

2019/20 BUSINESS PLAN (STATEMENT OF INTENT)





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Introduction

HRNZ's Business Plan has been developed with an overall key objective of delivering sustainable return to industry stakeholders. We are focussed on six strategic imperatives that will underpin achievement of this objective.

- Industry Development
- Racing and Wagering
- Animal Welfare
- Funding
- Clubs and Venues
- Promotion of Racing

The Board believes addressing these key strategic imperatives 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 drivers of value in the industry. Improving the position of these two key groups will see benefits flow onto all other sectors in the industry. HRNZ's key activities are aligned with that value proposition, alongside the importance of the health and welfare of our horses and our participants.

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

Outlined in the Business Plan are key focus areas, desired outcomes and benefits for each of these work streams. Declining breeding numbers and returns to owners are threats to the future sustainability of the industry that we take seriously. The Board of HRNZ is confident that meaningful progress will be made to address these challenges through utilising a collaborative approach with our industry partners and the implementation of the strategies outlined.

Funding to clubs for the 2019/20 season is projected to remain the same, on a race by race basis, as 2018/19. There is a clear expectation that clubs will at least hold stakes at the same level as last season. The Board has suspended the payment of the first winner's bonus as HRNZ no longer has the reserves to fund this popular initiative. With the expectation of new funding streams coming on-line next season there will be an opportunity to reintroduce it.

Each strategic imperative includes HRNZ's related vision and objectives for the next five years. This will form the basis of HRNZ's Strategic Plan, which will be updated this year to outline a collective vision for the future of harness racing in New Zealand (NZ) and HRNZ's role therein.



CORE PURPOSE

To work with industry stakeholders to promote and regulate a thriving harness racing industry in New Zealand.

Our Values

- Positive
- Open Minded
- Responsive
- Resourceful
- Integrity
- •
- Professional

Our Beliefs

- We care about horses before, during and after racing
- We keep our people safe
- We embrace diversity
- We are always learning
- We use technology to make life simpler
- We are fiscally responsible
- We are connected to our communities
- We are here for the industry

VISION

Harness Racing in New Zealand is: growing, regaining relevance in the community and delivering sustainable returns to its stakeholders

STRATEGIC IMPERATIVES Clubs and Venues Funding Racing and Welfare OUR FOCUS

Create Our Future: It's In Our Hands



Strategic	Industry Dovolonment
Imperative	Industry Development
Strategic	Maximica profitability and custoinable distributions to the industry
Objective	Maximise profitability and sustainable distributions to the industry
Key Focus Areas	 Implement new HRNZ governance structure. Appoint two independent directors (a first for HRNZ) with a focus on diversity and broadening the strategic skill-set of the Board. Agree with RITA which functions will be devolved to the code and how this will be funded. Agree with the other codes on what will be managed on an inter-code basis Work with RITA and the other codes on making a decision regarding outsourcing/licensing Agree a multi-year inter-code funding model with RITA, NZTR and GRNZ to provide greater certainty on future industry funding distributions. Develop a cross-code agreement on how IP is managed in the industry and how we approach market in terms of the setting and collection of the relevant charges. Develop a closer working relationship with RITA (Broadcasting, Wagering and Marketing) in an effort to utilise their data and expertise related to growing turnover and GBR. Review with industry partners, media content and publication strategies, ensuring consistency and synergy with HRNZ's digital and marketing programmes. Develop more robust criteria for deciding on a final Future Venue Plan. While maintaining their independence, work with RIU and JCA to move away from the current siloed approach. Support NZSBA and develop new strategies to encourage breeding numbers.
Outcomes	 The new governance structure attracts the best available people who are focussed on making the right decisions for the future sustainability and prosperity of the industry. A funding model that gives the harness industry participants some certainty and confidence around future viability. New revenue streams are coming on-line and agreement is in place on collection and distribution models. A collaborative approach with RITA to develop strategies to encourage improved turnover on harness racing – product, dates/times, promotion. A more equitable approach from Trackside regarding the way the harness code is treated While being cognisant of the requirements of the other codes, HRNZ must develop clarity around its own criteria for a Future Venue Plan. Improved relationships between the RIU/JCA and licence holders with a focus on outcomes and working together to deliver a product that maintains absolute integrity. Continue to look for ways to reverse breeding trends. Continue to promote trotters as access to world-class bloodlines improves.
Costs	- HRNZ is very conscious of minimising costs and maximising returns to stakeholders. The operational budget for 2019/20 is lower than the forecast (and budget) position for 2018/19, despite investment in new initiatives on areas such as animal welfare. A smaller Board and better use of technology will see costs associated with governance reduce. There will also be a small reduction in employee numbers on a BAU basis – we are uncertain at this stage as to what will be required in the future, regarding functions devolved from RITA.
Benefits	 Improved industry profitability and distributions to the codes that support sustainable returns to stakeholders via stakes. Greater certainty encourages better quality decision making for the medium term. Agreement between the codes regarding allocation of RITA 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 are paying appropriate fees for taking betting on racing in NZ. Our code is positioned to maximise future commercial opportunities in a dynamic wagering and broadcasting environment. Infrastructure/venue development based on clarity around what are our strategic venues. Maintenance of future pool of horses through increased number of mares bred.
Five Year Vision	 Multi-year Inter-code funding agreement that gives stability and certainty. More people are betting on harness with improving turnover and margins. The ownership base is increasing. Clarity on where we race and clearer expectations on clubs related to their performance. Breeding numbers at least maintained with no less mares served.



Strategic Imperative	Racing and Wagering
Strategic Objective	Provide a competitive and appealing wagering product that drives improved GBR
Key Focus Areas	 In conjunction with RITA, develop a better understanding of what product punters want to bet on and then work with the clubs on providing it. Continue to evolve the national points based rating/handicapping system with a focus on: keeping horses racing; increasing the average number of starts per horse; fields that punters want to bet on; the most even betting fields possible. Develop co-ordinated meeting programming to encourage maximum participation. Develop the 2020/21 calendar based on the regional horse populations, to ensure viable meetings and maximise participation. Make appropriate adjustments to the 2020/21 calendar to reduce code venue services and broadcasting costs year on year. Review racing administration structures for Canterbury and Central Districts, and make recommendations to increase efficiency and effectiveness for participants. Develop programmes to facilitate greater diversity and respect within the industry. Introduce a code of conduct for licensees along with compulsory professional development programme ahead of the 2020/21 season. Successful reintroduction of the Inter Dominion pacing/trotting series in NZ. Reinvigorate the Harness Jewels concept and develop an alternative funding model.
Outcomes	 Grow turnover and GBR. Deliver Increases in: average field size; number of starts per horse; average turnover per race; margin; average winning dividend. This focus is also on reducing the number "hot" favourites and the number of races with less than 8 starters. Racing structures in place through handicapping and programming that create opportunities for a wider pool of horses. Better utilise the existing pool of horse and create an overall environment conducive to owners retaining horses and increasing breeding numbers. Dates (and venue) structure based on the regional population of horses with a view to minimising costs (industry and stakeholders) while maximising total code turnover. Canterbury Racing Bureau introduced to undertake racing administration services (fields and nominations) for the region. Co-operative administrative arrangements introduced for the Central Districts region based on the Southern Harness model. Improved professional skills and ethical behaviour by licence holders – introduce a code of conduct. The Inter Dominions and Harness Jewels have ongoing mainstream media coverage and are growing as a public lens into our sport (along with NZ Cup Week).
Costs	 All costs associated with these initiatives are covered within HRNZ's operational budget, which as previously stated will be lower in 2019/20 than the prior year.
Benefits	 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 greater participation from the available pool of horses. Logical flow of dates with meetings determined following regional considerations, rather than historical individual club requirements. Dates structure applied to maximise revenues and minimise costs. Effective and convenient regional racing services for trainers and clubs. Enhanced professionalism of licence holders.
Five Year Vision	 Optimised structure of feature and group racing. 5-10% increase in average number of races per horse. Improve stakes to funding ratio to 90%. Market share and turnover maximised (domestically and internationally). New racing initiatives introduced or trialled (race types, meeting structures).





Strategic Imperative	Animal Welfare
Strategic Objective	Our health and animal welfare programme encourages practices that reflect that care of the horse is paramount
Key Focus Areas	 Develop a comprehensive health and animal welfare strategy. Develop a strategy for the introduction of microchips to replace branding as a means of identification – to be implemented in 2020/21. Improve the traceability of horses by HRNZ, from date of branding/microchipping to when they leave the industry. Further support for the concept of life after racing – introduce the HERO programme or similar. Actively engage with other equine organisations, industry and Government bodies on health and animal welfare matters. Ensure that the Regulations and Rules of Racing reflect the health and animal welfare strategy and are fit for purpose in terms of good practice. Research into if and why horses are leaving the industry prematurely.
Outcomes	 Health and animal welfare strategy developed. Horse registration process changed so horses must be registered (including un-named horses) on or before 1 April in the season in which the foal is born. Improved process and options for the retirement of horses from racing and breeding implemented. Introduction of microchipping from 1 August 2020 and a plan to transition from branding to microchipping as a means of identification by the 2022/23 season. HRNZ website updated to feature health and animal welfare and life after racing initiatives in a prominent position on the site. Continued participation in the NZ Horse Ambulance Trust relating to the build, deployment and operation of horse ambulances in NZ. Continued participation in and support of the NZ Equine Health Association and NZ Equine Research Foundation. Strategy (and funding) for life after racing initiatives developed further to include the introduction of an industry accredited retraining program, and support to showcase the standardbred horse in equestrian disciplines outside of racing. HRNZ Regulations and Rules of Racing updated to enable the key health and animal welfare
Costs	 outcomes. A non-labour budget of \$180,000 has been set for 2019/20 to support the above initiatives. In addition, HRNZ will commit staff to deliver the key outcomes, the cost of which will be covered via HRNZ's internal cost structures. Costs have been contained in other areas to support these new initiatives.
Benefits	 Improved tracking and general welfare of horses during their time in the industry Better understanding of the reasons that horses leave the industry prematurely and investigate potential actions to mitigate. Increased number of horses being rehomed as leisure horses after racing. Health and animal welfare treated as paramount by all harness racing participants. Rules fit for purpose to reflect high standards of health and animal welfare required.
Five Year Vision	 We have a social licence to operate based on our love for, and care of, the horse. Appropriately structured and funded "life after racing" programmes. Industry accredited retraining program. Fewer horses leaving the industry prematurely and better options for them on leaving the industry.



Strategic Imperative	Funding
Strategic Objective	The club funding policy encourages growth and rewards performance
Key Focus Areas	 Develop a more transparent bulk funding policy for 2020/21 onwards with a focus on rewarding performance and improving funding/stakes ratios. Implement bulk funding agreements for all clubs from 2019/20. Develop a strategy for any additional funding from new revenue streams in 2019/20, and all funding in 2020/21, to be allocated to clubs on a performance basis around KPIs. Develop strategies to secure the future sustainability of the Harness Jewels event. Develop, or gain better access, to knowledge and capability in regard to export markets and the setting of POC charges, BIUC etc. Clubs to pay the venue services costs direct, and to be educated in the appropriate process of applying for gaming grants related to these costs.
Outcomes	 Bulk funding agreements introduced for all clubs from 2019/20 to provide greater certainty to clubs on their income and expectations on funding to stakes ratio. Harness Jewels format and funding in place that ensures the future viability of this industry event. Strategy developed to allocate additional funding available from RITA following the implementation of the Racing Reform Bills. Increased export commission generated on betting on NZ harness racing, growing total export turnover. Clubs to pay their allocation of venue services and broadcasting costs which incentivises lower industry costs and provides vehicle for increased gaming revenues. Payments to all starters to be maintained, and stakes supplement for horse's first totalisator win (where funds are available from RITA).
Costs	 All costs associated with these initiatives are covered within HRNZ's operational budget, which as previously stated will be lower in 2019/20 than the prior year.
Benefits	 Funding model that facilitates the development of regional plans with clubs based on delivering regional efficiencies and better utilisation of assets. Sustainable stakes across all clubs, with racing programmes that encourage participation and a greater distribution across a wider pool of owners. Increased gaming revenue to clubs applying for recovery of broadcasting and venue services costs. Importance and relevance of the Harness Jewels to the overall racing calendar confirmed for the future. Additional funding following the implementation of the Racing Reform Bills. Funding system that encourages reduced industry costs and wider stake distribution.
Five Year Vision	 Minimum stakes per race of \$10,000 Average stakes per race increased to \$15,000 (excluding Group races) Focus on increased stakes at lower and intermediate levels – a sustainable return for stakeholders. Funding to stakes ratio is improved for all clubs. Gaming income to industry at least retained.



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Strategic	Decreation of Decise
Imperative	Promotion of Racing
Strategic Objective	Create a new audience for harness racing - relevance, reach and resonance
Key Focus Areas	 Our key communications focus is the promotion of racing and prompting people to bet on our product. In conjunction with RITA understand the opportunities for digital streaming of racing (now that this is unbundled from the Sky deal). Produce content for mainstream media and industry publications – meeting previews, punting data (StrideMaster), human-interest stories focussed on engaging punters. Continue to develop relationships with the mainstream media to encourage coverage of harness racing. Develop social media content to connect to punters who are not already actively engaged in harness. Work with RITA to review delivery of racing content, including industry publication and broadcasting strategies, to maximise mainstream coverage of harness racing. Improve information available by enhanced digital content and increased wagering/punter information and engagement. Support Auckland TC and NZMTC in promotion of major race days. Review operations performed by The Races Partnership Ltd to ensure these services are structured to meet code/club requirements.
Outcomes	 Better access to, and analysis of, punting information – prompting punters to have a bet. Improved engagement with a younger audience - in a way that they want to be communicated with. Improved racing content delivery across industry publications and media channels, with an increased exposure of harness racing in mainstream media. New digital channels accessed via HRNZ's website and expanded use of social media platforms, with a focus on punters. Better and more active engagement with the causal punter. New initiatives implemented and promotions targeted at youth and owners. Improved on course experience at key industry events and strategic race dates actively promoted, and meeting the needs of code/club.
Costs	 All costs associated with these initiatives are covered within HRNZ's operational budget, which as previously stated will be lower in 2019/20 than the prior year.
Benefits	 Efficient and effective promotion of Harness Racing within the wider media environment to increase public awareness. Increased access to punter focussed information in an easily digestible and entertaining format. Stronger awareness of our feature racing to promote the "sport" of harness racing in the wider sporting landscape and drive attendance and turnover at key meetings. Focus on promoting ownership to attract new owners (emphasis on syndication) and increased youth participation throughout all areas of the industry. Professional and efficient event management across feature meetings.
Five Year Vision	 There is a multi-channel strategy in place (in conjunction with RITA) that aligns with how people want to access content. The HRNZ website and social media platforms deliver a consistent look and feel for harness racing. We are engaging with a new audience while not alienating our core fan base. More participation in ownership through a streamlined, transparent and more professional syndication model. Information is available to punters where and how they want it.



Operations	HRNZ Services
Objective	We operate on the basis that "we are here for the industry". Ensure HRNZ is an effective, efficient and innovative service provider to the industry.
Key Focus Areas	 Begin to implement systems required for delivering services that are devolved by RITA. Continued transition of HRNZ processes to increase automation and electronic processing (less paperwork). Improved analysis of industry data and analysis of engagement by the public with the HRNZ website and social media content. New accounting and cash management system implemented during 2019/20. 2019/20 annual report completed within eight weeks of balance date. Rules, Regulations and Constitution review to ensure relevance, appropriateness and ease of reference. Development of industry risk register in consultation with RITA (or equivalent authority). Review whether HRNZ should continue to own and invest in CBHL. Develop APIs to allow automated access to information by third-party communications providers to improve trainers' communication to owners.
Outcomes	 Increased online activity by industry participants with HRNZ. Industry administrative requirements to be primarily electronic. Use of Infohorse and data analytics tools to provide information relating to key racing and funding metrics, and public engagement with the HRNZ website and social media content. Audited 2019/20 Annual Report presented to Annual Conference in September 2020. New accounting package with improved financial reporting implemented by 31 July 2020. HRNZ Rules and Regulations updated on an as required basis to make them easier to understand, implement and use. Industry risk register implemented in consultation with the industry and RITA (or equivalent authority). CBHL to be profitable and efficiently, effectively and independently operated. Better transparency of the costs borne by HRNZ on behalf of the industry.
Costs	 The review and an implementation of online payments and processing fall under the current HRNZ operating budget. The cost of the review and update of Rules and Regulations will be met out of the HRNZ operational budget.
Benefits	 More efficient online administrative processes, with resultant time and cost savings. 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. Ongoing review of Rules and Regulations to ensure they remain relevant and are updated to meet new industry standards and requirements. Updated HRNZ Constitution to reflect current operations and governance. Industry risks identified and mitigated where possible. HRNZ well positioned to represent the code at an industry level and meet customers' needs. CBHL to provide a positive contribution to the industry, without detracting from the core activities of HRNZ.
Five Year Goals	 80% paperless engagement by HRNZ with its stakeholder customers. CBHL is operating efficiently and effectively with increased returns to the industry or we have exited. Continual adoption of new technologies to match customer expectations. Reduced operational expenditure as a percentage of funding received.

HRNZ 2019/2020 BUSINESS PLAN SUMMARY



Priority KPIs	
Industry Development	 Maximise profitability and sustainable distributions to the industry Implement new HRNZ governance structure. Appoint two independent directors. Agree with RITA on what functions will be devolved to the codes. Work with RITA and the other codes on making a decision regarding outsourcing/licensing of NZ wagering operations. Agree a multi-year inter-code funding model with RITA, NZTR and GRNZ. Develop a cross-code agreement on how IP is managed in the industry and how we approach market in terms of the setting and collection of the relevant charges. Develop a closer working relationship with RITA (Broadcasting, Wagering and Marketing). Develop more robust criteria for deciding on a final Future Venue Plan. While maintaining their independence, work with RIU and JCA (or a new body) to move away from the current siloed approach. Support NZSBA and develop new strategies to encourage breeding.
Racing	Provide a competitive and appealing wagering product that drives improved GBR - Develop product punters want to bet on and then work with the clubs on providing it. - Continue to evolve the national points based rating/handicapping system. - Develop co-ordinated meeting programming to encourage maximum participation. - Develop the 2020/21 calendar based on the regional horse populations. - Develop programmes to facilitate greater diversity and respect within the industry. - Successful reintroduction of the Inter Dominion pacing/trotting series in NZ. - Reinvigorate the Harness Jewels concept and develop an alternative funding model. - Improve communication from trainers to owners (and prospective owners)
Animal Welfare	Our health and animal welfare program encourages practices that reflect that care of the horse is paramount - Develop a comprehensive health and animal welfare strategy. - Develop a strategy for the introduction of microchips to replace branding. - Improve the traceability of horses by HRNZ. - Further support for the concept of life after racing. - Actively engage with other equine organisations, industry and Government bodies. - Ensure that the Regulations and Rules of Racing reflect the health and animal welfare strategy and are fit for purpose in terms of good practice.
Funding	 The club funding policy encourages growth and rewards performance Develop a more transparent bulk funding policy for 2020/21 onwards with a focus on rewarding performance and improving funding/stakes ratios. Develop a strategy for any additional funding from new revenue stream in 2019/20. Develop strategies to secure the future sustainability of the Harness Jewels event. Develop, or gain better access, to knowledge and capability in regard to export markets and the setting of POC charges, product charges etc.

HRNZ 2019/2020 BUSINESS PLAN SUMMARY



Priority KPIs	
Clubs and Venues	 Promote increased regional collaboration and develop a long term vision for a future harness venue footprint in NZ Develop more robust criteria for deciding on a final future venue plan for harness racing. Develop infrastructural priorities and potential funding support based on regional strategies within the FVP. Promote and implement a 'Southern Harness' equivalent administration model to other regions. Update club financial viability reviews and develop strategies for those evaluated as 'High Risk'. Ensure club venue reviews are completed incorporating, finance, funding to stakes ratio, governance, health and safety, programming and facilities. Suitable and affordable training facilities are available in the major racing centres.
Promotion of Racing	 Create a new audience for harness racing - relevance, reach and resonance Ensure that the communications focus is the promotion of racing and prompting people to bet In conjunction with RITA understand the opportunities for digital streaming of racing Produce engaging content for mainstream media and industry publications - continue to develop relationships with the mainstream media to encourage coverage of harness racing. Develop social media content to connect to punters who are not already actively engaged in harness. Work with RITA to review delivery of racing content, including industry publication and broadcasting strategies, to maximise mainstream coverage of harness racing. Improve information available by enhanced digital content and increased wagering/punter information and engagement.
HRNZ Services	 We operate on the basis that "we are here for the industry". Ensure HRNZ is an effective, efficient and innovative service provider to the industry. Begin to implement systems required for delivering services that are devolved by RITA. Continued transition of HRNZ processes to increase automation and electronic processing. New accounting system implemented during 2019/20. Rules, Regulations and Constitution review to ensure relevance, appropriateness and ease of reference. Development of industry risk register in consultation with RITA (or equivalent authority). Review whether HRNZ should continue to own and invest in CBHL.