chairman,  
 New Zealand  
 Thoroughbred  
 Marketing  
 Chairman, Auckland  
 Racing Club  
 Chairman,  
 The Advertising  
 Recruitment Group  
 Director, Affinityid  
 Inductee New  
 Zealand Marketing  
 Hall of Fame



**JOHN RENNIE**  
 (NZ Thoroughbred Racehorse Owners' Federation)  
 B. Com, CA  
 Chartered Accountant – John Rennie & Associates  
 Member of the NZTROF Executive Committee

# nztr board committees

## FUNDING & FINANCE

Chairman: John Rennie  
Members: George Ritchie, Bill Gianotti  
Secretary: Amy Zavros  
Resigned 2008/09: John Rattray, Alistair Sutherland

## DATES

Chairman: Peter Hutt  
Members: David Smith, Dennis Ryan  
Secretary: Matthew Hall  
Resigned 2008/09: John Rattray, Alistair Sutherland

## INTEGRITY

Chairman: Peter Hutt  
Members: Dennis Ryan, David Smith  
Secretary: Craig Baker  
Attendees: Kate Radka, John McKenzie  
Resigned 2008/09: Paul Bittar

## STAFFING & COMPENSATION

Chairman: Guy Sargent  
Member: Bill Gianotti  
Secretary: Liz Luck  
Resigned 2008/09: John Rattray

## GENERAL TRUST FUND

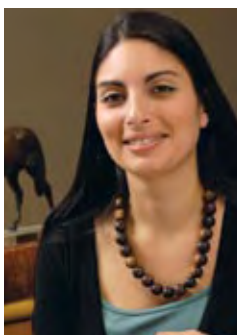
Chairman: Keith Neylon  
Trustees: John Rattray, Colin Jenkins  
Secretary: Amy Zavros  
Resigned 2008/09: Ray Coupland, Paul Bittar

## VENUE STRATEGY

Chairman: Guy Sargent  
Members: David Smith, Dennis Ryan, Bill Gianotti  
Attendee: Garry Foskett

## RACING OPERATIONS & VENUE COMPLIANCE

Chairman: John McGifford  
Members: Marion Stevenson, Mike McCurdy, Dennis Ryan  
Secretary: Craig Baker  
Attendee: Garry Foskett



LEFT TO RIGHT:  
 PAUL BITTAR – CHIEF EXECUTIVE  
 (RESIGNED APRIL 2009)  
 CAMPBELL MONCUR –  
 GM, INDUSTRY DEVELOPMENT CHIEF  
 EXECUTIVE (ACTING) FROM APRIL 2009  
 SIMON COOPER –  
 GM, COMMUNICATIONS  
 AMY ZAVROS –  
 GM, FINANCE & OPERATIONS

## nztr team

### CHIEF EXECUTIVE

Paul Bittar (resigned April 2009)

### CHIEF EXECUTIVE (ACTING)

Campbell Moncur

### SENIOR MANAGERS

Campbell Moncur (Industry Development)

Simon Cooper (Communications)

Amy Zavros (Finance and Operations)

### EXECUTIVE ASSISTANT

Victoria Simmonds

### NATIONAL RACING BUREAU

Cheryle Barnsley, Donna Cameron, Scott Hunt,  
 Justine Laursen, Kim O'Riley

### RACING & INTEGRITY CO-ORDINATOR

Craig Baker

### HANDICAPPING

Dean Nowell, Matthew Hall

### IT

Stuart Duggan (System Support), Georg Magerl

### WEBSITE ADMINISTRATOR

James Preston

### THOROUGHBRED RACING MONTHLY & PUBLICATIONS

Allan Child (Editor)

James Preston (Advertising)

Denise Thomson (Production)

### LICENSING

Matthew Barnsley

### HUMAN RESOURCES & INDUSTRY TRAINING MANAGER

Liz Luck

### FINANCE

Paul Dicker, Lucky Bryce

### OWNERS SETTLEMENT ACCOUNT

Christine Young

### INDUSTRY MARKETING MANAGER

Jo Griffin

### OPERATIONS (STUD BOOK & REGISTRATIONS)

Darren Jones (Operations Manager)

Julie Walker (DNA Typing, Studbook Sales)

Natasha Freeman (Exports and Stallion Returns, Imports,  
 General Enquiries)

Gemma Fauvel (Registrations, Namings)

Vaine Strickland (Names, Ownership, Leases, Syndicates,  
 Colours, Approved Companies, Stable Returns, Clearances,  
 Stable Colours)

Hugh Robinson (Racing Administration)

### NATIONAL VENUE INSPECTOR

Garry Foskett

### STIPENDIARY STEWARDS

Mark Davidson, Stewart Ching, Alan Coles, Neil Goodwin,  
 Shona Moore, Ross Neal (Senior), John Oatham (Senior), Matt  
 Williamson

### ASSISTANT STIPENDIARY STEWARDS

Matthew Barnsley, Brian Bateup, Murray Humphries, Michael  
 Lawson, Jeff McLaughlin, Gary Robinson, Gary Stewart

### RACECOURSE INSPECTORS

John McKenzie (Chief), Bryan McKenzie, Robin Scott



## nztr profile

**New Zealand Thoroughbred Racing (NZTR) is the governing body of the thoroughbred code in New Zealand and exists to provide its stakeholders with leadership and direction by:**

- 1. Ensuring that the thoroughbred code is effectively regulated and administered;**
- 2. Determining its strategic direction; and**
- 3. Ensuring its health and competitiveness with other sports and entertainment options.**

Essentially it supplies the thoroughbred product for wagering and sporting customers. Its challenge is to make sure that everything it does meets one simple test – ‘what is best for New Zealand thoroughbred racing.’

More specifically NZTR exists to:

1. Draw up and action the thoroughbred code’s Business Plan, including performance targets, set the distribution policy and allocate funds within the thoroughbred code to maximise and sustain financial benefits;
2. Define, regulate and amend the policies and Rules of Racing of the thoroughbred code;
3. Represent the interests of thoroughbred code stakeholders, principally the 67 thoroughbred racing clubs operating on 51 tracks;
4. Supply central secretariat services for the thoroughbred code – including: the New Zealand Stud Book; maintaining the handicap and race programmes; licensing trainers, jockeys and apprentices; registering all racing stock; publishing industry and code publications and information including maintaining New Zealand’s largest racing database; paying stakes and percentages, and taking nominations and withdrawals for all race meetings
5. Develop all training programmes in New Zealand and run dedicated apprentice schools in the main racing regions;
6. Communicate all relevant information to all its customers within and outside the thoroughbred code; and
7. Foster increased awareness, interest, participation and investment in the thoroughbred code.

NZTR is based in Wellington with a staff of 40 and is governed by a Board of 10 which comprises:

- Two directors from each of the country’s three racing regions – Northern, Central and Southern. Each region is divided into two ‘areas.’ Each Club in each ‘area’ may nominate one person for election. Votes are allocated in accordance with the number of race dates each Club holds.
- One Director elected by those Clubs holding 1-3 racedays (Small Clubs’ Director) and votes are allocated in accordance with the number of race dates each Club holds.
- A nominee of the New Zealand Thoroughbred Breeders’ Association
- A nominee of the New Zealand Thoroughbred Racehorse Owners’ Federation
- A nominee of the New Zealand Trainers’ Association

The Board elects the Chairman annually immediately after the AGM.

Directors serve terms of two years and there is no limit to the number of terms served.





# annual review

## REVENUES AND FUNDING

The 2008-09 season saw declining revenues and a very difficult economic climate. The impact of this reduction was felt from 1 April 2009 with stakes reduced, and further stake decreases from 7 October 2009.

This fall in code revenues translated to reduced funding (year on year) of almost \$14M – or a decrease of approx 17%.

Clubs also saw reductions across their non-racing revenue including hospitality – both race day and non race day functions, sponsorship and Gaming Machine funds. This is on top of a reduction in NZTR funding as a result of the above funding changes and also due to lower turnovers which impacts their bulk funding.

Despite the recent reductions in stakes, there will likely be a cumulative increase over five seasons, starting in 2004/05, of \$12.3m – from \$37.2m 2004/05 to a forecast total of \$49.5m in the 2009/10 season. If you also take into account Free Racing or the reduction in fees charged to Owners (removal of payment of nominations and acceptance fees on non Group and Listed races) from \$9.8m in 2004/05 to \$6.1m forecast for 2009/10, the net movement including stakes is \$16m.

Returns to Owners includes stakes as well as Free Racing and other payments

made on behalf of or to Owners such as Jockey riding fees and starter incentives. Therefore, total returns to Owners have increased by \$19.3m since 2004/05.

Free Racing and payments made on behalf of 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 1st – 5th, who receive stakes.

Those who attended the last Annual General Meeting in November 2008, might remember the presentation given by Graeme Nahkies on initial work on the Governance Review. In that presentation he described Thoroughbred racing's key system components as the delivery of revenues (principally from wagering) to Owners in the most efficient and effective way possible.

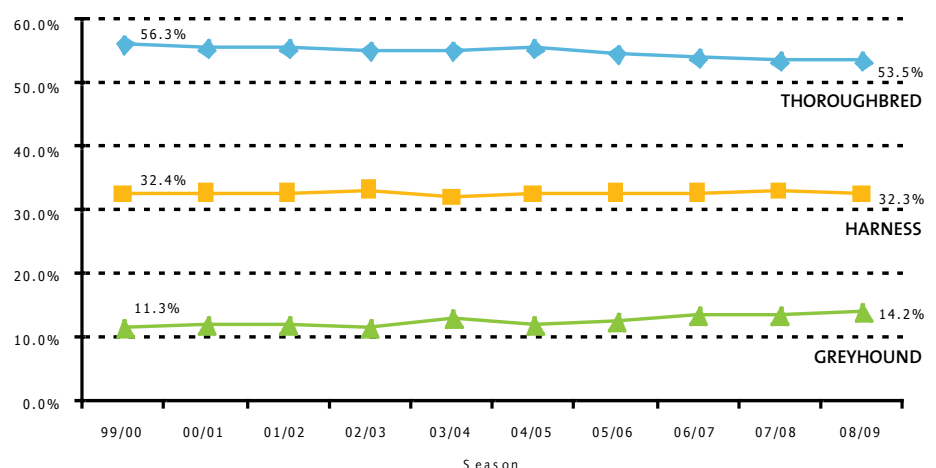
This is important as, above all, it encourages participation and investment in thoroughbred racing, particularly maidens and lower rated races where most Owners start and where entry into thoroughbred races is completely free, i.e. no nomination or acceptance fees are charged and NZTR pay the riding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

## PARTICIPATION

The key issue facing the thoroughbred code in the 2008/09 season has been a potential fall in participation; both equine and human.

There has been a steady decline in participation over the last 10 years and, as such, the thoroughbred code must always be mindful of meeting its internationalisation commitment.

## CODE MARKET SHARES OF WAGERING





However, what the thoroughbred code has seen in 2008/09, in direct contrast to revenues, is an increase in starter numbers, horses starting and foal crop.

In 2008/09 the code also saw its decline in market share of wagering turnover all but arrested (see chart on page 7).

In addition to the increase in stakes (from \$39.8m in 2005/06 to \$59.0m for 2008/09 (+ 48%)), this turnaround and subsequent increase in participation has endorsed our decision to commit to the continuation of Free Racing with an annual estimated saving to Owners of over \$4m; the payment of riding fees on behalf of Owners for all races up to and including Rating 80 – a further savings to Owners of approximately \$2.9m per year; and putting in place a flexible racing programme that allows the programming of races to better suit the needs of the horse population.

NZTR has brought about a number of initiatives to reduce NZTR costs charged to investors in the industry and to ensure better utilisation of horses that were previously underutilised or not raced at all. NZTR sees this as a critical issue and the measures taken to date are, without doubt, providing the right outcomes in the current climate.

The 10-year statistics in Table 1 illustrate the level of participation in thoroughbred racing in New Zealand.

However 2008/09 saw continuation of an underlying downward trend in field sizes. Punters prefer consistent field sizes of 12-14 starters.

This has, in some part, been brought about by the extra race meetings NZTR has had to schedule to meet the thoroughbred code's international commitment.

Accordingly, we have also focused in 2008/09 on aligning horses' training locations and racing venues.

**TABLE 1**

	1999/00	2008/09	% Change
Races	2,945	3,088	4.5%
Starters	32,540	34,348	5.5%
Individual Starters	5,599	5,826	4.0%
Trial Starters	7,930	10,745	35.5%

**TABLE 2 – 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%	

**TABLE 3 – 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 4 – 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%	



Thoroughbred racing is a high cost product to provide and the non-alignment of activity unnecessarily increases costs for Owners, while accepting there needs to be some equity in the distribution of racing for Clubs and communities.

Tables 2-4 highlight a significant non-alignment of activity between trained starters in each region and the current spread of races, an issue further exemplified at the Group and Listed levels.

During 2008/09 NZTR completed 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.

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

## GOVERNANCE

NZTR acknowledge that there are two key issues that still need to be addressed to ensure participation continues to increase and have put considerable efforts into them through 2008/09:

(a) The governance model and administrative capacity is not encouraging investment in the industry; and

(b) NZTR sees one of the key areas of industry improvement as 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; an issue for all Codes and the NZRB.

NZTR has recognised for some time that its governance structure is unsuited to today's needs. At the 2008 AGM the Board undertook to review the NZTR governance model and, accordingly, 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 the 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 for consideration and feedback.



The key recommendation in the report was for the development of a new enterprise combining the Racing Board (NZRB) and NZTR (and potentially the other two codes in due course), similar to Racing and Wagering Western Australia. NZTR supported this model.

The NZRB and NZTR created an integration committee to model the size and nature of the first stage, referred to as the 'Shared Services Model' (SSM).

This modelling exercise has revealed significant savings and, subject to our stakeholders supporting this plan, NZTR and the NZRB will proceed to implement it and capture these savings.

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

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.

## INTEGRITY

NZTR is continuing to strengthen the integrity functions of thoroughbred racing. The following initiatives were undertaken in 2008/09. Some of these will be continued through 2009/10:

- Ongoing professional development of Integrity staff
- Annual audit programme 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 Judicial Control Authority (JCA) to develop NZTR/JCA protocols around charges, prosecution and penalties.

NZTR released a full rewrite of the NZTR Rules of Racing in 2008/09 (effective from 5 October 2009). The main purpose of the rewrite was to simplify the current rules both in terms of language and content.

## MARKETING

Ownership has increased by 23% from 2005/06 to 2008/09. 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.

The overall growth of Ownership in thoroughbred racing is linked to increased stakes and returns to Owners, and the success of New Zealand horses internationally.

NZTR is aiming to achieve the following results from its marketing strategy which focuses on:

- Encouraging a more customer driven model for our five key Carnivals. Achievement of this is linked to the NZRB addressing current shortcomings with on-course wagering facilities and resources
- Increasing mainstream media coverage of positive human interest stories related to racing



- Providing overseas Owners and racing jurisdictions with information on the opportunities of racing a horse in New Zealand
- Further encouraging syndication as an affordable entry level option into racehorse ownership
- Maintaining current numbers of new Owners registering on NZTR's database – any growth is a bonus over the next three years
- Facilitating closer and mutually beneficial relationships between the local community and country racing clubs
- Raising public awareness of racing in New Zealand
- Ensuring every home in New Zealand has its own traditional raceday to attend

## TRAINING AND DEVELOPMENT

One of the key tenets of NZTR's 2008/09 objectives was to build on its work over the past two years on its Industry Training Plan. The three key aims 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; and
3. Provide high quality training that meets the academic needs of our students, and enhances the individual's chances of success and completion.

Further work was completed in 2008/09 to develop careers including a register of Licensed Trainers interested in providing work experience; Career Field Days nationwide; introducing a mentoring programme; initiating education for employers in relation to their obligations as employers; and ensuring 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.

In addition NZTR has introduced the National Certificate in Adult Literacy and Education (NCALE) training for Professional Development for all Tutors and reviewed all training resources. It is currently working on introducing 'Training for Trainers', with the potential introduction of mandatory training for all new licensed trainers, and

working with the New Zealand Trainers' Association to develop a series of informative educational workshops for all trainers.

## APPRECIATION

NZTR Management has achieved remarkable progress in a range of areas during 2008/09 and the Board's considerable appreciation of the work of our Chief Executive until early April this year, Paul Bittar, and his team is fully deserved.

We were very fortunate to have had the services of Campbell Moncur, who stepped into the Chief Executive's seat in an acting capacity for the four remaining months of the 2008/09 season.

As always I thank my fellow Board members for their work on behalf of the thoroughbred Code in a year of real challenges.

## FAREWELL

We said goodbye to four Board Members in 2008/09 – John Rattray, Graeme Sanders, Alistair Sutherland and Murray Blue. The Board sincerely appreciated their dedication over a number of NZTR activities and over a number of years.

GUY SARGENT  
CHAIRMAN



# nztr initiatives and outcomes 01/08/08 – 31/07/09

ISSUES	AIMS	OUTCOMES
<b>BUSINESS OPERATIONS</b>		
<b>New Online Financial System</b>	To provide racing participants (owners, trainers and jockeys) with access to their owners settlement accounts online through the members' area of the NZTR website	The system allows users to login and view all accounts of which they are administrators, reprint invoices, update details and pay accounts online. While the new development has been largely completed, it will be rolled out to users in the late part of 2009
<b>Business Continuity Plan</b>	To provide a real time back up to the system to be used in the event of an incident occurring (e.g. earthquake) that prevents access to the Wellington system	NZTR has installed a mirrored computer system in the NZRB Office at Ellerslie and a backup office that could be used in case NZTR staff are unable to access the NZRB Building in Petone
<b>Breeders Service Centre</b>	To provide Breeders with a portal to process and pay for returns and registrations online through the members area of the NZTR website	The online Breeders Service Centre (BSC) consists of three key services: Mare/Foaling returns / Stallion Returns / Stallion Registrations. It now accounts for 30% of transactions
<b>Software Projects</b>	To improve Thoroughbred Code business processes	NZTR undertook a number of smaller projects during the year to improve business processes, comply with Rules and Funding changes, automate data exchange between the NZTR and NZRB computer systems, enhance information provided to NZTR field staff and upgrade the NZTR imaging system to capture a wider range of business documents
<b>FUNDING</b>		
<b>Returns to Owners</b>	To continue sustainable policies that enhances returns to Owners	Payment of Riders' fees now saves Owners over \$3 million per season Removal of GST leakage of approximately \$250,000 per season. Total estimated saving of over \$3.25m to Owners
<b>Free Racing</b>	To continue the initiative of 'Free Racing'	The continuation of not charging nomination and acceptance fees on all non-Group and Listed Races saves Owners over \$4m per season
<b>Funding of core on-course services</b>	To continue to provide support to clubs through the funding of some core on-course raceday services	NZTR continues to fund a number of on-course raceday services: National contract for ambulance services on race day with St John, the cost of which is covered by NZTR and is a direct saving to the club; Stenographer services; Swabbing Vet and Stewards costs; and NZRB Trackside Operations
<b>Training centre payments</b>	To address the potential loss of runners due to poor training facilities, and the \$800,000 annual loss by training centres while ensuring that strategic training centres are provided with incentives, to be paid on a supply basis	A review of training centres was conducted and approximately \$300,000 in funding made available for payment to clubs (which are members of their local cluster) towards the operating costs of 12 strategic training venues throughout the country for the first time. (Not available to private training establishments.)

ISSUES	AIMS	OUTCOMES
<b>Infrastructure Funding</b>	To address the infrastructure requirements of strategic training racing venues	A review of strategic training and racing venues was conducted and \$1.2m was allocated to infrastructure funding for the two years from 2008 through to 2010. Some minor projects have been completed, but the major projects will be completed during 2009/10
<b>Funding Support for key sector organisations</b>	To provide industry support for organisations pursuing improvements to the thoroughbred	In addition to support for recognised sector organisations (Breeders, Owners, Trainers & Riders) and marketing (NZ Thoroughbred Marketing), NZTR also supported, both financially and with other resources, the NZ Equine Research Foundation, the NZ Equine Health Association, and the NZ Equine Industry Training Organisation
<b>HANDICAPPING &amp; RACE PLANNING</b>		
<b>Programming races closer to raceday</b>	To programme races at Industry Day race meetings closer to the race meetings	Currently, the programming process dictates that we programme races at race meetings between two to five months prior to race meetings. This new initiative will allow NZTR, in conjunction with clubs, to programme races on Industry Days as close as two weeks (yet to be confirmed) prior to the race meeting. This will allow NZTR and clubs to provide racing opportunities to match the horse population at the time.
<b>Racing Policy</b>	To provide a single policy document for all racing related issues	The Racing Policy became effective on Monday 5 October 2009 in conjunction with the rollout of the amended and revised Rules of Racing. The Racing Policy includes operational racing matters that were previously included in the Rules; long standing racing policy; and standard regulations for race meetings
<b>Handicapping Review</b>	To Review the handicapping system with specific reference to minimum weights in Group & Listed races, minimum top weights in all handicaps, and age and sex allowances	Rating 70 races to be run at Set Weights with Penalties and Allowances. This will ensure horses are assessed by the handicapping panel in a sufficient number of races prior to racing at handicap level. The structure should provide greater incentive to race fillies and mares. These horses were clearly disadvantaged under the previous system, which became apparent as a result of thorough statistical analysis of results over the past three seasons. The new system should move horses through to Rating 80 level more quickly, increasing participation in those races and resulting in a net benefit for the industry. The change will be closely monitored throughout the 2009-10 season and reviewed at season's end
<b>HEALTH &amp; SAFETY</b>		
<b>Jockey Safety Review Group</b>	To review all aspects of Jockey safety and welfare	To ensure we have both the right infrastructure for safety and the right developmental needs to safeguard Riders' well-being and to ensure that jockeys enjoy an optimum level of safety at race meetings and trackwork as well as enabling us to attract new entrants
<b>Starter's Manual</b>	To provide consistency in all aspects of starting races	Starters are attending a National workshop in early 2010
<b>Drug Testing of Riders</b>	To ensure measures to maintain the health and safety of Jockeys	Establishment of minimum standards with respect to frequency of tests per year
<b>Minister's Safety Development Fund</b>	To determine the best application of Government funds specifically for safety projects	Over \$1m delivered to Clubs for safety projects
<b>Clerks of Course Safety</b>	To increase safety and protection for Clerks of Course	All Clerks of Course are now required to wear Helmets and approved Body Protectors
<b>HR / TRAINING &amp; DEVELOPMENT</b>		
<b>Training and Development Committee</b>	To establish a national training and development group that focuses on training for all aspects of thoroughbred racing, from stablehands through to Apprentice Jockeys, senior jockeys, stable managers and trainers	The NZTR Apprenticeship Board was disestablished at the end of the 2008/09 season, making way for the introduction of the Training and Development Committee Details pertaining to training have been removed from the Rules The committee had its first meeting in September 2009

# nztr initiatives and outcomes 01/08/08 – 31/07/09 continued

ISSUES	AIMS	OUTCOMES
<b>Industry promotion and recruitment</b>	To recruit suitable candidates to the industry through initiatives to attract young people who have an understanding of the industry and the work it entails	<p>NZTR has participated in the Horse of the Year event in Hastings, and in the Springston Trophy in the South Island. These pony club and equestrian events provide us with a much greater exposure to those with a specific equine interest, rather than participating in general career promotions.</p> <p>Promotional materials developed during the 2007/08 season have been widely used, and well received at careers promotions to date, and this will be extended in 2009/10 season with the addition of marketing collateral and giveaways that can be used for interested parties.</p> <p>NZTR recently commenced “The Marketplace” on the website. Originally developed as a sales mechanism, Marketplace has recently been offered as a free service for young people wanting to join the industry. This gives exposure to those wanting work, and provides another avenue for employers looking for staff.</p> <p>NZTR has worked closely with the New Zealand Equine ITO and Harness Racing New Zealand to develop materials to support the Gateway programme in schools. Many NZ schools provide their students with the opportunity to participate in work experience and training in their chosen career area. NZTR is now able to offer a formalised Gateway programme, which includes resources and assessments for five unit standards</p>
<b>Improving industry Training</b>	To ensure training delivered in the Thoroughbred Code is of a nationally and internationally recognised standard	<p>All Thoroughbred qualifications have been reviewed in consultation with the industry, and have been registered on the National Qualifications Framework. Teaching is now being delivered in line with the new qualifications.</p> <p>All Thoroughbred Tutors have undertaken the National Certificate in Adult Literacy Education, which will equip them to deal more effectively with the wide range of literacy levels within their classes.</p> <p>NZTR undertook an initial marketing campaign in late 2008 to promote education for stable hands and stable managers. Training is now offered “on-job” and is managed by NZTR. A number of people have taken advantage of this training, with numbers constantly increasing. Further promotion of these programmes will occur during the 2009/10 season. Resources for all areas of education in the racing industry are currently being re-written. This re-write has been made possible by funding from the Tertiary Education Commission, and enables the industries involved to ensure their education meets the literacy standard requirements. All tutors are involved in the development of the resources.</p> <p>The NZTR Board has approved the introduction of mandatory training for all new licensed trainers. This will come into force during 2010, when all new trainers will be required to undertake the National Certificate (Level 4) Stable Management</p>
<b>Apprentice Survey</b>	To better understand Apprentices and their needs, including training	A wide range of information gathered from all Apprentice Riders and their employers concerning how they came into the profession, employment conditions, aspirations, shortcomings etc
<b>INDUSTRY COMMUNICATION &amp; MARKETING</b>		
<b>Introduction of “Contestable Pool of Carnival Funding”</b>	<p>To improve on-course experience for both race-day going public and racehorse owners.</p> <p>To ensure club marketing plans are precise with clearly defined KPI’s with individual sections tied to funding</p>	Trial season to be run in 2009/10 season (payment schedule not enforced but measures to be met) with full introduction in 2010/11 season.
<b>Development of a Service Level Agreement with the NZTROF</b>	The aim of the proposal is to drive the performance of the NZTROF so that it can better service all thoroughbred owners and provide it with an opportunity to become self sufficient through membership subscriptions	Agreement signed between both parties August 2009 which will become effective in the 2009/10 season



ISSUES	AIMS	OUTCOMES
<b>Closer working relationship with NZRB On-Course Marketing &amp; Events Department</b>	To maximise the resources available to thoroughbred racing clubs through closer work with the On-Course Marketing Dept of NZRB	This has allowed NZTR to better engage clubs, specifically to realise benefits (when available to them) while also removing some of the barriers and improving the relationship at club level with the NZRB On-Course department
<b>Two-part National Owners' Survey</b>	Industry marketing resource for clubs and trainers to utilise to grow and retain ownership through an improved Ownership experience. Also to provide clear and precise opportunities for those wishing to better market their services	Data collected is now one of the cornerstones for NZTR's long-term strategic Industry Marketing Plan. A second survey will be conducted in 2010 to monitor both improvements and changing market trends from an Owners perspective. Allowing NZTR, clubs and trainers to refine and change the offering thereby ensuring the sport of thoroughbred racing remains attractive and relevant to our ownership base
<b>Sponsors' Survey</b>	To heighten understanding of sponsorship support of NZ thoroughbred racing	Report findings will provide a current snapshot of sponsors attitudes and future commitment to thoroughbred racing.
<b>Gaming Grants</b>	To ensure racing remains an 'authorised purpose' for the application of gaming grants	Significant and ultimately successful joint NZTR/HRNZ PR and political lobbying campaign to protect against misinformation and loss of grants to racing
<b>Publications</b>	To ensure timely, accurate and full information to all stakeholders	In addition to the Thoroughbred Racing Monthly magazine, a number of publications were produced by NZTR including 2009 NZTR Fact Book and Racing Facts
<b>Communication with Clubs and Clusters</b>	To improve communications with industry stakeholders and to ensure NZTR is aware of industry concerns and issues requiring further debate	NZTR implemented a Cluster Coordinators' Group which meets 3 or 4 times each year around key issues – Calendar, Funding, Code Business Plan etc
<b>NZTR Media Balcony Auckland Cup Week</b>	To network with a wider group of mainstream media and seek new and positive exposure of thoroughbred racing in those mediums	NZTR hosted a total of 87 media in conjunction with Cathy Campbell Communications over the three days of Auckland Cup Week. This led to an improved understanding of raceday procedure and the opportunity to meet a number of trainers face to face. Key outcomes included a televised ownership based interview on the ASB business show with owner David Archibald and interview with Donna Logan for TV3. Future interest from media for 2010 Karaka Sales educational visit
<b>MyHorse</b>	To improve capability and service of Owners by Trainers	Work with the NZ Trainers' Association (NZTA) and Web Element on development of package which has the potential to improve communication to all Owners. Launched August 2009
<b>www.nzracing.co.nz</b>	The most visited site in the NZ Racing industry, it receives more than 90,000 hits a day and 2.6 million a month and has over 20,000 Registered Users	Specific Enhancements in 2008/09 have included: Work completed to enable a greater spectrum of information to be available in each horse's performance. These include track and distance statistics, video replays, form comment lines, starting prices and the stable or owner colours of the horse. Small images of the colours have also been added to the Nominations & Fields, all of this giving the user more insight into the horses they are following
<b>International Liaison</b>	To reaffirm NZ's involvement and strong standing (NZ is one of the world's smallest racing jurisdictions) in the international racing community to expand international opportunities	NZ is considered a leading racing nation internationally and, through closer partnership with Australian racing, well positioned to benefit from growth in Asian racing. Membership of and proactive involvement in the International Stud Book Committee, International Federation of Horseracing Authorities, Executive Council of the Asian Racing Federation, International Race Planning and Grading Advisory Committee, the European Pari Mutuel Association and other international bodies
<b>Ownership Marketing</b>	Ownership initiatives	Marketing Managers column regarding the "Elite Racing Club" concept, focusing on growing ownership, has inspired the launch of two new "Racing Clubs" for owners – The NZ Racing Club and the Premier Racing Club

# nztr initiatives and outcomes 01/08/08 – 31/07/09 continued

ISSUES	AIMS	OUTCOMES
<b>INTEGRITY</b>		
<b>New Rules of Racing</b>	A complete review of the Rules of Racing to: <ul style="list-style-type: none"> <li>• Develop Rules that are more simple and logical</li> <li>• Ensure the Rules are written in plain English</li> <li>• Ensure the industry maintains a high level of integrity</li> </ul>	With a wide-ranging consultation process, this Review commenced in 2006/07 and concluded with the new Rules coming into effect on 5 October 2009. With close to 400 Rules to review containing over 120,000 words this was a huge undertaking. The new Rules run to just over 67,000 words
<b>Review of penalties</b>	To ensure that penalties imposed are reflective of the current circumstances pertaining to the industry	Currently, the Stipendiary Stewards are reviewing penalties imposed with the JCA to ensure they are fair and reasonable. It is envisaged that this review and its subsequent findings will be completed by early 2010
<b>Licensing Policy</b>	To implement a policy which covers all aspects of licensing	It is important that New Zealand Thoroughbred Racing has a transparent, robust licensing policy which participants can refer to when required. It is envisaged that the policy will be rolled out in early 2010
<b>Swabbing Programme</b>	To implement a full swabbing programme within three years	Tiered increase in samples collected and tested in 2006/07, 2007/08 and 2008/09 taking the total to over 3,000 this season. Programme also includes DMSO, pre-race TCO <sub>2</sub> and barrier trial sampling
<b>Registration of Stable Staff &amp; ID Cards</b>	To register all staff involved in the handling and managing of racehorses and issue Photo ID Cards to all Licencees	Completed second year of new Registration protocols and procedures. All licensed/registered participants issued with a personalised photo ID card
<b>Trackwork Attendance</b>	To increase the presence and awareness of NZTR's Integrity Staff at early morning trackwork	Stipendiary Stewards now rostered to attend and monitor events at early morning trackwork around the country
<b>ID Checking at Barrier Trials</b>	To ensure the identity of horses competing at official Barrier Trials	The identity of all horses that compete at Barrier Trials is now confirmed against official brands and markings records
<b>Raceday Officials</b>	To improve efficiency and consistency and to reduce cost of raceday officials on-course for the industry	NZTR undertook a review of all raceday officials that perform an integrity function to establish where efficiencies could be met and best practices established
<b>RACE VENUES</b>		
<b>Track assessment programme</b>	To continue to manage and fund a national track assessment programme	NZTR manages and funds a national track assessment programme that includes: The turf assessment programme that tests soil samples and determines water and fertilizer profiles; aeration programme (verti draining); and the purchase and management of BLEC groundbreakers throughout the country to provide on going maintenance alongside the aeration programme. The purchase and use of the groundbreakers alone saved a number of meetings from cancellation during the 2008/09 season
<b>Venue Inspection Programme</b>	Continuation of venue inspections, including monitoring track performance and venue compliance	Focus over the last 12 months has been on improving the horse containment operation at venues with significant investment being made at venues to improve fencing and gates to better contain horses within the venue and manage the flow of horses on raceday. Several tracks underwent track renovation work and have or are in the process of being recommissioned. The tracks involved were Rotorua, Waverley, Winton and Wyndham
<b>Auckland Blue Print</b>	To review venue needs of the racing industry in the Auckland region (other regions to follow)	Following review of public submissions, a revised project plan and consultation document has been developed by NZTR for consideration by the NZTR Board and the Auckland clubs
<b>Strategic Training Centres</b>	Infrastructure Funding	Infrastructure funding was provided by NZTR to undertake projects at Cambridge, Otaki and Riccarton
<b>East Coast Racing</b>	To consolidate efficiencies for East Coast venues	Consultation and agreement reached to operate East Coast Racing from 1 August 2009: Poverty Bay, Wairoa, Hawke's Bay, Woodville, Waipukurau, Masterton and Wairarapa
<b>Jumping Health and Safety</b>	To provide safe environments for jumps racing participants to work in	NZTR undertook infrastructure audits at all jumping venues NZTR reviewed safety aspects including spurs, fence design and new steeplechase wing design



# statistics

## THOROUGHBRED RACING

	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04
No of totalisator meetings	333	326	299	296	297	283
No of Clubs to race	67	69	69	69	68	71
No of racetracks used	51	51	51	51	51	51
Races run	3088	2970	2863	2855	2817	2791
No of horses racing in NZ	5826	5576	5566	5642	5706	5564
No of Group and Listed races	146	147	147	146	147	146
No of Group and Listed (including Prestige Jump)	159	157	158	158	157	158
Black type as % of total races	5.1	5.3	5.5	5.5	5.6	5.6
Prizemoney paid	\$58,411,092	\$56,227,702	\$49,429,973	\$39,726,447	\$37,225,515	\$36,272,557
Highest single stake individual race	\$2,200,000	\$2,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$750,000
Average stake per race	\$18,909	\$18,932	\$17,265	\$13,915	\$13,262	\$12,996
No of Public Trainers	374	353	333	351	366	354
No Permit To Train Holders	413	372	387	397	377	372
No of Owner-Trainers	437	437	476	489	634	685
No of Jockeys	131	112	124	116	129	159
No of Apprentice Jockeys	53	69	60	54	62	63
No of Amateur Riders	43	26	40	34	31	25

## THOROUGHBRED BREEDING

No of Broodmares (at pasture)	8326	8048	8163	8286	8590	8910
No of Stallions	166	177	201	192	207	217
No of Foals bred (Approx)	†4288	4126	4264	4522	4509	4683
No of Thoroughbreds exported	1354	1577	1831	1849	1806	1782

## BETTING TURNOVER

On-course betting	\$46,605,839	\$48,603,720	\$47,781,035	\$44,241,000	\$45,475,868	\$46,461,350
Off-course betting	\$377,198,503	\$392,497,160	\$385,088,609	\$382,374,000	\$389,314,200	\$373,102,358
Fixed odds betting	\$42,120,143	\$41,149,965	\$32,773,856	\$30,007,000	\$8,767,887	\$3,741,749
<b>Total Bets</b>	<b>#\$465,924,485</b>	<b>\$482,250,845</b>	<b>\$465,643,500</b>	<b>\$456,658,000</b>	<b>\$443,577,955</b>	<b>\$423,305,457</b>

## SOURCE OF OFF-COURSE TURNOVER

Win and place	49.00%	51.40%	51.80%	51.63%	55.28%	55.87%
Quinella	10.40%	9.90%	9.20%	9.64%	10.30%	10.57%
Trifecta	18.90%	19.80%	20.10%	20.47%	21.36%	21.74%
First 4*	1.30%	n/a	n/a	n/a	n/a	n/a
Double	3.90%	3.90%	4.20%	4.48%	4.00%	4.08%
Treble	4.00%	4.10%	4.20%	4.27%	4.65%	4.72%
Quaddie*	0.90%	n/a	n/a	n/a	n/a	n/a
Fixed odds	9.50%	8.40%	7.60%	7.29%	2.20%	0.99%
Pick 6 and Six Pack	2.00%	2.50%	2.90%	2.22%	2.20%	2.02%
Total	100%	100%	100%	100%	100%	100%

†At the time of publication – approximately 300 foal returns due #Excludes Six Pack/Pick 6 \*First 4 and Quaddie introduced in 2008/09 Season



# financial statements



## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE 12 MONTHS ENDED 31 JULY 2009

	NOTES	12 MONTHS ENDED 31-JUL-09 \$	12 MONTHS ENDED 31-JUL-08 \$
<b>REVENUE</b>			
NZRB Distributions		74,670,020	67,726,204
NZRB Surplus Distributions		2,144,390	2,142,423
TRM and Publications		333,093	414,004
Registrations		682,243	721,847
Levies		2,773,749	2,661,488
Licence Fees		236,137	232,187
Stud Book		1,640,059	1,659,605
Interest		113,013	206,948
Sundry Income		500,718	419,975
Distribution Account Income		-	819,494
<b>TOTAL REVENUE</b>		<b>83,093,422</b>	<b>76,184,681</b>
<b>LESS EXPENSES</b>			
Club Product Payments and Subsidies		75,064,116	71,513,046
TRM and Publications		381,883	354,731
Ownership and Industry Initiatives		75,049	73,601
Training and Development		20,054	153,274
Property and Central Overheads	2	487,747	516,533
IT Infrastructure and Network Costs	3	760,104	664,085
Special Projects	4	324,462	287,824
Salaries and Other Staff Costs		3,456,831	3,236,957
Other Department Costs	5	1,223,478	1,060,540
Sundry Costs	6	1,823,690	1,423,282
Restructuring Costs		46,239	52,281
<b>TOTAL EXPENSES</b>		<b>83,663,653</b>	<b>79,336,154</b>
<b>NET (DEFICIT) FOR THE YEAR</b>		<b>(570,231)</b>	<b>(3,151,473)</b>

The notes following are to be read in conjunction with these financial statements

## STATEMENT OF CHANGES IN EQUITY

FOR THE 12 MONTHS ENDED 31 JULY 2009

	12 MONTHS ENDED 31-JUL-09 \$	12 MONTHS ENDED 31-JUL-08 \$
<b>EQUITY – START OF YEAR</b>	5,835,238	8,986,711
Net (Deficit) for the Year	(570,231)	(3,151,473)
Total Recognised Revenue and Expenses	<u>(570,231)</u>	<u>(3,151,473)</u>
<b>EQUITY – END OF YEAR</b>	<u>5,265,007</u>	<u>5,835,238</u>

*The notes following are to be read in conjunction with these financial statements*

## STATEMENT OF FINANCIAL POSITION

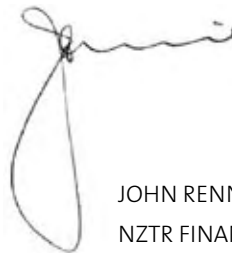
AS AT 31 JULY 2009

	NOTES	31-JUL-09 \$	31-JUL-08 \$
<b>TOTAL EQUITY</b>		<b>5,265,007</b>	<b>5,835,238</b>
<b>CURRENT ASSETS</b>			
Cash		363,667	90,982
Short Term Deposits		1,092,195	-
Trade and Sundry Debtors		705,328	504,464
Income Receivable		99,439	518,940
Short Term Loans and Advances	9	30,622	64,802
Code Distribution Account		3,223,747	3,532,511
<b>TOTAL CURRENT ASSETS</b>		<b>5,514,998</b>	<b>4,711,699</b>
<b>LESS CURRENT LIABILITIES</b>			
Trade and Sundry Creditors		1,347,392	1,105,208
Provision for Annual Leave		250,702	319,602
Fees and Subscriptions in Advance		324,685	334,526
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,922,779</b>	<b>1,759,336</b>
<b>NET CURRENT ASSETS</b>		<b>3,592,219</b>	<b>2,952,363</b>
<b>NON-CURRENT ASSETS</b>			
Long Term Deposits		-	1,185,030
Property, Plant and Equipment	7	524,774	476,436
Intangibles	8	547,543	678,155
Loans and Advances	9	600,471	543,254
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,672,788</b>	<b>2,882,875</b>
<b>NET ASSETS</b>		<b>5,265,007</b>	<b>5,835,238</b>

The Financial Statements of New Zealand Thoroughbred Racing Inc are accepted on behalf of the Board of Directors on 12 October 2009.



GUY SARGENT  
CHAIRMAN – NZTR BOARD



JOHN RENNIE  
NZTR FINANCE COMMITTEE

The notes following are to be read in conjunction with these financial statements

## STATEMENT OF CASH FLOWS

FOR THE 12 MONTHS ENDED 31 JULY 2009

	12 MONTHS ENDED 31-JUL-09 \$	12 MONTHS ENDED 31-JUL-08 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash was provided from:		
Fees, Services and Subscriptions	3,353,954	3,178,841
Levies	2,868,109	2,494,617
Receipts from the NZRB and Other Income	76,814,410	69,868,627
Interest Income	172,175	177,587
	<u>83,208,648</u>	<u>75,719,672</u>
Cash was applied to:		
Payment to Suppliers and Employees	(7,718,854)	(7,183,347)
Payments to Clubs and Other Initiatives	(75,064,116)	(71,513,046)
<b>Net Cash Flow from Operating Activities</b>	<u><b>425,678</b></u>	<u><b>(2,976,721)</b></u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Cash was provided from:		
Sale of Property, Plant and Equipment	9,359	8,942
Sale of Term Deposits	720,000	1,150,000
Repayment of Loans	70,955	46,644
Distribution Account	308,765	2,583,915
	<u>1,109,079</u>	<u>3,789,501</u>
Cash was applied to:		
Purchase of Property, Plant and Equipment	(340,506)	(222,354)
Purchase of Intangibles	(294,401)	(405,541)
Investment in Term Deposits	(627,165)	(85,030)
Drawdown of Loans	–	(96,654)
<b>Net Cash Flow from Investing Activities</b>	<u><b>(152,993)</b></u>	<u><b>2,979,922</b></u>
Net Increase/(Decrease) in Cash held	272,685	3,202
Add Opening Cash	90,982	87,780
<b>CLOSING CASH</b>	<u><b>363,667</b></u>	<u><b>90,982</b></u>
<b>RECONCILIATION OF OPERATING CASH FLOWS WITH NET (LOSS) ON OPERATIONS</b>		
Net (Deficit) to Accumulated Fund	(570,231)	(3,151,473)
Add Non-Cash Items:		
(Profit) on Sale of Fixed Assets	(3,762)	(4,368)
Capitalised Interest on Loans	(93,571)	(5,157)
Depreciation	286,152	247,541
Amortisation	425,013	319,923
	<u>613,832</u>	<u>557,939</u>
Add Movement in Other Working Capital Items		
Accrued Income	325,142	(24,204)
Sundry Debtors	(106,504)	(425,802)
Sundry Creditors	173,279	80,013
Fees in Advance	(9,840)	(13,194)
	<u>382,077</u>	<u>(383,187)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><b>425,678</b></u>	<u><b>(2,976,721)</b></u>

The notes following are to be read in conjunction with these financial statements



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE 12 MONTHS ENDED 31 JULY 2009

**1. STATEMENT OF ACCOUNTING POLICIES**

The accounting policies which the Board considers appropriate for the measurement and reporting of the results and financial position are as follows:

**STATEMENT OF COMPLIANCE**

New Zealand Thoroughbred Racing Inc (NZTR) is an incorporated society registered and domiciled in New Zealand. Its principal activity is to govern thoroughbred racing in New Zealand.

NZTR's primary objectives are to:

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

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and The Financial Reporting Act 1993. They comply with International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities that qualify for and apply differential reporting concessions.

**FUNCTIONAL AND PRESENTATION**

The financial statements are presented in New Zealand dollars which is the functional currency of NZTR rounded to the nearest dollar.

**BASIS FOR PREPARATION**

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

NZTR qualifies for differential reporting as it is not publicly accountable and it is not large. NZTR has applied all relevant differential reporting exemptions except for:

NZ IAS 7: Cash Flow Statements

**SPECIFIC ACCOUNTING POLICIES**

The specific accounting policies used in the preparation of the financial statements are as follows:

**a) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. This excludes the code distribution account.

**b) Employee Benefits**

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

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2009

### 1. STATEMENT OF ACCOUNTING POLICIES (CONT)

#### c) Financial Instruments

Financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. All financial assets are classified as loans and receivables and all financial liabilities as other financial liabilities. Subsequent to initial recognition all financial instruments are measured at amortised cost.

A financial instrument is recognised if NZTR becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if NZTR's contractual rights to the cash flows from the financial assets expire or if NZTR transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

##### *Trade and Other Receivables*

Trade and Other Receivables are measured at cost less impairment losses.

##### *Trade and Other Payables*

Trade and Other Payables are measured at amortised cost.

#### d) Goods and Services Tax

NZTR is GST registered and these financial statements have been prepared exclusive of Goods and Services Tax, with the exception of Statement of Financial Position balances such as receivables and payables.

#### e) Income Tax

NZTR is specifically mentioned in the Income Tax Act 2007 as being exempt from income tax. Accordingly, no income tax has been provided for in the financial statements.

#### f) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses which have been calculated on the following basis:

Office Equipment, Furniture and Fittings	20% straight line
Motor Vehicles	33.33% straight line
Computer Equipment	33.33% straight line
Racecourse Equipment	10% straight line

#### g) Intangible Assets

Computer software is a finite life intangible and is recorded at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful life of 3 years.

#### h) Impairment

The carrying amounts of NZTR's assets are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Financial Performance.

#### i) Operating Leases

An operating lease is a lease that does not substantially transfer all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2009

### 1. STATEMENT OF ACCOUNTING POLICIES (CONT)

#### j) Investments

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned and are initially measured at fair value.

#### k) Reserves

Funding to clubs is paid out of the Code Distribution. All other NZTR operations are funded from a combination of Retained Earnings and the Code Distribution.

#### l) Cash Flow

“Operating Activities” include all transactions and other events that are not investing activities. Transactions relating to operating transactions and other events include interest received and interest paid.

“Investing Activities” are those activities relating to the acquisition and disposal of current and non-current term deposits and advances and other non-current assets.

#### m) Revenue

Revenue is measured at the fair value of consideration received. Specific revenue accounting policies are:

##### *Registration, Stud Book, Licence and Publication Revenue*

Revenue from fees is recognised when payment is made or invoiced for that fee.

##### *Levies*

Levies are set annually and relate to the financial year. Levies revenue is recognised when invoiced.

##### *Fines*

Revenue from fines and penalties is recognised when the fine or penalty is imposed.

##### *Interest*

Interest revenue is recognised using the effective interest rate method.

##### *Code Distribution*

Revenue is recognised when it is received. Revenue is recognised each month pursuant to Section 25 of the Racing Act 2003 based on NZTR’s turnover earnings and share of the New Zealand domestic market for that month.

Each racing code is responsible pursuant to Section 25 of the Racing Act 2003 to distribute funding to the clubs in line with their funding policy. Expenditure is recognised when payments are made.

##### *Fees and Subscriptions in Advance*

Fees and subscriptions in advance are funds that are received for services or goods that have not yet been delivered. If revenue is received before the services or goods are rendered, then it is recorded as a liability and recognised as revenue over the period for which the services or goods are delivered.

#### n) Comparative Information

Certain comparatives have been amended to ensure comparability with current period disclosures.

#### o) Changes in Accounting Policies

There have been no changes in accounting policies during the period.

The accounting policies set out above have been applied consistently to all periods presented in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE 12 MONTHS ENDED 31 JULY 2009

**2. PROPERTY AND CENTRAL OVERHEADS**

The key expenses that are included in Property and Central Overheads are:

	<b>12 MONTHS ENDED 31-JUL-09 \$</b>	<b>12 MONTHS ENDED 31-JUL-08 \$</b>
Rent and Property Expenses	69,229	87,282
Insurance	80,505	51,686
Printing and Postage	72,161	93,314
Telephone	63,096	52,931
Lease Expenses	18,369	15,854
Depreciation	78,700	71,750
Loss on Disposal of Property, Plant and Equipment	(3,762)	(4,368)

**3. IT INFRASTRUCTURE AND NETWORK COSTS**

The key expenses that are included in IT Infrastructure and Network Costs are:

Depreciation	84,208	86,013
Amortisation	425,013	319,923
Maintenance and Network Costs	225,672	217,491

**4. SPECIAL PROJECTS**

The key projects included in Special Projects are:

Rules of Racing	102,728	130,945
Regional Feasibility Studies	5,842	22,031
Training Venue Review	4,875	28,597
Jumps Initiatives	42,174	42,595
Industry Funding Liason Group	18,087	–
Governance Review	68,561	–

**5. OTHER DEPARTMENT COSTS**

The key expenses included in Other Department Costs are:

Drug Detection	57,460	22,854
DNA Typing	238,599	221,171
Travel including Motor Vehicle Expenses and Depreciation	546,991	572,258
Telephone	74,656	94,665
Microchipping	46,946	–
Appeals and Inquiries	67,663	21,758

**6. SUNDRY COSTS**

The key expenses included in Sundry Costs are:

Judicial Control Authority	149,472	149,428
Board Expenses	123,060	139,764
Board Fees	169,167	175,000
Legal and Professional Fees	193,031	216,865
Audit Fees	20,679	25,000
Bad Debts Expense / (Recovered)	1,505	(5,979)
Raceday Services and Initiatives	804,568	351,067

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2009

## 7. PROPERTY, PLANT AND EQUIPMENT

	OFFICE EQUIPMENT \$	MOTOR VEHICLES \$	COMPUTER HARDWARE \$	RACECOURSE EQUIPMENT \$	TOTAL \$
<b>Cost</b>					
Balance at 31 July 2008	398,303	332,774	595,726	–	1,326,803
Additions	15,468	130,266	62,031	132,741	340,506
Disposals	–	49,509	–	–	49,509
Balance at 31 July 2009	413,771	413,531	657,757	132,741	1,617,800
<b>Accumulated Depreciation</b>					
Balance at 31 July 2008	218,218	155,996	476,153	–	850,367
Depreciation expense for the year	78,699	114,492	84,223	8,738	286,152
Disposals	–	43,493	–	–	43,493
Balance at 31 July 2009	296,917	226,995	560,376	8,738	1,093,026
<b>Net Book Value</b>					
Balance at 31 July 2008	180,085	176,778	119,573	–	476,436
Balance at 31 July 2009	116,854	186,536	97,381	124,003	524,774

## 8. INTANGIBLES

	COMPUTER SOFTWARE AND WEB DEVELOPMENT \$
<b>Cost</b>	
Balance at 31 July 2008	2,630,514
Additions	294,401
Balance at 31 July 2009	2,924,915
<b>Accumulated Amortisation</b>	
Balance at 31 July 2008	1,952,359
Amortisation expense for the year	425,013
Balance at 31 July 2009	2,377,372
<b>Net Book Value</b>	
Balance at 31 July 2008	678,155
Balance at 31 July 2009	547,543

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2009

## 9. LOANS

NZTR has advanced the following amounts at commercial interest rates, with the exception of the loans indicated as being interest free:

		31-JUL-09	31-JUL-08
		\$	\$
New Zealand Racing Champions Museum Trust	Interest Free	–	15,000
Otago Racing Club		30,622	27,645
Oamaru Jockey Club		–	11,477
Other Short Term Loans	Interest Free	–	10,680
<b>Total Current</b>		<b>30,622</b>	<b>64,802</b>
<b>Non-Current</b>			
RACE Inc		321,879	257,007
Otaki-Maori Racing Club		128,905	103,184
New Zealand Equine Education Trust	Interest Free	119,000	119,000
Northern Raceday Services Society Limited		30,687	64,063
<b>Total Non-Current</b>		<b>600,471</b>	<b>543,254</b>
<b>Total Loans</b>		<b>631,093</b>	<b>608,056</b>

## 10. FINANCIAL INSTRUMENTS

## NATURE AND EXTENT OF ACTIVITIES

NZTR has exposure to financial instruments principally through debtors, cash, short term bank investments, loans and advances, and creditors. It does not enter into transactions involving off balance sheet financial instruments.

## FAIR VALUE

The carrying value of all Statement of Financial Position financial assets and liabilities are considered to be equivalent to their fair value, except for one interest free loan. The difference between the fair value and the carrying value of the interest free loan is considered immaterial.

## CREDIT RISK

Financial instruments, which potentially subject NZTR to concentrations of credit risk, consist primarily of cash at bank, short term investments and debtors.

NZTR places its cash and short term investments with quality financial institutions, such as the ANZ Bank. NZTR only deals with counterparties with appropriate credit worthiness and where the risk of default is considered low.

## 11. LEASE COMMITMENTS

Lease commitments as at 31 July 2009 are as follows:

	31-JUL-09	31-JUL-08
	\$	\$
<b>Motor Vehicles</b>		
Due within 12 months – Current	2,008	19,974
Due in 1-2 years – Non-Current	–	628
<b>Total</b>	<b>2,008</b>	<b>20,602</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2009

## 12. RELATED PARTY TRANSACTIONS

## 12.1 Compensation of Key Management

	12 MONTHS ENDED 31-JUL-09 \$	12 MONTHS ENDED 31-JUL-08 \$
Salaried and Short-term benefits	674,766	690,430
Long-term benefits	14,101	13,435
<b>Total</b>	<b>688,867</b>	<b>703,865</b>

## 12.2 Loans to related parties

NZTR has advanced the following interest free loan to a related party:

	31-JUL-09 \$	31-JUL-08 \$
New Zealand Equine Education Trust	119,000	119,000

## 12.3 Transactions involving related parties

## Board

All members of NZTR's Board have interests in thoroughbred racing in New Zealand through ownerships, breeding or training. All members of NZTR's Board may race horses and be eligible for stake money from thoroughbred racing clubs.

## Other Related Entities

NZTR entered into transactions during the period with the following related entities:

- NZTR Owners Settlement. The NZTR Owners Settlement manages all stake settlements in regards to thoroughbred racing. NZTR charge a management fee to NZTR Owners Settlement to manage this function.
- Apprentice Jockeys Fund (AJF). The AJF hold apprentice and their employer's earnings in trust. NZTR charge a management fee to the AJF to manage the fund.
- General Trust Fund (GTF). The GTF financially supports injured licensees. NZTR charge a management fee to the GTF to manage the fund. NZTR also provides funding through the Funding Model to support the GTF.
- Apprenticeship Board. The Apprenticeship Board manages the education of apprentices. NZTR contributes funding towards the Apprenticeship Board.
- The New Zealand Racing Board (NZRB). The NZRB distributes funds to NZTR to fund thoroughbred racing. As well as distributing funds and paying clubs on NZTR's behalf, the NZRB also charged to NZTR: telephone, IT and property costs.

	12 MONTHS ENDED 31-JUL-09 \$	12 MONTHS ENDED 31-JUL-08 \$
NZTR Owners Settlement management fee	128,053	122,034
Apprentice Jockeys Fund management fee	20,000	20,000
General Trust Fund net of funding over management fee	(67,700)	7,300
Apprenticeship Board net of funding over expenses	(61,473)	(56,266)
NZRB: operating fees less operating expenses	(306,230)	(148,258)
NZRB: funding revenue less funding expenses	1,825,294	(2,583,913)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 JULY 2009

### 13. CAPITAL COMMITMENTS

There are no capital commitments as at 31 July 2009 (2008:\$nil).

### 14. LOAN GUARANTEE

On the 5th of February 2009, the New Zealand Racing Board provided a guarantee to the Bank of New Zealand in relation to Racing at Awapuni, Otaki and Trentham Combined Enterprises Incorporated (RACE Inc.) to a value of \$8,820,000. NZTR has provided a back-to-back guarantee to the New Zealand Racing Board covering the amounts guaranteed to the Bank of New Zealand.

### 15. CONTINGENT LIABILITIES

We are not aware of any contingent liabilities that will materially affect the Financial Statements (2008:\$nil).



## **AUDIT REPORT TO THE MEMBERS OF NEW ZEALAND THOROUGHBRED RACING INCORPORATED**

We have audited the financial statements on pages 19 to 30. The financial statements provide information about the past financial performance of New Zealand Thoroughbred Racing Incorporated and its financial position as at 31 July 2009. This information is stated in accordance with the accounting policies set out on pages 23 to 25.

This report is made solely for your exclusive use. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written expressed consent. We accept or assume no duty, responsibility or liability to any other party in connection with the report or this engagement, including without limitation, liability for negligence in relation to the factual findings expressed or implied in this report.

### **Board's Responsibilities**

The Board is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which fairly reflect of the financial position of New Zealand Thoroughbred Racing Incorporated as at 31 July 2009 and the results of its operations and cash flows for the year ended on that date.

### **Auditor's Responsibilities**

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board.

### **Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements, and
- whether the accounting policies are appropriate to New Zealand Thoroughbred Racing Incorporated's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor, we have no relationship with or interests in New Zealand Thoroughbred Racing Incorporated.

### **Unqualified Opinion**

We have obtained all the information and explanations we have required.

In our opinion the financial statements on pages 19 to 30 fairly reflect the financial position of New Zealand Thoroughbred Racing Incorporated as at 31 July 2009 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 12 October 2009 and our unqualified opinion is expressed as at that date.



**CHARTED ACCOUNTANTS  
WELLINGTON, NEW ZEALAND**



# acknowledgements

**THE CHAIRMAN, THE BOARD AND MANAGEMENT WISH TO RECORD THEIR APPRECIATION OF THE CO-OPERATION AND ASSISTANCE THEY HAVE RECEIVED DURING THE 2008/09 SEASON FROM THE FOLLOWING PEOPLE AND ORGANISATIONS:**

The Honourable John Carter, Minister for Racing  
The New Zealand Racing Board  
Harness Racing New Zealand  
Greyhound Racing New Zealand  
Department of Internal Affairs  
Judicial Control Authority  
Equine Branch, New Zealand Veterinary Association  
Environmental Science and Research Ltd  
Massey Foundation  
Massey University  
New Zealand Racing Laboratory Services Ltd  
New Zealand Equine Health Association  
New Zealand Equine Industry Training Organisation

New Zealand Equine Research Foundation  
New Zealand Jockeys' Association  
New Zealand Jumps Inc.  
New Zealand Police Department  
New Zealand Qualifications Authority  
New Zealand Thoroughbred Breeders' Association  
New Zealand Thoroughbred Marketing Ltd  
New Zealand Thoroughbred Racehorse Owners' Federation  
New Zealand Trainers' Association  
Racing Club Managers' and Staff  
Racing Journalists and Broadcasters  
Tertiary Education Commission

## **GRADED STAKES COMMITTEE COMPRISING:**

Chas Amon (Chairman), Bruce Perry, Russell Warwick, Michael Martin, Steve Till, Craig Baker, Tom Jamison, Nick Wigley, Matthew Hall.

Resigned 2008/09: Peter Fennessy (Chairman), John Rattray, Paul Bittar

## **PATTERN REVIEW**

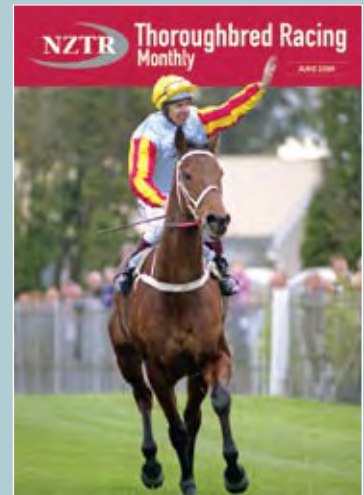
John Rattray (Chairman), Peter Francis, Greg McCarthy, Craig Baker

## **INTEGRATION COMMITTEE**

Michael Stiasny, Guy Sargent, Andrew Brown, Bill Gianotti, Kerry Hoggard, Sir Patrick Hogan, Kevin Hickman, Alistair Sutherland

## **2008/09 NZTR ANNUAL REPORT PHOTOS:**

Annie Studholme, Race Images (Palmerston North), Race Images – Kenton Wright, Trish Dunnell, Chris Coad Photography.



NZTR INC.

106-110 Jackson Street + Petone + Wellington + New Zealand

PO Box 38 386 + Wellington Mail Centre 5045 + New Zealand

TELEPHONE: +64 4 576 6240 FACSIMILE: +64 4 568 8866 EMAIL: [office@nzracing.co.nz](mailto:office@nzracing.co.nz)

WEBSITE: [www.nzracing.co.nz](http://www.nzracing.co.nz)