



Tasracing Pty Ltd 2020

Corporate Plan 2020-21 to 2024-25

Submission to Shareholding Ministers

31 March 2020



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EXECUTIVE SUMMARY

Tasracing continues to progress its goals and initiatives that were set out in the corporate plan submitted to Treasury in March 2019.

Key achievements over the last 12 months include:

- Completion of the Elwick Track redevelopment on time and within budget.
- Development and initiation of the Harness Industry development strategy with extensive industry consultation.
- Expansion of our value adding video content as part of our free live streaming service of all Tasmanian racing on Tasracing.com.au. This included providing more live hosted meetings, giving wagering customers more live trackside wagering insights.
- Acquisition of a kennel facility for the Greyhound Adoption Rehoming Centre.

This plan presents a pre-COVID-19 view without taking in to account impacts of the virus or the enforced shut down on costs and revenues. The potential for lost market share and operational cost impacts have not been factored into the forecasts due to the timing and uncertainty. While Tasracing will work to minimise these into FY21 some ongoing impacts are likely.

Key changes from the Corporate Plan presented last year include:

- Point of Consumption Tax (POCT) funding has been included in line with the December 2019 Forward estimates.
- Code funding is set to increase \$1M in FY21 and a further \$1.1M in FY22 in line with POCT Funding projections.
- Additional Animal Welfare funding of \$0.6M in FY22 as POCT funding allows.

Apart from the COVID-19 impacts the settling of the effects of POCT implementation nationally may also have some impact on Race Field Fee revenue.

Tasracing has forecast to meet its sustainability targets over the corporate planning period, allowing the company to increase stakes and invest in major capital projects. The introduction of the Tasmanian POCT provides a significant jump in both stakes and infrastructure opportunities, both creating a major stimulus for industry growth.

Tasracing will be investing over \$25M in assets over the planning period with \$7.2M allocated to enhance and expand training facilities across all three regions of the State. This, plus the expanded facilities and programs aimed at enhancing owner value propositions, is forecast to significantly increase participation in the industry over the coming five years.

Animal welfare has been a high priority over the past few years and will continue rise in importance across the planning period. The acquisition of the Greyhound Rehoming centre, the release of important new welfare rules and the re-launch of the enhanced Off The Track program have already initiated significant improvements. Tasracing will work both independently and in conjunction with National bodies to continuously improve welfare standards across all aspects of the industry.

Together with delivery on strategy, Tasracing will continue to carefully assess and monitor its risks across the external environment, including those associated with technology, legislation and demographical complexity. Key industry risks include animal welfare issues, a quickly changing wagering landscape and the size and volatility of workers compensation costs.

OUR OPERATING ENVIRONMENT

Tasracing is the principal racing authority for Tasmania.

It provides the strategic direction and funding for the three codes of racing in Tasmania – thoroughbred, harness and greyhound. In accordance with its legislative obligations, Tasracing is responsible for the development of racing, breeding and welfare, the funding of clubs as well as providing stakes, negotiating media rights, and managing racing and training venues. The Office of Racing Integrity (ORI) is responsible for maintaining the probity and integrity of each racing code.

The racing industry contributes over \$100 million to the Tasmanian economy each year, with over 5,500 individuals either employed or direct participants. One of Tasracing's key strategic principles is to increase the racing industry's contribution to the Tasmanian economy.

Since Tasracing was established, the racing and wagering landscape has changed significantly, with privatisation of wagering providers, rapid technological change, changing consumer digital habits and the intensification of competition – both from non-racing wagering and other forms of entertainment.

Tasmania is a small, niche player in the national racing industry, with a small domestic market. It must therefore attract off-course wagering customers across Australia and also internationally. To do this successfully, Tasracing needs to differentiate its product in order to compete with rival states, for the national wagering customer's attention. Tasracing's investment in digital initiatives such as Formplus (Tasracing's web based tri-code form guide) is an example of such product and other digital initiatives are in the pipeline. Significant increases in race field fees over the last few years is evidence of the success of this approach.



Tasracing, as a tri-code racing authority, must manage competing interests between codes, venues and participants. To achieve our strategic objectives, Tasracing needs to consult and collaborate and focus on fostering a commercial mindset, while respecting the passion and personal pursuits of participants.

Racing is a dangerous, high risk sport. Safety must remain a core priority, and Tasracing will continue to focus and invest in systems, processes and initiatives which help to mitigate risk, for participants and stakeholders.

The introduction of the Point of Consumption Tax across Australia has reduced the possibility of any significant increases in Commercial Race Field Fee pricing which has impacted on future commercial revenue forecasts. The decision by the State Government to introduce the Tax in Tasmania and to allocate a large portion of the projected returns to racing is a welcome relief and provides a strong sustainable base going forward.

Animal welfare concerns continue to dominate the industry. Enhancing welfare outcomes across all three codes of racing will remain a core priority for Tasracing during the planning period. All participants must ensure they meet or exceed expectations in order for racing to maintain its social licence to operate.

Tasracing is faced with a challenging operating environment, but one that has an exciting future. We will respect our racing traditions but will maintain our commercial focus and continue to invest in innovation and reform to secure this future.



VISION:

To become a globally competitive and sustainable racing industry.

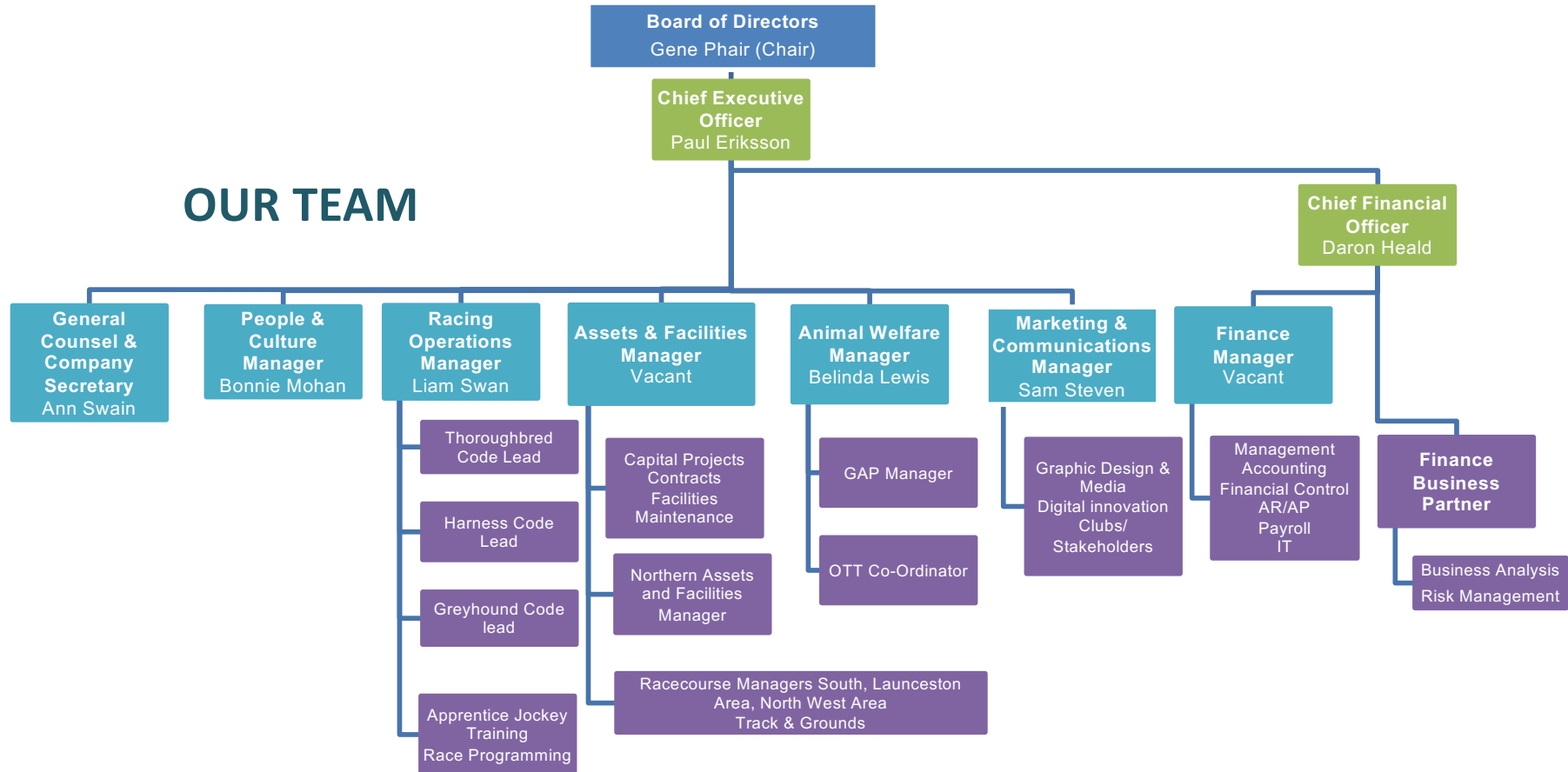
MISSION:

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

OUR CORPORATE VALUES



OUR TEAM



- Tasracing employed 65.75 FTEs (excluding casuals and Board members) across the State over the past 12 months (Mar 19 to Feb 20).
- As per the high level organisational chart above, our structure has been designed around the following service pillars: General Counsel, People & Culture, Racing Operations, Assets & Facilities, Animal Welfare, Marketing and Finance.
- Industrial instruments include common law agreements, the Enterprise Agreement 2017 (track and ground employees) and various Awards.
- Our internal culture is inclusive and performance driven, with a focus on accountability, empowerment, risk minimisation and optimised service delivery for the Racing industry.

THREE PILLARS OF FOCUS

These three pillars of focus drive our strategic principles, goals and initiatives.



Invest

For the first time since the company's inception, Tasracing is now financially sustainable. From this solid foundation, the Company has begun to responsibly and sustainably invest in appropriate strategies for the benefit of the industry.

Investing in stakes is a key priority while investment in infrastructure will also be critical to address essential capital works enhancements including safety, welfare and capacity.

Investing in welfare initiatives in order to maintain racing's social licence.

Finally, investing in people – employees, participants and club volunteers – will be vital, as our people are the lifeblood of our racing community.



Innovate

Tasracing's commercial success has been driven in part by its ability to deliver innovative solutions to contemporary challenges.

Thoroughbred night racing, unique customer-focus strategies, including our digital Punters' Dashboard, and unique tri-code FormPlus have been and will continue to be key enablers.

Tasmanian racing's success in national and international markets will continue to be reliant upon continued innovation in all dimensions of our products, service delivery and customer initiatives.

Growing Tasmanian racing will require us to be innovative with our racing, breeding and how we incentivise participants.



Differentiate

In order to compete effectively in a crowded marketplace, we must differentiate our product in order to stand out.

Our single participant pool, superior form products and customer focus will provide the foundation for our differentiation strategy.

Our commercial success and ultimately our industry returns will be defined by our success in promoting innovations that make our racing stand out from our competitors in national and international markets.

OUR STRATEGIC PRINCIPLES

Our strategic principles represent key themes across our corporate plan goals and initiatives. They were developed in reference to feedback from industry consultation and are aligned with our shareholder's statement of expectations.

Increase economic contribution

Safeguard animal welfare

Maximise commercial performance

Responsibly manage risk including safety

**Maintain tri-code presence in three regions
(South, North, North West)**

**Valued by the Community for what we do
and what we stand for**

PARTICIPATION

Maintain and grow participation in the industry by enhancing overall participant returns, improving industry engagement and removing barriers to entry



Invest

Key Initiatives:

- Monitor and support the TasBred and Harness Breeding Incentive schemes to ensure they achieve their objective to assist with the continued supply of competitive racing animals.
- Assist clubs, trainers, breeders and syndicators to deliver experiences that can attract and retain owners.
- Further develop the 'Only an Owner knows the feeling' brand campaign.
- Enhance existing digital communication with existing owners.
- Invest in improvements to Owner and trainer hospitality facilities at Hobart, Launceston and Devonport.
- Support clubs through enabling strategies to enhance club capability in the areas of marketing, events, governance, safety and efficiency of operations.
- Target specific Harness and Greyhound meetings to build key events and generate focus /attention.

Code Funding Growth Strategy

On the assumption that financial 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% per year) and
- a further discretionary increase of up to 2% per year if financial performance is above expectations.

This will be applied to the annual code funding budget, which would then be subject to the code allocation model.

PARTICIPATION

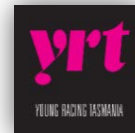
Maintain and grow participation in the industry by enhancing overall participant returns, improving industry engagement and removing barriers to entry



Invest

Key Initiatives:

- Focus on growing Go Racing Tasmania as a single brand presence across all codes for Tasmania’s racing clubs across digital, social and other media channels.
- Leverage major state-wide sponsorship partnerships for the benefit of all clubs and to help promote Tasmanian racing to a wider audience.
- Continue to grow the Young Racing Tasmania initiative as a vehicle for thoroughbred clubs to attract the next generation of club members and owners.
- Implement ‘ownership events’ for all three codes as part of the annual social event calendar. These events will bring breeders, syndicators and trainers together with potential new owners with the aim of growing ownership numbers.
- Develop a Next Generation program to deliver marketing and other initiatives, supporting harness and greyhound codes to attract the next generation of owners and participants.
- Develop information and educational packages covering industry career pathways.



INFRASTRUCTURE

Provide efficiently managed fit for purpose racing and training infrastructure aligned with participant and customer expectations



Innovate

Invest

Key Initiatives:

- Continually review the long term infrastructure plan, focussing on activities which will deliver necessary asset investment and address safety and compliance requirements.
- Develop a long term strategy for the efficient use of Infrastructure.
- Identify and deliver enhanced training facilities to encourage participant growth and foster excellence.
- Develop a long term environmental impact and assessment study for each venue.
- Continue to investigate opportunities to realise efficiencies and enhance service levels.
- Incorporate a welfare lens on all infrastructure projects / initiatives.



CUSTOMER

Focus on wagering customers by understanding their needs, building relationships with operators and creating value through innovation and great customer service



Innovate

Differentiate

Key Initiatives:

- Continue to target the sophisticated wagering customer through leveraging our unique customer value proposition: a small participant pool combined with excellent digital form products.
- Continue to invest in the digital distribution of our racing form.
- Continue to invest in the quality and consistency of our presentation form data. (On camera talent, expert analysts, journalists, product design and promotion).
- Leverage our unique opportunity to live-stream tri-code racing by enhancing our live coverage and replay products (Tasracing TV).
- Invest in Tasracing.com.au as our overarching brand and coordinate our other brands to deliver an effective direct to customer channel.
- Invest in more promotional partnerships with wagering operators to reach the mass wagering market.
- Grow on-course attendance by leveraging major sponsorships, creating centrally managed event brands and assisting clubs to enhance the quality of their major events.



ANIMAL WELFARE

Promote and enhance animal welfare in accordance with community expectations



Invest

Key Initiatives:

- Develop a new Animal Welfare Framework, policies and standards to deliver welfare as a focus across all codes during and after racing.
- Continuously investigate and implement new evidence based standards to reduce the number and severity of injuries.
- Continue to implement the strategy for the GAP, focussing on the GAP centre, increased marketing and services. Positively advocate for greyhounds as suitable pets.
- Build on the Tasracing Off the Track Program (OTT) by increasing awareness of the attributes of retired racehorses and improving their desirability in equestrian markets.
- Develop and Implement a strategy to expand Off the Track to support rehoming and retraining efforts of owners and trainers.
- Provide regular, accurate and transparent public reports on key measures of animal welfare.
- Continue to work with national agencies to deliver improved welfare outcomes.



RISK AND SAFETY

Responsibly manage risk and safety to protect our participants, employees, assets and shareholders



Invest

Key Initiatives:

- Develop a comprehensive WHS plan to enhance safety levels across all Tasracing sites.
- Invest in systems and processes which support an appropriate WHS operating model.
- Continue to manage a proactive and supportive injury management process.
- Investigate the establishment of minimum standards and guidelines (best practice) for racing and training operations.

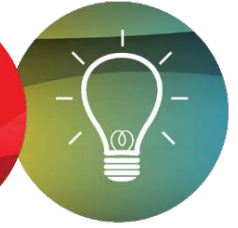


ORGANISATIONAL

Ensure suitable skills and systems are employed throughout Tasracing's operations, assets and governance structures



Invest



Innovate

Key Initiatives:

- Continually promote our values through leadership, policy and cultural initiatives.
- Continue to make Tasracing an employer of choice.
- Continue to seek digital solutions to enhance efficiency and effectiveness.
- Invest in people and resources in order to align Tasracing's operations with its legislative responsibilities, industry challenges and strategic priorities.
- Promote and encourage innovation across our services, structure and deliverables.



COMMUNITY

Develop racing into an Industry that is valued by the Community for what it contributes and how it contributes to society.



Invest



Innovate



Differentiate

Key Initiatives:

- Continually promote our values through leadership, policy and cultural initiatives.
- Enhance the transparency of Tasracing's operations through increased quality and quantity of information published.
- Increase the reach of our positive impact on our community by partnering and supporting appropriate groups who share our aim for a better Tasmania.
- Develop and implement a corporate social responsibility program that is aligned with our values and environmental obligations.
- Identify and implement procedures and processes that minimise the impact on our operations on the environment.
- Undertake an environmental impact audit of Tasracing's operations and commit to meeting third party endorsed best-practice KPIs.



COMMERCIAL DEVELOPMENT

Explore new business opportunities to increase revenue and to promote the Tasmanian racing industry



Invest

Key Initiatives:

- Conduct strategic reviews of Thoroughbred and Greyhound codes to engage with participants and develop effective plans for growth.
- Flowing from the strategic reviews, develop long term strategic plans for sustainable racing in each region. (North, North West, South)
- Protect and build international revenue by continuing to solidify existing relationships and exploring emerging market opportunities.
- Pursue partnerships with government and commercial entities designed to multiply the market reach and appeal of our wagering products and on-course experiences. (ie. Tourism Tasmania)
- In partnership with stakeholders, identify and explore options to enhance the entertainment and function options for key racing venues.



COMMERCIAL DEVELOPMENT

Explore new business opportunities to increase revenue and to promote the Tasmanian racing industry



Invest

Key Initiatives:

- Leverage the growing value of our digital assets. For example:
 - Engage expert editors and writers to bring our data products to life.
 - Investigate opportunities to introduce our unique data products to current non wagering consumers through an entry-level product
- Pursue partnerships with market-leading technology providers in order to:
 - Allow Tasracing to compete with larger racing jurisdictions who can afford large internal technology teams.
 - Co-develop innovative data analysis tools for customers, and wagering operators.
- Engage with SKY to find a better model for coverage of Tasmanian races.
- Investigate opportunity for (re) development of current dedicated venues to multi-purpose venues.



Our Key Risks

Animal Welfare induced Regulatory Changes Rated- Very High

Current controls include: Post racing programs (GAP, OTT)

Current Action items Include: Expanding GAP program and OTT programs, engaging with national bodies

Employee or jockey incident resulting in fatality or serious injury Rated- High

Current controls include: Barrier management plan. Jockey safety equipment

Current Action items Include: Continued WHS and Injury management program

Competing night racing product downgrades appeal of Tasmanian product Rated- High

Current controls include: International and Sky relationships

Current Action items Include: Monitor

Major integrity failure Rated- High

Current controls include: Reliance on ORI controls

Current Action items Include: Monitor

Racing disruption due to weather Rated- High

Current controls include: Program to improve track drainage. Tapeta Park as a backup

Current Action items Include: Monitor

Animal population decreasing Rated- High

Current controls include: Breeding incentives

Current Action items Include: Review for corporate plan

Club insolvency Rated- High

Current controls include: Quarterly monitoring and registration process.

Current Action items Include: Monitor

Lack of new participants leading to industry decline Rated- High

Current controls include: Young Members program

Current Action items Include: Review for corporate plan

POC Tax leads to revenue reductions Rated- High

Current controls include: Government lobbying

Current Action items Include: Monitor

Interstate stakes levels increase creating demand on Tasmanian levels Rated- High

Current controls include: Linked to POC Tax actions

Current Action items Include: Monitor

Expiry or termination of leases threatening venue occupation Rated- High

Current controls include: Lease negotiations commence in appropriate timeframe

Current Action items Include: Contract review and monitoring process

Actual/perceived sustainability issues Rated- High

Current controls include: Robust forecasting

Current Action items Include: Implement cost cutting measures

Sensitivity Analysis

The targets presented in this plan are highly dependent on achieving the financial forecasts.

Tasracing is clearly focussed on providing long term viability for the Tasmanian Racing Industry and prioritises financial sustainability in its cost structure and funding obligations. While most revenues and costs within the organisation are tightly managed, Race Field Fees and Jockeys Workers Compensation remain two volatile items that can significantly impact the financial results and hence force changes to targets and forecasts to ensure sustainability.

Race Field Fees

Race field fees are dependent on both the turnover and margin Wagering Service Providers achieve on Tasmanian racing. The Corporate Plan targets are based on medium term trends and recognition of customer focused strategies. These are forecast to generate 6% growth for thoroughbred and greyhound turnover and 2% growth for harness while margins are forecast to remain consistent with FY20.

There are a number of factors which are currently impacting race field fees including:

- Low Consumer Sentiment – Retail spending across the country has been low across the country with the Reserve Bank dropping interest rates from 1.5% to 0.75% during 2019
- Point of Consumption Tax – As of January 2019, most jurisdictions in Australia had introduced a POCT. This impost of between 8% and 15% of revenue on Wagering Service Providers has and will have impacts on the wagering market that are as yet unable to be fully determined.
- Elwick Reconstruction – The Elwick track redevelopment temporarily disrupted Tasmanian racing product during FY20.

The combination of these three factors has led to FY20 Race Field Fee results being less than forecast. It is unclear how much each of the factors has contributed to the FY20 results. Consumer sentiment can be expected to improve over time, The Elwick redevelopment has now been completed and product will return to normal. The POCT impact however will remain in the market permanently.

Jockey Workers Compensation

Tasracing has a “burner” style policy for workers compensation which requires us to cover the first tranche of claims up to the Burner limit. This limit is currently set at \$2.6M per annum. As a result the cost per insurance year can be between the premium minimum of \$0.6M up to the \$2.6M. The Corporate Plan forecasts include a \$1M per annum provision, which is \$0.4M above the minimum, however, with major claims costing in excess of \$1M this cost is expected to remain volatile over the planning period.

Sensitivity Analysis (Cont.)

Race Field Fees Sensitivity

The Corporate Plan targets an average 5.4% increase in Race Field Fees. This is based on the medium term Turnover trends and consistent margins with adjustments to FY20 to compensate for the Elwick closure.

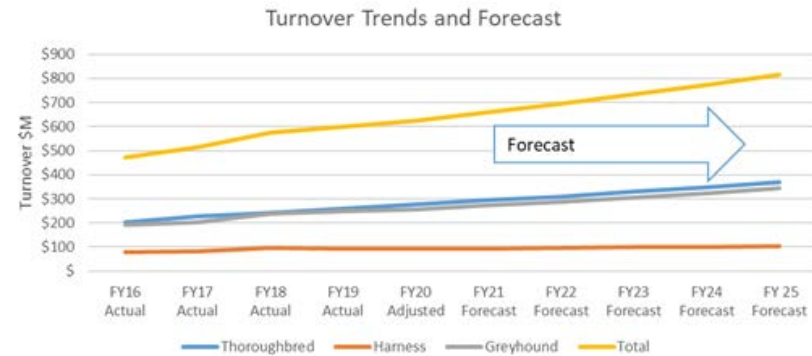
If the factors previously identified are more influential than forecast, then trends could be significantly less.

The table to the right shows the impact on FY21 and FY25 revenues for trends of 0% and -5%.

Workers Compensation Sensitivity

As noted the Corporate Plan includes provision for \$1M per annum in workers compensation while the policy could allow a cost of up to \$2.6M per insurance year. Over the past 5 years the maximum cost has been \$2.3M for the 2018 Insurance year.

If a \$2.3M cost was incurred again this would impact the financial forecasts by a \$1.3M increase in expense for the year.



Race Field Fee Growth Trend	FY21 Impact \$M	FY25 Impact \$M
0.0%	-\$0.9	-\$4.9
-5.0%	-\$1.7	-\$8.6

Workers Compensation Costs (Insurance Year)

	Min Fee	Claims	Actual Paid
2016	\$700,000	\$1,618,673	\$1,618,673
2017	\$500,000	\$797,673	\$797,673
2018	\$450,000	\$2,268,259	\$2,268,259
2019	\$550,000	\$1,109,817	\$1,109,817
2020	\$550,000	\$347,940	\$550,000

Statement of Corporate Intent

		2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
		\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
Financial		Target	Target	Target	Target	Target
	NPAT	0.62	1.54	1.20	1.00	1.08
	Race Field Revenue	17.16	18.09	19.07	20.11	21.22
	Code Funding	26.84	28.47	29.61	30.80	32.03
	Capital Expenditure	4.85	6.78	5.95	4.34	3.12
	Animal Welfare Funding	0.76	1.17	1.19	1.21	1.23
	Workers Compensation	1.00	1.00	1.00	1.00	1.00
Wagering Turnover		662.89	698.88	736.95	777.23	819.84
Non-Financial		2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Racing Information						
Thoroughbred						
	Number of races	570	570	570	570	571
	Total Starters	5,226	5,326	5,326	5,326	5,326
	Av. Starters Per race	9.2	9.3	9.3	9.3	9.3
Harness						
	Number of races	720	720	720	720	720
	Total Starters	7,250	7,350	7,450	7,550	7,650
	Av. Starters Per race	10.1	10.2	10.3	10.5	10.6
Greyhound						
	Number of races	1,600	1,600	1,600	1,600	1,600
	Total Starters	12,339	12,339	12,339	12,339	12,339
	Av.e Starters Per race	7.7	7.7	7.7	7.7	7.7
Licensed Persons		1,428	1,499	1,529	1,560	1,591
Stakes Money Paid \$M		23.39	24.96	25.96	26.99	28.07
Breeder Bonuses paid		145	165	200	200	200

Statement of Corporate Intent

WHS	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Lost Hours (Employees)	550.0	500.0	450.0	450.0	450.0
Toolbox Meetings Held	48	48	48	48	48
Jockey Raceday Injury Claims	2.0	2.0	2.0	2.0	2.0
Jockey Training Injury Claims (External)	1.0	1.0	1.0	1.0	1.0
Jockey Training Injury Claims (Tasracing)	5.0	5.0	5.0	5.0	5.0

Welfare	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Greyhounds Euthanased (Non Injury/Safety)	10	0	0	0	0
Greyhounds Rehomed	150	200	200	200	200
Horse Attendance OTT Clinics	1,000	1,250	1,500	1,500	1,500

Operations	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Brand Awareness Growth	6%	6%	6%	6%	6%
Video Hours Consumption Growth	14%	14%	14%	14%	14%
Administration Costs	6.1%	6.0%	5.9%	5.9%	5.9%
Asset Life Percentage	52%	56%	60%	60%	60%
Assets Fit for purpose or better	91%	92%	93%	94%	95%

Thoroughbred Track Performance	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Summer (% of tracks presented good 3 to dead 5)	85%	85%	85%	85%	85%
Winter (% of tracks presented good 3 to slow 7)	85%	85%	85%	85%	85%