

CIRCULAR 1711

TO: CLUBS AND KINDRED BODIES

FROM: FINANCE CHAIR, HRNZ BOARD

DATE: 12th JULY 2017

SUBJECT: HRNZ 2017/2018 Budget

The 2017/18 Budget for Harness Racing New Zealand as set out below, includes for the first time the revenue and expenses of Cardigan Bay Holdings, our hospitably business that operates three bars in Auckland. Previously Cardigan Bay was not included in the budget.

The inclusion of Cardigan Bay will flow through to the financial statements for the 2017/18 year, enabling simplified statements to be prepared in a more timely manner.

The budgeted operational deficit is \$3,349,000, compared to the projection for the 2016/17 year of \$3,074,000. The increased cost is the result of a number of initiatives recently announced by the Board:

- ❖ The incorporation of the HRNZ monthly Harnessed magazine into a weekly Harnessed magazine as part of the Informant.
- ❖ A revamp and extension of the activities of Trot Tech – the on line information project
- ❖ Strengthening the Handicapping team to meet the needs of the new Handicapping system.

We propose:

- ❖ No change to fees for licencing, registration, transfers etc.
- ❖ Continuation of the allocation of \$300,000 for Projects. This is likely to be required for upgrading the HRNZ building to raise its compliance for Health and Safety under the Building Code.
- ❖ Allocation of \$3,120,000 from the Distribution Account.

The Budget was approved by the Board for circulation on the 12 July 2017 and is subject to approval at the Annual Meeting on 4 August 2017.

If you have any query, or require further explanations please do not hesitate to contact the Accountant, Jenny Fleming or myself.

Yours sincerely



Colin Hair
Finance Chair

2017/2018 SEASON BUDGET

Categories with a **Note** – have a detailed breakdown later

HRNZ DRAFT BUDGET		PROPOSED	PROJECTION	BUDGET	ACTUAL	ACTUAL	BUDGET
2017 2018 SEASON		2018 Year	2017 Year	2017 YEAR	2016 Year	31-May-17	31-May-17
	NOTE		\$000	\$000	\$000	\$000	\$000
Revenue							
Administration & Operations	1	1,088	1,305	1,443	1,495	1,006	1,091
Code Funding Distribution Revenue	❖	40,900	40,500	40,500	40,038	31,164	28,000
Interest Income		34	34	25	49	3	10
Sale of Goods and Services		90	135	90	476	78	68
CBHL Trading Subsidiary		2,413	2,320	2,304	2,010	1,733	1,536
Share in Surplus of Associate (RIUL)		-	-	-	22	-	-
Total Revenue		44,525	44,294	44,362	44,090	33,984	30,705
Expenditure							
Administration and Operations	2	4,861	4,697	4,662	4,737	3,613	4,053
Code Funding Policy - Payment to Clubs	❖	40,900	40,500	40,400	40,104	31,799	27,700
CBHL Trading Subsidiary		2,113	2,171	2,184	2,177	1,561	1,456
Total Expenditure		47,874	47,368	47,246	47,018	36,973	33,209
Operational Surplus (Deficit)		(3,349)	(3,074)	(2,885)	(2,928)	(2,989)	(2,504)
Income Distribution Account	3	3,380	3,245	3,120	3,070	2,370	2,372
Surplus (Deficit)		31	170	235	142	(619)	(132)

❖ Code Distribution Revenue and Code Funding Policy Expense are based on the Harness Funding Policy which is subject to separate approval.

	NOTE	PROPOSED	PROJECTION	BUDGET	ACTUAL	ACTUAL	BUDGET
		2018 Year	2017 Year	2017 YEAR	2016 Year	31-May-17	31-May-17
NOTE 1							
Revenue Administration & Operations		\$000	\$000	\$000	\$000	\$000	\$000
Comm Devel: Education and Media	1a	170	378	517	479	359	443
Fees Revenue	1b	918	927	926	1,016	623	648
Total Administration and Operations	1	1,088	1,305	1,443	1,495	982	1,091

	NOTE	PROPOSED	PROJECTION	BUDGET	ACTUAL	ACTUAL	BUDGET
		2018 Year	2017 Year	2017 YEAR	2016 Year	31-May-17	31-May-17
NOTE 1a							
Education and Media Revenue		\$000	\$000	\$000	\$000	\$000	\$000
Education		100	65	85	61	55	85
Diary Advertising		20	18	20	21	18	20
Website Advertising		50	20	30	24	23	24
Club Programme Advertising		-	83	65	66	76	53
General Advertising		-	70	100	93	68	81
Magazine Subscriptions		-	122	217	214	119	180
Total Revenue	1a	170	378	517	479	359	443

	NOTE	PROPOSED	PROJECTION	BUDGET	ACTUAL	ACTUAL	BUDGET
		2018 Year	2017 Year	2017 YEAR	2016 Year	31-May-17	31-May-17
NOTE 1b							
Fees Revenue		\$000	\$000	\$000	\$000	\$000	\$000
Export/Import		270	270	269	277	203	209
Leases/Joint Interests		35	35	40	30	28	32
Registration and Branding		250	250	245	246	193	190
Service Certificates		60	60	60	54	61	58
Stallion Registrations		12	12	12	12	11	12
Syndicate & Company Registrations		3	3	2	8	3	2
Sundry Fees		6	6	6	21	4	5
Transfer Of Horses		135	135	135	123	92	108
Total Horse Transactions		771	771	769	771	595	616
Colours Registration		2	11	2	69	12	2
Licence Renewals		145	145	155	176	16	30
Fees Revenue	1b	918	927	926	1,016	623	648

	NOTE	PROPOSED	PROJECTION	BUDGET	ACTUAL	ACTUAL	BUDGET
NOTE 2		2018 Year	2017 Year	2017 YEAR	2016 Year	31-May-17	31-May-17
Administration and Operations Expense		\$000	\$000	\$000	\$000	\$000	\$000
Comm Level: Education and Media	2a	1,345	1,222	1,265	1,264	989	1,013
Corporate Services	2b	3,181	3,140	3,076	3,100	2,383	2,809
Governance	2c	335	335	321	307	241	231
Total Administration and Operations	2	4,861	4,697	4,662	4,671	3,613	4,053

	NOTE	PROPOSED	PROJECTION	BUDGET	ACTUAL	ACTUAL	BUDGET
NOTE 2a		2018 Year	2017 Year	2017 YEAR	2016 Year	31-May-17	31-May-17
Comm Level: Education and Media	2a	\$000	\$000	\$000	\$000	\$000	\$000
Education		363	292	285	215	169	231
Marketing Events		182	156	238	156	96	171
Media Overheads & Staff		173	177	148	180	162	124
Media Other		161	21	35	42	44	23
Website		85	64	59	37	42	47
Media Stories, Diary (was Magazine/Diary)		191	512	500	634	476	417
Trot-Tech (new 2017/2018)		190	-	-	-	-	-
	2a	1,345	1,222	1,265	1,264	989	1,013

		PROPOSED	PROJECTION	BUDGET	ACTUAL	ACTUAL	BUDGET
NOTE 2b	NOTE	2018 Year	2017 Year	2017 YEAR	2016 Year	31-May-17	31-May-17
Corporate Services	2b	\$000	\$000	\$000	\$000	\$000	\$000
Administration		931	930	931	935	825	1,071
Audit Fee		25	29	35	31	-	-
Depreciation		80	80	80	77	67	67
H&S Project, Lobbyist, Club & Other Initiatives		20	40	40	42	27	25
NZ Standardbred Breeders Allocation		100	100	100	100	53	58
Owners Initiatives		30	30	30	6	30	30
NZ Trainers & Drivers Association		25	25	30	28	28	30
Projects Funding		300	300	300	350	-	250
Property Costs		89	89	104	106	60	85
Racing Department		971	906	857	803	764	705
Technology & IT Department		570	561	529	566	482	455
Venue Reviews		40	50	40	56	47	33
Total Corporate Services	2b	3,181	3,140	3,076	3,100	2,383	2,809

		PROPOSED	PROJECTION	BUDGET	ACTUAL	ACTUAL	BUDGET
NOTE 2c	NOTE	2018 Year	2017 Year	2017 YEAR	2016 Year	31-May-17	31-May-17
Governance	2c	\$000	\$000	\$000	\$000	\$000	\$000
Other Governance Expenses		175	175	161	147	127	124
Board Remuneration		160	160	160	160	120	120
Total Governance	2c	335	335	321	307	241	231