

PROACTIVELY RELEASED

Synthetic Racing Tracks

Application to the Provincial Growth Fund

September 2018



Background - Racing in New Zealand

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The rich cultural heritage and social significance of racing in New Zealand has been recorded for more than 175 years. The New Zealand racing industry is now responsible for generating \$1.6 billion in value-added contribution to the New Zealand economy and over 14,000 full time equivalent jobs.

Racecourses are an important part of the social fabric of many local communities, and last year, over 600,000 attendances were recorded at New Zealand race meetings. Racecourses are the focal point for the achievements of some of New Zealand great sportsmen and sportswomen, racing identities, horses and greyhounds.

Racing facilities are also valuable community assets, particularly in regional parts of the country. Over 400 community organisations or charities are assisted financially by racing clubs and over 300 community organisations share racing club facilities and resources. Racing clubs and participants currently engage over 10,800 volunteers who assist in various club and supportive roles to participants, and close to 39,000 people hold New Zealand racing club memberships.



Background - Venue Challenges

New Zealand racing is at a critical juncture. We have a rich and successful history, but a lack of investment in our racing venues. A large proportion of racing venues now have significant infrastructure issues, unreliable racing surfaces and poor oncourse facilities for both racegoers and the industry. Many clubs are also struggling to comply with Health & Safety regulations and meeting Earthquake Compliance standards.

Safety is paramount for horse and rider, and if a track surface is deemed to be unfit for racing, the meeting will be abandoned. On average there are about ^{Commercial} abandonments per season, however last season saw ^{Comme} abandonments in total.

Each abandonment results in a significant cost to trainers, owners, and Clubs who had the expense of preparing for the meeting but without any of the stakes or revenue that could have been generated from them. Each abandonment also affects customer engagement and wagering, and the progression of horses in their campaigns.



Background - Abandonments cost

Current State Abandonments

- On average ^{Comme} NZTR abandonments of the past 3 years.
- Addition of synthetic tracks only likely to impact NZTR abandonments.

\$ Commercial Information

Total revenue lost **on the specific meeting** on average over the last two seasons

\$ Commercial Information

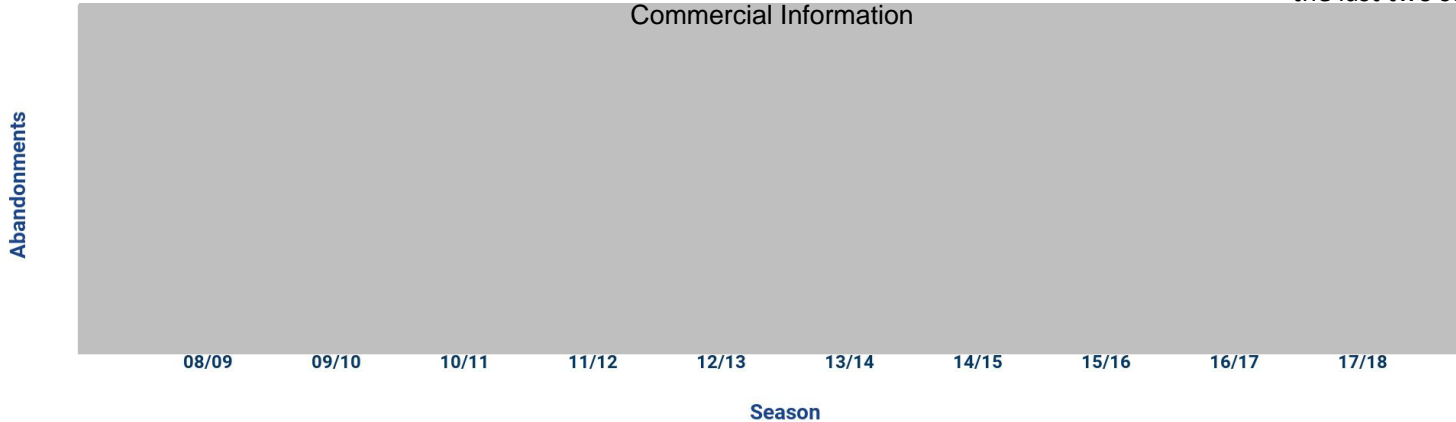
Total revenue lost **to NZRB** on average over the last two seasons

\$ Commercial Information

Average revenue lost per meeting to abandonment **to NZRB** over the last two seasons

NZTR Abandonments in Past 10 Seasons

— Average (last 3 years) ■ NZTR Abandonments

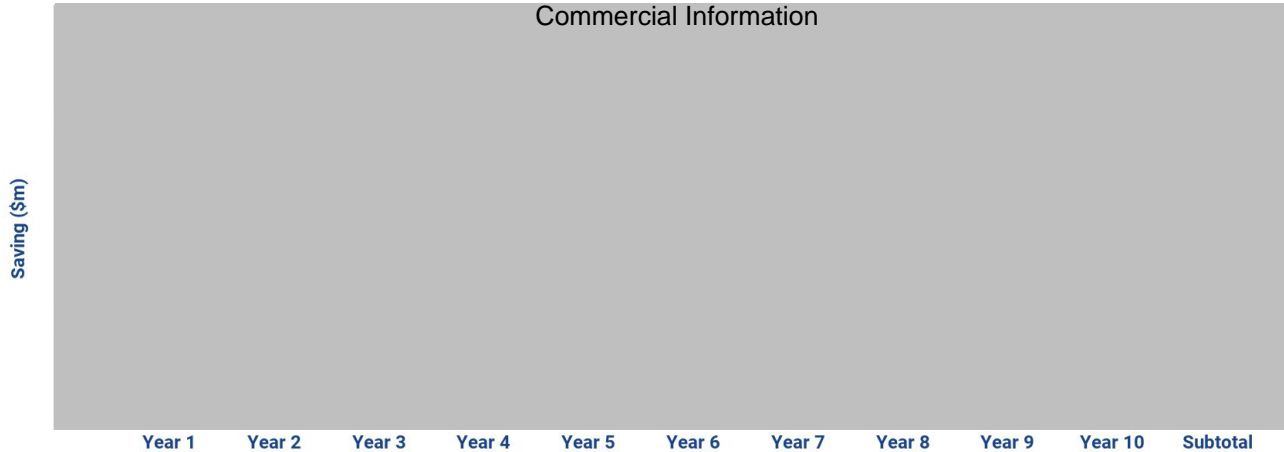


Background - Future State Abandonments

Impact of racing on Synthetic surfaces

- A synthetic surface in each region, phased in a different points during 10 year period.
- Abandonments avoided through a combination of increased meetings on Synthetic surfaces and improvements to efficiency of scheduling

Estimated Revenue Saving via Abandonments Avoided (\$m)



Commercial Information
\$

Total estimated revenue saving over 10 year period from Abandonments avoided

Commercial Information
mtgs

Estimated number of total non-abandonments in year 10 due to racing on synthetic tracks.

Background - Future Venue Plan

In recognition of the importance of this issue, and the need to address it as an industry, the New Zealand Racing Board, New Zealand Thoroughbred Racing, Harness Racing New Zealand and Greyhound Racing New Zealand are leading the development a Future Venue Plan, a forward-looking plan for racing infrastructure in New Zealand, including identifying venues that are a priority for investment.

The first stage of consultation secured 88 submissions from racing clubs across the country. The key themes of feedback were:

1. **Number of fit-for-purpose venues:** The majority of respondents say that there needs to be a reduction in the total number of venues, better quality venues and facilities, but also noted the important role of communities and regional racing.
2. **Facilities and improvements required:** More training/trialling/stabling facilities, better quality of tracks, better hospitality/entertainment facilities for customers and better facilities for owners.
3. **How to fund the future state:** Government assistance, lower tax on betting, sale of surplus venues, lower administration costs.

This industry-led project aligns the intent and direction of the Review of the New Zealand Racing Industry from John Messara, announced on 31 August 2018.



Background - Review of the New Zealand Racing Industry

The Review of the New Zealand Racing Industry by John Messara, commissioned by the Minister of Racing, Rt Hon Winston Peters proposed the following:

- 20 existing venues be closed progressively over 5 years commencing 2019/20
- 28 existing venues be retained and upgraded
- **3 synthetic tracks be built over the next 3 years**
- Cambridge becomes a synthetic track racing (as well as training) venue from 2019/20
- the Waikato Greenfields Project be built and be in operation by 2026/27.

The review specifically recommends three synthetic tracks for racing and training be built starting in 2018/19 at Cambridge, in 2019/20 at Awapuni and in 2020/21 at Riccarton Park and notes 'given a track construction and commissioning period of no more than 9 months, racing on the synthetic tracks should start at Cambridge in 2019/20, at Awapuni 2020/21 and at Riccarton Park in 2021/2'.

It is noted the Cambridge proposal is more advanced at this time than proposals from Race Inc (Awapuni) or the Canterbury Jockey Club (Riccarton).

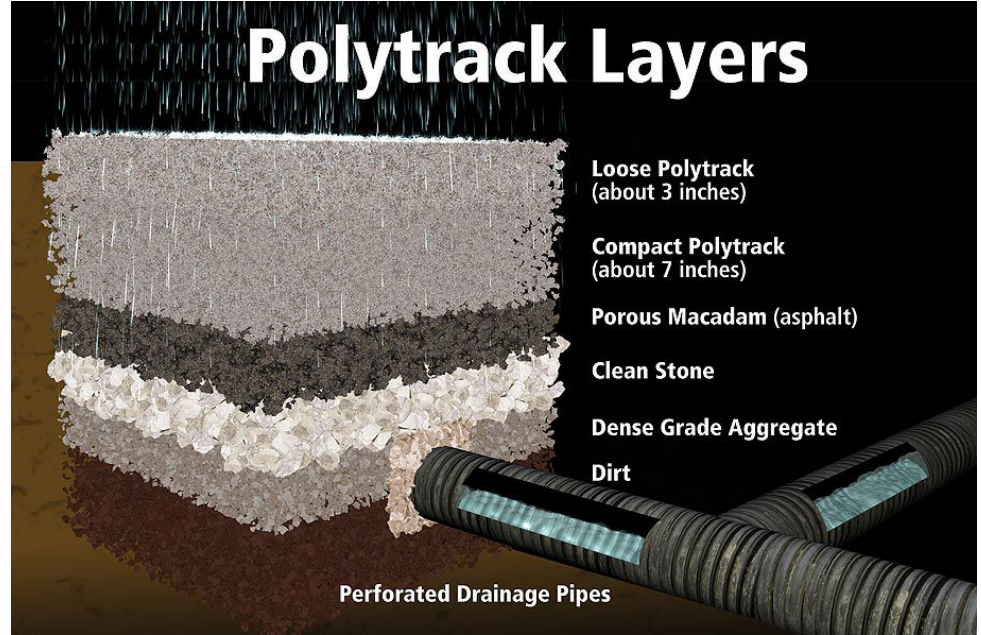


Background - synthetic Racing Surfaces

synthetic tracks have two key benefits: consistency and reliability.

synthetic tracks can be used in weather which would deteriorate a grass track, and can sustain a higher workload for both training and racing. Studies have also shown a lower percentage of horse breakdowns on synthetic tracks compared to grass and dirt surfaces.

The UK, US and Australia all now have established synthetic racing and training tracks.



Example of synthetic track construction - Polytrack

Proposal - summary

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- Three synthetic tracks developed for racing, training and trialing in New Zealand
- Phased development over three years (2019, 2020, 2021)
- Estimated total cost \$^{Commercial Information} (approximately)
- Provincial Growth Fund request \$^{Commercial Information}
- Proposed funding split (approximate)
 - ^{Commer}% Provincial Growth Fund
 - ^{Commer}% parent club/local stakeholders/investors
 - ^{Commer}% New Zealand Racing Board



Initial draft costing for synthetic track

The expected costs of building the optimal project based on previous costings for similar tracks and initial estimates from Commercial Information (engineers) is estimated at between \$Commercial Information and \$Commercial Information, based on the development and installation of a synthetic racing surface in Cambridge for the purposes of racing, training and trialing. This includes the following:

- Pro-Ride Material
- Base and track drainage, including layers
- Extras
 - Fees, consents
 - Earthworks
 - Service Lane
 - Plastic rails
 - Movement of judge, comment box, new stewards towers
 - Specialist machinery
 - Facilities upgrade
 - Starting gates

Estimated cost of project -

\$Commercial Information (\$NZ per venue)

Estimated maintenance cost per

annum - \$Commercial Information (\$NZ per venue)

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Cambridge Jockey Club

Synthetic Track Proposal
Targeted installation 2019



Cambridge - Background

The Cambridge Jockey Club has evolved from humble origins as the Cambridge Picnic Racing Club in 1944 to a strategic training centre located in the heart of Waikato's vibrant thoroughbred racing community.

Waikato has the largest population of thoroughbred horses and trainers in the country, and contributes about a quarter of racing's total economic contribution to the country. There are around 100 thoroughbred trainers located within a 20km radius of the Cambridge Jockey Club.

Between Cambridge and neighbouring training centre Matamata, over 25 percent of starts made nationally were by horses trained at these two facilities. Cambridge alone had over 4,000 starts, including those by prominent New Zealand trainers Murray Baker, Tony Pike, Stephen Marsh, and Roger James.

Racing in Waikato Region

ECONOMIC IMPACTS

	Thoroughbred
Direct Spending on Training Activities	\$128.5 mil
Direct Spending on Breeding Activities	\$206.5 mil
Direct Spending on Racing & Wagering Activities	\$29.1 mil
Total Direct Expenditure	\$364.1 mil
Total Value-Added	\$429.5 mil
Full-Time Equivalent Employment	3,837

TOTAL PARTICIPANTS IN RACING

	Thoroughbred
Breeders	1,008
Owners	3,160
Trainers	282
Racing Club & Industry Staff	112
Staff employed by participants	1,781
Jockeys & Drivers	69
Volunteers	1,147
Total participants in New Zealand Racing	7,559

Cambridge - Proposal

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The current training tracks at Cambridge are no longer suitable for the amount of training at the venue, and the Cambridge Jockey Club have looked at installing an all-weather training surface. The surface would also make it suitable to host mid-week winter racing.

The benefits of a synthetic racing, trials and training track at Cambridge are:

1. Positive impact on supply chain for all meetings in the Waikato, Northern Region and even nationally and internationally.
2. Improved starter numbers in winter and spring. Increase in turnover for winter and spring races.
3. Decrease in costs to owners for horses in training but unable to start due to weather and track conditions.
4. Regularity of training for horses at Cambridge with a positive implications for local trainers, trackwork riders, stable staff.
5. A reliable track surface for trainers when alternative tracks are unable to be used due to weather and track conditions.
6. A reduction in the number of abandoned meetings in the Northern Region.
7. Retention of horses in New Zealand (and in lower grades in particular).
8. Industry to benefit from more betting income on a surface that is well-known to customers and unlikely to be abandoned.

Cambridge - Proposal

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The Northern Region (which covers Cambridge) is the best choice for construction of the first synthetic track in the country. The most favoured layout of a synthetic training, trials and racing track would be:

1. [REDACTED] Commercial Information [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

2. [REDACTED] Commercial Information [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Regional economic benefits

The construction of a synthetic track at Cambridge is expected to provide a range of economic benefits to the Cambridge region. In particular:

- The Cambridge Training Centre is not currently a racing venue. Once the track is constructed, the race meetings (around 16 to 20 a season) and extra trial meetings the Club is able to hold will result in **additional visitors** (owners, racing enthusiasts and industry participants such as trainers from outside Cambridge and their employees, and float drivers etc) to Cambridge, the local region and, as a result, **additional spending** with local businesses.
- The **number of attendees** at each of the race meetings is estimated to be approximately 300 (and annually 6,000 unique visits). This is in addition to numbers expected on larger trial day where, with 30 heats approximately 500 people would attend and existing activity in relation to trials and workouts.
- The construction of the track at Cambridge will enable the Club to overcome current capacity constraints for horse numbers at the Training Centre, with the result that trainer numbers and stable employees will be at least maintained if not increased. As a result, there will be a **continued economic benefit for local businesses that are dependent on a strong thoroughbred presence in Cambridge** or that otherwise benefit from the support or custom of people directly employed or engaged in the thoroughbred racing industry in Cambridge. Any increase in horse numbers will result in increased **income for trainers** and flow through to employees and supporting industries and other local businesses, with a flow on economic benefit for the region as a whole.

Regional economic benefits continued

The race meetings and additional trial meetings that the Club is able to hold will result in **additional revenues and profit for the Club** which it would be able to spend with local businesses on improvements (or in carrying out deferred maintenance) to its facilities.

Cambridge is the home to a strong breeding sector. Holding race meetings at the Training Centre will be an **additional attraction to industry participants** and an opportunity for the local breeders to drive increased interest in breeding both domestically and internationally.

All of the short-listed civil contractors for the construction of the necessary civil works programme (with a total value of approximately \$^{Commercial In}) are local contractors. The award of the contact to one of those local contractors would result in a [significant] boost to the local economy.

The short-listed synthetic suppliers are Australian-based (with no available domestic expertise) and will need to set up operations in NZ, which will support the local economy (with a total contract value of approximately \$^{Commercial In}). The contractors and their employees will be here over a ^{Commercial Informatio} period and have already started to engage with local quarries to source raw materials.

Television coverage of meetings at Cambridge on Trackside will provide positive brand exposure for Cambridge and the region.



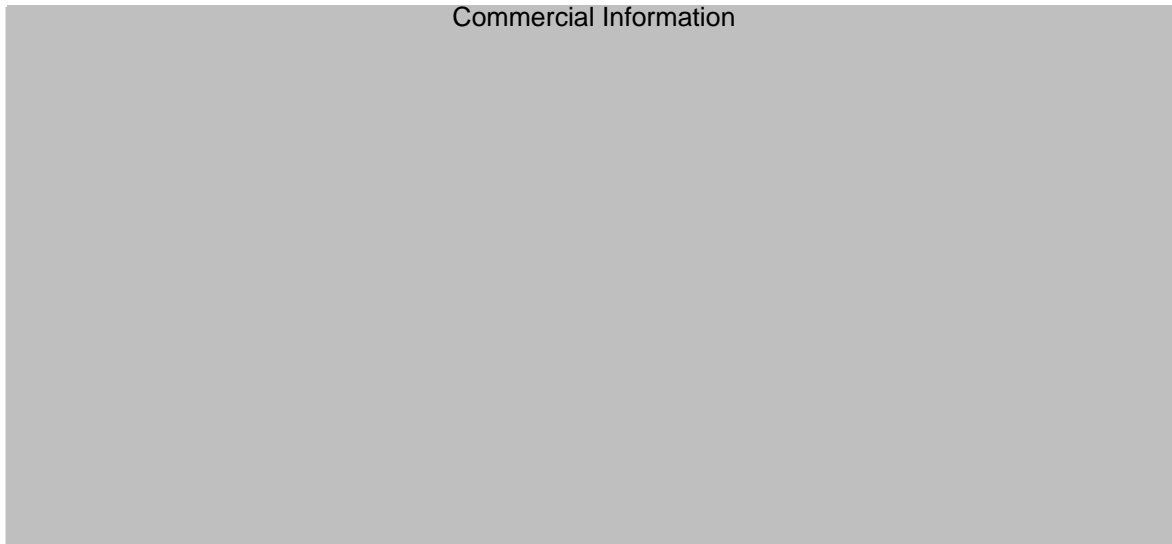
Cambridge - Proposal

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Proposed Investment Split

Cambridge Synthetic Track

Commercial Information



Cambridge - Link to Fund

- Three main benefits have been quantified through the business case on the synthetic track at Cambridge: **higher training levels, less race abandonments, and higher wagering turnover.**
- **Higher training levels and less race abandonments have positive ramifications for all those employed in the local industry.**
The ability to sustain a higher amount of trackwork means more work security and regularity for local trainers, trackwork riders and stable staff. The availability of a reliable surface for racing during winter means **decreased costs for owners and Clubs** by helping to mitigate total abandonments.
- An synthetic track also supports **higher wagering turnover** which ultimately benefits the broader racing industry. More training means more starts and higher average field sizes, which has a positive impact in creating better wagering product.
- Waikato already has a strong thoroughbred racing community - this infrastructure investment will provide the reliability and resilience to allow them to better **reach their potential.**
- The availability of an synthetic track in inclement weather not only has **safety benefits** but takes pressure off existing grass tracks. Racing or training on a heavy track can lead to pugging or damage to the soil structure, and time is needed for the track surface to recover. Synthetic tracks allow use of grass surfaces to be prioritised to when the weather is drier.

Cambridge - Link to Fund

- MBIE have identified that some districts in the Waikato region are struggling to maintain their population and grow incomes, jobs and investment. This infrastructure investment will **support the region's economic aims** of building, attracting and retaining talent and better telling the 'Waikato story'.
- Construction is not already underway and does not simply involve maintenance to existing infrastructure. There is **no other funding immediately available** to the Club (in addition to their commitment) to access other than **Commercial Information**
- The benefits of Central Government investment are clear: the industry is a crucial juncture where the money available has to be distributed in order to keep stakes from falling, and there is no other capital available for infrastructure investment. Central Government's investment will kickstart a project that would otherwise not get off the ground.
- There is clear and demonstrable **support from Waikato based stakeholders** including local government and Racing Industry Organisations.

Cambridge - Link to Fund

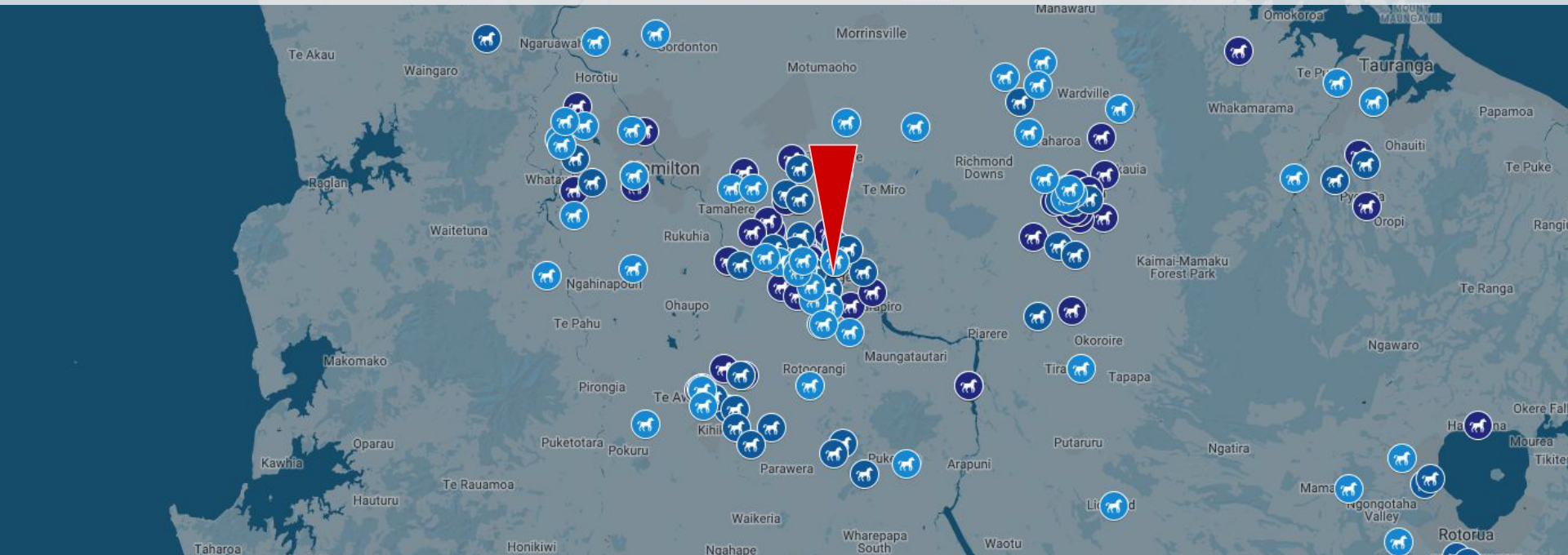
- The project will create resilient community infrastructure that will **increase employment**, and provide a venue for social interaction between locals.
- The project will employ **local surveying and engineering** companies to carry out any work.
- A **Project Control Group** (PCG) has been established comprising two representatives of each of the Cambridge Jockey Club (Cambridge), the NZRB and NZTR to ensure effective governance. A representative of the Provincial Growth Fund can be appointed to the PCG if required.
- The PCG would be responsible for all key decisions on the design, development and construction of the synthetic track, and for the overall oversight, management and implementation of the project.
- In addition to the PCG, a **project team comprising representatives of Cambridge, the NZRB, NZTR** and key contractors and consultants would be established for the implementation of the project and meet regularly to review progress to date, and discuss upcoming work streams/milestones and any issues that have arisen. The project manager appointed by the PCG would attend project team meetings and report back to the PCG as required on matters discussed or arising at project team meetings.

Cambridge - Link to Fund

- As the synthetic track is being constructed on **Cambridge's** property, it will be the **owner of the track** once it is completed.
- Cambridge has been operating and managing the **Cambridge training centre** since it first opened in the 1960s and **will be responsible for the day-to-day management, operation and maintenance** of the synthetic track once it is completed in accordance with a maintenance manual agreed with the supplier of the track.
- A **maintenance services agreement** will be entered into with the supplier under which the supplier will be required to carry out maintenance and testing of the track at regular intervals
- Once the synthetic track has been constructed, the Club will meet the cost of maintaining the track from funding provided to it by NZTR under its normal racing club funding policies and from the revenue it will receive from track fees charged to track users and from the fees charged to owners or trainers for running their horses in barrier trials and jump-outs held on the synthetic track. No additional funding will be sought to meet the cost of maintaining the track once it has been installed.

Cambridge - Proximity of Industry Trainers

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Awapuni Racecourse

Synthetic Track Proposal
Targeted installation 2020



Awapuni - Background

PROACTIVELY RELEASED

Four racing clubs now race at Awapuni. The **Manawatu Racing Club** conducted its first race meeting in Palmerston North on Boxing Day 1881. A few years later the Club purchased 100 acres of land at Awapuni and the Club celebrated its first raceday at the new course on the 26th December 1903.

The **Marton Jockey Club** has conducted their race meetings at Awapuni since 1980. Marton has the four racedays at Awapuni with the biggest day being there Premier day in January with the \$55,000 Listed Gallagher Group Marton Cup.

The **Rangitikei Racing Club** is one of New Zealand's oldest "Racing" Clubs and held its 150th anniversary celebration in 2007. Today the Club conducts two race meetings each season at Awapuni, with the Rangitikei Gold Cup, which was first run in 1875, held at the Club's May feature meeting.

The **Feilding Jockey Club** currently runs three meetings at Awapuni, with the RACE Board allocating them the Manawatu Racing Clubs popular ANZAC day feature meeting, which has provided the Feilding Jockey Club with a second black type feature raceday.

Racing in Taranaki, Manawatu & Wanganui Regions

ECONOMIC IMPACTS

	Thoroughbred
Direct Spending on Training Activities	\$34.7 mil
Direct Spending on Breeding Activities	\$17.1 mil
Direct Spending on Racing & Wagering Activities	\$35.2 mil
Total Direct Expenditure	\$86.9 mil
Total Value-Added	\$102.5 mil
Full-Time Equivalent Employment	916

TOTAL PARTICIPANTS IN RACING

	Thoroughbred
Breeders	693
Owners	2,927
Trainers	232
Racing Club & Industry Staff	316
Staff employed by participants	1,343
Jockeys & Drivers	52
Volunteers	916
Total participants in New Zealand Racing	6,479



Awapuni - Proposal

PROACTIVELY RELEASED

RACE Inc. have worked with Racing Industry groups, Council and Kamada Racing to revitalise racing in the Central Districts. The plan includes:

- Physically enhance Awapuni Racecourse in training and public facilities
- Preserve land proximal to the course for race training for the future
- Develop world class stables at Kamada Racing
- Develop quality facilities and stables on course at Awapuni
- Partner with Kamada Racing to leverage 160 acres for pre training and agistment
- **Commercial Information**

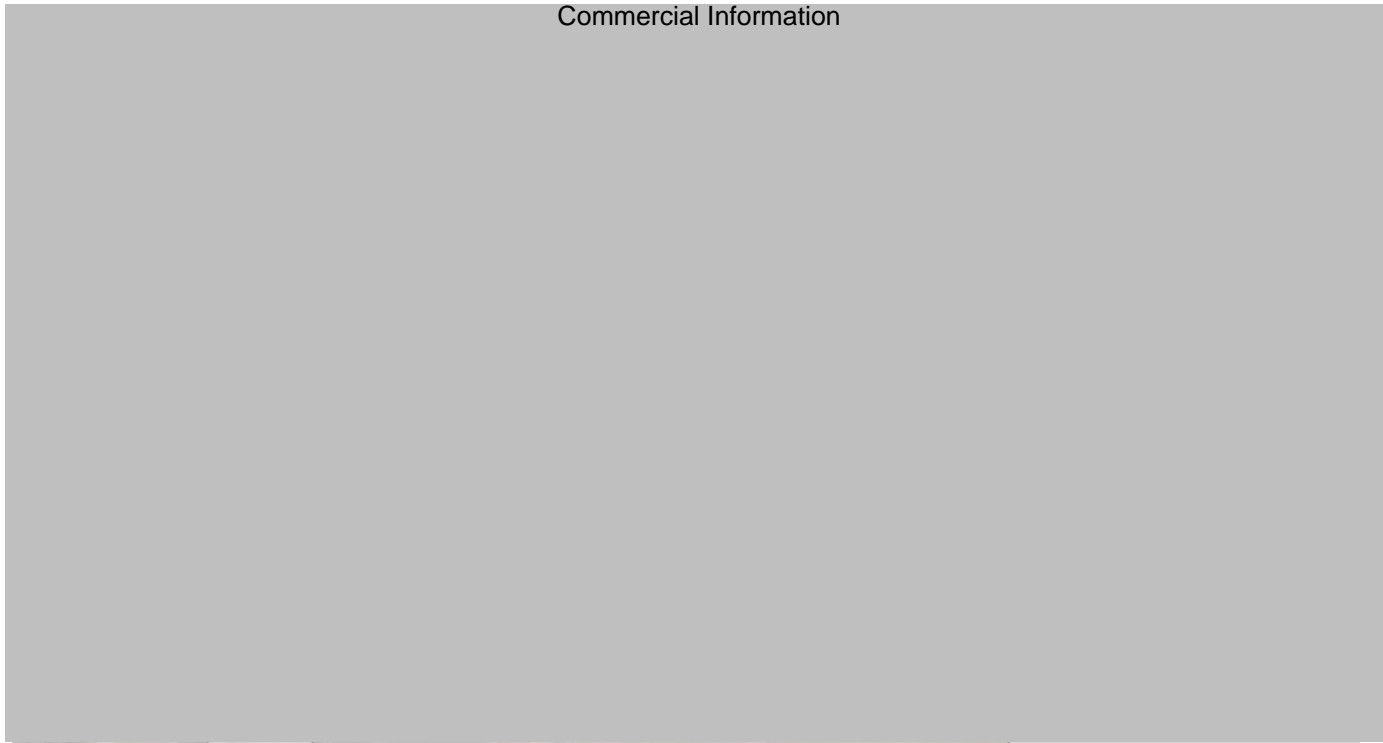
The benefits of this programme will:

- Enable a target 450+ horses in training
- Enable 30-36 race meetings per annum (including industry meets)
- Direct employment of a further ^{Comm} permanent and ^{Comm} part time positions
- Direct economic impact to Palmerston North of circa \$25 million per annum
- Protection and re-stimulus of Central Districts Racing and Training
- Provision of quality facilities for owners, trainers and patrons

Awapuni - Proposal

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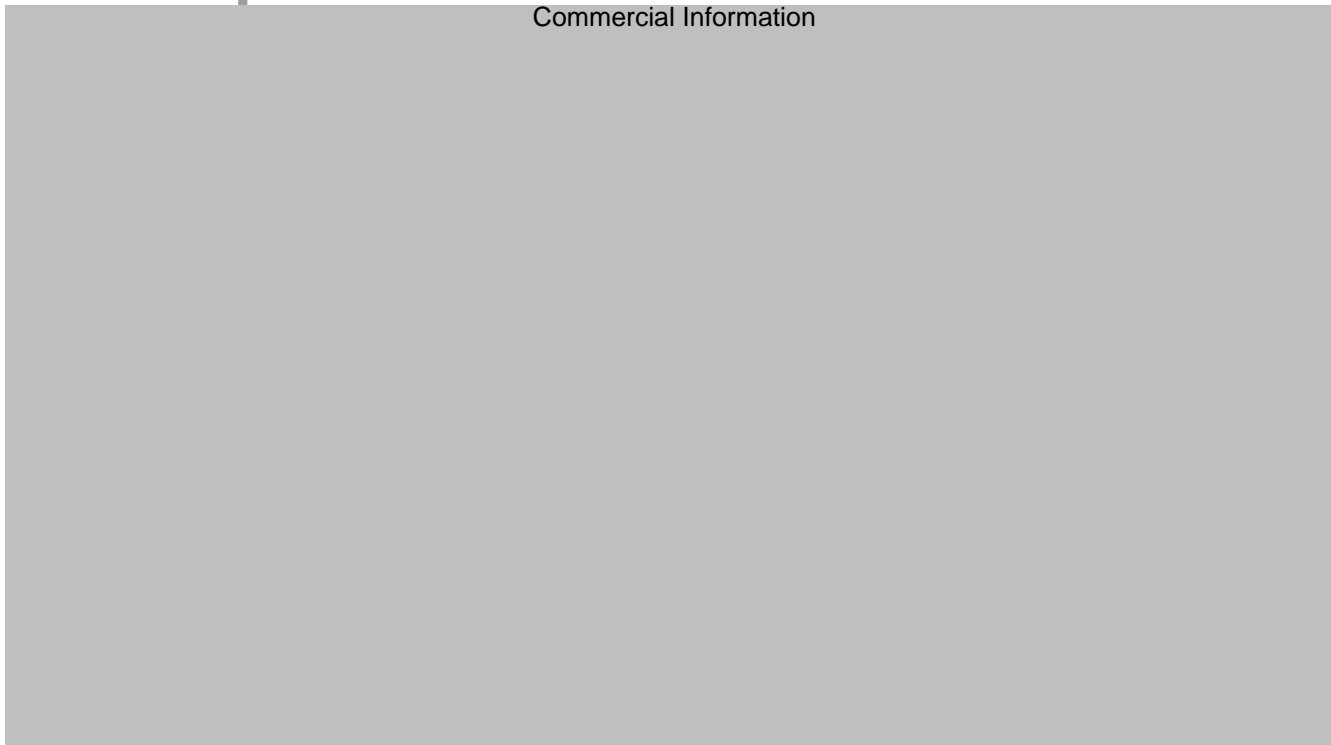
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Awapuni - Proposal

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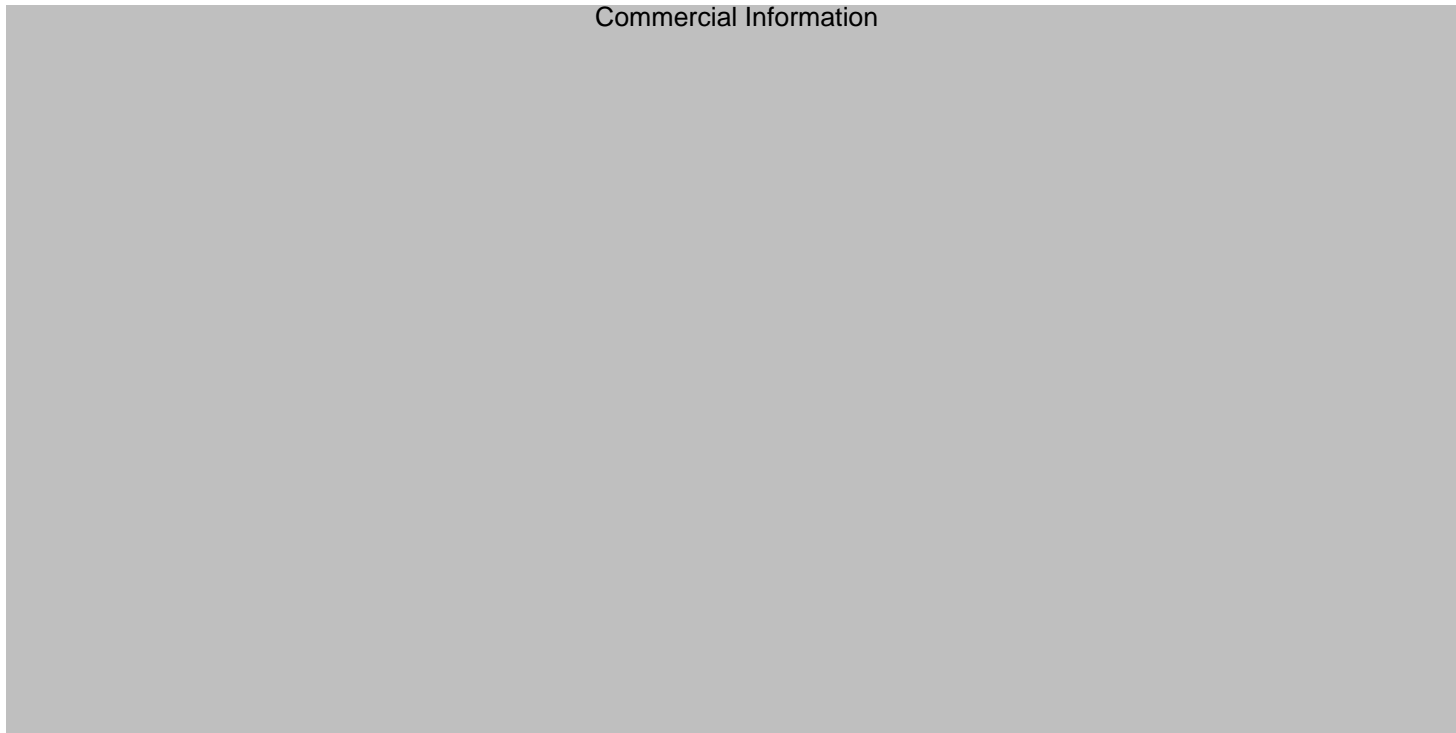
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Awapuni - Proposal

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Commercial Information



Awapuni - Proposal

PROACTIVELY RELEASED

Commercial Info



1715 metre Poly Track all weather racing and training surface

327 metre home straight

Starts:

1,000 / 1,100 / 1,200 / 1,300 / 1,400 / 1,900 / 2,000

Lengths	1000
Inside Half Distance (m)	1715
Outside Half Distance (m)	1715
Open Turn Radius (m)	147m
Inside Turn Radius (m)	147m
Home (right) Length (m)	327
Track Surface Area (sq)	325
Proposed Starts (m)	1000 1900
	1100 2000
	1200
	1300
	1400

Awapuni - Link to Fund

PROACTIVELY RELEASED

- The improvement of facilities at Awapuni will lead to more **local employment** and **greater social connectedness** for the wider Manawatu-Wanganui region.
- RACE Inc. anticipate that the project will enable enable a target 450+ horses in training; 30-36 race meetings per annum (including industry meets); **direct employment of a further ^{Comme} permanent and ^{Comme} part time positions**; and **direct economic impact to Palmerston North of around \$25 million per annum**.
- Higher training levels and less race abandonments have positive ramifications for all those employed in the local industry. The ability to sustain a higher amount of trackwork means more work security and regularity for local trainers, trackwork riders and stable staff. The availability of a reliable surface for racing during winter means decreased costs for owners and Clubs by helping to mitigate total abandonments.
- An synthetic track also supports **higher wagering turnover** which ultimately benefits the broader racing industry. More training means more starts and higher average field sizes, which has a positive impact in creating better wagering product.

Awapuni - Link to Fund

PROACTIVELY RELEASED

- The **Manawatu-Whanganui area is identified as a 'surge region'**, by the Provincial Growth Fund and the centrality of this project to the region makes it a prime candidate to help boost local growth.
- The project is not already underway and does not simply involve maintenance to existing infrastructure. There is no other funding immediately available for RACE Inco to access other than those amounts already put forward.
- The **Manawatu has one of the most important racing populations in the country**, and Awapuni is located at the heart of the Central racing industry. The project will revitalise racing in the region and will create more opportunities for local employment and economic growth.
- The project will create resilient community infrastructure that will increase employment, and provide a venue for social interaction between locals.
- The project has received letters of **support from the local Mayor** on behalf of the council and from the Chief Executive Officer of NZ Thoroughbred Racing who represents the local racing industry.



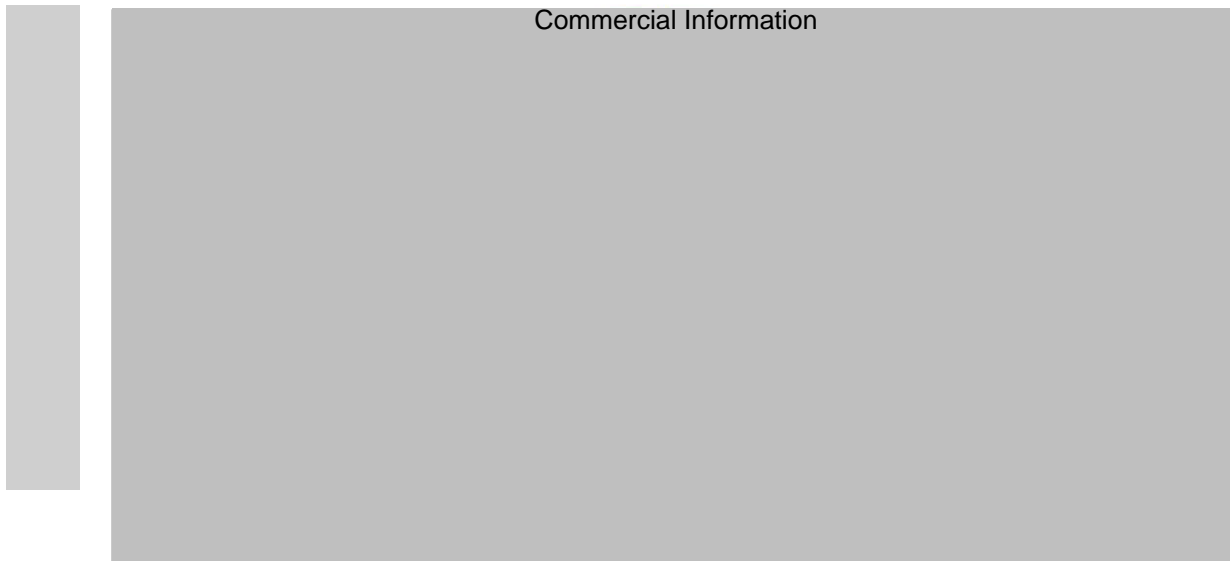
Awapuni - Proposal

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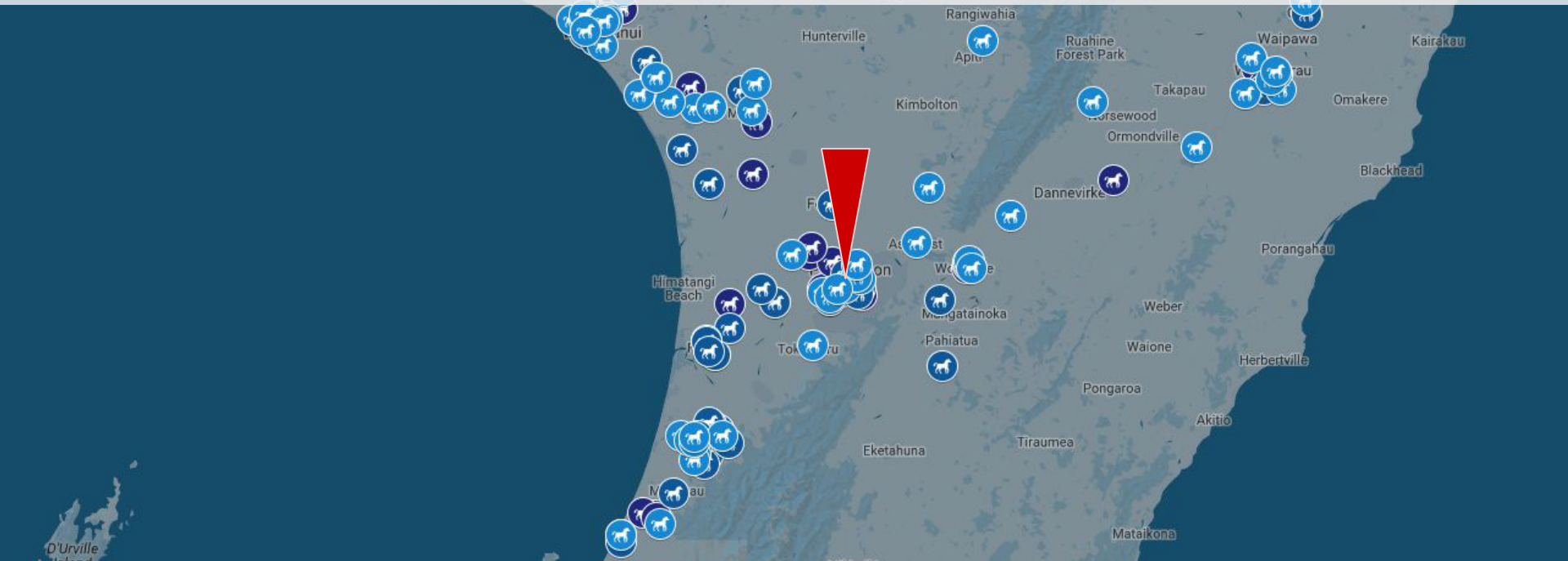
Proposed Investment Split

Awapuni

Commercial Information



Awapuni - Proximity of Industry Trainers



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Riccarton Racecourse

synthetic Track Proposal
Targeted installation 2021



Riccarton Park Racecourse - Background

The Canterbury Jockey Club has a long and illustrious history in the New Zealand racing industry, with proven record of financial stability and success. The club has been in existence since 1854 and has raced continuously at the Riccarton Park Racecourse since 1855.

The 80 hectare Racecourse Reserve is complete with grandstands, training facilities, training tracks and a 2400m racing surface.

It currently hosts 22 race meetings per year and provides training for 240 horses.

The racing industry in the West Coast & Canterbury region is responsible for generating more than \$331.2 million in value-added contribution to Gross Domestic Product - 20.3% of the total impact generated by the New Zealand Racing Industry.

Racing in Canterbury

ECONOMIC IMPACTS

	TOTAL
Direct Spending on Training Activities	\$80.2 mil
Direct Spending on Breeding Activities	\$47.1 mil
Direct Spending on Racing & Wagering Activities	\$115.4 mil
Total Direct Expenditure	\$242.7mil
Total Value-Added	\$331.2mil
Full-Time Equivalent Employment	2,941

TOTAL PARTICIPANTS IN RACING

	Thoroughbred
Breeders	348
Owners	2,216
Trainers	138
Racing Club & Industry Staff	919
Staff employed by participants	741
Jockeys & Drivers	38
Volunteers	537
Total participants in New Zealand Racing	4,937

Riccarton Park Racecourse - Proposal

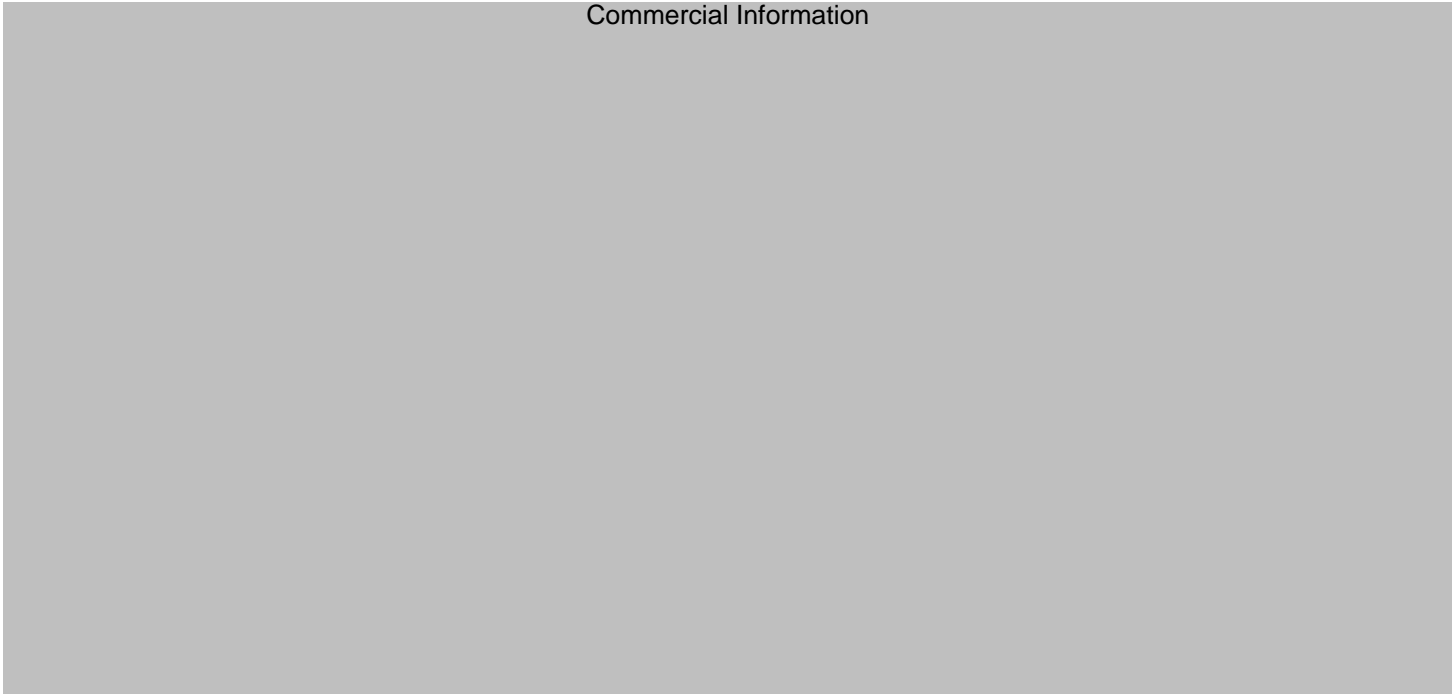
- Placement of synthetic track inside existing 2400m grass course
- Current training centre can accommodate growth
- Requirement for new and/or rebuilding of stabling facilities
- Goal of Canterbury Jockey Club (CJC) to double number of horses in work
- CJC funding model would encourage other clubs to transfer
- Number of meetings to double to approximately 40 per year

It should be noted that a detailed business case and financial costings of the development of a synthetic track in Christchurch will be developed in 2019, two years prior to proposed development.

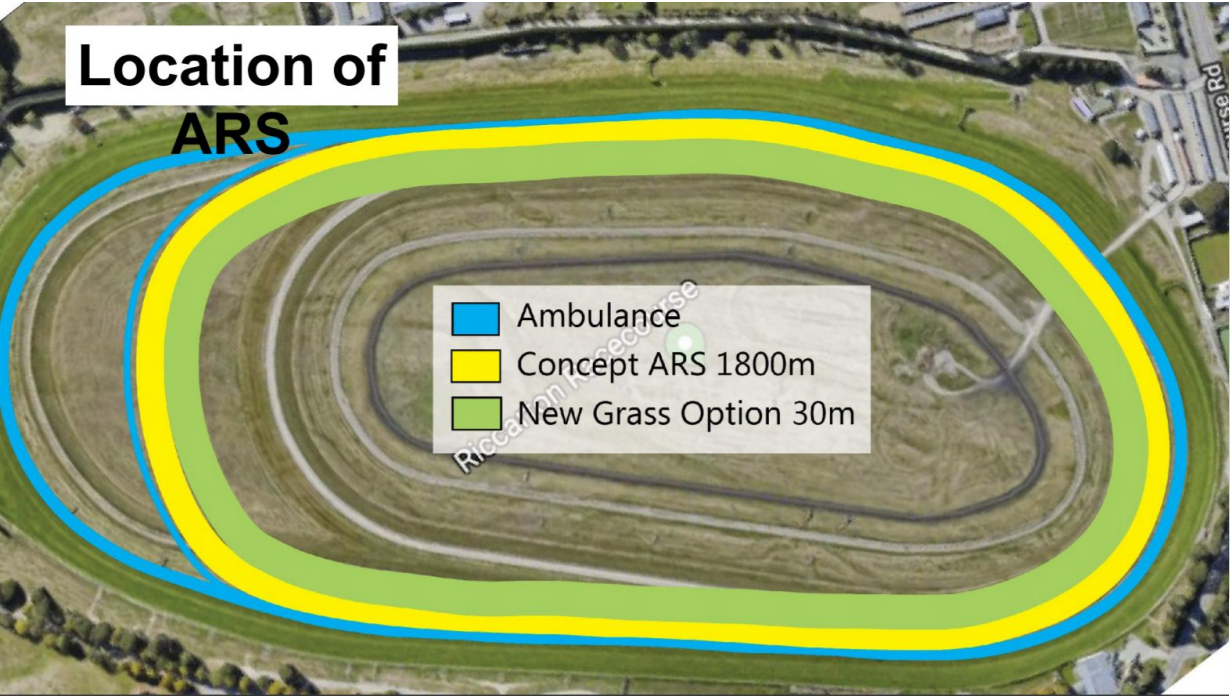
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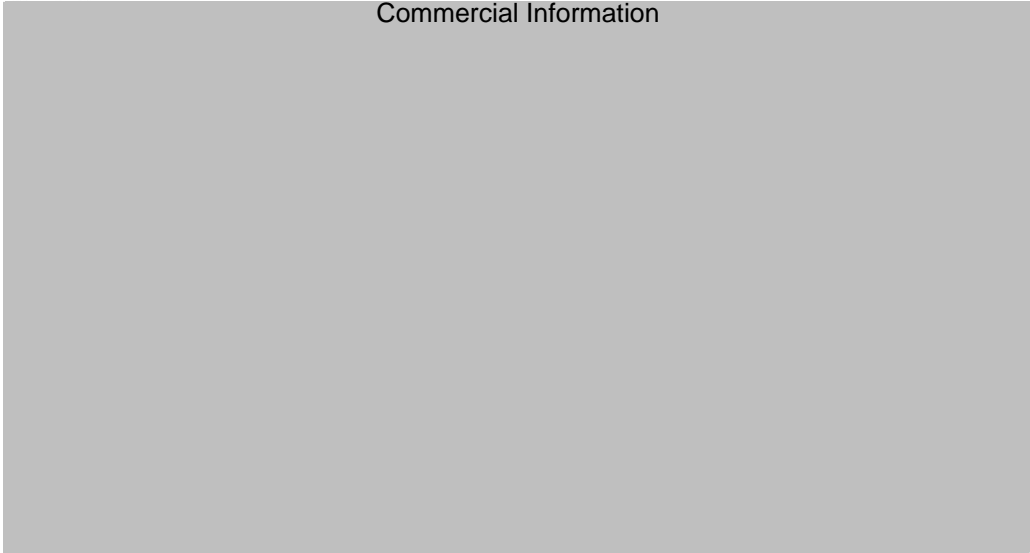


Riccarton Park Racecourse - Proposal



Riccarton Park Racecourse - Proposal

Proposed Investment Split



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Further Considerations



Further considerations

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This application is made on behalf of the Cambridge Jockey Club, Race Inc and Canterbury Jockey Club by the New Zealand Racing Board and New Zealand Thoroughbred Racing.

Further information is available on request.

