

THOROUGHBRED RACING SA

STRATEGIC PLAN

1 August 2016 – 31 December 2018

July 2017

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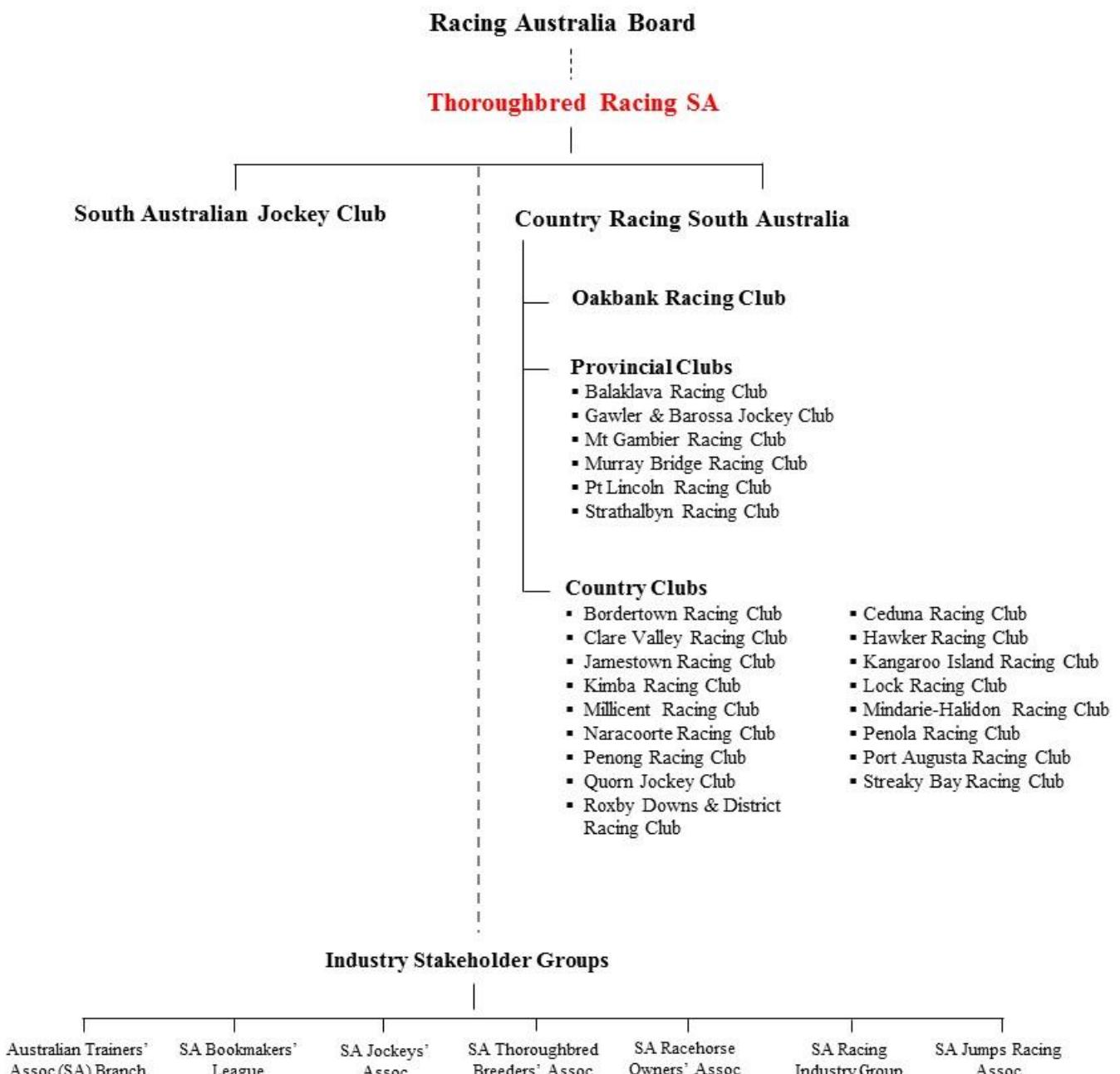
Vision 2018

A vibrant and sustainable thoroughbred racing industry in South Australia contributing to the economic and social fabric of South Australia's lifestyle.

Our Purpose

As the controlling body, provide independent leadership to the thoroughbred racing industry, with an over-riding responsibility to secure its long term financial viability and build a positive public image of thoroughbred racing in South Australia.

SA Thoroughbred Racing Industry Structure



Objectives of Thoroughbred Racing SA Board 1 August 2016 – 31 December 2018

Thoroughbred Racing SA, as the independent controlling body for thoroughbred racing in South Australia, will:

1. Maintain high levels of integrity and lead the industry to ensure the long term viability of the thoroughbred racing industry.
2. Lead the industry in a financially responsible manner to ensure the long term financial viability and development of the thoroughbred racing industry.
3. Develop and execute communications strategies to build and promote a positive public image of the thoroughbred racing industry in South Australia.
4. Increase prize money to encourage horse ownership in thoroughbred racing in South Australia whilst maintaining the over-riding objective of the long term financial viability of the industry.
5. Ensure the highest standard of governance, management and compliance across the thoroughbred racing industry in South Australia.
6. Continue to improve the infrastructure and facilities supporting the industry consistent with industry and community standards whilst maintaining the over-riding objective of the long term financial viability of the industry.
7. Refine and develop marketing strategies to attract and grow consumers' engagement with thoroughbred racing in South Australia.

Strategies 1 August 2016 – 31 December 2018

Objective 1

Maintain high levels of integrity and lead the industry to ensure the long term viability of the thoroughbred racing industry.

Context

Thoroughbred Racing SA operates in a complex stakeholder environment. Its two shareholders are the South Australian Jockey Club and Country Racing SA (representing all clubs other than the South Australian Jockey Club). Thoroughbred Racing SA must also consider the interests of a wide range of stakeholder groups including owners, trainers, breeders, jockeys and bookmakers. In that context, Thoroughbred Racing SA must be independent in its role as the controlling body for thoroughbred racing in South Australia. The Board's aim is to ensure the long term viability of thoroughbred racing in South Australia, with the highest levels of integrity. It intends doing so by creating a culture of open and transparent decision making.

Strategies

1. Continue developing strategic and operational plans for Thoroughbred Racing SA.
2. Ensure the performance targets between Clubs (on-course activities) and Thoroughbred Racing SA (off-course) align to build a more cohesive

industry.

3. Maintain appropriate level of people, skills and resources, to ensure the highest levels of integrity are maintained in racing and “out of competition” testing.
4. Continue development of educational courses, opportunities and qualifications, for those entering the racing industry.

Measures of Success

- Thoroughbred Racing SA is recognised and respected across the industry.
- Although it has made difficult decisions that have not always been popular, it is respected for its sound leadership, with an open and transparent decision making process.
- Thoroughbred racing in South Australia is considered to have the highest levels of integrity achievable, and controls in place, to maintain participants' and public confidence in racing.
- Thoroughbred Racing SA and Clubs are in agreement as to the future direction of the industry in South Australia.

Strategies 1 August 2016 – 31 December 2018

Objective 2

Lead the industry in a financially responsible manner to ensure the long term financial viability and development of the thoroughbred racing industry.

Context

Thoroughbred Racing SA operates in a challenging environment in seeking to maintain the financial viability of the thoroughbred racing industry. In past years unforeseen events have occurred which have had a significant negative impact on TRSA's revenue and subsequently Boards have ensured an appropriate level of reserves have been retained as a buffer against such, to ensure the industry can still sustain the employment of those engaged in the industry. Changing consumer wagering behaviour is challenging traditional wagering revenue streams, threatening Thoroughbred Racing SA revenue, club profitability and returns to participants. Actions in other States in changes to their Racefields models and to taxation regimes, can present challenges to our industry.

Nonetheless, Thoroughbred Racing SA has achieved strong financial results over the past six years, growing revenue and increasing prize money. However, to maintain its position and achieve growth Thoroughbred Racing SA will need to grow its existing revenue streams while looking to create new revenue sources.

Strategies

1. Ensure reserves of Thoroughbred Racing SA are adequate to deliver the aims of the "strategic plan".
2. Provision of Grants and loans to Clubs from Thoroughbred Racing SA to be on a commercial basis.
3. Ongoing review by Thoroughbred Racing SA

of all Clubs' annual budgets prior to the commencement of their next financial year.

4. Strengthening Clubs' financial reporting through the continuation of a centralised accounting/book keeping services.
5. Ongoing monitoring of financial positions of all Clubs.
6. Continue to increase public awareness of the employment opportunities, and career paths available, within the thoroughbred racing industry.
7. Develop a sustainable plan for jumps racing in South Australia.
8. Explore opportunities for the development of new revenue streams.

Measures of Success

- Financial reporting is comprehensive and reliable.
- Clubs are financially healthy and stable.
- Growth achieved in income from off-course wagering.
- Growth achieved in investment in the industry from existing and new industry participants.
- Retention of those already employed in the thoroughbred racing industry in South Australia.
- Careers in the racing industry are seen as a viable employment option by a growing number of school leavers.

Strategies 1 August 2016 – 31 December 2018

Objective 3

Develop and execute communication strategies to build and promote a positive public image of the thoroughbred racing industry in South Australia.

Context

Through an increased focus on communication Thoroughbred Racing SA has made strong progress over the past three years in increasing its and the South Australian thoroughbred racing industry's profile. In particular, the 2013 IER Report on the Economic, Social and Community Benefits of the South Australian Racing Industry highlighted that the racing industry is a major contributor to the state across a wide range of areas.

Now, and in the future, the task will be to increase further, Thoroughbred Racing SA's profile as the independent controlling body for thoroughbred racing in South Australia. This will require stronger public relations activities focused on promoting industry-building initiatives. It will also require stronger and targeted relationships and communication with the full range of stakeholders as well as the media and the government. As a state election is due in March 2018, relationships with the government and opposition are especially critical at this time.

Strategies

1. Further develop, fund and implement a communication strategy that will convey to industry stakeholders and the public, the role and objectives of Thoroughbred Racing SA and keep them informed on a regular basis.
2. Thoroughbred Racing SA to pursue a vigorous and proactive communication strategy across

all target audiences, actively promoting thoroughbred racing.

3. Maintain a close relationship with the State Government and political parties.
4. Thoroughbred Racing SA to collaborate with State Government, local councils and agencies to maximize opportunities for growth and prosperity of the industry, which will benefit local communities.
5. Commission and communicate the outcomes of relevant research into the racing industry, highlighting its contribution to South Australia.
6. Communicate the contents of Thoroughbred Racing SA's annual strategy review to shareholders and stakeholders.

Measures of Success

- Government continues to provide ongoing financial support for relevant infrastructure projects that assist racing Clubs and their local/regional communities.
- A more positive public perception of racing and its importance and relevance to local communities and to South Australia as a whole. Better understanding by our shareholders and industry stakeholders, of Thoroughbred Racing SA's objectives and operations, reinforcing Thoroughbred Racing SA's position as the governing body.
- Retention of those already employed in the thoroughbred racing industry in South Australia.

Strategies 1 August 2016 – 31 December 2018

Objective 4

Increase prize money to encourage horse ownership in thoroughbred racing in South Australia whilst maintaining the over-riding objective of the long term financial viability of the industry.

Context

Prize money has increased 125% over the past ten years from \$18.4M in 2006-07 to \$41.45M in 2016-17. Prize money increased 28.32% over the past four years of the prior Strategic Plan 2013-2016. This is significant as prior to 2006-07 there had been minimal increase in prize money since 1998. Thoroughbred Racing SA successfully negotiated with the State Government, \$2.9M in funding in 2017 and 2018 towards prize money across the Adelaide Festival of Racing, which included South Australia's first one million dollar races. Excluding this Government funding support, prize money increased 19.35% across 2013-2016.

Thoroughbred Racing SA's ability to provide further prize money increases is limited by uncertainty regarding changing revenue streams and the need to provide assistance to clubs as they face increasing operational costs in providing appropriate training and racing facilities. However Thoroughbred Racing SA has concluded Agreements which should help ensure appropriate increases in prize money and Club funding distributions can be made.

Maintaining and increasing prize money is necessary to enable the South Australian thoroughbred industry to compete with other racing jurisdictions, and to encourage investment in the local industry.

Strategies

1. Seek the continuation of Government support for greater prize money to Thoroughbred Racing SA.

2. Thoroughbred Racing SA to continue its efforts to maximise revenues in order to provide maximum levels of sustainable prizemoney.
3. Maintain an appropriate prizemoney strategy across all levels of racing (Metropolitan, Provincial, Country and Country non TAB).
4. Ongoing recognition of, and provision of rewards associated with, thoroughbred horse ownership.
5. Continue to increase prizemoney season on season.
6. Encourage increased horse ownership (racing and breeding) to expand the racing industry's employment opportunities.
7. Continue to increase the number of starters and the number of South Australian owners.
8. Implement an Owners' Card.

Measures of Success

- Greater funding support from Government towards prize money.
- Prizemoney (excluding Black Type) to increase by 7% over next 2 years.
- The number of horse owners to increase by 4% over next 2 years.
- Confidence among racing industry stakeholders, that prizemoney levels are seen as competitive, with likelihood of further growth.
- Implementation of an Owners' Card.

Strategies 1 August 2016 – 31 December 2018

Objective 5

Ensure the highest standard of governance, management and compliance across the thoroughbred racing industry in South Australia.

Context

While Thoroughbred Racing SA has led improvements in governance across the industry, this focus must be maintained. Club personnel changes over time require a continued emphasis on compliance and governance, while increasing regulatory requirements (especially in WH&S) place an obligation on Thoroughbred Racing SA and Clubs to improve their performance.

Thoroughbred Racing SA must continue the strong work it has already undertaken to improve the financial reporting, preparation and assistance provided to Clubs. It will continue to provide assistance to Clubs with industry procurement matters.

Strategies

1. Thoroughbred Racing SA to continue to review performance against its Strategic Plan annually.
2. Ensure ongoing consistent standards of Club governance are maintained across all Clubs.
3. All Clubs to forward their annual budget to Thoroughbred Racing SA prior to the

commencement of their next financial year.

4. Thoroughbred Racing SA to require all Clubs to forward their audited financial statements to Thoroughbred Racing SA at the end of financial year.
5. Continue working with Clubs to develop their club plans incorporating long term forecasts.
6. Continue to work with Clubs to ensure WH&S compliance.
7. Provide ongoing procurement support to Clubs.
8. Provide ongoing governance training to Clubs.

Measures of Success

- Governance standards across all Clubs are, and are seen to be, appropriate.
- Clubs respond positively to the assistance provided to them by Thoroughbred Racing SA.
- Facilities are developed to meet current WH&S standards.
- No material WH&S breaches by Clubs.
- Procurement savings are achieved.

Strategies 1 August 2016 – 31 December 2018

Objective 6

Continue to improve the infrastructure and facilities supporting the industry, consistent with industry and community standards whilst maintaining the over-riding objective of the long term financial viability of the industry.

Context

The standard of racing infrastructure supporting the industry in South Australia is in some areas below participant expectations and industry standards. The standard of facilities for patrons in some areas are below community expectations, exacerbated by the opening of competing sporting and entertainment venues with modern facilities.

5. Ongoing assessment and improvement of the “racing surface” at all racecourses.
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7. Provide free Wi-Fi access at all racecourses.
8. Conduct research of event goers.

Strategies

1. Continue to audit and monitor the thoroughbred racing industry infrastructure and capital development requirements.
2. Ongoing costing and implementation of infrastructure development plan for the industry, consistent with the outcomes of the audit.
3. Continue to provide appropriate thoroughbred training facilities across South Australia.
4. Continue to improve on-course facilities in line with consumer expectations.

Measures of Success

- A strategy, and programme timetable has been decided and clearly enunciated, for racing and training infrastructure..
- A prioritised funding program for infrastructure improvements is providing new and improved facilities at Clubs.
- After a full review, successful implementation of identified required improvements at racecourses.
- Government financial support for relevant infrastructure projects that assist racing Clubs and their local/regional communities.

Strategies 1 August 2016 – 31 December 2018

Objective 7

Refine and develop marketing strategies to attract and grow consumers' engagement with thoroughbred racing in South Australia.

Context

Given finite resources it is important for Thoroughbred Racing SA to maximise return on marketing investment on behalf of the industry.

Over the past six years Thoroughbred Racing SA has successfully built “The Races SA” brand, and has commissioned a brand health study and research, as it seeks to continue to improve and activate “The Races” brand across all clubs in South Australia.

The ongoing development of Industry sponsored programs to support Clubs, and assist in increasing attendance at key events, is important. These include: Fashion at The Races and Stable Stars Kids Club.

Thoroughbred racing operates in a highly competitive entertainment and sporting market and must continue to drive awareness of, and engagement with, the industry’s brand to its target market.

Strategies

1. Develop marketing campaigns that engage the consumer and support key events.
2. Ensure all Clubs develop an understanding of the function, purpose, and benefits of marketing The Races brand within South Australia, and ensure the brand is being consistently implemented and used in accordance with the style guide.
3. Continue to target and develop strategies

to attract under 35's age group and grow overall race attendance.

4. Encourage and support UBET with the expansion of available products for customers, in line with interstate tote operators and wagering service providers.
5. Build the image, and increase the number of, ‘high quality entertainment racing events’ in South Australia.
6. Continue to foster strategic alliances with selected key external agencies and businesses that have the potential to add value to “The Races” in the short and long term.

Measures of Success

- The needs of all major consumers of the thoroughbred racing industry are well understood and strategies implemented are resulting in increases in revenue from all major consumer groups.
- A higher percentage of the population regularly betting on thoroughbred racing and attending race meetings.
- Expanded TAB and Wagering Service Providers betting through all channels (agencies/phone/internet).
- Increased attendance figures at thoroughbred racing key events, specifically by the under 35 audience. Quantified with market research on an annual basis.