



# **NZTR Policy Club Loans**

**Approved by:** New Zealand Thoroughbred Racing

**Issued By:** Malcolm Holmes, CE

**Date Issued:** 12 October 2009

**Next review:** 12 October 2010

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## **Contents**

- 1 Application**
  - 2 Statement of Purpose**
  - 3 Philosophy and Objectives**
  - 4 Definitions**
  - 5 Policy**
- 

## **1 Application**

This policy applies to all thoroughbred racing clubs registered with New Zealand Thoroughbred Racing as per the First Schedule of NZTR's Constitution.

This policy does not apply to any other body that is not a registered thoroughbred racing club and loans will not be considered, supported or made available to these other bodies.

## **2 Statement of Purpose**

The purpose of this policy is to provide guidelines for what types of loan applications from Clubs, the Board of NZTR will support in terms of providing the loan facility directly from NZTR or via the NZRB.

## **3 Philosophy and Objectives of the Policy**

The objectives of the policy are to:

- Ensure both the NZTR Board and Clubs are aware under what circumstances loans for Clubs will be assessed and supported; and
- Ensure Clubs do not place themselves in a financial situation where they need financial support from either NZTR or the NZRB and under this policy their application for a loan will not be supported.

## **4 Definitions**

- 4.1** Club – Thoroughbred racing club registered with NZTR as per the First Schedule of NZTR's Constitution.
- 4.2** NZTR – New Zealand Thoroughbred Racing
- 4.3** NZRB – New Zealand Racing Board

## 5 Policy

Where NZTR has cash reserves<sup>1</sup> in excess of \$3m, the Board of NZTR may consider providing a loan directly to a club if they apply, based on the criteria listed below

If NZTR has less than \$3m in cash reserves, NZTR will not entertain any loans to clubs, but may support a loan application to the NZRB as per the loan criteria listed below.

### 5.1 Loan Criteria

#### Loan Terms

Available to:	Thoroughbred racing clubs that are: <ul style="list-style-type: none"><li>• registered with NZTR as per the First Schedule of NZTR's Constitution; <u>and</u></li><li>• Either 'A' or 'B' Strategic Racing Venues (Appendix 1), or 'A' or 'B' Strategic Training Venues (Appendix 2)</li></ul>
Maximum Loan Amount:	If the <u>NZRB</u> is providing the loan - \$500,000 If <u>NZTR</u> is providing the loan - \$100,000
Maximum Term:	5 years
Interest Rate:	If the NZRB is providing the loan it will be per their conditions: <ul style="list-style-type: none"><li>• Daily Official Cash Rate (OCR)</li><li>• x% added as per the NZRB's discretion</li></ul> If NZTR is providing the loan: <ul style="list-style-type: none"><li>• Current NZTR ANZ 90 day term deposit rate</li><li>• Plus 2%</li></ul>
Repayment Terms:	Equal installments over the life of the loan of principle and interest.
Penalties:	TBC by either the NZRB or NZTR
Purpose:	Capital Development (before project commences only)
Not available for:	Normal operating expenditure Stakes Capital Development (after project has commenced)
Approval Authority:	Phase 1: NZTR Board on recommendation from Finance Committee Phase 2: NZRB Board on recommendation from NZTR Board
Security:	As agreed with the NZTR and/or NZRB Boards, but the club must own the racecourse and/or racecourse buildings and facilities to at least double the value of the loan application.
Approval by Owner:	Resolution passed by Owner(s) board in accordance with borrowing powers under the Owner(s) constitution.

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<sup>1</sup> NZTR Cash Reserves excludes the value of the Thoroughbred Code Distribution Account held by the NZRB on behalf of the thoroughbred code.

### **Application Information**

- Brief description of the project, including reasons and benefits.
- Full cost of the proposal supported by independent quotation.
- Draft building plans (if applicable).
- A copy of the Project Information Memorandum from the local authority.
- A copy of the Building Consent.
- Proposed sources of funding (club, bank, grants, etc) with an indication of amounts that have been confirmed or are on hand.
- Last audited financial statements
- Current financial statements at time of application including Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows.
- Current year budget including capital expenditure.
- Forecasts of Operating Surpluses and Cash Flows for the next 3 years
- Security available.
- Expected start and completion times.
- Resolution passed by the club's board signed by the President and Treasurer of the club.

### **Post Approval Reporting**

The club must provide to NZTR and the NZRB (if the NZRB has provided the loan) quarterly reports (no less than 20 working days after each quarter) which should include:

- Progress report on the project.
- Comparison of costs to budget.
- Any changes to forecast Operating Surplus/Loss and Cash Flows.

Appendix 1 – Classification of Racing Venues

<b>Racing Venues</b>			
<b>'A'</b>	<b>'B'</b>	<b>'C'</b>	<b>'D'</b>
<b>Metropolitan/Premier</b>			
Auckland Avondale Te Rapa Tauranga Awapuni Trentham Hastings Riccarton			
<b>Provincial/Industry</b>			
Ruakaka Pukekohe Rotorua Matamata New Plymouth Wanganui Otaki Wingatui Ascot Park	Waipa Te Aroha Woodville Foxton Ashburton Timaru Oamaru Gore Riverton Gisborne Blenheim	Paeroa	Te Teko Hawera
<b>Country/Community</b>			
Thames Taupo Tauherenikau Kumara Cromwell		Dargaville Stratford Waverley	Wairoa Waipukurau Motukarara Wyndham Reefton Greymouth Hokitika Waikouaiti Waimate Omakau Kurow Winton

Appendix 2 – Strategic Training Venues

<b>A and B Class Training Venues Only</b>	
<b>'A'</b>	<b>'B'</b>
<b>Northern</b>	
Cambridge Matamata Pukekohe	Te Awamutu Ruakaka
<b>Central</b>	
Awapuni New Plymouth	Wanganui Hastings Otaki Foxton
<b>Southern</b>	
Riccarton	Wingatui Rangiora Ascot Park