

RACING *TOWARDS* THE FUTURE TOGETHER

Tasracing Corporate Plan 2015-2019: Summary



Attracting and retaining participants the foundation for product sustainability



Innovation in promoting and distributing our racing product



Focus on wagering customers key to financial sustainability



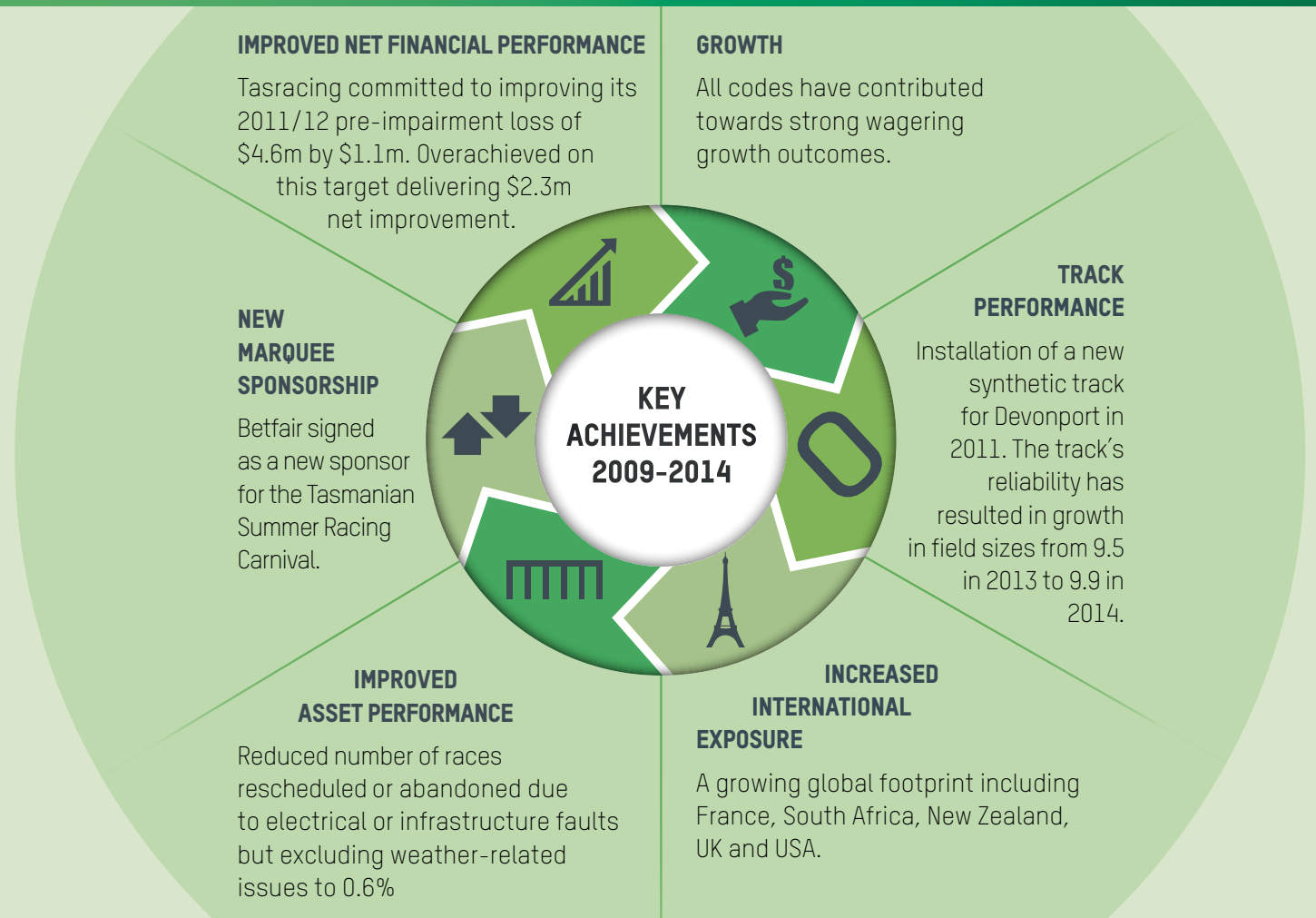
RACING *TOWARDS* THE FUTURE TOGETHER

In the five years since Tasracing implemented its first Corporate Plan as a new entity, the company has achieved a range of successful outcomes.

Achievements to date include the launch of thoroughbred night racing, introducing exciting new technologies such as StrideMASTER, a new sponsorship agreement with Betfair, extensive training programs for industry participants and installing a world class synthetic racing surface at Spreyton Park, Devonport.

FY14 presents a third year of increased wagering turnover with growth of 10.4%. This follows growth of 7.7% in FY13 and 8.4% in FY12. This places the Tasmanian racing industry well above national industry trends.

These achievements have involved the contribution of clubs, owners and participants and provide us with a strong foundation from which to face the future together.



THE NEXT FIVE YEARS

In preparing the 2015-2019 Corporate Plan, discussions were held with the established consultation groups from each code to ensure a variety of views across the industry were taken into account. Collaboration between codes, clubs and participants has improved over the past five years and will remain central to Tasracing's approach.

Tasracing's undisputed focus is the continued need to grow off-course wagering. The Corporate Plan carefully addresses the requirements of Tasmania's racing product, infrastructure, organisational systems and industry training to generate off-course wagering customer revenue. The plan outlines Tasracing's direction for 2015 – 2019, providing an overview of strategies on which all activities will be based.

Achieving the goals outlined in this plan will not be without significant challenges. Without genuine understanding and adoption of best practice customer focused operations by all those involved in the industry, the impact of Tasracing's efforts to ensure financial sustainability will be diluted.

Therefore it is crucial that everyone involved in the racing industry in Tasmania understands this plan, their role in it, and that Tasracing is committed to the vision to *become a globally competitive and sustainable racing industry.*

VISION

To become a globally competitive and sustainable racing industry.

MISSION

To effectively and efficiently administer racing in Tasmania and to improve the commercial performance of racing in Tasmania.

KEY CHALLENGES

The 2015-2019 Corporate Plan provides a framework for Tasracing and the industry to meet a range of challenges head on. A summary of the key challenges we must face together are:

COMPETING IN AN UNCERTAIN ECONOMIC ENVIRONMENT



This directly affects the disposable income of both wagering customers and racing participants.

COMPETING IN A MATURE, SATURATED AND HIGHLY COMPETITIVE MARKET



The Tasmanian racing product has a small national market share and faces challenges in differentiating its product from other mainland racing jurisdictions. Tasracing must focus on the key points of difference of our racing product from a wagering customer perspective and target all marketing and promotion accordingly.

KEEPING UP WITH GENERATIONAL CHANGE AND SHIFTING CUSTOMER DEMANDS




Thanks to digital technology, Generation Y and Z have 'instant' entertainment requirements that Tasracing must consider when presenting our product to these customers.

INHERENT OPERATING RISKS



Racing as an outdoor activity is always subject to weather conditions, which can have wide ranging impacts to Tasracing, clubs and participants. Racing, by its very nature, is inherently dangerous and relies on safe practices, effective infrastructure and community license to allow it to be conducted safely and efficiently.

COMMERCIAL SUSTAINABILITY FOR RACING



Through Tasracing, the Government has taken on the responsibility of subsidising the cost of racing for participants and clubs. Mindful of this, an even stronger focus on increasing commercially derived revenue will need to be adopted in order to ensure long term industry sustainability with the aim of reducing reliance on government funding over time.

SUCCESS BUILDING A REPUTATION AS A SMALLER JURISDICTION



Our ability to partner with broadcasters, wagering operators and sponsors is dependent on being more innovative and agile than our racing authority competitors. Maintaining this innovation and agility is critical.

COMMERCIAL RISK

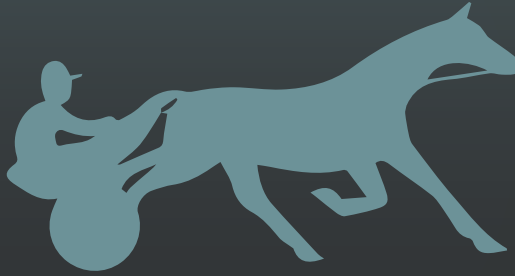


While Tasracing's revenue from Race Field Fees continues to grow strongly, an increasing reliance on this income source involves a degree of risk. Correlation to wagering operator profitability, mergers and acquisitions and litigation challenges within the wagering operator contribute to this risk.

MEETING TRADITIONAL AND COMMUNITY RESPONSIBILITIES



Providing traditional race days for the community in a cost effective fashion is challenging. Ensuring delivery of appealing racing product for off-course wagering customers, balanced with the delivery of the on-course experience for major event race days will need to be continually assessed in relation to cost.



WAGERING PERFORMANCE

\$100,000,000

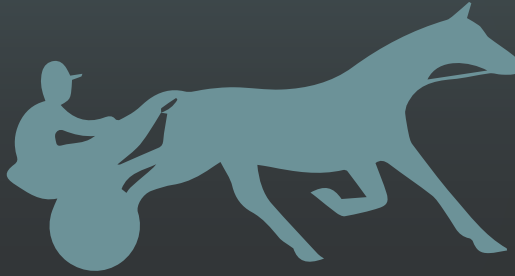
Representing a 29% increase in wagering turnover from FY11 to FY14.

\$445,500,000

An increase in total wagering turnover of 10.4% since FY13.

8.8%

Compound annual growth rate of wagering turnover since FY11.



ECONOMIC CONTRIBUTION

\$103,000,000

Value add generated by the Tasmanian racing industry to the state's economy.

\$40,000,000

Owner investment in the preparation of racehorses and greyhounds with more than 55% of this made in rural areas.

\$10,500,000

Customer and patron expenditure on racing in Tasmania - 35% is spent off course



ECONOMIC CONTRIBUTION CONT.

5,571

individuals are employed or are direct participants in the racing industry.

1,000

The people employed full time by the Tasmanian racing industry.

1 IN 10

Tasmanian residents have attended a race meeting in the last year.

MEETING THE CHALLENGES HEAD ON

The 2015-2019 Corporate Plan is built on the organisation's five corporate goals which reflect the company's value chain. Beneath each broad strategic goal is a detailed tactical plan. Managers are accountable on a monthly, quarterly and annual basis for their tactical areas of the plan.

01



PARTICIPANT GOAL

GOAL: TO PARTNER WITH RACING PARTICIPANTS BY UNDERTAKING STRATEGIES TO ALIGN INTERESTS AS CHANGE IS IMPLEMENTED FOR LONG-TERM INDUSTRY VIABILITY.

02



PRODUCT GOAL

GOAL: TO DEVELOP AND ENHANCE RACING PRODUCT THAT IS ALIGNED WITH CUSTOMER NEEDS, IS COMMERCIALY VIABLE AND UTILISES LEADING TECHNOLOGY AND EFFECTIVE INFRASTRUCTURE.

03



CUSTOMER GOAL

GOAL: TO COMPETE EFFECTIVELY AND CREATE GROWTH BY UNDERSTANDING OUR CUSTOMERS' NEEDS, BUILDING RELATIONSHIPS AND CREATING VALUE.

04



FINANCE GOAL

GOAL: TO CONTINUALLY IMPROVE FINANCIAL PERFORMANCE, FOCUSING ON COST CONTROL, INCOME GENERATION AND RESPONSIBLE ALLOCATION OF CAPITAL TO ACHIEVE A SUSTAINABLE BUSINESS.

05

ORGANISATIONAL GOAL

GOAL: TO ENSURE THAT TASRACING'S BUSINESS OPERATIONS, ASSETS AND GOVERNANCE STRUCTURES AND SYSTEMS DELIVER EFFECTIVE AND EFFICIENT SUPPORT IN ORDER TO ACHIEVE THE PARTICIPANT, PRODUCT, CUSTOMER AND FINANCE GOALS.



01 PARTICIPANT GOAL



- To grow an industry that is commercially focused and sustainable, it is important that stakeholders understand and contribute towards the goals in this plan.
- Recognising industry skills and linking licencing to national accreditation standards continues to be a focus. Successful industry skills plans from the equine codes will be rolled out to greyhound participants.
- Formal industry training pathways provide a roadmap that allows new participants to engage in the racing industry.
- Continued support programs for the breeding industry including bonus programs and the organisation of horse sales will help ensure there is a continued supply of competitive racing animals.
- Tasracing is committed to working with participants and clubs and has a formal consultation framework to ensure there is regular and meaningful communication with stakeholders.
- Safety and animal welfare initiatives will continue to be a focus as racing must strive to deliver a best practice approach to safety and ensure its welfare strategy meets or exceeds community expectations.
- Tasracing acknowledges that returns to participants are the foundation of their continued involvement, and will endeavour to maximise returns by growing revenue and creating efficiencies.



02 PRODUCT GOAL



- Tasracing will continue to focus on the needs and demands of commercial customers – both wagering customers and wagering operators.
- Tasracing will continue to challenge itself in relation to optimising its race programming, stakes allocations and product attractiveness, in order to ensure it can provide products aligned to customer preferences.
- Tasracing will continue to focus on tailoring the core product to export market opportunities similar to that undertaken to achieve wagering turnover growth to date from the French, South African and New Zealand markets.
- Technology will be employed, where possible, to enhance the core product offering. The introduction of StrideMASTER represents a true product innovation for wagering customers and over the next five years Tasracing will pursue opportunities to further develop StrideMASTER to remain at the forefront of our global competitors. Opportunities to improve the delivery of digital form data for harness and greyhound products will also be pursued.
- Efficient and effective infrastructure remains a cornerstone in producing reliable racing product and Tasracing's recently introduced Strategic Asset Management And Information Systems (SAMIS) will be a critical tool in asset maintenance and planning.



CUSTOMER GOAL



- A strong focus on customers rather than participant demands will guide Tasracing initiatives and resource allocations.
- Customer relationships – domestically and internationally will continue to be the key to financial sustainability.
- Tasracing's racing calendar will be focused on maximising broadcast opportunities driven by the wagering customer market.
- A key activity will be to refine and improve the customer focus model in order to gather information and insights into how to improve the appeal of Tasmania's racing product. This approach will be used to guide all product development and promotion.
- Tasracing will enhance its competitive brand positioning among both wagering operators and wagering customers. This aims to both pave the way for more effective marketing relationships with wagering operators and establish sustainable product awareness for Tasmanian racing among wagering customers.
- The company will continue to build competitive advantage in mainland and international markets by developing a sustainable market niche based on the wagering customer proposition of a distinct participant pool combined with innovative digital products providing a form analysis edge. Tasracing will focus on digital media as a means of reaching an increased number of wagering customers.



04 FINANCE GOAL



- Tasracing defines sustainability as achieving at least an accounting break even result and generating sufficient cash flows to service debts and fund an appropriate maintenance and development capital expenditure program.
- Race Field Fees are the most important mechanism for the Tasmanian racing industry to grow its commercial revenue base. The wagering landscape is dynamic but Tasracing will work keenly to competitively position its pricing regime to grow revenue streams from wagering.
- The Tasmanian racing industry generates \$103.1m in real gross value add to the Tasmanian economy. Tasracing will continually look to preserve and grow that economic activity which has significant regional impact.
- Tasracing will continue to look for opportunities to streamline service delivery for racing participants and reduce costs through structural reforms and improved organisational design.
- Tasracing remains committed to achieving financial sustainability in order to achieve reduced costs without compromising the company's ability to effectively and efficiently deliver its legislative responsibilities and to administer racing in Tasmania.



ORGANISATION GOAL

- The tri-code principal racing authority model creates economies of scale for investment in infrastructure, systems, talent and technology. Tasracing will continue to utilise these scale economies to improve service delivery to customers and stakeholders.
- Tasracing will continue to develop and refine internal processes and organisational systems in order to perform to a national and international standard as required for a principal racing authority.
- There will be a continued focus on improving safety outcomes, mitigating risk and ensuring compliance obligations are continually addressed.
- Tasracing will endeavour to protect and further the state's interests in its representative roles at national racing forums.
- A continued focus on the company's corporate values will ensure Tasracing staff deliver quality outcomes for the industry, while retaining the innovation critical to meeting customer needs.
- Tasracing will constantly monitor its cost base and implement change and/or make investments where necessary to ensure organisational processes are efficient and effective.



CONSULTATION PROGRAMS

Tasracing recognises the importance of gaining the views of stakeholders and has in place a state-wide consultation framework and methodology.

01 The sharing of relevant information about matters affecting stakeholders.

02 Stakeholders being given reasonable opportunity to express their views and raise issues.

03 The views of stakeholders being taken into account when Tasracing makes decisions.

04 Relevant stakeholders being advised of the outcome of decisions in a timely manner.



CEO

Eliot Forbes

CFO

Chris Brookwell

RACING MANAGER

David Manshanden

SALES AND MARKETING MANAGER

Sam Steven

ASSET AND FACILITY MANAGER

Neil Gardner

BOARD MEMBERS

Brian Speers

Dean Cooper

Des Gleeson

Trevor Leis

Tania Price

Danny McCarthy