

HARNESS RACING

NEW ZEALAND



PROPERTY INVESTMENT STRATEGY

November 2023





INTRODUCTION

Our property investment strategy (Strategy) sets out how Harness Racing New Zealand (HRNZ) proposes to manage the assets and venues transferred to the Code following the provisions of the Racing Industry Act 2020 (Act).

The Strategy outlines HRNZ's priorities regarding the use of funds generated from the sale of surplus assets and venues, for the refurbishment of retained venues owned by Harness Racing Clubs in New Zealand and for other purposes.

S33 of the Act states: Racing codes must prepare a property investment strategy in respect of transferred assets and venues.



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BACKGROUND



LEGAL FRAMEWORK

Statement: The Act sets out the procedure for managing surplus venues, the transfer of land to the Code and expectations on the use of the funds. The provisions of the Act for the transfer or sale of a surplus venue take precedence over the requirements of HRNZ's Constitution with regards to property.

Action: Once a venue has been declared surplus, HRNZ will follow the provisions of the Act, with a preference of transferring the surplus venue to HRNZ by agreement.

SURPLUS VENUES

Statement: The following venues have been declared surplus by the HRNZ Board from the 2021/22 season:

- Forbury Park – from 31 July 2021

Some courses are on galloping club freehold land that are not reserves.

Action: The Forbury Park property to be transferred to HRNZ.

HRNZ to run the process for disposal of the property.

CODE APPROACH

Statement: HRNZ does not intend to retain venues that have been declared surplus. These venues will be sold, unless they are on a reserve in which case exit from the reserve will be managed.

Action: Net proceeds from sales of surplus venues will be transferred to ring-fenced investments held by HRNZ. The investment income and possibly potentially capital will be used for the refurbishment of retained venues, and for other purposes for the benefit of harness racing in New Zealand.

BACKGROUND - THE ACT



Property Investment Strategy

The Act requires racing Codes to prepare a property investment strategy in respect of transferred assets and venues.

Provisions of the Act

- s33 of the Act states that: Racing codes must prepare a property investment strategy in respect of transferred assets and venues
- (1) This section applies while a racing code owns any assets or surplus venues that have been transferred to the code in accordance with this subpart.
- (2) The racing code must prepare and maintain a property investment strategy that states how the code proposes to manage those assets or surplus venues, including (without limitation) the code's priorities regarding the refurbishment of retained venues owned by racing clubs registered with the code.
- (3) The racing code must publish a copy of the strategy on an Internet site maintained by or on behalf of the code.

CODE PRIORITIES



THE ACT

Statement: The intent of the Act is for the Code and the Clubs to fully understand the management of the assets that they are responsible for.

Action: Each Club will prepare an Asset Management Plan for their venue. A Summary Asset Management Plan will be prepared by HRNZ.



THE CODE

Statement: The Summary Asset Management Plan will form the basis of use of the funds from surplus assets (Fund).

HRNZ may approve projects in addition to those for refurbishment, provided they support HRNZ's Strategic Business Plan.

Action: Funding requirements will be assessed against the Strategic Plan for Racing and HRNZ's Strategic Business Plan.



LOCATION

Statement: The Fund will be used for projects in the region that the surplus venue came from and nationally. Priority will be given to the refurbishment of retained harness venues.

HRNZ has defined the three regions as:

- North Island
- South Island – north of the Waitaki river
- South Island – south of the Waitaki river

Action: Each application to the fund will be assessed against clear criteria proving benefit to harness racing in New Zealand.

INVESTMENT POLICY



PURPOSE & TYPE

Statement: The purpose of the Investment Policy is to ensure that the Fund is invested appropriately to balance the yield from the investments with the associated risk.

Action: In accordance with the HRNZ Investment Policy the types of investments will be restricted to:

- Bank savings
- Bank term deposits
- Investments as identified by a qualified financial adviser, as being of low to moderate risk.



FUNDS GENERATED

Statement: The Fund will be held in HRNZ's name but will be separately identified and ring-fenced from HRNZ's other investments.

Action: HRNZ will use an investment advisor to ensure that the Fund is invested in accordance with HRNZ's Investment Policy.



REPORTING

Statement: Transparency on income earned from the investments, and costs of operating and use of the Fund is required.

Action: Reporting on investments and spend from the Fund will be made to the committee and the HRNZ Board quarterly.

MANAGEMENT OF FUNDS



COMMITTEE

Statement: The allocation of income generated from the Fund will be delegated to a committee.

Action: HRNZ to establish a committee (Committee) to:

- manage the Fund
- develop the criteria
- determine the frequency of applications



PROCESS FOR PAYOUT

Statement: A robust process is required to ensure that projects supported from the Fund meet the criteria outlined in HRNZ's Strategic Business Plan.

Action: Applications can be made by Clubs to the Fund. The applications will be measured against HRNZ's Strategic Business Plan and the Summary Asset Management Plan.

The Committee will review applications and allocate income from the Fund.



CASH & PROJECTS

Statement: Cash from the Fund should be managed to deliver the scheme.

Action: An annual budget will be prepared. HRNZ will work with the investment advisor to align the release of cash with the project requirements.

The status of all projects will be reported to the Committee. HRNZ will consider a one-off payment to a Club, outside of normal race funding, to support the Club's ability to continue to trade once its venue is sold.



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