

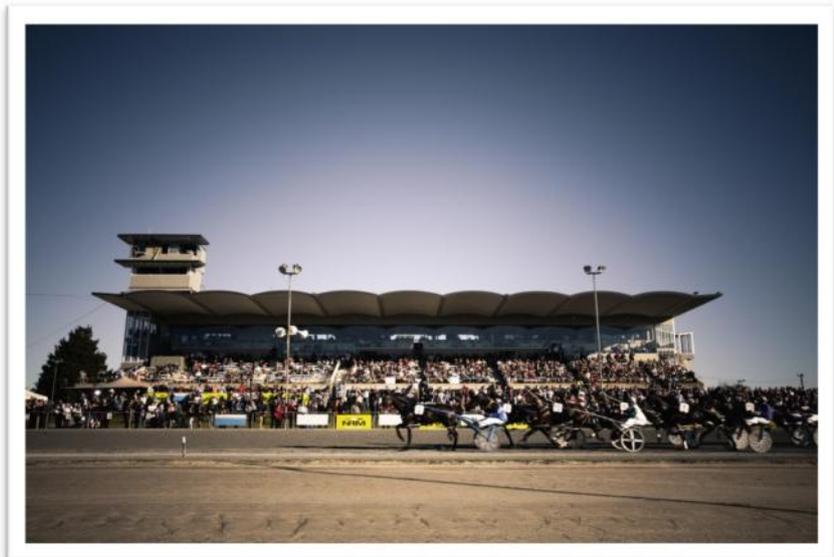


2017/18 BUSINESS PLAN AND FIVE YEAR VISION



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Introduction

HRNZ's Business Plan has been developed with an overall key objective to improve the financial viability of the industry for all participants. To address this objective, five key pillars of strategic importance have been identified:

- **Industry**
- **Racing**
- **Funding**
- **Clubs and Venues**
- **Communication and Promotion**

The Board believes addressing these key strategic areas will improve the overall position of harness racing in the challenging and dynamic environment in which we operate. The plan has also been developed in line with the general principle that owners and punters are the two key value drivers in the industry. Improve the position of these two groups and benefits flow onto all other sectors in the industry. All HRNZ's key activities are considered in line with that value proposition.

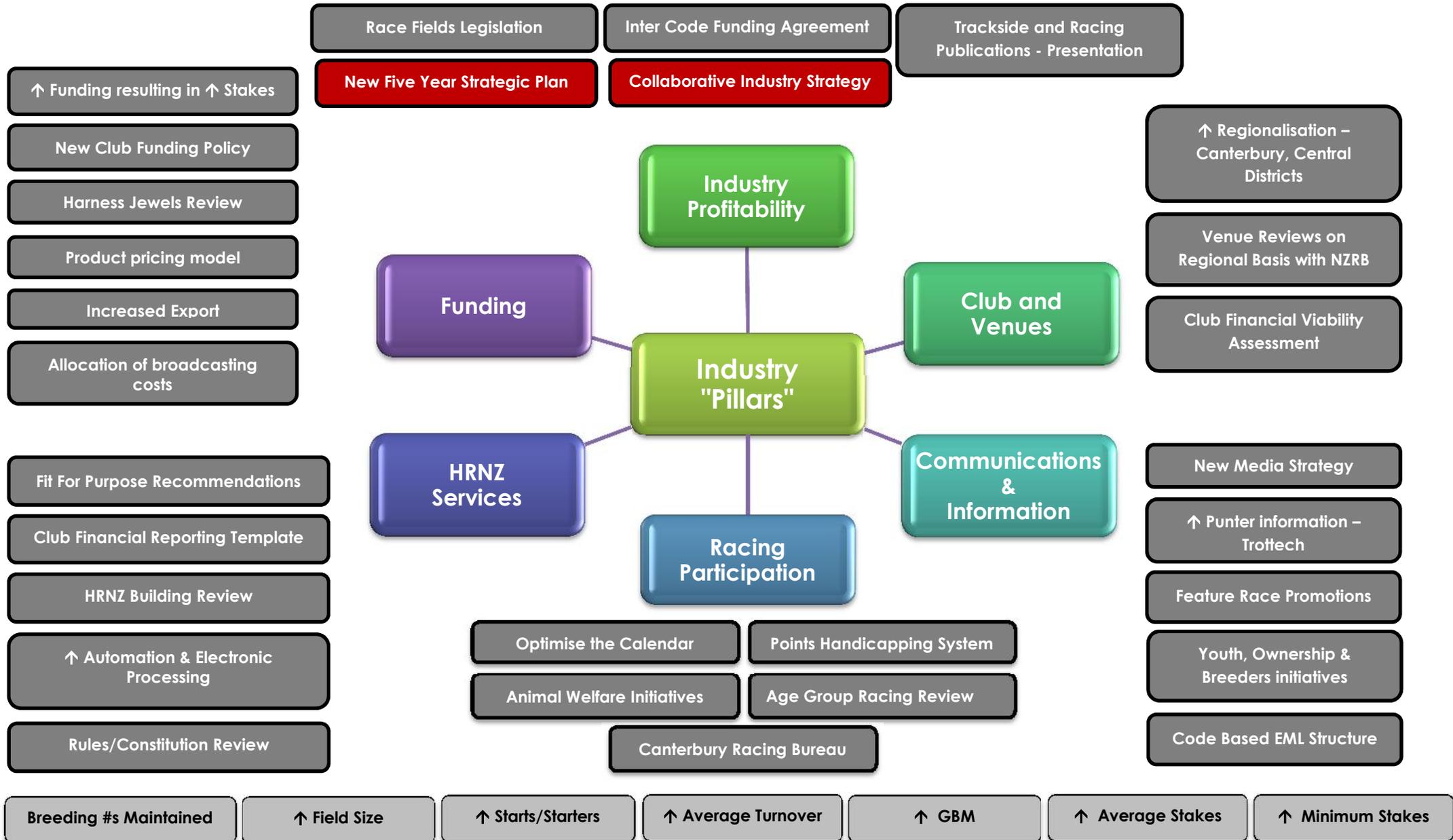
Targets are also provided in relation to HRNZ administrative processes with a focus on providing increased efficient and effective services to the industry.

Outlined in the Business Plan are objectives, critical factors, key outcomes and benefits for each of these workstreams. Declining breeding numbers and returns to owners are serious threats to the future sustainability of the industry. The Board of HRNZ is confident, with a collaborative approach with our industry partners and the implementation of the strategies outlined, progress will be made to address these challenges. The welcome increased funding (\$3.55m) from the NZRB in 2017/18 for stakes will provide a positive stimulus for the industry in improving its overall position and enhancing participants' confidence.

With increased clarity around future industry funding, HRNZ will prepare a new five year Strategic Plan in 2017/18. This will be prepared in consultation with the industry and outline a collective vision for the future of harness racing in New Zealand.



HRNZ 2017/18 BUSINESS PLAN SUMMARY



Priority	Industry
Objective	Collaborate with NZRB and other codes to maximise profitability and distributions to the industry
Critical Factors	<ul style="list-style-type: none"> - Review and implement strategic options and structures for the NZ industry to maximise profitability - New inter-code funding agreement developed and agreed on by the three racing codes - Actively contribute to industry lobbying strategy to attain race fields legislation - Work with Trackside and NZRB management to enhance harness racing's presentation on Trackside and in racing publications - New five year Strategic Plan developed in consultation with the industry
Key Outcomes	<ul style="list-style-type: none"> - Collaborative industry strategy agreed on between NZRB and codes for the future structure and delivery of industry functions, focused on maximising overall industry distributions - Mutually beneficial inter-code funding agreement confirmed by the three codes for implementation in 2018/19 season - Race fields based legislation approved by Parliament in 2017 - Strategies developed to better present and enhance harness racing's coverage on Trackside, digitally and in racing publications - Longer term vision developed for the future of harness racing in New Zealand
Costs	<ul style="list-style-type: none"> - This project will be covered via HRNZ's internal cost structures with no additional capital expenditure required. There will be some additional operational expenditure with travel for industry consultation meetings that will be covered by HRNZ's operational budgets. Legal advice with respect to industry agreements.
Benefits	<ul style="list-style-type: none"> - Improved industry profitability and distributions to the codes that increase returns to industry stakeholders (stakes) - Agreement between the codes re the allocation of NZRB distributions in a manner that recognises the different competitive factors facing each code and focuses on collaboratively maximising total profitability for the benefit of all three codes - Overseas operators being required to pay a commercial product fee for taking betting on NZ racing, thereby competing on a level playing field with authorised operators and providing a return to the NZ industry - Code positioned to maximise future commercial opportunities in a dynamic wagering and broadcasting environment - Clear future vision and strategies determined for the conduct of industry activities
Five Year Vision	<ul style="list-style-type: none"> - Multi-year Inter-Code Funding agreement that gives stability and certainty - New HRNZ governance structure in place - Increased participation across all sectors of the industry - Ownership base increased 5% per year - Breeding numbers maintained with no less mares served

Priority	Racing
Objective	Provide a competitive and appealing wagering product
Critical Factors	<ul style="list-style-type: none"> - Points based handicapping system and co-ordinated programming applied nationally with a stakes distribution model that encourages participation - Contribute to industry optimise the calendar initiative and venue intensification review to maximise the code's position - Consolidate date changes made in 2017/18, making appropriate adjustments in development of the 2018/19 calendar - Review of age group racing programmes and feature profiling, including Harness Jewels - Racing administration structures reviewed regionally to provide increased efficiency and effectiveness for participants - Continued implementation of animal welfare strategy with increased focus of life after racing programmes
Key Outcomes	<ul style="list-style-type: none"> - Increased average field size, increased number of starts per horse, increased average turnover per race, increased average winning dividend, lower percentage of "hot" favourites, fewer races with less than 8 starters - Racing structures in place through handicapping and programming that create opportunities for a wider pool of horses so as to manage the downturn in horse numbers, while creating an overall environment conducive to increasing breeding numbers - Dates structure determined based on the regional population of horses with a view to minimising costs (industry and stakeholders) while maximising total code turnover - Pattern of age group racing that maximises opportunities for young horses and lifts the profile of feature racing - Canterbury Racing Bureau introduced to undertake racing administration services (fields and nominations) for the region - Enhanced Animal Welfare strategy determined with increased consideration on activities and care of horses post retirement
Costs	<ul style="list-style-type: none"> - Costs in this area will be covered via HRNZ's internal cost structures with no additional capital expenditure required. There will be some additional operational expenditure with travel for industry consultation meetings that will be covered by HRNZ's operational budgets. Additional costs with the establishment of a Canterbury Racing Bureau will be neutral with its costs funded on a per day basis by clubs in the region.
Benefits	<ul style="list-style-type: none"> - Even and competitive fields that encourage increased wagering with an increased distribution of stakes to a wider pool of industry participants - Racing environment that encourages participation and better uses the smaller pool of available horses - Logical flow of dates with meetings determined on regional considerations rather than historical individual club requirements - Higher profile age group racing with feature racedays generating additional turnover and profile for the code - Dates structure applied to maximise racing and non-racing revenues and minimise costs - Effective regional racing services that are more convenient and effective for trainers and clubs - Animal welfare practices applied that enhance the care of the standardbred horse and are consistent with society's increased expectations

Five Year Vision

- Appropriately structured and funded "life after racing" programmes
- Replacement of freeze-branding identification by microchipping
- Optimised structure of feature and group racing
- 10% increase in average number of races per horse
- Stakes to funding efficiency increased from 88% to 92%
- Market share and turnover maximised (domestically and internationally)
- New racing initiatives introduced or trialled (race types, meeting structures)

Priority	Funding
Objective	Club funding policy applied to facilitate and encourage industry development
Critical Factors	<ul style="list-style-type: none"> - Club stakes policies that results in additional NZRB funding manifesting itself in increased stakes - Hybrid of turnover based and bulk funding implemented in 2017/18 Funding Policy to support and encourage increased regionalisation - Complete bulk funding model for clubs developed for 2018/19 Funding Policy - Review structure and funding of Harness Jewels - Maximise potential opportunities for the code to increase funding arising from NZRB product pricing initiative - Increased export of NZ harness racing to existing and new markets - Merits of and potential framework developed for allocation of NZRB venue services and Trackside costs - Stakes structure that provides for distribution to a wider pool of participants, with an additional stakes supplement for first totalisator wins
Key Outcomes	<ul style="list-style-type: none"> - Additional funding from NZRB results in average stakes increase of 10% across the industry - New funding model introduced for 2017/18, providing a system to fund clubs that is conducive to supporting regional plans while maintaining a performance basis to encourage positive individual club performance - Harness Jewels format and funding in place that ensures the future viability of this industry event - Additional funding available from NZRB product pricing KPI's maximised - Increased export commission generated on betting on NZ harness racing - Cost allocation model applied in relation to Venue Services and Broadcasting costs that is user pays based and incentivises lower industry costs - 2% paid to all starters and \$1,500 stakes supplement for a horse's first totalisator win
Costs	<ul style="list-style-type: none"> - Costs in this area will be covered via HRNZ's internal cost structures with no additional capital expenditure required. There will be some additional operational expenditure with travel for industry consultation meetings that will be covered by HRNZ's operational budgets.
Benefits	<ul style="list-style-type: none"> - Funding model that facilitates the development of regional plans with clubs based on delivering regional efficiencies and better utilisation of assets - Increased stakes across all clubs, with racing programmes that encourage participation and a greater distribution across a wider pool of owners - Funding policy confirmed earlier to enable more timely budgeting by clubs - Importance and relevance of the Harness Jewels to the overall racing calendar confirmed for the future - Additional funding through increased export earnings and NZRB product pricing initiative applied within Club Funding Policy - Funding system in place to encourage reduced industry costs and a wider distribution of stakes
Five Year Vision	<ul style="list-style-type: none"> - Minimum stakes per race of \$10,000 - Average stakes per race increased to \$14,000 - 30% increase in export turnover - Focus on increased stakes at lower and intermediate levels - Gaming income to industry at least retained

Priority	Clubs and Venues
Objective	Continue implementation of regional initiatives that promote increased collaboration amongst clubs regionally
Critical Factors	<ul style="list-style-type: none"> - Promotion of 'Southern Harness' or alternative models to other regions not already aligned to a Super Club - Club financial viability reviews updated and strategies developed for those evaluated as 'High Risk' - Ensure Club venue reviews are completed incorporating OSH and Earthquake Strengthening requirements and timeframes - NZRB Venue intensification review progressed in consultation with clubs on a regional basis
Key Outcomes	<ul style="list-style-type: none"> - Introduction of new regional Club based models in Canterbury and Central Districts - Implementation of strategies to assist high risk clubs to mitigate the specific short term risks they are facing - Complete venue analysis in conjunction with regions and NZRB to ensure future utilisation, investment, OSH and earthquake strengthening factors are considered - Link the above analysis to the racing calendar dates allocation process for 2018/19
Costs	<ul style="list-style-type: none"> - This project will be covered via HRNZ's internal cost structures with no additional capital expenditure required. There will be some additional operational expenditure with travel for industry consultation meetings that will be covered by HRNZ's operational budgets.
Benefits	<ul style="list-style-type: none"> - Increased co-operation and efficiency regionally amongst clubs - Regional discussions and reviews initiated regarding venue intensification and the industry's future venue footprint - Improved efficiency and profitability with increased average turnover per race and a reduction in industry servicing costs (Trackside and NZRB venue services) - Increased consistency in dates structure and more regular patterns of racing within regions - Race numbers matched to regional horse populations with an associated increase in average field size - Increased transparency around the factors immediately affecting 'High Risk' clubs and how these can be addressed - Improved sustainability of racing medium to long term with a more efficient racing model
Five Year Vision	<ul style="list-style-type: none"> - Industry national venue plan implemented with increased regional intensification - Racing programmes to maximise community engagement within venue intensification strategy - Regional based club model across the country - Venues reviewed to determine earthquake strengthening requirements

Priority	Communication and Promotion
Objective	Implement a communications strategy tailored to a changing media and technology environment, and complementing industry (NZRB and club) marketing
Critical Factors	<ul style="list-style-type: none"> - New media and communications strategy focussed on digital and online media and partnership with “The Informant” - Improve harness racing’s coverage in daily newspapers through more effective use and relationships with the media - Increase punter information and circulate this to a wider audience through enhanced TrotTech - Develop integrated “premier racing” strategies to maximise coverage and impact of our best racing - Support the Youth Development and Owners Initiatives and Liaison Sub-Committees to increase initiatives in these areas - Drive key on-course events at strategic venues through the newly acquired EML business - Support NZSBA and other initiatives to encourage breeding
Key Outcomes	<ul style="list-style-type: none"> - Finalisation of the current changes to the media department and “bedding in” of these initiatives - Increased number of articles in daily newspapers - New digital channels opened up through the expanded use of the TrotTech brand focussing on punters and the younger generation - The development of a clear and consistent promotional approach to feature meetings aimed at maximising attendance, turnover and wider industry promotion - Implementation of new initiatives and promotions targeted at youth and owners - Increased professionalism at key industry events to ensure a better on-course experience and that our strategic race dates are promoted to the highest level possible - Increase in number of mares bred
Costs	<ul style="list-style-type: none"> - The cost for these initiatives will fall within the HRNZ Commercial Development budget. Specific project funding identified as supporting the critical factors will be applied for as and when required.
Benefits	<ul style="list-style-type: none"> - Efficient and effective promotion of Harness Racing within the wider media environment using digital channels and partnering with “The Informant” - Increasing the volume of punter focussed information in an easily digestible and entertaining format - Stronger awareness of our feature racing will promote the “sport” of harness racing in the wider sporting landscape and drive attendance and turnover at key meetings - Clear focus placed on promoting ownership will attract new and younger owners to the industry and increase youth participation across the board - Increasing the level of service for patrons on-course will increase attendance and also wagering - Maintenance of available pool of horses for the future through increased number of mares bred

Five Year Vision

- Stridemaster tracking system in place at all weather tracks in New Zealand and linked to Trackside
- Co-ordinated industry communications and promotions strategies
- Increased promotion and ease of administration with syndication
- Continue to develop The Races Limited Partnership to work in synergy with club promotions/event management in an effective and efficient manner
- Increased digital presence to enhance industry communications
- Enhanced punter information with effective distribution in New Zealand and Australia

Priority	HRNZ Services
Objective	Ensure HRNZ is an effective, efficient and innovative service provider to the industry
Critical Factors	<ul style="list-style-type: none"> - Review of HRNZ processes to increase automation and electronic processing - Complete 2017/18 annual accounts within six weeks of balance date - Cost benefit analysis of future options with HRNZ building - Rules and Constitution review to ensure relevance, appropriateness and ease of reference - Implement recommendations where appropriate from “Fit for Purpose” organisational review
Key Outcomes	<ul style="list-style-type: none"> - Full functionality of online payments and processing for all HRNZ operations - Review of all industry facing administrative processes and provide online ‘live’ versions where possible - 2017/18 Annual Report audited and presented to Annual Conference in September 2018 - Clear decision and action taken regarding the future ownership and/or upgrade of the HRNZ building and the organisation’s future location - Amendments made to simplify and make Rules easier to understand and use - HRNZ appropriately structured and resourced to meet the industry’s changing requirements
Costs	<ul style="list-style-type: none"> - The review and an implementation of online payments, processing and ‘live’ documents falls under the current HRNZ operating budget. Over and above this further funding may be required for specific projects as and when required with Board approval. - The future of the HRNZ building and subsequent financial impact resides with the HRNZ Board. Industry approval required under Constitution for significant expenditure and acquisition/disposal decision.
Benefits	<ul style="list-style-type: none"> - Decreased costs to industry participants through efficient online platforms for all administrative processes - More timely accountability reporting to the industry - Increased abilities within Clubs and HRNZ to undertake consistent analysis on industry wide issues and their impact across the Club base - A clear strategy for the HRNZ property on Lincoln Road will allow a future plan appropriate to the Christchurch real estate environment and the industry’s needs to be devised and implemented - Ongoing review of Rules and Regulations ensures they remain relevant and are updated to meet new industry standards and requirements - HRNZ well positioned to represent the code at an industry level and meet customers’ needs
Five Year Vision	<ul style="list-style-type: none"> - Paperless engagement by HRNZ with its customers - CBHL operating efficiently and effectively with increased returns to the industry - Continual adoption of new technologies to match customer expectation - Network of regional racing bureaus

Industry	<p>Maximise industry profitability</p> <ul style="list-style-type: none"> Review with NZRB and other Codes strategic options/structures to maximise industry returns Development and finalisation of new Inter-Code Funding agreement Lobbying to support introduction of Race Fields Legislation Enhanced presentation on Trackside and in racing publications New Five Year Strategic Plan developed <p>KPI - increased code distribution, Strategic Plan completed</p>
Racing	<p>Increased participation</p> <ul style="list-style-type: none"> Points based handicapping system and stakes distribution model that encourage participation Contribute to NZRB optimise the calendar and venue intensification reviews and maximise code position Consolidation of date changes in 2017/18 in development of 2018/19 calendar Age group racing review to better profile feature racing Canterbury Racing Bureau implemented <p>KPIs - increased average field size, turnover and maximisation of race numbers</p>
Funding	<p>Funding system introduced to encourage/facilitate industry development</p> <ul style="list-style-type: none"> Increased funding results in equivalent increase in stakes Refine regional bulk funding system to support club regionalisation model and increasing minimum stakes Framework developed for allocation of NZRB venue services and Trackside costs Review future structure and funding of Harness Jewels Racing strategies complement NZRB product pricing initiative Increased export of NZ harness racing to existing and new markets <p>KPI – funding model for 2018/19 developed by 31 May 2018</p>
Clubs and Venues	<p>Effective and viable club based structure</p> <ul style="list-style-type: none"> Regionalisation model introduced for other regions based on Southland or other appropriate models Club financial viability reviews updated and strategies developed re those of concern NZRB venue intensification review progressed in consultation with regions/clubs Ensure Club/Venue plans for OSH and earthquake strengthening developed <p>KPI - introduction of new region co-operative models for Canterbury and Central Districts</p>
Communication and Promotion	<p>Increased information to promote harness racing</p> <ul style="list-style-type: none"> Develop with NZMTC and ATC integrated Premier meeting marketing strategies New Media and Communications strategy based around publications, internet, other media Support for NZSBA in programmes to promote breeding Effective youth and ownership promotions undertaken Code based EML structure implemented to better support clubs and key events <p>KPIs - increased media coverage and profitability at premier and feature events</p>
HRNZ Services	<p>Efficient and effective services tailored to customers' needs</p> <ul style="list-style-type: none"> Rules and Constitution review to ensure relevance, appropriateness and ease of reference Review of HRNZ processes to increase automation and electronic processing Cost benefit analysis of future options with HRNZ building HRNZ operations and structure refined in line with recent review recommendations 2017/18 Annual Report completed within six weeks of balance date <p>KPIs - HRNZ customer feedback and satisfaction survey, timely Annual Report</p>