

HARNESS RACING NEW ZEALAND

STATEMENT OF INTENT & BUSINESS PLAN

2024/2026



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IT IS HRNZ'S PLEASURE TO PROVIDE THIS STATEMENT OF INTENT & BUSINESS PLAN FOR THE NEXT THREE RACING YEARS IN ACCORDANCE WITH THE RACING INDUSTRY ACT 2020.

This outlines HRNZ's strategies and plans for the next three years, with a focus on the 2024/25 racing year. It sets out the outcomes against which our sport can measure HRNZ's performance.

In accordance with the Act, HRNZ has consulted with racing Clubs and Kindred Bodies on this Statement of Intent & Business Plan.



MESSAGE FROM THE CHAIR AND CEO

The Future Starts Now

Harness racing is undertaking major change, we are managing our future for growth.

Harness racing stakes for the 2024/25 season will increase, incorporating the \$10 million new investment, a three-year commitment, from Harness Racing New Zealand, Entain, the NZ Sires' Stakes Board and TAB NZ Funding. This is the largest ever uplift in funding for harness.

We are heading into the future with a clear strategy and a lot of optimism. This growth has two elements.

Firstly, continued support for a strong base of racing delivered nationally by dedicated volunteers and administrators.

Secondly, a strategically crafted programme of new dates, new races, enhanced events and increased stakes that will revitalise fan engagement with harness racing.

With Entain, our wagering partner, we have found a way forward that benefits everyone in our sport including owners, trainers, drivers, breeders and punters.

We will strongly support Entain to ignite its existing harness customer base and attract new harness racing customers.

Within this three-year period, we will publish our strategy for sharing the benefits of this growth and additional revenue across the clubs delivering racing.

Why It Is Important

We believe it is important to make this investment in building future prosperity and growth across the nation. The NZ harness racing industry serves as an important source of employment and our

economic output was directly responsible for sustaining 3,083 full time equivalent jobs across the nation.

The sport generated close to \$415 million in value-added contribution to the New Zealand economy as published in the latest Size and Scope Report delivered by IER. In 2023/24 the sport's total direct spending was \$303 million. Importantly, Harness Racing is responsible for generating 22 per cent of total racing industry expenditure with more than 62 per cent from the South Island.

We recognise that there are significant opportunities to rebuild NZ Harness Racing's momentum and further accelerate its growth. A strategic priority will be around focus on the ownership ecosystem given that owners are the largest funders of harness racing. It is our intention to continue to develop and launch iconic events, increase our market share and participation plus target benchmark productivity for HRNZ.

Who Benefits

There will be a 20% increase in races in the 2024/25 season, with 75% of the new funding allocated to everyday racing.

A big push into Auckland is a critical part of the new strategy. Auckland is a key population and economic centre, but it is under represented in harness racing, ownership and wagering. We aim to revitalise harness racing in the North Island.

We will own Friday nights with dual harness meetings, almost exclusively at Alexandra Park and Addington.

Cambridge will hold 32 meetings on a Tuesday and continue to host the very popular Night of Champions in April, including the Race by Grins (\$1 million and the TAB Trot \$600,000).

Those meetings will be supplemented by regular Thursday and Sunday meetings in the lower North Island, Canterbury, Southland and other parts of the country.

Our summer feature meetings and carnivals in the Seddon Shields districts, Kaikoura and Central Otago together with the summer grass racing will showcase the sport, the horse and the participants.

The stakes increases will be for trotting, the Sires Stakes' programme and fillies and mares, of both gaits. A number of Grassroots initiatives, including support for local Cups, the Seddon Shields Trotting series, the Rewards races, the Canterbury Plains Challenge, the Country Cup series, and other regional initiatives, will be retained.

HRNZ and TAB NZ are getting behind funding the Cambridge slot races and the two new 3 year old slots at Addington.

With the IRT NZ Cup at \$1 million Cup Week gets a boost and Show Day a makeover with \$2.2 million of stakes, including two new \$500,000 3 year old races.

How We Will Change

HRNZ will organise itself and its processes to deliver maximum benefits from these investments.

A national racing bureau, supported by regional and local contributions, will oversee the planning and delivery of racing. We will seek to maximise wagering through providing opportunities for owners to race their horses with others of similar ability.

We will modernise the handicapping and rating system, introduce more automation and provide longer lead times to plan racing campaigns.

The Framework

The HRNZ Statement of Intent & Business Plan (SOI) creates the framework for a sustainable harness racing sport. This SOI reflects our dedication and **commitment to** our stated core values and connecting Kiwi's through exciting racing, iconic events and the love of our horses.

Five Strategic Pillars underpin our achievement of this objective.

1. The Horse – Our Horses have increased opportunities to race
2. Social Acceptance – Our sport has a positive image
3. The Participants – participants are professional and growing in numbers
4. Growing our Product – increased market share and returns to participants
5. Asset Utilisation – Our racing infrastructure has the right mix of venues.

This SOI highlights the proposed investment in supporting our participants through wellbeing and education initiatives and our Clubs by investing in resources to support them with their increased responsibilities. We are committed to delivering our strategic pillar focus areas and our legislative mandate for the benefit of all stakeholders and reasserting harness racing's reach and impact across the country.

Innovation and Measurement

HRNZ will regularly monitor and report on a set of Key Performance Indicators that tell the story of our performance for the core business and the new investments. Entain and HRNZ will share data and analysis on wagering and racing.

We will maintain transparency to the sport by reporting on how HRNZ is tracking against the key indicators. If something is not working, we will change it.

Over the coming years, we will seek to increase our focus on Innovation opportunities which can be the lifeblood of progress within the Harness Racing Industry, can open up exciting opportunities for growth and differentiation, integrating some new ideas and concepts into our business plan and approach. This should add appeal to a diverse range of stakeholders from enthusiasts to industry professionals, creating more opportunities to participate and engage with our sport and industry.

Collaboration and Change

Embracing change will also be necessary for Harness Racing in NZ to build and secure a sustainable and equitable future for all.

There will be failures. We will then measure, analyse, adapt and try again.

We believe that collaboration is the key to our industry growth pathway and by pooling our strengths, ideas, and resources, we can solve complex challenges, innovate boldly, and create lasting impact. Together let's build bridges, break down barriers and forge a brighter future for all.

The Funding Outlook

Funding for stakes has increased by \$7.7 million (20%) compared to actual 2023/24 amounts.

Funding to clubs for their meetings, venues and tracks and club related costs (eg. insurance and St John Ambulance) is increased by \$1.47 million to \$9.4 million (18%) compared to actual 2023/24 amounts. In the main this covers the 20% new meetings.

HRNZ will continue to review Club costs to determine whether the current model is still fit for purpose. We will undertake some work to understand future funding needs given our aging infrastructure. Club and meeting funding (payments) currently represents some 14% of total industry revenue.

\$2.6 million a year is allocated to HRNZ's key initiatives to support the improved utilisation of our horse population, breeding, support for horse care and welfare and Club and participant focused activities. HRNZ expenses are budgeted to increase in 2024/25 by \$0.5 million (8%) compared to the 2023/24 forecast. This increase mainly is due to delayed projects in 2023/24 being moved to 2024/25.



Phil Holden (CHAIR)



Brad Steele (CHIEF EXECUTIVE OFFICER)

OUR OBJECTIVES

HRNZ's statutory objective is set out in section 14 of the Racing Industry Act 2020 and is "to develop and promote racing conducted by the Code".

HRNZ's constitutional objectives are to:

- control all harness racing conducted in New Zealand in accordance with the Constitution and the rules;
- promote and advance harness racing in all its forms in New Zealand;
- ensure that all requirements of the rules are observed, and complied with, by all persons and bodies to which they apply under rule 102(1) of the rules;
- consider and deal with all matters submitted to HRNZ in accordance with the Constitution and the rules; and
- comply with its obligations under the Racing Industry Act 2020.

Our Mission

Our mission is to champion the sport, celebrate the participants and have the horse at the heart of everything we do.

Our Vision

Harness Racing is a thriving and entertaining national sport on track for a better tomorrow.

OUR VALUES

We do as we say

Definition: Our intentions are clear and honest. We deliver on our promises.

Why: Our horses give their best in everything that they do. We owe it to them to do the same. We understand that integrity is built on a foundation of honesty, consistency and transparency and we lay that foundation every day in what we do.

We strive for improvement

Definition: We win or we learn and we take lessons from everything that we do.

Why: The next race is just around the corner. There is always a teachable moment, a lesson to be learned, and room for improvement. We commit to a process of continual improvement. This is the process we trust to ensure we are better than before.

Together we are more

Definition: Sharing a common purpose, a unified goal, we run together.

Why: We share the same passion, goals, and aspirations. We understand that everyone has unique strengths and diverse points of view. We embrace that which makes us different and know that together we can form any solution our customers and business partners may require..

OFFICIAL DOCUMENTS



CONSTITUTION

HRNZ's current Constitution is available on the [HRNZ website](#). HRNZ's Constitution was last updated by racing Clubs and kindred bodies on 19 July 2024, to comply with the Incorporated Societies Act 2022. HRNZ has re-registered as an Incorporated Society.



RULES & REGULATIONS

HRNZ's rules and regulations can be found on the [HRNZ website](#).



STATEMENT OF ACCOUNTING POLICIES

HRNZ's financial statements are prepared in accordance with Generally Accepted Accounting Practice in New Zealand "NZ GAAP".

They comply with Tier 1 Public Benefit Entity Standards (PBE IPSAS), which are the New Zealand equivalents of the International Public Sector Accounting Standards (IPSAS) and other financial reporting standards as applicable for Tier 1 not-for-profit entities.

CORE FUNCTIONS

HRNZ will pursue its statutory objective under the Act of developing and promoting Harness Racing by carrying out its core functions.

These core functions include:

- Development and implementation of the rules of Harness Racing and liaison with the Racing Integrity Board on the enforcement of these rules
- Registration of horses and licence holders within the sport
- Development and management of the harness racing handicapping system, which designates the handicap or grade of horses in a race
- Programming race meetings and key events
- Active engagement with the two other racing Codes (New Zealand Thoroughbred Racing and Greyhound Racing New Zealand) and with TAB NZ, Entain and Racing New Zealand to ensure the delivery of a quality racing product
- Promotion of harness racing including the provision of marketing support to harness racing Clubs
- Distribution of all stakes to owners, trainers and drivers
- Development and education of horse care and welfare initiatives
- Development and maintenance of a comprehensive database of standardbreds and participants
- Provision of education and training to our people employed in the sport and those who are interested in joining the sport
- Provision of financial support to clubs and kindred bodies for race meetings and other activities.
- Monitor the performance and finances of harness racing Clubs and venues, and their approach to managing risks to health and safety under the Health and Safety at Work Act 2015
- Creation and maintenance of the Stud Book



In a standard year

We program approximately **2,340 races** across **243 meetings** with **23,613 starts** for over **2,400 standardbreds** at **31 venues** for **37 Clubs**.

16%

of race meetings are held on the grass

There are over **100 Group** and Listed races run to showcase the sport.

\$39.2 million

paid out in stakes

84%

of race meetings are held on the grit

6,000

owners racing horses

84%

of our total income is returned to the industry

1,317

foals are registered into our database

2,357

volunteers involved

1,183

annual licenses are renewed

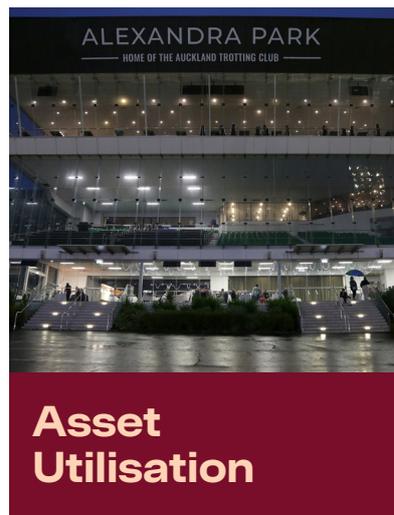
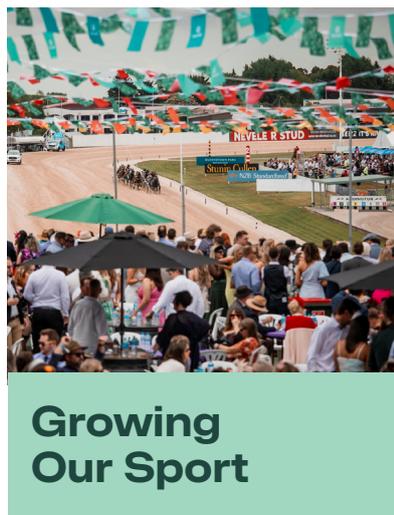
1,500

active breeders

There are over **250 trial meetings** across **19 venues** for **21 Clubs**

STRATEGIC AREAS OF ACTION

The following pages set out HRNZ's five strategic pillars. Priority will be given to these areas over the next three years.





The Horse



WHAT DOES SUCCESS LOOK LIKE?

- Maintain or increase the number of mares bred
- Increased average starts per horse
- Reduce percentage of horses that trial successfully and then do not start in a race
- Significantly increase the number of fillies and mares races
- Participants believe programming provides opportunities for like for like racing



PRIORITIES FOR NEXT YEAR

- National Racing Bureau operational
- New handicapping system implemented, monitored and adapted as required
- Arrive at a strategy to revitalize harness racing ownership numbers
- Finalise and implement Utilisation initiatives
- Group and Features Race Committee established
- Establish and maintain the fillies and mares credit scheme



MILESTONES

- National Bureau operational 1 November 2024
- Fillies and mares credit scheme established 1 August 2024
- Tentative programmes published three months in advance
- Confirmed programmes publish three weeks in advance
- Group and Feature Race review completed by 31 December 2024
- Increased average annual starts per horse by 0.5 of a start by 31 July 2025
- Increase percentage of horses that get to race: target 60% by 31 December 2027



Social Acceptance



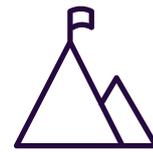
WHAT DOES SUCCESS LOOK LIKE?

High integrity in our sport
Best practice horse care and welfare is embraced and adhered to
Harness racing has a positive image in the wider public
Remain relevant to changing environment and public perception of racing



PRIORITIES FOR NEXT YEAR

Continue to engage with the RIB to ensure they have a consistent approach to enforcing our rules and regulations
Provide further information to our participants on their role in projecting a professional image to the wider public
Engage with the NZ Harness Trainers and Drivers Association regarding ongoing training for participants
Communicate to the general public about our sport and its successes



MILESTONES

The plan is developed with RIB to improve consistency of their interpretation of our rules and regulations by April 2025
Communication with our participants on key matters
A plan for ongoing education of our participants is in place by 31 July 2025
Our sport and its successes are communicated with the wider public through social media and attendance at events
Prompt action to resolve potential incidents



The Participants



WHAT DOES SUCCESS LOOK LIKE?

- Clubs successfully delivering racing with their volunteer core
- Improved financial returns for our participants
- Licence holders participate in ongoing professional development
- High degree of professionalism in our sport at all levels
- Better breeder, licence holders and owner engagement
- Wellbeing programme for our sport being used
- Clubs are supported by HRNZ to meet their obligations under the Racing Industry Act 2020



PRIORITIES FOR NEXT YEAR

- Improved engagement with Clubs on delivery of racing
- Deliver education programmes for participants
- Coordinate and develop race day officials to ensure national consistency
- Wellbeing programme promoted and utilised
- Increase communication with Owners and Trainers on the opportunities available for their horses to race



MILESTONES

- Develop a concept for an education package and consult with our participants on linking completion of this training to license renewal and issue of new licenses by May 2025
- Consistent job descriptions, training and succession planning for race day officials completed by July 2025
- Ongoing support provided to Clubs to assist them with financial and health and safety matters through the year
- Review the effectiveness of the wellbeing programme



Growing Our Sport



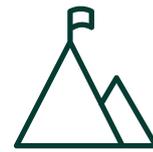
WHAT DOES SUCCESS LOOK LIKE?

- Clubs 100% supportive of business strategy
- Increased ownership
- Friday Night Lights Turnover increased ATC/NZMTC
- Cambridge Tuesdays and revised Manawatu Successful
- Increased turnover on top 100 races
- Increased participation at major events



PRIORITIES FOR NEXT YEAR

- Trusting and Open Relationship with clubs
- Excellent working relationships with Entain, TABNZ and Racing NZ
- Marketing of events and carnivals with Entain
- Publish HRNZ Key Performance Indicators including our productivity/efficiency measure for Clubs
- Promoting the increased dates / races
- Developing ownership opportunities



MILESTONES

- By 31 July 2025:
 - Wagering increases: turnover, bettors, and bets
 - Top 5% of races contribute 16% of turnover
 - Tuesday meetings average \$450,000 domestic turnover
- Marketing campaigns completed
- Regular reporting on performance
- Increase in syndicates and ownership



Asset Utilisation



WHAT DOES SUCCESS LOOK LIKE?

A venue plan with the right mix of venues to create the best wagering product

Sustainable fit for purpose infrastructure

Strategic training centres developed to meet the requirements of our sport



PRIORITIES FOR NEXT YEAR

Develop the criteria and strategic venue plan for racing and training venues

Work with Clubs to ensure that all large venues owned by Clubs have an asset management plan

Continue to support clubs to access the Racing Safety and Development Fund

Communicate to the sport the board's infrastructure investment and maintenance strategy



MILESTONES

Underlying criteria and national strategic venue plan developed by July 2025

Prepare an asset management plans for all large venues by July 2025

Clubs are using their health & safety systems by 31 December 2024

FINANCIAL AND PERFORMANCE

BUSINESS FINANCIAL COMMENTARY

HRNZ strategies for the 2024/25 season are incorporated into the financial table later in this section, along with the following commentary. 2024/25 is the second year of the five year guaranteed minimum funding from Entain following their strategic partnership with TAB NZ. In 2024/25 HRNZ's percentage share of this funding has reduced following Code share negotiations although overall funding will increase compared to 2023/24. HRNZ's total funding including Class 4 gaming income for 2024/25 is \$60.7 million, which is a \$1.3 million increase from forecast 2023/24.

2024/25

Total stakes funding will increase by \$7.7 million (20%) compared to forecast stakes paid for 2023/24 directly attributable to funding and investment by HRNZ from its reserves, in conjunction with support from Entain, NZ Sires's Stakes Board and TAB NZ. This increase includes \$3.5 million from Class 4 gaming.

The majority of funding will be directed towards stakes with 77.2% of funding income currently allocated to stakes for 2024/25. This is supported with funding for Clubs and key projects and initiatives.

It is HRNZ's intention that any funding allocation will be sustainable for future years.

The allocation of funding is designed to generate an improved racing product, that will lead to a growth in wagering and in turn an increase in distributions to HRNZ

The new racing programme, 'The Future Starts Now', has focused on providing additional opportunities for horses to race in the North Island

in addition to continued support for a strong base of racing nationally, with an overall 20% increase in the number of meetings compared to 2023/24.

Clubs have been provided with a funding agreement for 2024/25 that sets out the terms of funding provided by HRNZ.

Funding for key races will continue to be at 100%

- Group one at \$100,000
- Group two held at \$60,000
- Group three held at \$40,000
- Country Cups Championship series held at \$500,000

2025/26 and 2026/27

Stakes will be adjusted depending on the change in funding forecast to be received for the relevant year.

Reserves

The general reserve at 31 July 2024 is \$3 million which is the minimum amount set by the Reserves Policy.

The Board is of the view that the minimum general reserve should continue to be kept at a minimum of \$3 million to be fiscally prudent.

Accumulated funds and reserves will be used to support the investment in the new racing programme, over the next three years of \$9.1 million.

In 2023/24 net funds from the sale of Forbury Park of \$12.2 million (including a portion belonging to Forbury Park Trotting Club) are being held by HRNZ for the purposes set out in the Property Investment Strategy, a copy of which is available on HRNZ's website.

The capital and projects reserve is set at \$1.17 million which is the minimum level set by the Board and targeted at supporting key infrastructure investments.

The funding working capital reserve represents the working capital requirements of HRNZ being the timing difference between the funds received from TAB NZ, via Racing NZ, and payments to Clubs, owners, trainers, and drivers.

Race Day Funding and Venue Costs

The funding to Clubs in 2024/25 will increase by \$980,000, an average of 13% compared to 2023/24, for their meetings, venues and tracks. This increase is mainly due to the 20% increase in the number of race meetings being held in 2024/25 compared with 2023/24.

We have carried out a Club cost review of all Clubs nationally to determine if the amount of funding support is still appropriate. This work will continue over the next year

General

Cash reserves are forecast to sit at a minimum of \$4.2 million (general reserve & capital and projects reserve minimum levels) for the next three years, with the working capital for funding being in addition to this amount.

Payments to participants are managed throughout the season in accordance with payments from Racing NZ.

PERFORMANCE TARGETS

HRNZ's performance targets are based on the deliverables that are the responsibility of HRNZ and are summarised as follows.

HRNZ's performance targets for 2024/25 which we will report against in our 2024/25 Annual Report are:

- HRNZ will deliver the key milestones identified in this Statement of Intent & Business Plan
- HRNZ will conduct 289 harness race meetings, and pay a budgeted \$46.8 million in total stakes
- HRNZ will continue to operate with a minimum reserve of \$4.1 million, plus working capital
- HRNZ will report the Key Performance Indicators in the Chairman's statement after each Board meeting.



FINANCIAL AND PERFORMANCE

	NOTES	ACTUAL 2023	FORECAST 2024	BUDGET 2025	SOI 2026	SOI 2027
Income						
TAB NZ/RNZ Funding	1	41.82	59.33	60.67	61.02	61.02
HRNZ Revenue		1.88	1.76	2.46	2.25	2.02
Total Income		43.71	61.09	63.13	63.27	63.04
Expenses						
Stakes Funding		31.56	39.18	46.84	46.84	46.84
Club and Meeting Funding		6.78	7.93	9.40	9.59	9.78
Total Industry Expenses		38.33	47.11	56.24	56.43	56.62
HRNZ Costs	2	4.94	6.50	7.03	7.17	7.32
Projects and Initiatives	3	2.89	2.52	2.58	2.59	2.61
Total HRNZ Expenses		46.17	56.13	65.85	66.19	66.54
Surplus / (Deficit) from Normal Activities	4	(2.46)	4.96	(2.71)	(2.92)	(3.50)
Gain on Sale of Surplus Venues		0.48	11.70	0.00	0.00	0.00
Surplus/(Deficit)		(1.98)	16.66	(2.71)	(2.92)	(3.50)
Position of Reserves as at 31 July						
Accumulated Funds		3.20	10.76	8.05	5.13	1.63
General Reserve		5.00	3.00	3.00	3.00	3.00
Capital and Other Projects Reserve		1.17	1.17	1.17	1.17	1.17
Funding Working Capital		3.58	2.50	2.50	2.50	2.50
Surplus Venues Reserve		0.00	12.20	12.20	12.20	12.20
Total Equity		12.96	29.63	26.92	24.00	20.50
Split of Expenses						
Stakes Funding Expense		68.4%	69.8%	71.1%	70.8%	70.4%
Club and Meeting Funding		14.7%	14.1%	14.3%	14.5%	14.7%
Total Industry Expenses		83.0%	83.9%	85.4%	85.2%	85.1%
Projects and Initiatives		6.3%	4.5%	3.9%	3.9%	3.9%
Total Expenses		89.3%	88.4%	89.3%	89.2%	89.0%
Administration and Operations Expenses		10.7%	11.6%	10.7%	10.8%	11.0%
Total HRNZ Expenses		100.0%	100.0%	100.0%	100.0%	100.0%
Stakes Expense to Funding Revenue		75.5%	66.0%	77.2%	76.8%	76.8%

Notes:

1. The increase in income from 2024 is due to the partnership arrangement between TAB NZ and Entain with a guaranteed minimum funding for five years
2. HRNZ costs have increased to provide sufficient resource to support Clubs (finance, health & safety and marketing) and to meet HRNZ's responsibilities under the Racing Industry Act 2020.
3. Initiatives for improved utilisation of horses, breeding, horse welfare, Racing New Zealand and infrastructure.
4. Surplus in current year is due to the one-off payment received from TAB to be used for stakes top-up and club support over the next four years.



HARNESS RACING NEW ZEALAND

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