



2020 AND BEYOND

Tasracing Industry Consultation Paper

Shape Your Future



tasracing

Dr Eliot Forbes
Chief Executive Officer



2020 and Beyond

The racing industry, both nationally and locally faces many challenges. At the same time there are exciting opportunities that are afforded by our increasingly connected digital world. We need to work together to address challenges and capitalise on opportunities, to help secure a prosperous future for all racing industry participants in Tasmania.

Following the sustainability “stakes reset” implemented earlier this year, it is important that we quickly move to identify and implement strategies that will build industry confidence, address infrastructure issues and look to tackle some of the key national and local trends in underlying industry metrics.

Tasracing will be implementing a new strategic plan next year and would like your input in formulating its strategies, as we move towards 2020 and beyond.

This consultation paper has outlined key trends and suggested some possible strategies. We encourage you to provide a written response for each strategy, including general comments and answers to the specific questions that have been asked.

A Submission Form has been provided to assist you in providing your thoughts. This is your opportunity to shape your future.

Thank you for your time. I look forward to working with you as we develop our roadmap towards 2020 and beyond.

A handwritten signature in black ink, appearing to read 'E Forbes'.

Dr Eliot Forbes
CEO

2020 AND BEYOND

Tasracing Industry Consultation Paper

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CONSULTATION PROCESS

The *2020 and Beyond* industry consultation paper provides industry stakeholders with the opportunity to shape the future of racing in Tasmania.

Tasracing's consultation process is described as:

- The sharing of relevant information about matters affecting stakeholders
- Stakeholders being given reasonable opportunity to express their views and raise issues
- The views of stakeholders being taken into account when Tasracing makes decisions
- Relevant stakeholders being advised of the outcome of decisions in a timely manner

We invite all industry participants in Tasmania to be involved in this consultation process. Your input and responses to our questions will help shape our industry for the future.

The timetable for the consultation process is:

- Release of Consultation Paper: **24 November 2015**
- Stakeholder consultations and forums: **December 2015**
- Written submissions close: **6 January 2016**
(Please use the Submission Form [here](#))
- Feedback from consultation process considered and discussed with shareholders
- Corporate Plan 2017 - 2021 released: **July 2016**

VISION, MISSION & VALUES

VALUES

R

Racing is our Passion

We acknowledge our central responsibility to the sport of racing
We are committed to animal welfare and the integrity of the sport
We take pride in the presentation and performance of our tracks and facilities
We support people to continually develop their industry skills

A

Aiming for Excellence

We set challenging yet realistic goals
We deliver our operations as efficiently as possible
We are committed to continuous improvement
We actively embrace and plan for change
We value innovation and original thinking
We place importance on managing and reducing risk

C

Communicating Clearly

We recognise the importance of relationships
We conduct ourselves professionally and communicate with respect
We encourage the exchange of ideas
We acknowledge the importance of customers and their experience

E

Encouraging Teamwork

We work collaboratively to achieve the best outcome
We empower people so they can work to their potential
We are inclusive and support diversity
We recognise achievement and reward great performance

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



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1. Tasracing is currently examining the vision and mission. Please provide your thoughts.

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CURRENT TASMANIAN INDUSTRY POSITION



Tasracing's Economic Value Add

Independent consultants IER Pty Ltd measured the Tasmanian racing industry's value add to the Tasmanian economy in FY13, concluding that the industry contributed \$103 million to the state's economy. The value add is made up of Tasracing's financial performance and economic value created by industry participants such as owners, breeders and trainers. Other notable findings from the research were:

- 1,000 people are employed by the Tasmanian racing industry
- 5,571 individuals are employed or are direct participants in the Tasmanian racing industry
- 1 in 10 Tasmanian residents attended a race meeting in the 2012-13 financial year
- Owner investment in the preparation of racehorses and greyhounds accounts for \$40 million. More than 55% of this investment is made in rural areas.

The key to increasing the Tasmanian racing industry's economic value add is to encourage greater, paid employment.

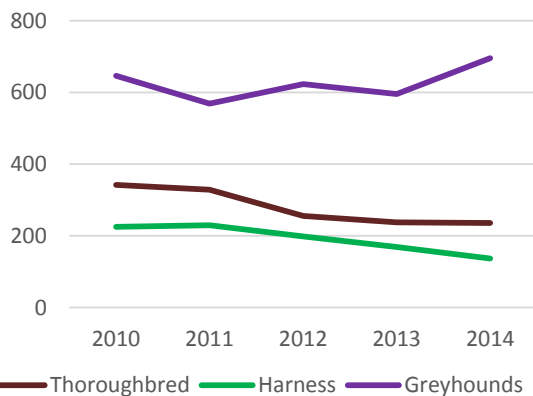
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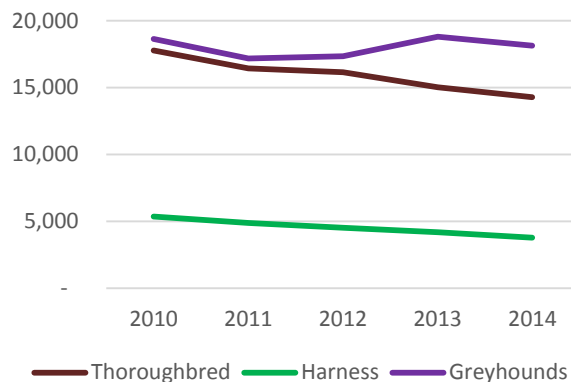
KEY TASMANIAN INDUSTRY STATISTICS

Key racing statistics show a decline in breeding and participation, as well as an ageing participant population

Breeding Statistics - Tasmania



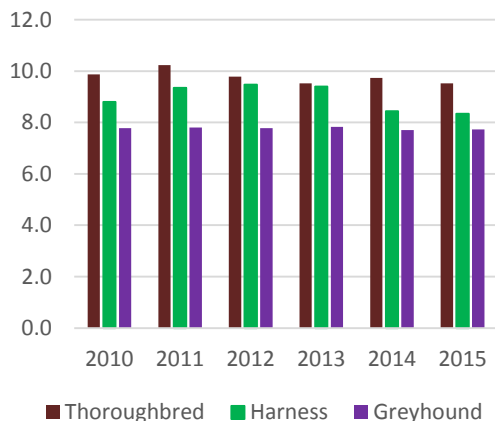
Breeding Statistics - Nationally



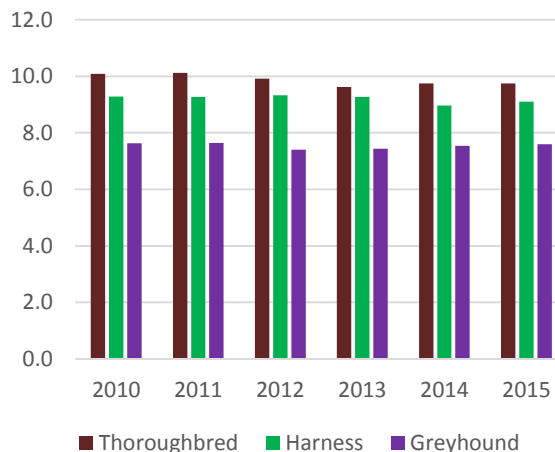
Breeding Statistics

Thoroughbred and harness foal births have declined in Tasmania, following the national trend. Thoroughbred foals have declined by 31% since 2010 in Tasmania, the national decline was 20% during this time. Harness foals have decreased by 39% since 2010 in Tasmania, the national decline was 29% during this time. Greyhound births have increased during this period compared to the national decline.

Average Field Size - Tasmania



Average Field Size - Nationally



Field Sizes

A key driver in growing wagering is to maximise field sizes. Maintaining the current breeding rates and then encouraging growth will help ensure the racing population is sustainable into the future. Field sizes have declined in the past few years for harness races, with thoroughbred and greyhounds remaining stable with the national trend.

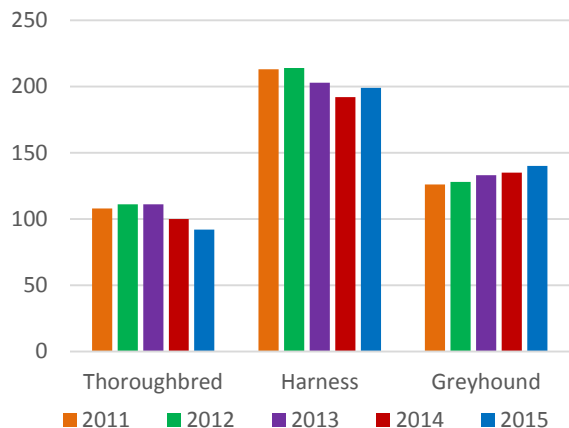
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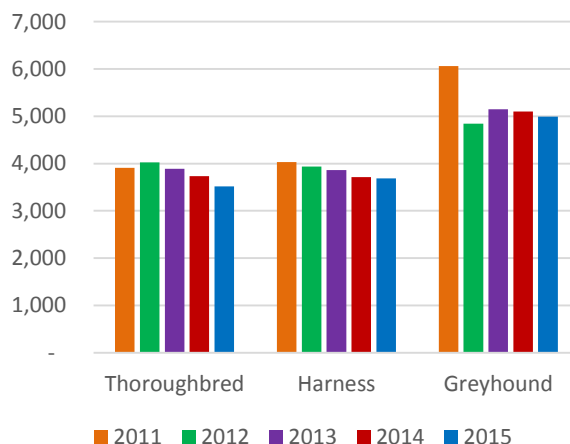
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KEY TASMANIAN INDUSTRY STATISTICS

Trainers - Tasmania



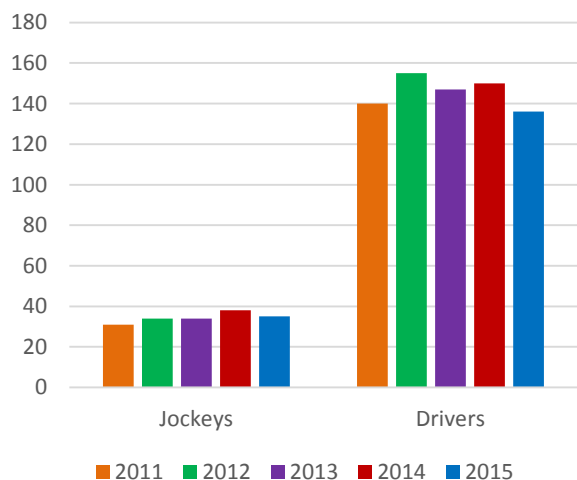
Trainers - Nationally



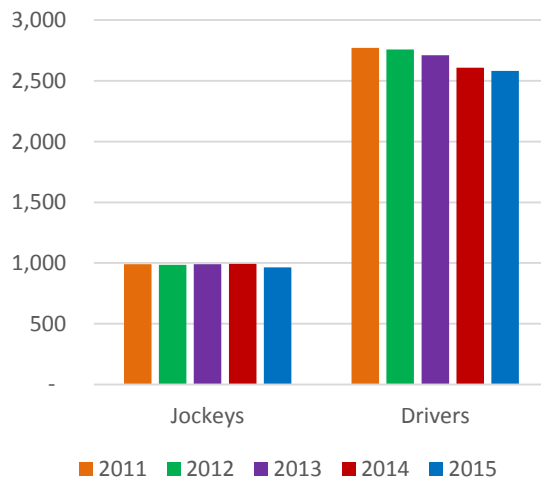
Number of Trainers

Thoroughbred and harness trainer numbers have declined over the past four years in Tasmania by 15% and 12% respectively. This trend has been felt nationally, with thoroughbred trainers reducing by 10% and harness trainers reducing by 13%. The greyhound trainer population has increased in comparison to the declining national trend.

Jockeys & Drivers - Tasmania



Jockeys & Drivers - Nationally

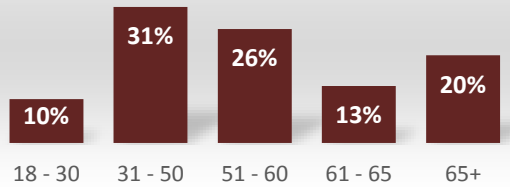


Number of Jockeys & Trainers

Jockey participation in Tasmania has experienced growth of 13% since 2011, nationally there was a 3% decline. Harness driver participation in Tasmania has declined by 3%, nationally there was a 7% decline during this period.

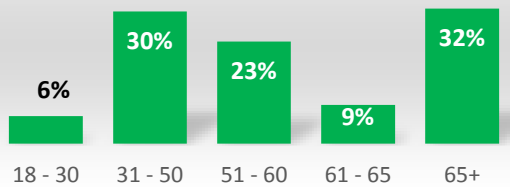
KEY TASMANIAN INDUSTRY STATISTICS

Age of Trainers - Thoroughbred



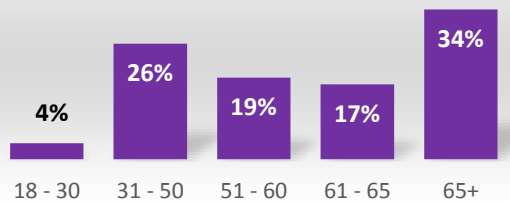
Age of Trainers
59% of thoroughbred trainers in Tasmania are over 50.

Age of Trainers - Harness



Age of Trainers
64% of harness trainers in Tasmania are over 50.

Age of Trainers - Greyhound

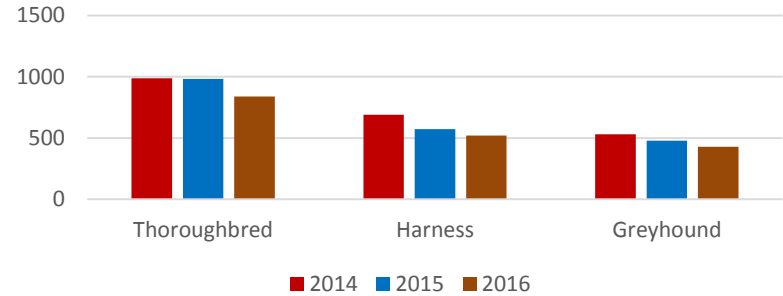


Age of Trainers
70% of greyhound trainers in Tasmania are over 50.

Age of Trainers

6% of all trainers are aged 18-30 while 65% are aged over 50.

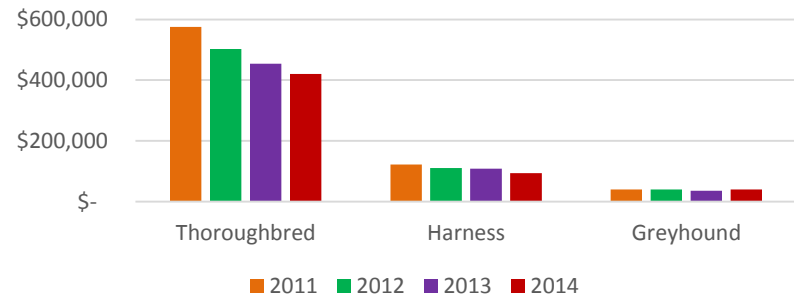
Club Membership



Club Membership

Club membership has decreased across all three codes in the past two years.

Gate Takings



Gate Takings

Gate takings have declined by 25% across the three codes since 2011. (Race meetings have remained constant during this period).

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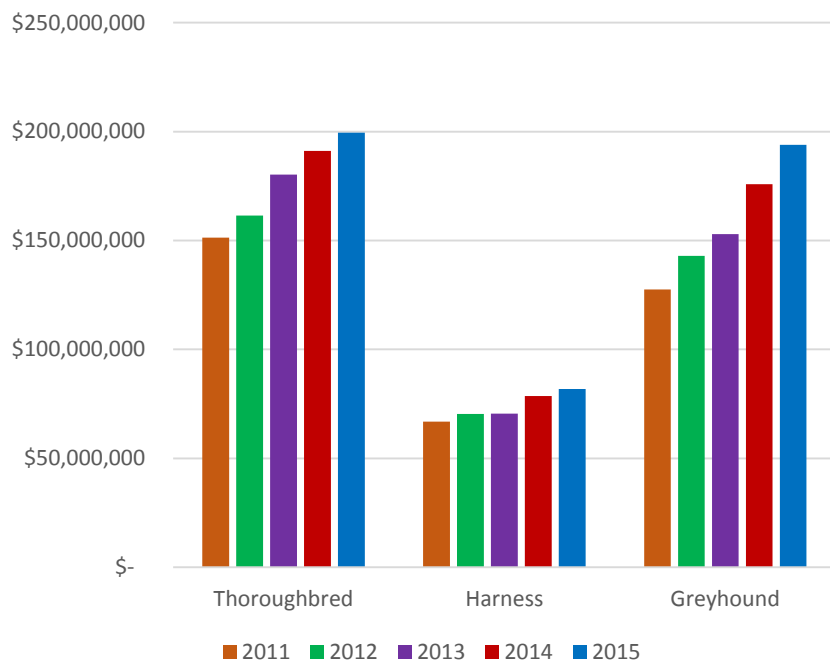
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TASRACING FINANCIAL PERFORMANCE MEASURES

Wagering Turnover

Wagering turnover drives Race Field Revenue which is Tasracing's key commercial source of revenue. Tasracing's strategy is to maximise wagering turnover to ensure a sustainable Tasmanian industry. Wagering turnover has grown 37.5% over the past 4 years from \$345 million in 2011 to \$475 million in 2015.

Wagering Turnover on Tasmanian Product

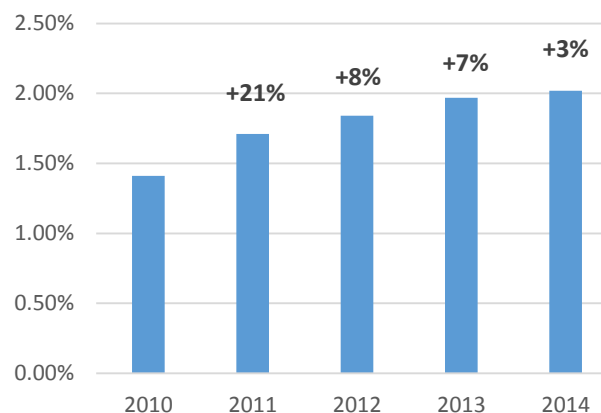


Wagering Turnover

In 2015, thoroughbred and greyhound wagering turnover accounted for 83% of total turnover. All codes have experienced growth over the past 4 years with greyhound wagering turnover growth being the most significant (52% growth since 2011).

Wagering turnover across all three codes has increased since 2011, with Tasracing experiencing annualised growth of 16% over the past 3 years. This growth has seen Tasmania increase its market share of the national wagering turnover market, experiencing 43% growth since 2010. This increase in market share can be attributed to strong growth in greyhound and thoroughbred wagering turnover.

National Market Share



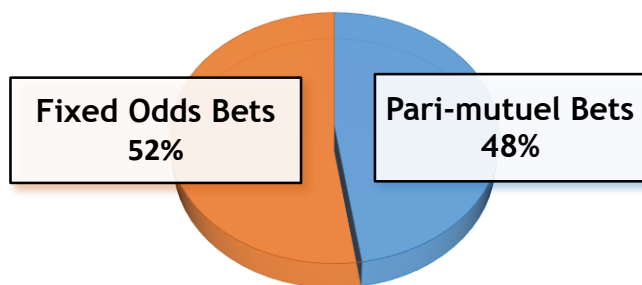
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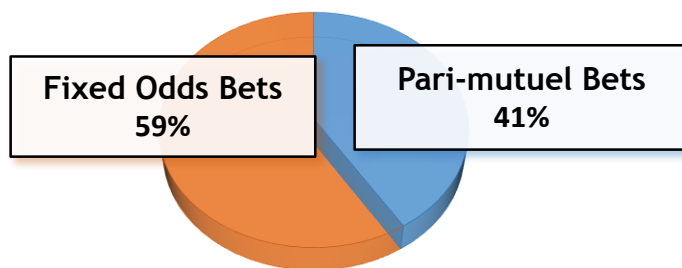
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TASRACING FINANCIAL PERFORMANCE MEASURES

**FIXED ODDS VS. PARI-MUTUEL
ON TASMANIAN PRODUCTS 2013-14**



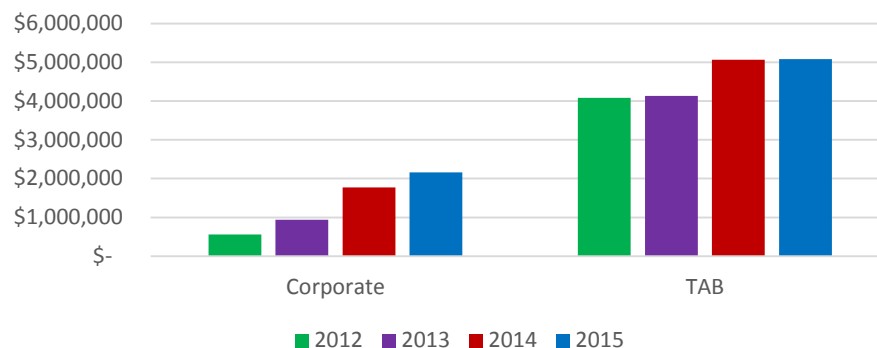
**FIXED ODDS VS. PARI-MUTUEL
ON TASMANIAN PRODUCTS 2014-15**



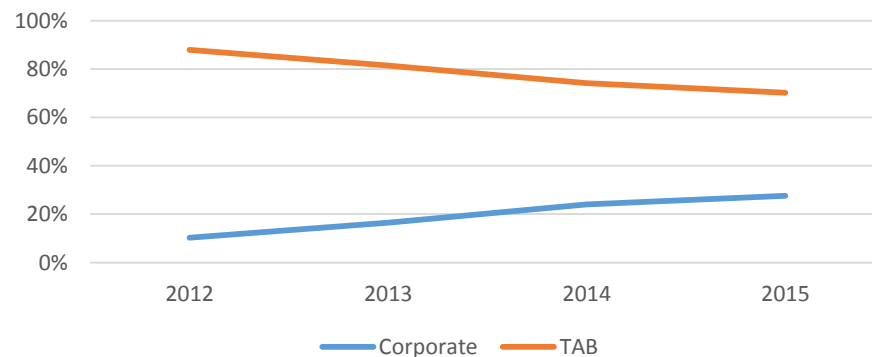
Wagering Revenue

The source of wagering revenue has experienced significant changes over the past 3 years, with corporate betting agencies expanding their market share by 18% at the expense of TABs. This trend is expected to continue into the future as customer preferences change, competition increases and customers utilise digital means to place bets. Fixed odds betting has increased its market share from pari-mutuel betting in 2014-15, gaining a further 7% of market share. Tasracing is in a strong position to continue to benefit from the switch to fixed odds through the current race field fee methodology. Understanding and aligning our strategies to commercial trends remains a focus for Tasracing.

Wagering Revenue



Wagering Revenue



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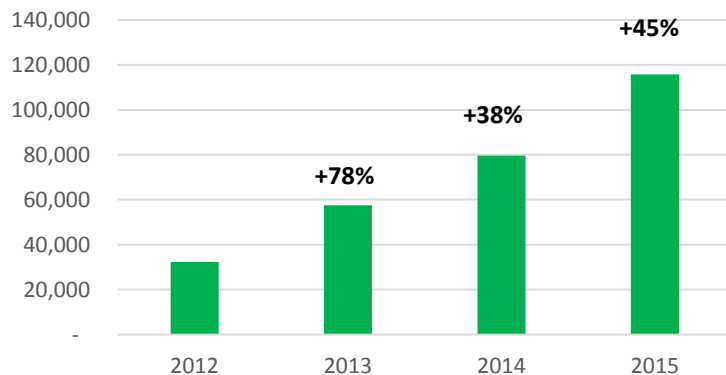
TASRACING DIGITAL REACH & INNOVATION

Digital Reach

Tasracing's stronger focus on digital promotion has seen the Tasracing.com.au brand and promotional messages reach more than 6.9 million potential wagering customers nationally during FY15. This was achieved via a paid digital advertising and social media strategy.

This coincides with a 45% increase in total customer visits to the Tasracing.com.au website in FY15 and a 24% increase in the number of pages viewed, indicating customer engagement.

Website visits

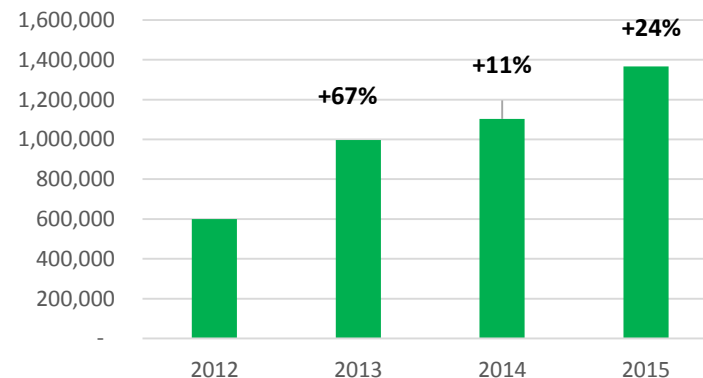


Innovation

Tasracing continues to focus on digital innovation, with work commencing on an upgrade to the already market leading StrideMASTER product, to introduce live data publication capability.

Greyhound speed maps were developed in FY15. A new harness sectional product continues to be developed with an expected release date in FY16.

Pages viewed



Please note 2012 results only include 8 months worth of data, as a new platform was introduced in November 2011.

TASMANIAN RACING INDUSTRY CHALLENGES

The Tasmanian racing industry faces a wide variety of challenges in order to maintain the industry's long term sustainability. The key challenges include:



Animal Welfare & Integrity

The industry faces challenges around meeting community expectations on animal welfare and integrity.



Participation

Participation levels nationally and locally are declining, compounded by the ageing demographic. Declines in participation have been experienced by:

- Thoroughbred and harness trainers
- Racing club members
- On-course attendance



Animal Population

Thoroughbred and harness foal births have been in decline for several years both nationally and locally. The challenge is to maintain the current population and increase the base population over time.



Changing Customer Demands

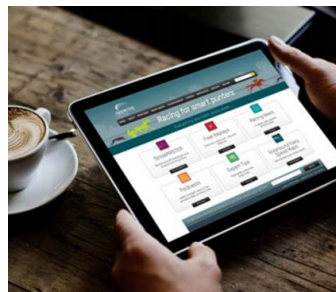
The industry must meet the shifting customer demands created by younger generations. Tasracing must ensure the racing product is presented to these customers in an attractive format and more innovative ways of presenting the product are explored.

TASMANIAN RACING INDUSTRY CHALLENGES



Stakes Reset and Industry Confidence

The Tasmanian industry has undergone a stakes reset of 13% in FY16. The challenge is to retain confidence and grow participant returns in the future.



Dynamic Commercial Landscape

While Tasracing's revenue from Race Field Fees continues to grow strongly, an increasing reliance on this income source involves a degree of risk. Commercial volatility, rising popularity of alternative sports wagering and off-shore leakage present challenges to maintaining the current wagering growth.



Inherent Operating Risks

Racing, by its very nature, is inherently dangerous and relies on safe practices, weather, effective infrastructure and community approval. Worker's compensation for jockeys continues to be a significant risk.



Asset Investment

Tasracing is responsible for racing and training venues state-wide across all three racing codes. Some of the assets are ageing and capital investment in previous years has been restricted due to sustainability concerns. The challenge is to ensure venues are maintained to an appropriate standard, safety is enhanced and risks are mitigated across all of Tasracing's assets.

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STRATEGIC OBJECTIVES

- Participation:** To maintain and grow participation in the industry by enhancing overall participant returns and other key initiatives.
- Racing Product:** To conduct races that are attractive to wagering customers and where possible, aligned to participant preferences.
- Asset:** To provide efficiently managed racing and training infrastructure, aligned with participant and customer expectations.
- Animal Welfare & Safety:** To safeguard animal welfare and promote safety throughout our regulatory framework and operations.
- Customer:** To grow race field fee revenue and other racing revenue by understanding the needs of our customers, building relationships and providing compelling value.
- Organisational:** To ensure suitable skills and systems are employed throughout Tasracing's operations, assets and governance structures.

PARTICIPATION STRATEGIES

(Racing Participants, Owners, Breeders & Clubs)

- To implement a stakes framework that encourages participation, whilst ensuring it is financially sustainable and aligned to funding streams
- To review breeding incentive programs and the organisation of yearling sales, or the equivalent, to ensure the continued supply of competitive racing animals (Currently the thoroughbred code allocates 3% of funding towards breeding initiatives, the harness code allocates 12.5% and the majority of greyhound breeding incentives have been discontinued)
- To continue to recognise and promote industry skills, linking licencing to national accreditation standards for all three codes
- To continue to support apprentice training programs for jockeys and other industry participants where appropriate
- To continue to promote careers in racing via schools and other community engagement programs
- To develop appropriate racing rules and to encourage the implementation of regulatory processes and enforcement that encourage participation, whilst ensuring appropriate integrity standards are maintained.
- To promote the growth of clubs through enabling strategies to enhance membership, governance, digital presence, safety and efficiency of operations



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2. Tasracing already provides funding towards breeding incentives, yet thoroughbred and harness foal births continue to decline. Which of the below factors has the greatest impact on breeding decisions?

- Increasing stakes (e.g. base stakes)
- Breeding incentive schemes

Or make an alternative suggestion that could promote breeding.

3. Is the administration and allocation of duties between clubs and Tasracing appropriate? Does the current structure add value or could it be more efficient?

4. We listed a number of enabling strategies for clubs. Which do you think are priorities?

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RACING PRODUCT STRATEGIES

- To focus on conducting races that meet key commercial criteria (e.g. field size, competitiveness and scheduling) and which encourage industry participation
- To refine the racing model so as to achieve an optimal balance between product volume and participant returns. A key consideration is the identification of the target for base stakes levels (e.g. benchmarking against provincial levels interstate) and funding approaches to achieve this target
- To continue to identify growth opportunities to increase the exposure of Tasmania's racing product domestically and internationally
- To protect and improve the Australian Pattern Committee ratings for listed and group races through promotions and recruitment strategies
- To implement and expand initiatives that extend the racing careers of greyhounds such as masters races and new categories of racing aimed at extending the racing careers of greyhounds of all abilities
- To maintain the current greyhound racing and breeding population during a period of national industry change
- To continue to focus on welfare, encourage responsible ownership and increase the number of greyhounds re-homed through the Greyhound Adoption Program



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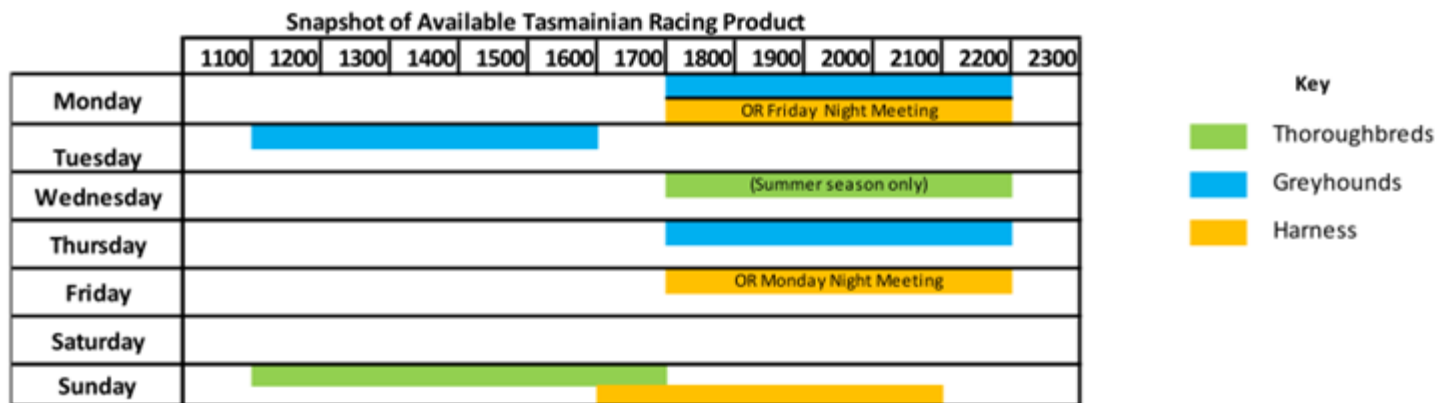
5. Are interstate provincial stakes levels an appropriate target for base level stakes? In order to fund this level, a reduction in races may need to be considered – is this a responsible strategy? Will declining births force a downward revision of the number of races in any case?
6. The majority of harness code meetings are conducted from November to July. Are we racing too often during this period? Would you prefer to race less, but for more money?

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RACING PRODUCT STRATEGIES

Tasmanian racing is available six days a week across all codes



On an average week

- One thoroughbred meeting per week, two meetings during daylight savings
- Three greyhound meetings per week
- Two harness meetings per week



7. Tasracing will be entering into a new broadcast partnership in the new year. The national broadcasting market is extremely competitive and it will be extremely difficult to substantially alter Tasmania's broadcast footprint. With this in mind do you have any preferences regarding days and times of race meetings?

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ASSET STRATEGIES

- To pursue opportunities to create more effective and efficient service delivery of assets, including asset or management consolidation, procurement strategies and standardisation
- To maintain and/or construct tracks that allow for the presentation of race day thoroughbred track ratings in line with targets (currently good 5 or 4)
- To ensure all assets comply with all legislative and contractual obligations through regular audits and the use of Tasracing's asset management system
- To implement consistent and appropriate operational supervision of all Tasracing facilities, to minimise risk and to enhance safety outcomes
- To enhance our risk mitigation strategy allowing sufficient redundancy to key systems, thus minimising disruption to service delivery and events
- To maintain our assets at a rating of 3 (fit for purpose) in line with our asset management system policy



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8. Tasracing has maintained a leasehold asset strategy which has focused on providing racing and training facilities in each key region. Are you satisfied with the presentation of current racing and training facilities?

Racing and training facilities have been separated in Launceston and Hobart. Is this the optimal approach for the future? Are we maintaining too many venues?

9. Tasracing has restricted investment in capital projects in the past few years due to sustainability considerations. Now that sustainability adjustments have been made to the business model, what capital projects do you think it is important for Tasracing to invest in?

10. Tasracing subsidises the costs of training and stabling facilities. Is this an equitable use of industry funds given that some participants conduct their training activities privately? To increase equity and possibly enhance service delivery levels, should Tasracing move to a user-pay model for access and use of infrastructure?

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ANIMAL WELFARE & SAFETY STRATEGIES

- To maintain and enhance our regulatory framework to meet and/or exceed community expectations concerning animal welfare
- To continue to improve the Tasracing Off the Track Program (OTT) by increasing awareness of the attributes of retired racehorses and improving their desirability in equestrian markets
- To continue our support of the implementation of the Greyhound Australasia National Greyhound Welfare Strategy
- To continue to support the Greyhound Adoption Program (GAP) by improving demand, enhancing responsible ownership and providing appropriate funding
- To improve greyhound welfare by enhancing racing opportunities for greyhounds of all abilities, building a programme of Masters racing and encouraging responsible breeding, rearing and training practices
- To protect and further the state's interests in its representative roles at national racing forums in relation to welfare and other matters.
- To improve safety awareness and outcomes, mitigate risks and ensure compliance obligations are continually addressed



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11. Greyhound racing's social license will be determined by the industry's commitment to reform and their focus on welfare. How can greyhound owners and breeders contribute to enhance welfare outcomes?

12. There is currently an \$80 per race contribution from stakes made to greyhound welfare initiatives. This is projected to generate \$120,000 per annum which is in addition to base welfare funding that is directly apportioned from the code budget. In future, more funding in welfare may be appropriate. Is this levy a responsible approach to support welfare with possible increases in the future?

13. Tasracing is committed to providing a safe working environment and minimising safety risks. Many states prohibit owners in stabling areas. Should Tasracing prohibit owners and/or unlicensed persons from entering stable areas?

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CUSTOMER STRATEGIES

Tasracing will continue to promote the state's racing products to the following customer groups:

1. Wagering Customers

To grow race field fee revenue by:

- Promoting our racing directly to wagering customers based on the underlying value proposition: Distinct participant pool plus innovative digital products = you can get an edge
- Investing in a wide range of marketing channels, with a focus on digital in order to capitalise on the trend from retail to online wagering

2. Wagering Operators

To grow race field fee revenue by:

- Growing demand for Tasmanian product through an attractive race field fee structure
- Partnering with broadcasters to distribute and showcase our product both domestically and internationally
- Refining and improving our product offering to wagering operators and broadcasters
- Leveraging technological innovation to establish competitive advantage, for example StrideMASTER Live
- Working with wagering operators to undertake promotion of our product via their marketing activities

3. On-Course Customers

To grow on-course attendance by:

- Managing umbrella marketing campaigns, for example for the Tasmanian Summer Racing Carnival
- Providing enabling solutions to clubs in the areas of marketing, IT solutions and customer service
- Providing centrally coordinated major sponsorship partnerships that provide value to the industry and help promote on-course attendance
- Providing well-presented and maintained venues and racing facilities that improve the on-course customer experience



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14. Tasracing has targeted digital reach and innovation in order to meet the needs of customers. What do you think of Tasracing's digital products (e.g. free race replays, StrideMASTER, Greyhound Early Speed Maps and digital podcasts)?

Do you have any suggestions for how Tasracing could improve these products or are there other products you'd like to see?

15. How well do you think your club is positioned to take advantage of the digital age as a means to grow on-course attendance and membership?

16. To date Tasracing has focused on developing and promoting digital products aimed at off-course wagering customers due to their importance in generating wagering revenue. What suggestions do you have for how Tasracing could balance the need to promote off-course wagering, while providing clubs with assistance in promoting attendance?

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ORGANISATIONAL STRATEGIES

- To continue to support and enhance the tri-code racing model, leveraging economies of scale for investment in infrastructure, systems, talent and technology
- To invest in people and resources in order to align Tasracing's operations in the context of its legislative responsibilities, industry challenges and strategic priorities
- To recruit, motivate and retain talent by investing in training and development opportunities, while providing a great place to work
- To encourage a performance-based culture, that is accountable and applies evidence-based decision making and that is aligned to Tasracing's values
- To continue to develop and refine internal processes, organisational systems and governance frameworks to enhance cost efficiencies and improve decision making
- To invest in and leverage technologies to create efficiency, enhance service levels and that create commercial opportunities
- To explore opportunities to develop diversified revenue streams



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17. As participants in the racing industry are you satisfied with the responsiveness of Tasracing to your concerns?

18. Tasracing devotes significant time and effort consulting with key industry representatives every 12 weeks. Is this an efficient communication forum and can you suggest any improvements?

19. Print, online, SMS, messages from the CEO and social media are utilised to communicate with key industry representatives. What is your preferred method of communication?

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TO ACCESS THE SUBMISSION FORM, [**CLICK HERE**](#)

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