



Proposal 2011-2012 Race Season

“Working together to grow the sport”



INTRODUCTION

This proposal sets out to bring together all parties interested in taking the sport of Drag Racing to the next level.

In the first instance this proposal is directed at the NZDRA as governing body, Drag Racing Tracks and Promoter/s of the sport. It is designed to create a culture of cooperation, working together and determination to drive our sport forward.

In creating this culture I suggest we give this proposal a name that signifies what its intentions are....

Project Holeshoot – To get the jump on all other forms of motorsport

We all must agree to and adhere to a common agreed code of conduct and communication process that will enable all to be kept up to date in all matters concerning our sport. No matter how trivial some things may seem they effect out sport and require all of our attention.

This proposal outlines the responsibilities of the three groups/stake holders involved to make it clear what our individual obligations are. There is no one entity more powerful than the other but together we must be powerful in our determination to work together and move our sport to the next level.

SCOPE

- To bring all working parties to the same table for the betterment of the sport of Drag Racing in New Zealand
- Create a plan that ensures the Tracks, NZDRA and Promoter/s are in a financially sustainable position going forward.
- Create a consistent, competitive and safe racing environment for all competitors
- Negotiation by all parties concerned (Tracks/Clubs, NZDRA and Promoter/s) to come to an agreement whereby the sport of Drag Racing in this country has a platform to move forward and grow
- Agree that going forward all parties will regularly meet and correspond in a professional friendly manner and commit to keeping everyone informed and updated
- Adhere to a common agreed code of conduct
- Assist tracks to invest in competitor safety
- Assist tracks to invest in their facilities
- Agree to a consistent approach to the promotion of our sport



RESPONSIBILITIES



To govern the sport in NZ: Rules, Safety, Administration



Run and manage professional safe race meetings under NZDRA rule book and where required to the Promoters requirements



Promote all NZDRA National Series events, Track events (as requested) and their own events. All within the rules and regulations of NZDRA and the individual Tracks performance criteria





As the only stand alone drag racing facility in New Zealand Fram Autolite Dragway must be considered as priority one. Easter this year will see the tracks 38 year anniversary. Other race tracks have come and gone but in all cases bar one have been based around circuit tracks, airports or other non stand alone facilities.

New tracks have been talked about in Masterton, Nelson and Invercargill and the latest in between Rotorua and Tauranga. The likelihood of any of these coming to fruition within the next 3-5 years given the state of the economy and other factors is at best extremely low. There simply is no silver bullet that can make things change in the short term.

Each sport has its number one event and it is always at their premier facility. Bathurst for V8 Touring Cars, US Nationals at Pomona for NHRA, Indianapolis 500, Winter Nationals at Willowbank to name a few. The premier event for NZ Drag Racing is our NZ Nationals. It is Drag Racing NZ's jewel in the crown and should continue to be so. This event has the most entries, one of the largest crowds and has TV coverage which is vital for promoting our sport.

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As this event gets bigger so does the performance of the racers. This year in Top Alcohol we saw two passes in the 5.4's at over 260mph. We saw more 5 second 240 and 230plus mph performances than we have ever seen. National records were falling all over the place in a multitude of classes. The only thing not keeping pace with these performances are the facilities. This is not a reflection on Fram Autolite in fact to the contrary! Over the past years they have invested hundreds of thousands of dollars in their facility. Fram Autolite openly acknowledge that they need to resurface the track to remove the "bumps" and finish the concrete barriers. They are also aware that pit roads, staging areas and return roads require a higher grade asphalt to stop the stones being carried onto the start line. This remember was part of the reason why licenses were put up at the last AGM to cover for the added cost of an NZDRA Steward to make sure the start line was clean and safe.

- The issues are 3 fold.
- 1: Safety as cars getting quicker and faster.
 - 2: The cost of Maintaining NZ's No1 track have escalated.
 - 3: The economy is effecting tracks and competitors and inhibiting sponsorship

The NZDRA National Series needs Fram Autolite and it needs to utilise the best facilities/track combination it has and assist with their development in all areas. The following pages suggests areas where the NZDRA can assist Fram and other tracks with their safety and facility development costs.

It is important to remember however that money made at Fram Autolite goes back into the facility. Some Clubs literally lose money in running Drag Racing events. And in some cases a Promoter may make a profit and pocket the money. It is important that we recognise this when discussing this document relative to individual Tracks/Clubs.





FRAM AUTOLITE COST REDUCTION PROPOSAL DAY AFFILIATIONS & SANCTION FEES



Day Affiliations Fee's - Fram Autolite Dragway

Day Affiliations are a fee for administration of the sport by the NZDRA. License fee's at \$50k are one of the main source's of income for the organisation. As a consequence there can be no change to the current system. All license and day affiliation fees will continue to be a revenue stream for the NZDRA. The NZDRA is a non profitable organisation. However within this document are suggestions of raising the NZDRA revenue stream to assist Tracks financially so help with their investment in areas of safety.

Sanction Fee's - Fram Autolite Dragway

Fram Autolite from 1st May 2010 to 28th February 2011 have paid NZDRA \$8,160.00 in sanctioning fees. Fram Autolite advise that their contribution of Sanction fee's is around \$12,000

It is proposed that Sanctioning fee's be capped at \$6000.00 p.a. rather than charged per meeting. The track can charge an insurance fee for use outside of NZDRA events that can be banked to cover their costs.



PROMOTION OF EVENTS



Azhar Bhamji

It is proposed that all NZDRA National Events are promoted by Azhar Bhamji's business 4&Rotary Promotions.

Azhar currently promotes NZ's most successful Drag Racing event, the 4&Rotary Nationals. He has the score on the board and does this for a living. After brief discussions with Azhar he has placed his hat in the ring to be considered as the NZDRA National Series promoter.

Fram Autolite Dragway run the event for Azhar and they have a strong viable business relationship. After talks with Fram Autolite Track Manager Gary Bogaart I can advise that they would look forward to working with him over the series.

All costs of promotion and marketing would be at 4&Rotary Promotions expense. The business would also work toward making a profit that would incentivise the growth of the event. Also Fram Autolite would likely make a fixed return for their investment.

4&Rotary Promotions would work with all tracks involved with the series. NZDRA would also work alongside the tracks to assist and make sure help was available if required. The NZDRA would be almost a third party to the event by way of 4&Rotary Promotions controlling the professionalism of the track management. Therefore if they were to receive any unprofessional or negative working relationship the track could stand to loose the event. I say this as Azhar has doubts around Taupo's ability to run an event that would meet his level of professionalism. Any track would need to come up to Azhars (and NZDRA's) high level of expectation. Remember also that he already works with Fram Autolite and PBDRC without issue.



PROMOTION OF THE SPORT

For a consistent approach to how we present ourselves as a sport it is proposed that all correspondence go through all parties prior to publication. It is imperative that we promote to all a consistent unified front.

This is not a smoke screen this is standard practice in any organisation that shows the collective stake holders believe in the direction the business is going.

All stake holders sign off and/or contribute to the changes until it is agreed fit for publication.





PROPOSED NZDRA RESTRUCTURE



If the proposal to have 4&Rotary promote the NZDRA National Series is accepted we should look at the structure of the Administration team. Chris Tynan does an excellent job in administering the rules and regulations of our sport. The proposal is that he remain in this role and continue to focus on this as it is his area of expertise.

With the sports event promotion going out to a third party less emphases and time would be dedicated to that side of the administration. The proposal is to contract a person part time to handle the financial aspect of the NZDRA. Also this person could be the minute taker at meetings including all Stake Holder meetings. It is very important that all parties agree on who should be in this role as any mistrust would make things untenable. This change would free up funds that could contribute to a Safety Provision on the NZDRA's books.

Current Salary and Wages budget is \$90k and could be reduced to \$65k with this proposal. A saving of \$25k. Prize money and trophy's would be the promoters responsibility. Last season the NZDRA budgeted for \$24.3k in this area.

Total cost reduction from restructure and using a promoter for the National Series would be \$146k with a revenue reduction of \$138k. Divisional EBIT would increase by \$8098.04 to a total of \$17,908.90 compared to \$9,810.86 in 2011 budget.

Remember that if Azhar Bhamji is to promote the National Series there would be no costs to the NZDRA as it would be self funding. At present the forecast is for the NZDRA to have a shortfall of \$32.4k as a result of having to promote the National Series. Cash flow would greatly increase and the risk factor would drop significantly.

With the addition of new revenue streams and the reduction of costs through restructuring, the NZDRA could set up a safety funding "bucket" that would help the tracks offset some of their safety expenses. This would be a Safety Provision for the sport.



SAFETY PROVISION

This Safety Provision can be used by the NZDRA as a payout to tracks in order to contribute to their investment to safety.

The tracks would place a submission/request to the NZDRA CEO where upon he and the Board would review and action. Each track would share a predetermined maximum percentage of the pool available although actual contribution may fall less than the maximum. The payout would be at the sole discretion of the NZDRA Board and only for investment into safety expenses of the track.

It is envisaged that NZ's only stand alone Drag Strip would get the major proportion of this fund due to the amount of racing and status of their events. All would benefit from this. The track, the Promoter, the NZDRA and the Racers. Every one would like to see safety and facilities improve going forward.

With this Safety Provision plus the reduction of Sanction fee's this proposal should free up anywhere from \$10,000 to \$15,000 p.a. for our number one track Fram Autolite Dragway. Given the success of suggested revenue streams for the NZDRA this could rise significantly over time. Also if Fram Autolite were to charge hirers of the track an insurance premium these numbers would increase significantly.

The risk? What is the other tracks decide to get their own insurance? Would it be viable given the number of events they run? (Invite comment from Fram Board)



INCREASE NZDRA REVENUE STREAMS

This will feed the Safety Provision



- Associate membership \$50.00 – for non license holders
- Membership drive – Raise the value of being and associate member
- Corporate clothing – Caps, T Shirts, umbrellas etc
- Corporate membership \$500.00 – Endorsed supplier
- Fund raisers for Safety Provision – Raffles etc
- National Series Sponsorship \$50,000 min. – Envisaged that the Promoter to find the event sponsor to offset his costs
- Endorse an Official Winter Nationals Tour – Percentage of each ticket sold
- Class Sponsorships – Raise the value increase the sponsorship





NZDRA NATIONAL SERIES



- Race dates to be decided by round table meeting between tracks, Promoter/s and NZDRA
- Dates to be secured by 20th May 2011
- Fram: Minimum of two rounds per series – Northern Nationals (1st Round) & NZ Nationals (last round March?)
- Taupo: Subject to viability
- Masterton: No NZDRA event unless run on new purpose built track
- Nelson: Up to Group 2 only. Have Group 2 extra series round after Ruapuna
- Ruapuna: To be run week prior to Nelson event
- Teretonga: Possibly depending on negotiations with track and affordability
- Able to drop worst round (or worst 2 rounds?) - Discuss
- All events subject to meeting criteria as set out by Promoter/s (including sponsors), NZDRA.

NOTE:

It should be recognised that more rounds in the series is likely to effect Fram Autolite's own events therefore reducing their income. This should be discussed with them



SUMMARY

The sport as we know it is at a cross road. All stake holders must be in a position of sustainability.

It is not just important that we combine our love of the sport and work together, it is imperative. Given an agreement with Fram Autolite takes place we (NZDRA & Fram) need to show a united front to other tracks and competitors. We must be seen to be genuine supporters of each other and respect the roles we play within our sport.

Sponsors are hard enough to get and we can not afford to lose any. This is a distinct possibility if the IHRA get involved.

Competitors are hard enough to get and we can not afford to lose any. This is a distinct possibility should the IHRA get involved.

Tracks are struggling to be sustainable. We can not afford to lose our only permanent track. I hope this is not a distinct possibility.

It is the intent of this proposal to free NZDRA from any event promotion activity and to place this in the hands of a professional company with a proven track record. It is also intended to free up cash for in particular Fram Autolite Dragway so they can further invest in their facility. All tracks will benefit from the proposed Safety Provision.

The NZDRA Drag Racing Tracks and Promoter/s of the sport must enter into a culture of cooperation, working together and share a determination to drive our sport forward. All stake holders of our sport must come together to secure the future of the sport and all things associated with it.

We all must agree to and adhere to a common agreed code of conduct and communication process that will enable all to be kept up to date in all matters concerning our sport. Communication is paramount.

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FAMOUS MAORI PROVERB

*Kaua e rangiruatia te hā o te hoe; e
kore tō tātou waka e ū ki uta.*

*‘Do not lift the paddle out of unison or
our canoe will never reach the shore.’*

