



2020 and Beyond

Outcomes from Industry Consultation and a
Snapshot of draft strategies for discussion

February - March 2016

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Overview

- On 24 November 2015, Tasracing released “2020 and Beyond – Industry Consultation Paper”, to seek industry input as we look to formulate strategies as we move towards the next 5 years. It was an opportunity to shape your future.
- Over the consultation period, Tasracing received 25 written submissions, with each code represented by Clubs, Associations, Owners, Trainers, Breeders, punters and other interested parties.
- Overall, **the key message was clear - increase stakes to build industry participation and confidence.** Contributors also expressed concern over the decline in participants, race course attendance and club membership, and welfare strategies for the greyhound industry.
- Many submissions expressed appreciation of Tasracing’s efforts in building the industry’s digital presence and other marketing initiatives. Incentives for breeding were also strongly supported, with suggestions for further review.
- Your passion is evident. **Following your feedback we have now formulated a number of draft strategies** and initiatives which we would now like to share with you.
- We hope these strategies begin to address your suggestions and concerns, however we would once again welcome your feedback. Details on timelines and preferred communication channels are outlined on the “Next Steps” slide.

Disclaimer:

Please note, the proposed strategies and initiatives are not yet final, and are subject to approval by Tasracing’s Shareholding Ministers, the Treasurer and Minister for Racing. They also only represent a portion of the goals and strategies being considered.

Our Path

2009 - 2015

Loss Making
Unsustainable
Low level of infrastructure
investment



2015

Amendments to Race Fields Fee
Legislation
Amendment of Funding Deed -
Stakes Reset



2016 onwards

Target Break Even/Profitable
Sustainable
Ability to enhance investment in
infrastructure, largely self-funded
by cash generated by Tasracing

- The Government's decision to amend Race Field Fee legislation provided Tasracing with commercial flexibility to grow revenue for the racing industry.
- Tasracing's financial performance and discipline helped reduce the extent of the 2015 stakes reset.
- We are now in a position to look to 2020 and beyond.

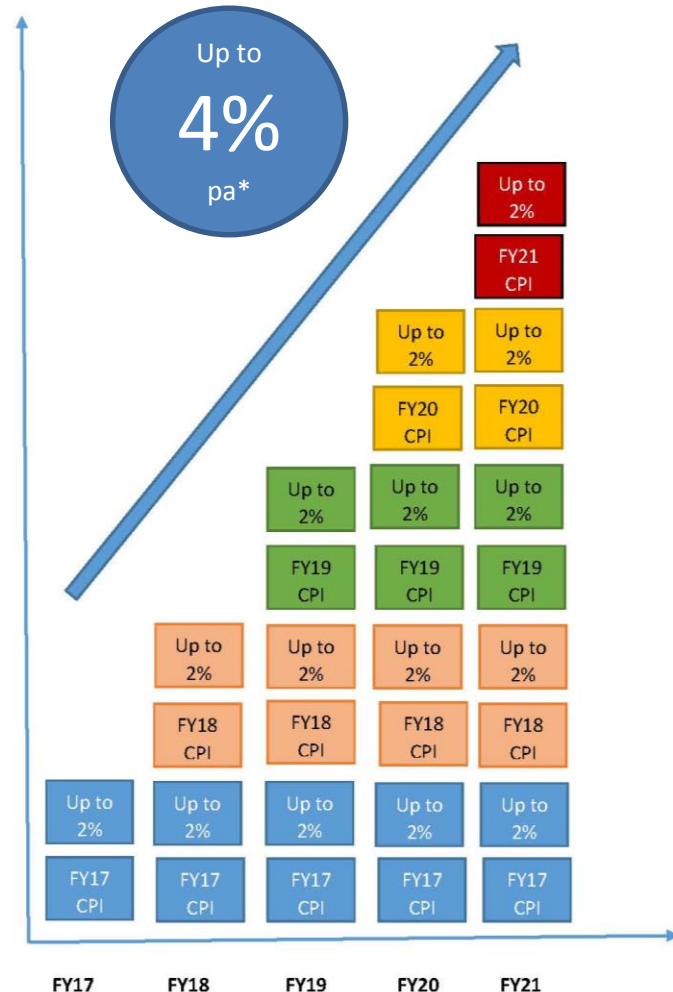
Accelerated Stakes Strategy

DRAFT – FOR DISCUSSION

Funding for the accelerated stakes strategy is **dependent on the financial performance of Tasracing**, in particular the income received from race field fees.

On the assumption performance is in line with expectations:

- **Tasracing will target code funding increases of up to 4% each year** comprising of:
 - an **annual CPI increase** to code funding each year (up to 2% p.a.)
 - Tasracing financial performance allowing for an **annual discretionary increase**, of up to 2% p.a.
- This will be applied to the annual code funding budget, which would then be **subject to the code allocation model**
- The assignment of these increases within each code budget would be subject to approval each year, however by way of example, it *could* allow for the thoroughbred code to achieve a provincial interstate average for (indexed) base stakes in Year 4 of the forecast period (ie. \$17.6k in 2019-2020)
- The Greyhound and Harness codes already have base stakes in excess of interstate provincial equivalents, however the funds could be used towards a number of staking or incentive schemes that Tasracing will determine in consultation with industry



* Subject to business performance

Breeding Strategies

DRAFT – FOR DISCUSSION

The consultation paper stated that Tasracing intended to review breeding incentive programs, or the equivalent, to ensure the continued supply of competitive racing animals. There was strong support to continue breeding incentive programs.

Thoroughbreds

- The TasBonus review is currently underway – one option includes maintaining the current TasBonus payment arrangements, however this will require additional funding from the code allocation in future years (of up to additional c\$150k).
- If additional funds are directed from the code budget, this would total up to c\$300k contribution from the code budget towards breeding incentives.
- It is intended to finalise work with the TasBonus Working Party, and then refer its recommendations to the Thoroughbred Advisory Network (TAN) before final consideration by the Tasracing Board.

Harness

- The harness breeding incentives have received strong support from industry participants.
- A traditional yearling sale and a website page sale are two options for selling harness yearlings. At current breeding levels the website sale option is the most cost effective option to assist harness breeders.
- The Harness Yearling Sale Working Group will continue to carefully monitor the performance of the website option and continue to explore approaches to improve outcomes for harness breeders.

Greyhounds

- Community scrutiny on greyhound breeding practices have required a refocussing of greyhound funds towards welfare needs.
- Tasracing will carefully monitor breeding trends and consider appropriate arrangements into the future to encourage responsible greyhound breeding.
- Greyhounds Australia is currently managing a national project with KPMG that is designed to assist with identifying a sustainable, welfare-orientated business model for the industry nationally. Tasracing is contributing to this project financially and operationally and looks forward to sharing the results of the study when complete.

Club Enabling Strategies

DRAFT – FOR DISCUSSION

The consultation paper suggested that Tasracing investigate strategies to promote the growth of clubs, through enabling strategies to enhance membership, governance, digital presence, safety and efficiency of operations.

Some respondents provided comments broadly agreeing with the concept of Tasracing giving clubs the tools to improve their operations, without doing the club's jobs for them. Examples include:

Membership growth

- Delivering a “Country Racing Victoria”-style digital approach including club website and online membership and e-commerce sales platform.
- Continuing to supply the Summer Carnival host clubs with the Young Racing Tasmania umbrella marketing support, including Ambassador and associated digital and social media promotion.
- Investigation of expanding the Young Racing Tasmania concept to the other codes/clubs.

Governance

- Encouraging the formation of young membership sub-committees at each club, incentivised by linking to new club licence agreements/sponsorship funding.
- Facilitating improved major race day event management processes through provision of planning templates covering marketing, operations and venue management.

Safety, Compliance and Operations

- Assisting clubs to adhere to event compliance and safety requirements through the co-development of administrative tools, formal event compliance and information-sharing procedures.

Efficiency of operations

- Tasracing's continued management and further business development opportunities associated with of state-wide sponsorship deals and joint promotion initiatives (of attendance) in conjunction with sponsors.

Infrastructure Strategies

DRAFT – FOR DISCUSSION

- Tasracing manages an asset portfolio valued at over \$47 million. A diversity of views was provided in relation to infrastructure. What remains important is that assets are fit for purpose, safe and aligned with customer and participant expectations.
- Tasracing has restricted investment in capital projects in the past few years due to sustainability considerations. This has led to an “investment gap” which has been noted by the Auditor General and which must be addressed.
- The sustainability adjustments have been designed so that Tasracing is able to **primarily fund capital expenditure program from cash generated by the business** and not relying primarily on debt.
- Funding for infrastructure for the indicative projects below has already taken consideration of the funding requirements for the accelerated stakes strategy (ie. if revenue growth assumptions are met, Tasracing should be able to afford both the accelerated stakes strategy as well as a robust and carefully timed capital expenditure program)
- Funding for infrastructure strategies remains dependent upon Tasracing’s financial performance and conditions.
- On the assumption that performance is in line with expectations, the following projects are being considered a priority over the next 5 years:

Projects*	Indicative Timing
1. Development of a Greyhound Adoption Centre	FY17
2. Priority remedial works at the Devonport Showgrounds	FY17
3. Replacement of harness luminaires at Elwick	FY17
4. Building new stables at Spreyton and Longford to help meet demand	FY18-19
5. Upgrading the sand track at Brighton	FY18
6. Grass track redevelopment at Elwick	FYs19-20

* Tasracing welcomes further suggestions from industry as to other infrastructure projects.

Next Steps

- Tasracing welcomes feedback from industry stakeholders up until the 22 March 2016. Feedback may be provided during industry consultation meetings or directly to Tasracing – please email Kellie Dean on k.dean@tasracing.com.au
- The Tasracing Board will meet and consider the Corporate Plan at its meeting on 23 March 2016.
- Tasracing will submit its Corporate Plan, containing its strategies and initiatives, to its Shareholding Ministers at the end of March
- The Shareholder Ministers will consider the Corporate Plan and provide feedback to Tasracing between April-May
- Tasracing will advise industry and release its Corporate Plan in June - July 2016 (subject to Shareholders' approval)