

20 September 2021

CIRCULAR 2118

TO: ALL TOTALISATOR CLUBS AND KINDRED BODIES

FROM: FINANCE CHAIR, HRNZ BOARD

SUBJECT: 2021/2022 BUDGET AND FUNDING POLICY

1. HARNESS RACING NEW ZEALAND 2021/2022 BUDGET

The 2021/2022 Budget for Harness Racing New Zealand as set out below, shows the budgeted operating revenue and expenditure for administering harness racing. The overall operating budget surplus for 2021/2022 is \$6,000, the same as for 2020/2021.

This season, the Board resolved to allocate 1% of our total Harness Code funding to each of Animal Care/Welfare and Promotion of Racing. Under the Racing Industry Act 2020, additional responsibilities now rest with our code for the long-term care and welfare of our horses. Initiatives in this area, including rehoming programmes and support, horse traceability, operational funding for the Horse Ambulance Trust and Equine Health Association. The allocation for Promotion of Racing is primarily for initiatives previously undertaken by TABNZ now devolved to each racing code and include our new contracts with SENZ radio. HRNZ's part ownership of the Races Limited Partnership ended in 2020/21.

The allocation for the operation of HRNZ is \$4,303,000 compared to \$3,980,000 last year. This includes operational and personnel changes, and a contracted cyber security review.

Net HRNZ Administrative expenditure is budgeted at \$6,295,000 compared to \$5,029,000 for 2020/2021. This increase includes the additional costs associated with Animal Care and Promotion of Racing totalling \$906,000. Harness Code Initiatives include the St John Ambulance contract, Magness contract at ATC, allocation to the Trainers and Drivers Association and our gear initiative for our new young trainers.

We have the ability to apply to TABNZ for Class 4 gaming funding for the cost of some of our programmes and initiatives, however this potential revenue cannot be included prior to any grant being submitted and approved.

There is a proposed increase in the Board Remuneration to be increased from \$160,000 to \$200,000 in the current season. The remuneration was last increased in the 2007/2008 year. This is a separate agenda item tabled for approval at the Annual General Meeting.

Governance	2021/22 Budget	2020/21 Budget
Board Remuneration	200,000	160,000
Board - Accommodation, Airfares, Sundry	80,000	51,500
Sub-committee Costs (Dates, Rules etc)	10,000	5,000
Industry Meetings (RNZ, Clubs, TABNZ etc)	40,000	25,000
Total Governance	330,000	241,500

Travel Costs for Board Members and HRNZ's management also increase with regular attendance at Racing New Zealand (RNZ) in Wellington, and Club consultation and support.

HRNZ Management performed a thorough review of all areas of income and expense when setting the budget for 2021/2022. The budget was approved for circulation by the Board and is subject to approval at the Annual General Meeting in October.

HRNZ ADMINISTRATION AND OPERATIONS BUDGET: FOR SEASON 2021/2022		
	2021/22 Budget	2020/21 Budget
REVENUE	\$'000	\$'000
Fees Revenue	915	797
Fines	80	80
Funding for Animal Care	453	-
Funding for Promotion of Racing	453	-
Funding HRNZ Operations	4,303	3,980
Interest	10	4
Revenue Sale Goods and Services	217	304
Total Revenue	6,431	5,165
EXPENDITURE		
Animal Care	453	175
Corporate Services	1,526	1,333
Education	231	268
Governance (incl Board)	330	242
Harness Code Initiatives	620	731
Media and Communication	913	888
IT - Information and Technology	720	625
Promotion of Racing	453	-
Racing	1,050	767
Total Expenditure	6,295	5,029
HRNZ Cash Surplus (Deficit)	136	136
Non Cash Items		
Depreciation Expense	130	130
HRNZ Operational Surplus (Deficit)	6	6

2. FUNDING POLICY

In the 2021/2022 funding period Harness should receive total revenue from TABNZ of \$46,239,000, an increase of \$5,413,000 (13.3%) on last year's budget. Total Funding to Clubs for stakes and raceday expenses increased by 6% to \$38,483,000, compared to last year's budget.

Allocations have been made to Animal Care and Promotion of Racing, plus an allocation to HRNZ's General Reserve.

Each Club has an individual funding agreement with HRNZ for their raceday funding allocation.

	2021/22 Budget	2020/21 Budget
TABNZ Revenue to Harness	\$'000	\$'000
TABNZ Base Funding	45,333	39,849
TABNZ Stakes Enhancement	906	977
TABNZ Revenue to Harness	46,239	40,826
Harness Expense		
Funding Policy Payments To Clubs	38,483	36,293
Allocation for Animal Care	453	-
Allocation for Promotion of Racing	453	-
Allocation for Increase to HRNZ General Reserve	680	654
Allocation for HRNZ Operations	4,303	3,750
Racing NZ Operations	100	-
Total Harness Expense	44,473	40,697
HRNZ Funding Reserve	1,766	129

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

Yours sincerely



Colin Hair
Finance Chair