

Racing NSW Strategic Plan 2010





EXECUTIVE SUMMARY AND MEDIA RELEASE

6 May 2010

Racing NSW Releases Strategic Plan

Racing NSW today released its Strategic Plan for the NSW Thoroughbred Racing Industry.

Chairman, Alan Brown and Chief Executive, Peter V'landys addressed a meeting at Racing NSW's city headquarters and outlined the details of the Plan.

Mr Brown said that the Plan had been developed after an extensive consultation process which involved discussions with race clubs and other industry bodies throughout the State.

"The Board is confident that this Strategic Plan addresses the issues facing the industry and provides practical solutions to take racing forward over the next three years.

"The Plan has been developed in the belief that Racing NSW will be successful in defending legal challenges instigated by two wagering organisations against the current Race Field Legislation regime."

Messrs Brown and V'landys outlined in their presentation that Racing NSW had identified the following as issues which should be addressed in the Plan.

- The decline in the industry's traditional revenue sources as a result of interstate wagering operators free riding on NSW thoroughbred racing. Since 2001 NSW TAB turnover has shown a cumulative average annual growth rate of 1.16%. In stark contrast bookmakers turnover (predominantly Northern Territory Corporate Bookmakers) had a cumulative average annual growth of 17.3%. The deficiency of growth in racing wagering revenue on the NSW TAB against the CPI amounted to a revenue shortfall in real terms of more than \$20 million per annum.

This shortfall has further resulted in:

- NSW thoroughbred Race Clubs sustaining losses. In 2008/09 the combined net loss of NSW clubs was \$13.9 million.
- An increasing deficiency in collective returns to owners compared to the costs they incur in participating in racing. Currently, owners as a group incur costs of \$250 million to race their horses yet their returns after allowing for trainers' and jockeys' percentages are only \$113 million. This represents 45% of their costs. Importantly these costs do not include the price of purchasing the horse.

- Under-investment in infrastructure brought about as the NSW industry attempted to keep pace with its Victorian counterpart and match returns to owners paid in that State despite a significant difference in the amount each industry received from Tabcorp. In the last financial year net returns to owners in NSW were \$136 million compared to \$141 million in Victoria. The Victorian Thoroughbred Racing Industry received approximately \$60 million more in TAB distribution generated from its share of poker machine profits. In the period since the privatization of the NSW TAB in 1997, the Victorian racing industry has received approximately \$900 million more than the NSW racing industry as a result of the Victorian industry's sharing in Tabcorp's poker machine profits.
- Decline in horse numbers and numbers of starters.

In order to address these problems as a first step Racing NSW lobbied the NSW Government to introduce a race field fee regime in 2008 to ensure that those who profit from wagering on NSW races make proper commercial payment. This will produce revenue of \$35 million for the NSW Thoroughbred Racing Industry during the 2010 financial year.

In turn this revenue will allow for the implementation of the following strategies:

NON-FEATURE RACES

An additional \$36 million in prizemoney will be paid for non-feature races per annum from July 2012.

- Significant across the board growth in returns to owners including increases in prizemoney with the following increases occurring by July 2012.

Metropolitan Saturday races	\$70,000 to \$100,000
Metropolitan Midweek races	\$27,000 to \$ 35,000
Provincial races	\$16,000 to \$ 25,000
Country TAB Meeting races	\$ 9,000 to \$ 15,000

GROUP & LISTED RACES

In total, prizemoney paid for Group and Listed races will increase by \$13.1 million per annum by 2012.

- Large prizemoney increases for Group and Listed races including;

Australian Derby	\$1,300,000 to \$2,000,000
Australian Oaks	\$ 350,000 to \$1,000,000
T J Smith Stakes	\$ 350,000 to \$1,000,000
All-Aged Stakes	\$ 300,000 to \$1,000,000
Queen Elizabeth Stakes	\$ 350,000 to \$ 750,000
Golden Slipper	\$3,500,000 to \$4,000,000
The BMW	\$2,250,000 to \$2,500,000
Darby Munro Stakes	\$ 100,000 to \$ 400,000

- Prizemoney increases will be accompanied by a policy of advertising the value of races on a total return to owner basis (referred to as "Returns to Owners") and look at introducing a system of paying prizemoney for all horses which fill the first 10 places in a race.

SIGNIFICANT EXPENDITURE ON PUBLIC FACILITIES, TRACKS AND TRAINING FACILITIES

- A \$70 million investment in infrastructure over the next 5 years to improve customer facilities at racecourses as well as improved racing surfaces and training facilities.
- Significant capital expenditure is required to improve the level of customer facilities at Sydney racecourses, particularly at Royal Randwick which is presently being pursued through the AJC Masterplan. This is vital to attracting greater business from corporate customers, sponsors and attendees at racetracks.
- Included in the above capital investment is the creation of regional Centres of Excellence to provide the opportunity for the owners of a greater number of country trained horses to benefit from superior training facilities.

Racing NSW is also exploring other avenues to generate additional revenue for the thoroughbred racing industry, including:

NSW GOVERNMENT

- Urging the NSW Government to adopt a wagering taxation regime similar to the regimes applying in other Australian States. In this regard if NSW had the same tax regime as will apply in Victoria from 2012/13 the NSW Thoroughbred Racing Industry would receive an additional \$90 million per annum in revenue.

State	Cents paid to Racing Industry for every one dollar bet	State tax on wagering per one dollar bet
NSW	4.70	4.70
Victoria*	7.95	2.74
Queensland	6.25	3.20
South Australia*	8.00	1.45

* From 2012/13

THE NSW RACING INDUSTRY RECEIVES THE LOWEST RETURN AND PAYS THE MOST TAX FOR EACH ONE DOLLAR BET ON THE TAB

- Apart from providing more generous tax regimes several interstate Governments are also providing grants to their racing industries to fund infrastructure. Some examples are:

Victoria - \$10 million
Queensland - \$80 million
South Australia - \$11 million

SELLING NSW RACING INTERNATIONALLY AND CO-MINGLING

- Pursuing opportunities to obtain revenue from new customers by broadcasting and selling NSW racing and wagering internationally and in particular to countries in the Asian Region.
Also important is co-mingling the NSW totalizator pool with the pool in the international jurisdiction to which NSW races are telecast. Co-mingling effectively enables overseas customers wagering on NSW racing to link into the NSW totalizator pool on bets placed through their own totalizator. This immediately

creates liquidity by increasing pool sizes to encourage investments in both host and recipient countries. The sale of Australian racing internationally has previously failed due to the pools being too small in the international jurisdiction where the races were telecast. Also the takeout rates in those international jurisdictions were significantly higher than the rates in Australia, meaning punters in those countries received poorer dividends.

By merging the pools it would be essential that the NSW takeout rate on all bets be applied.

RACING NSW REWARDS CLUB

- The Racing NSW Rewards Club will be launched later this month. The program will be used throughout the racing economy and will be based on similar successful loyalty schemes currently operating in the wider economy. One of the most important objectives of the program is to take advantage of the \$2.5 billion in unused points presently sitting in the various rewards programs operating throughout Australia. In addition a further \$800 million per annum is added to unused points.

A part of the unused points from other reward programs can now be harnessed by the racing industry which will make it possible for someone to potentially purchase a horse and have it trained, using only their reward points and without parting with cash.

Reward Club members will also be able to earn and redeem points by dealing with the commercial partners in the scheme such as trainers, studs and Inglis.

TRACKSIDE

- Supporting Tabcorp with its application to introduce the computer generated horse racing game “Trackside” into its NSW wagering outlets. It is estimated that Trackside will generate a return of \$3 million for the thoroughbred racing industry in the first year of operation.

In summing up the launch of the Plan today, Mr Brown added that the Board is confident the Plan would ensure racing in New South Wales remained competitive in the broader entertainment marketplace.

The Racing NSW Strategic Plan can be viewed or downloaded on the Racing NSW website www.racingnsw.com.au.

For more information please contact Mr Peter V'landys, Racing NSW Chief Executive, by phone on (02) 9551 7556.



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INTRODUCTION

The NSW thoroughbred racing industry faces many material challenges over the next three years.

To ensure the prosperity of the industry and effectively meet these challenges, a proactive approach is needed so that racing remains competitive in the broader entertainment marketplace. Racing needs to deploy best commercial practices, appropriate structures and effectively engage customers.

This Strategic Plan outlines the manner in which Racing NSW will address these challenges to ensure the sustainable well-being of racing in NSW.

**THIS
STRATEGIC PLAN
OUTLINES
THE MANNER IN
WHICH RACING NSW
WILL ADDRESS
THESE CHALLENGES
TO ENSURE
THE SUSTAINABLE
WELL-BEING OF
RACING IN NSW**

Mission Statement

To facilitate a vibrant and prosperous NSW Thoroughbred Racing Industry which attracts participation, ensures integrity and delivers quality racing at all levels



Strategic Objectives

1. Increase involvement in racing by customers and other industry participants
2. Improve the attraction to invest in the NSW Thoroughbred Racing Industry
3. Deliver superior thoroughbred racing and facilities to our customers and participants through the use of best commercial practice and innovation
4. Build the brand of racing and reinforce its place in the sporting and cultural landscape
5. Ensure the welfare and safety of participants and horses reflecting contemporary community standards
6. Drive progress through extensive consultation with all industry participants

CURRENT POSITION OF THE NSW RACING INDUSTRY

In order to plan effectively for the NSW Thoroughbred Racing Industry it is essential to understand where the industry is currently positioned.

Industry Revenue Base

Historically, thoroughbred racing in NSW is very reliant on wagering as the predominant source of its income.

Traditionally, wagering revenue through the NSW TAB has been a strong source of revenue accompanied by reasonable levels of growth. However racing wagering revenue on the NSW TAB has declined in real terms over the past decade and in particular over the past five years.

From 2004/05 to 2008/09 the CPI grew by 15.3%, whereas TAB racing wagering revenue grew by only 3.3%. **The deficiency of growth in racing wagering revenue on the NSW TAB against the CPI amounted to a revenue shortfall in real terms of more than \$20 million per annum.**

Racing NSW has been able to partially offset this decline by cost savings in its own operations and by facilitating savings to clubs for insurances and other industry administrative expenses. The cumulative savings in the last five years have been approximately \$25 million.

However, these cost savings have masked the fact that the NSW racing industry was not being properly remunerated for the value and opportunities it provides to wagering operators throughout Australia.

The loss of revenue from wagering to the NSW racing industry was largely attributable to the advent of telephone and internet wagering. This is coupled with the Governments of smaller jurisdictions having created a situation whereby they seek to profit from the larger States' racing industries and the efforts of their participants. Larger States such as NSW and Victoria had been providing their racing information free to the smaller States and Territories believing that they would only use it for the benefit of the residents in their own jurisdictions.

The smaller States and Territories have however exploited the situation by licensing wagering operators at extremely low fees with the sole intent of attracting punters from those larger and more populous States. Local bookmakers and totalizators were not on an equal playing field as they were the only wagering operators contributing to sustaining the racing industry in New South Wales.

The Northern Territory licensed corporate bookmakers have increased their turnover from \$1 billion in the year 2000 to an expected \$5 billion in 2009/10, approximately 40% of which comes from NSW punters.

The structural shift from totalizators to the wagering operators referred to above is demonstrated by the following table.

Compound Average Growth in Turnover (%) Period	Totalizators		Bookmakers
	NSW Only	All Australia	All Australia
1987 – 2000	4.5%	5.0%	- 6.2%
2001 – 2009	1.16%	2.03%	17.3%

LEAKAGE OF NSW RACING REVENUE TO INTERSTATE WAGERING OPERATORS IS APPROXIMATELY \$60 MILLION PER ANNUM

In order to address this substantial leakage of NSW racing revenue from September 2008, Racing NSW began licensing wagering operators to bet on NSW racing and charging race fields fees to these operators. Racing NSW is presently defending two separate legal challenges to the race fields fees. While these challenges are creating uncertainty for the funding of the racing industry, this Strategic Plan was developed on the basis that Racing NSW will successfully defend those legal challenges.

What measure can be used to determine the health of a thoroughbred industry

The most important internationally recognized measure of success of a racing jurisdiction is to compare the return to owners as a group with the costs that group of owners incurred to have their horses compete (training costs, agistment, vet, float fees etc). In NSW the following table shows that the annual cost to owners to have their horses compete is \$220 million. As a group owners receive \$100 million in returns (after 15% is taken out for trainers and jockeys percentage).

It should be stressed that the figures do not include the capital cost of the horse, so no amortisation cost has been allowed.

Accordingly as a group owners without taking into account the capital cost of the horse lose \$137 million per annum.

Returns to owners as a group are only 45% of their costs to compete.

Description	\$'m
Annual Training, Spelling, Vet, Racing Costs	250
Prizemoney Return excluding Trainer and Jockey commission	113
Deficit Met by Owners	-137
Est. Net Return to Owners of Annual Costs	45%

The NSW performance against this key indicator falls well short of other international jurisdictions where up to 100% of the costs of owners as a group to have their horses compete is returned as prizemoney as the following table highlights:

Return to Owners as a % of Training Costs	COUNTRY	TYPE OF WAGERING OPERATION
100 % +	Hong Kong	Totalizator Only
	Singapore	Totalizator Only
60 - 100 %	Japan	Totalizator Only
	Korea	Totalizator Only
45 - 60 %	France	Totalizator Only
	USA	Totalizator Only
	AUSTRALIA	Totalizator Dominant
	South Africa	Totalizator Dominant
< 30 %	Ireland	Bookmaker Dominant
	Germany	Bookmaker Dominant
	Britain	Bookmaker Dominant

In addition to the above costs, owners also incur significant expenditure in the purchase or breeding of the horse. Approximately 30% of foals are offered for sale as yearlings with approximately 75% of those being sold.

It is estimated that the annual capital investment in horses purchased and bred to race in NSW is in the order of \$500 million.

ONLY 45% OF OWNERS' COMPETITION COSTS ARE RETURNED IN PRIZEMONEY AND OTHER RETURNS TO OWNERS

Industry Financials

Present Revenue

The table below summarises the collective income of the NSW Thoroughbred Racing Industry for 2008/09. Total revenue of the industry for 2008/09 including race fields fees is \$273 million, forecast to increase to \$289 million in 2009/10.

This table highlights that 74% of the NSW Thoroughbred racing revenue comes from wagering.

Description	Actual 2008/09 (\$)	Forecast 2009/10 (\$)
TAB/RDA	151,000,000	160,000,000
Race Fields & Local Bookmakers*	44,000,000*	54,000,000*
International Broadcast	2,000,000	2,000,000
Race Club Memberships	6,000,000	6,000,000
Admissions	8,000,000	8,000,000
Sponsorship, Corporate & Broadcast	28,000,000	28,000,000
Food/Beverage	11,000,000	11,000,000
Revenue from Owners (Noms, Acceptances, Track Fees etc)	12,000,000	12,000,000
Property	3,000,000	3,000,000
Investments	1,000,000	1,000,000
Interest & Dividends	1,000,000	1,000,000
Other	6,000,000	3,000,000
Total with race fields fees	273,000,000	289,000,000
Total without race fields fees which have not been distributed	244,000,000	258,000,000

* As yet not all race field fees have been distributed to race clubs.

Present Expenditure Levels

The following table summarises the major expenditure categories for racing in NSW along with the outlook for growth.

Description	2008/09 (\$)	2009/10 (\$)
Returns to Owners	144,000,000	140,000,000
Racecourse Maintenance	45,000,000	45,000,000
Racing Expenses	31,000,000	31,000,000
Administration	21,000,000	21,000,000
Property	3,000,000	3,000,000
Marketing/Promotion	9,000,000	9,000,000
Interest Expense	3,000,000	3,000,000
Depreciation not included elsewhere	10,000,000	10,000,000
Other	3,000,000	3,000,000
Total	269,000,000	265,000,000

Expenditure summaries are based on estimates.

74% OF THE NSW THOROUGHBRED RACING REVENUE COMES FROM WAGERING

FORECAST WAGERING TURNOVER ON NSW THOROUGHBRED RACING FOR 2009/10

WAGERING OPERATOR	TURNOVER (\$)
Totalizators	2,601,000,000
Bookmakers and Betting Exchanges	1,403,000,000
Total	4,004,000,000

**FOUR BILLION
DOLLARS PER ANNUM
IS WAGERED ON NSW
THOROUGHBRED
EVENTS**



Present Club Profitability

The 2008/09 financial results of clubs provide a useful starting point for financial aspects of the Strategic Plan.

During 2008/09 NSW thoroughbred race clubs sustained combined net losses of \$13.9 million.

The losses exclude race fields fees that have been charged to wagering operators and received by Racing NSW. These funds have not been distributed to clubs, pending the outcome of Federal Court actions. Other than race fields fees, the combined losses reflect the otherwise weak growth in revenue from wagering over the past five years.

Slow growth in revenue from wagering was discussed above and this has negatively impacted the ability of racing to increase prizemoney and invest in its infrastructure.

74% of clubs revenue comes from wagering. During 2009/10 a number of race clubs have implemented measures to improve their financial performance. However those measures are unable to address the fundamentals on which significant increases in revenue depend. These issues are largely out of the individual clubs' control. This plan addresses those fundamentals.

Financial Analysis and Modelling

In addressing the financial deficits being endured by clubs, the Strategic Plan takes account of:

- **Minimum prizemoney levels needed to provide adequate returns and incentives to racehorse owners and industry participants;**
- **Recurrent income needed to meet expenses other than returns to owners, based on the industry operating efficiently;**
- **An assessment of the capital requirements of race clubs and venues to maintain and improve customer facilities and racehorse training facilities.**

To that end Racing NSW will undertake a full financial analysis of the income and capital needs of the NSW industry for the next three years by requiring each race club in the State to provide a three year forward projection of financial needs and expected revenue. We will then consolidate those forecasts into an industry model.

**WITHOUT THE
DISTRIBUTION OF RACE
FIELD LICENCE FEES
NSW CLUBS SUSTAINED
COMBINED LOSSES OF
\$13.9 MILLION**



Present Position – Racing

The following data demonstrates levels of racing activity which are pivotal drivers for the NSW thoroughbred industry to deliver an attractive and competitive product for wagering and entertainment.

Sector	Number of Racecourses
Metropolitan	4
Provincial	5
Country TAB & Non-TAB	98
Country Picnic	15
Total	122

Australian Thoroughbred races conducted in 2009:

NSW	5354
Queensland	4728
Victoria	4432

Total Number of Races

Sector	Non-feature	Group & Listed	Total	Non-feature as %	Group & Listed	All Races
Metropolitan	806	137	943	15.10%	2.60%	17.60%
Provincial	934	13	947	17.40%	0.20%	17.70%
Country TAB	2,459	5	2,464	45.90%	0.10%	46.00%
Ctry Non-TAB	827	0	827	15.40%	0.00%	15.40%
Picnics	173	0	173	3.20%	0.00%	3.20%
Total	5,199	155	5,354	97.10%	2.90%	100.00%

Total Race Starters

Sector	Non-feature	Group & Listed	Total	Non-feature as %	Group & Listed	All Races
Metropolitan	7,769	1,544	9,313	14.40%	2.90%	17.30%
Provincial	9,529	152	9,681	17.70%	0.30%	17.90%
Country TAB	27,100	72	27,172	50.20%	0.10%	50.30%
Ctry Non-TAB	6,728	0	6,728	12.50%	0	12.50%
Picnics	1,082	0	1,082	2.00%	0	2.00%
Total	52,208	1,768	53,976	96.70%	3.30%	100.00%

Average Race Starters

Sector	Non-feature as %	Group & Listed	Total
Metropolitan	9.6	11.3	9.9
Provincial	10.2	11.7	10.2
Country TAB	11.0	14.4	11.0
Ctry Non-TAB	8.1	0	8.1
Picnics	6.3	0	6.3
Total	10.0	11.4	10.1

Percentage of Races with Fields less than 8 Starters

Sector	Non-feature as %	Group & Listed	Total
Metropolitan	19.9%	10.2%	18.5%
Provincial	17.0%	0.0%	16.8%
Country TAB	10.2%	0.0%	10.2%
Ctry Non-TAB	45.5%	0.0%	45.5%
Picnics	68.8%	0.0%	68.8%
Total	20.5%	9.0%	20.2%

Percentage of Races with Fields less than 10 Starters

Sector	Non-feature as %	Group/Listed	Total
Metropolitan	48.1%	33.6%	46.0%
Provincial	40.7%	15.4%	40.3%
Country TAB	27.9%	0.0%	27.9%
Ctry Non-TAB	69.0%	0.0%	69.0%
Picnics	91.3%	0.0%	91.3%
Total	42.0%	31.0%	41.7%

**TO
MAXIMISE
WAGERING
TURNOVER
THE
OPTIMUM
FIELD SIZE
IS 12**

Total Number of Acceptances

Sector	Non-feature	Group & Listed	Total	Non-feature as %	Group & Listed	All Races
Metropolitan	9,281	1,695	10,976	14.50%	2.70%	17.20%
Provincial	11,614	186	11,800	18.20%	0.30%	18.50%
Country TAB	32,241	81	32,322	50.50%	0.10%	50.60%
Ctry Non-TAB	7,615	0	7,615	11.90%	0.00%	11.90%
Picnics	1,192	0	1,192	1.90%	0.00%	1.90%
Total	61,943	1,962	63,905	96.90%	3.10%	100.00%

Average Number of Acceptances per Race

Sector	Non-feature	Group & Listed	Total
Metropolitan	11.5	12.4	11.6
Provincial	12.4	14.3	12.5
Country TAB	13.1	16.2	13.1
Ctry Non-TAB	9.2	0	9.2
Picnics	6.9	0	6.9
Total	11.9	12.7	11.9

Total Number of Acceptances not Starting in Races

Sector	Non-feature	Group & Listed	Total	Normal	Group & Listed	All Races
Metropolitan	1,512	151	1,663	15.20%	1.50%	16.70%
Provincial	2,085	34	2,119	21.00%	0.30%	21.30%
Country TAB	5,141	9	5,150	51.80%	0.10%	51.90%
Ctry Non-TAB	887	0	887	8.90%	0.00%	8.90%
Picnics	110	0	110	1.10%	0.00%	1.10%
Total	9,735	194	9,929	98.00%	2.00%	100.00%

Returns to Owners

Item	2008/09 (\$)	2009/10 Est. (\$)
Prizemoney	118,000,000	113,000,000
BOBS	8,000,000	8,000,000
Appearance Fee	7,000,000	7,000,000
Jockeys' Ride Fee	8,000,000	8,000,000
Jockeys' Insurance	3,000,000	4,000,000
Total	144,000,000	140,000,000

NSW Foal Crop and the Number of Horses Available to Contest Races

Foal crops in NSW from 1998

The table below summarises the NSW only foal crop, with 6,248 foals in 2008. The table demonstrates the impact of Equine Influenza on breeding activity. While NSW racing stock is not entirely correlated to the foal crop, the smaller foal crops arising from EI could be expected to impact negatively on the number of race starters and field sizes.

Foaling Year	Number of Live Foals	% Change on Previous Year
1998	6,963	-
1999	7,208	4%
2000	7,338	2%
2001	7,507	2%
2002	7,271	-3%
2003	6,995	-4%
2004	7,223	3%
2005	7,375	2%
2006	7,359	-0.2%
2007	6,926	-6%
2008	6,248	-10%
2009	6,829	9%
2010*	7,000*	3%

* Estimate

Total NSW Starters and Foal Crop Based Predictions

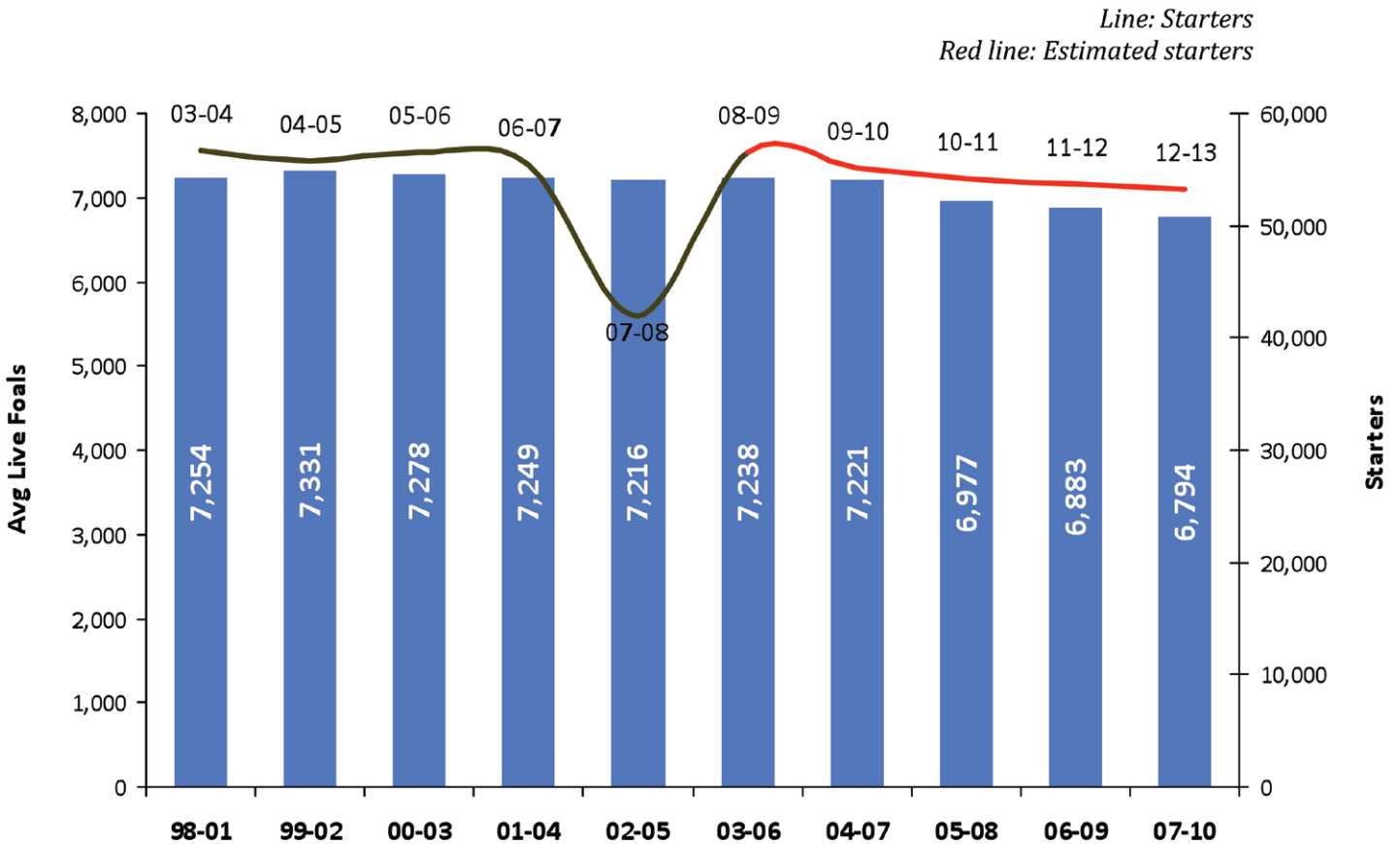
The table below shows the relationship between the NSW foal crop levels to the available racing stock. Further it shows how this then relates to the number of starters. This table highlights the future effect to the NSW industry of EI and the global financial crisis.

Year	Rolling Average Four Year Foal Crop – Lead Indicator of Racing Stock	Racing Year	Starters
1998-01	7,254	03-04	56,699
1999-02	7,331	04-05	55,815
2000-03	7,278	05-06	56,540
2001-04	7,249	06-07	55,380
2002-05	7,216	07-08	41,982
2003-06	7,238	08-09	56,553
2004-07	7,221	09-10	55,164
2005-08	6,977	10-11	54,209
2006-09	6,883	11-12	53,703
2007-10	6,794	12-13	53,211

DUE TO EI THE 2008 FOAL CROP WAS REDUCED BY 10%

If foal crop to starters ratio continues at the same trend, it would mean that due to EI there will be a significant reduction in starters over the next three years. In order to address this situation this Plan identifies how to gain more starts from the available horse pool.

The effect of EI and the global financial crisis on the number of starters



IF FOAL CROP TO STARTERS RATIO CONTINUES AT THE SAME TREND, IT WOULD MEAN THAT DUE TO EI THERE WILL BE A SIGNIFICANT REDUCTION IN STARTERS OVER THE NEXT THREE YEARS. IN ORDER TO ADDRESS THIS SITUATION THIS PLAN IDENTIFIES HOW TO GAIN MORE STARTS FROM THE AVAILABLE HORSE POOL.

Number of Horses Raced in NSW

In addition to EI, in the last fifteen years there has been a trend toward fewer owners racing fewer horses.

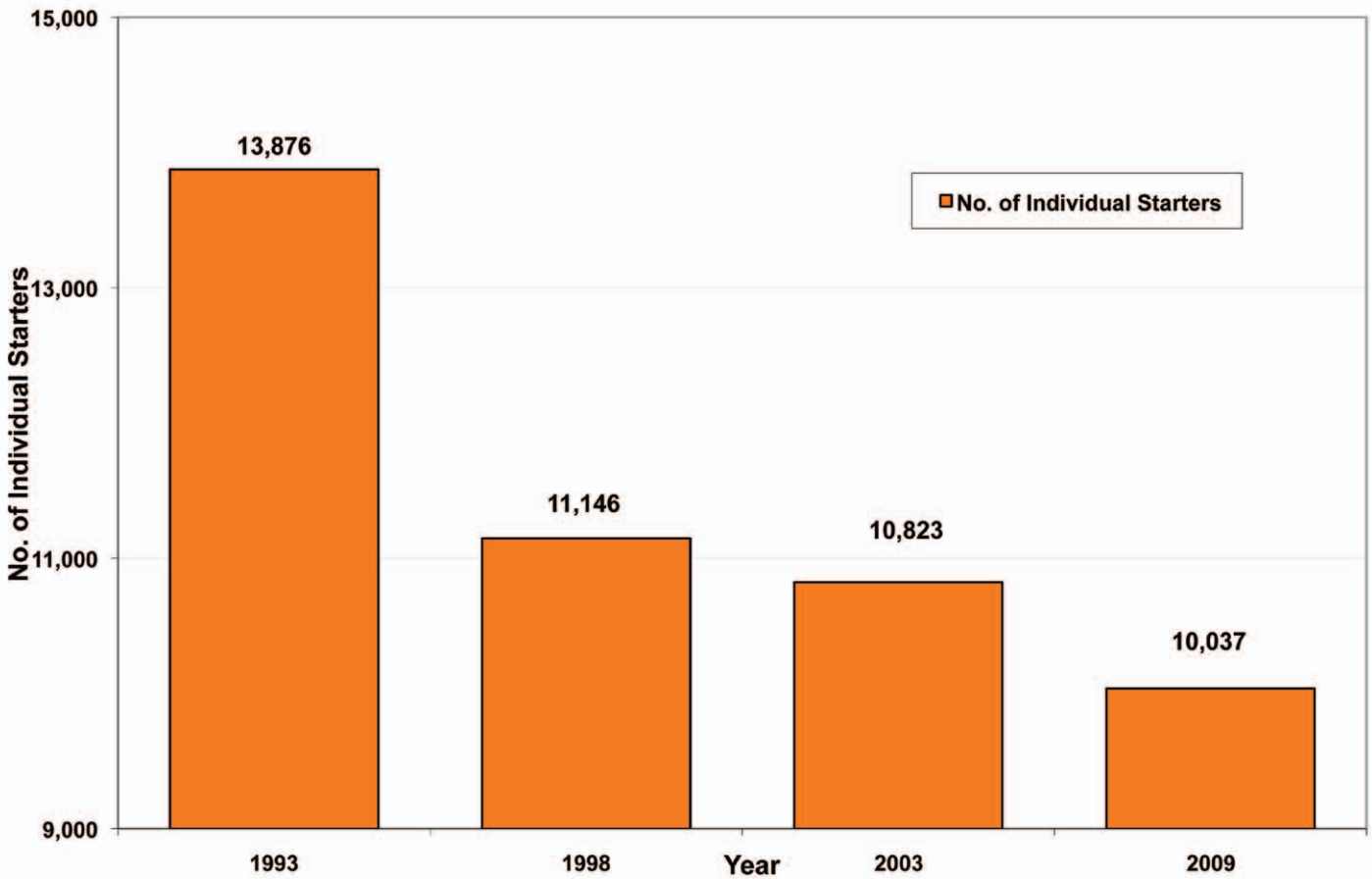
Since 1998 there has been a 28% decline in the number of horses raced in NSW as demonstrated in the following table.

The traditional partnerships of between two and three persons owning racehorses have significantly reduced over the past fifteen years, dropping from 31,879 to 26,986 in that period.

This is consistent with increasing costs of training compared to overall returns to owners, with only 45% of competition costs returned to owners. This has meant that horses are increasingly being syndicated with fewer horses being raced overall.

Building on existing ownership levels is an important aspect of this Strategic Plan.

No. of Individual NSW Race Starters 1993 to 2009



THREE YEAR PLAN

OBJECTIVES 1, 2 AND 3

The plans to meet the following three strategic objectives are outlined below.

1. Increase involvement in racing by customers and other industry participants
2. Improve the attraction to invest in the NSW Thoroughbred Racing Industry
3. Deliver superior thoroughbred racing and facilities to our customers and participants through the use of best commercial practice and innovation

Improving the Key Performance Indicator – Increasing Prizemoney and Reducing Training Costs

As mentioned previously the most important measure of the health of the NSW Thoroughbred Racing Industry is the extent to which returns to owners as a group compare with the costs that group of owners incurred to have their horses compete (training costs, agistment, vet, float fees etc). Closing the gap that exists between the two is a significant goal of this Strategic Plan, underpinning the investment in the NSW Thoroughbred Racing Industry by owners.

Minimum prizemoney levels provide a vital platform for racing and sustainably. Increasing minimum prizemoney levels allows for a broad spread of returns to owners. This also underpins the incentive for broodmare owners to breed thoroughbreds.

The table below summarises targeted minimum prizemoney levels for non-feature events over the next three years.

Category	Existing	From July 2010	From July 2011	From July 2012
Saturday Metropolitan	\$70,000	\$80,000	\$90,000	\$100,000
Midweek Metropolitan	\$27,000	\$30,000	\$32,000	\$35,000
Provincial	\$16,000	\$20,000	\$22,000	\$25,000
Country TAB Meetings	\$9,000	\$10,000	\$12,000	\$15,000

Rather than continuing to refer to payment to owners as prizemoney, collective returns to owners of various types on a race will be referred as 'Returns to Owners'. A review will also be carried out to ensure the money is distributed among the majority of starters. For example a race may be advertised at 'Returns to Owners of \$100,000' and pay up to tenth.

Feature race prizemoney is also an important driver of racing, with prizemoney levels in elite level racing attracting the best thoroughbreds to contest races which in turn has a positive effect on customer interest and revenue.

The following tables summarise targeted minimum levels of prizemoney for races at Group One, Group Two, Group Three and Listed.

Targeted Group Two, Group Three and Listed Prizemoney Minimums

Category	Existing	From July 2010	From July 2011	From July 2012
Group 2	\$150,000	\$170,000	\$180,000	\$200,000
Group 3	\$125,000	\$145,000	\$150,000	\$160,000
Listed	\$100,000	\$120,000	\$125,000	\$135,000

Targeted Group One Prizemoney

Race	Club	Prizemoney 2009-10	Target Prizemoney 2010-12
Golden Slipper	STC	\$3,500,000	\$4,000,000
The BMW	STC	\$2,250,000	\$2,500,000
Doncaster Mile	AJC	\$1,500,000	\$2,000,000
Australian Derby	AJC	\$1,300,000	\$2,000,000
Golden Rose	STC	\$1,000,000	\$1,200,000
Coolmore Classic	STC	\$600,000	\$750,000
Rosehill Guineas	STC	\$500,000	\$600,000
Sydney Cup	AJC	\$400,000	\$750,000
Ranvet Stks	STC	\$400,000	\$750,000
George Ryder Stks	STC	\$400,000	\$500,000
Queen of the Turf Stks	STC	\$400,000	\$500,000
Vinery Stud Stks	STC	\$400,000	\$400,000
Epsom Handicap	AJC	\$350,000	\$500,000
The Metropolitan	AJC	\$350,000	\$500,000
Royal Randwick Guineas	AJC	\$350,000	\$500,000
T. J. Smith Stakes	AJC	\$350,000	\$1,000,000
Australian Oaks	AJC	\$350,000	\$1,000,000
Queen Elizabeth Stakes	AJC	\$350,000	\$750,000
George Main Stakes	AJC	\$300,000	\$500,000
Flight Stakes	AJC	\$300,000	\$400,000
Spring Champion Stakes	AJC	\$300,000	\$500,000
Chipping Norton Stakes	AJC	\$300,000	\$400,000
Sires Produce Stakes	AJC	\$300,000	\$400,000
The Galaxy	AJC	\$300,000	\$400,000
Champagne Stakes	AJC	\$300,000	\$500,000
All-Aged Stakes	AJC	\$300,000	\$1,000,000
Darby Munro Stakes*	STC	\$100,000	\$400,000
Total:		\$17,250,000	\$24,700,000

Prizemoney increase for Group One events will be pivotal to rejuvenating feature carnivals, especially the Sydney Autumn Racing Carnival.

* Targeted for upgrade

Investment in Infrastructure

In recent years the NSW Thoroughbred Racing Industry has been effective in maintaining reasonable levels of returns to owners given the real decline endured in revenue from wagering.

NSW returns to owners have remained close to the levels paid in Victoria despite the considerable advantage that State enjoys over NSW in TAB funding. This is due in large part to poker machine revenue paid to the Victorian racing industry which has seen it receive \$900 million more than the NSW racing industry in the time since the NSW TAB was privatised in 1997. (In the last year alone the Victoria Thoroughbred industry received \$60 million more in TAB funding than NSW industry).

In an effort to support the NSW Racing industry and therefore race field sizes and wagering turnover, returns to owners have had to be competitive with that available in Victoria. However this has been at a cost to investment in infrastructure and customer facilities.

Refurbish Customer Facilities

Significant capital expenditure is required to improve the level of customer facilities at Sydney racecourses, particularly at Royal Randwick which is presently being pursued through the AJC Masterplan. This is vital to attracting greater business from corporate customers, sponsors and attendees at racetracks.

Improved facilities and amenities for racegoers and corporate partners is an important element in building revenue streams from race meetings.

Improvement in customer facilities at other racecourses will be targeted at venues with the greatest potential to generate a commercially acceptable return on investment.

OVER THE NEXT FIVE YEARS IT IS PROPOSED THAT MORE THAN \$70 MILLION WILL BE INVESTED IN IMPROVING CUSTOMER FACILITIES AT RACECOURSES, RACING SURFACES AND RACEHORSE TRAINING FACILITIES.

Centres of Excellence for Racing and Training

The creation of regional 'Centres of Excellence' is a crucial element of the investment in infrastructure to be undertaken by Racing NSW.

It is viewed as important that Centres of Excellence for racing and training be established regionally. Each Centre of Excellence will include a high quality race track which is conducive to competitive racing. Accordingly these tracks must meet minimum standards in track geometry.

Over the next five years it is proposed that more than \$70 million will be invested in improving customer facilities at racecourses, racing surfaces and racehorse training facilities. This will be funded by the revenue received from Race Field Licence Fees allocated through a new Racecourse Development Fund (RDF).

The RDF's major objective will be to fund the refurbishment of metropolitan customer facilities and the establishment of racing and training Centres of Excellence throughout provincial and country NSW.

Importance of Training

The training and conditioning of thoroughbred racehorses is an essential element in the value chain of thoroughbred racing.

Training facilities throughout NSW lack uniformity with many racecourses being used as training venues, the quality of which varies markedly.

In the metropolitan and provincial basin eight tracks are used as venues for training racehorses with an average of 2,620 in work at any given time. It is estimated that the cost of providing training facilities alone in the metropolitan and provincial areas is approximately \$10 million.

Outside of the metropolitan and provincial area 90 racecourses, including some which no longer conduct race meetings, are used for training purposes. There are also many private training establishments.

In order to meet key objectives it is desirable that the overall standard of racehorse training facilities be improved to ensure that for the majority of horses, racehorse trainers are able to:

- Condition horses to race fitness as quickly and effectively as reasonable;
- Minimise injuries;
- Utilise alternative methods to train horses and maintain the health and well-being of thoroughbreds.

In NSW a horse on average starts 5.4 times per annum. This Plan aims to ensure by investing in training facilities the frequency of race starts is improved by one start per horse per year. This would provide approximately 10,850 additional starters which in turn delivers the optimum field size of 12 so as to maximise the returns from wagering.

Regional Centres of Excellence for Provincial and Country racing

Restrictions on the available capital and on-going costs have limited improvements being made in country and provincial areas.

The creation of regional training Centres of Excellence provides the opportunity for the owners of a greater number of country trained horses to benefit from superior training facilities.

Centres of Excellence will be constructed in locations that best service racing within its region.

The capital investment required in each region will depend on the extent of facilities already in place but investments of between \$3 million to \$5 million in each location are envisaged. To ensure the appropriate support from country participants, it is proposed that Racing NSW country and race clubs be consulted to nominate sites for Centres of Excellence based on established criteria including, but not limited to:

- Geometry of racecourse which is conducive to competitive racing
- Proximity to other racecourses and the quality of transport links
- Ready access to adequate water resources
- Land readily available for expansion including stabling
- Alternative uses of existing land
- Existing Facilities and Development Costs
- Land improvement costs (ie. headworks, topography, etc.)
- Local development constraints (eg. LEP's) and zoning regulations
- Prevailing environmental characteristics/ conditions
- Flood characteristics of the site
- Level of training activity/horse population (ie. demand) within the geographical area
- Modern governance structure
- Past management performance of race club

Wagering Growth

Income from wagering is the dominant source of revenue to the racing industry. The introduction of race fields fees charged to wagering operators for the use of NSW race fields information throughout Australia from September 2008 is providing the revenue the NSW industry should at a minimum be receiving from wagering.

The charging of race fields fees has enabled the NSW racing industry to extract some return for the value provided to wagering operators throughout Australia including those that have commenced operation over the past decade, who have not paid for the use of NSW races.

Maintaining strong growth in wagering on NSW racing is imperative to ensuring that returns to the industry grow at a rate that provides for the proper maintenance of facilities and returns to owners.

Wagering operators presently hold a total of more than \$4 billion on NSW thoroughbred racing.

Below are targeted levels of wagering sales on NSW racing from 2010/11 through to 2014/15.

	Base Level (2009/10) (\$'m)	Target 2010/11 (\$'m)	Target 2011/12 (\$'m)	Target 2012/13 (\$'m)	Target 2013/14 (\$'m)	Target 2014/15 (\$'m)
NSW Thoroughbred Wagering Sales - Totalizators	2,601	2,679	2,792	2,911	3,035	3,164
NSW Thoroughbred Wagering Sales - Other Wagering Operators	1,403	1,445	1,507	1,571	1,637	1,707
Total	4,004	4,124	4,299	4,482	4,672	4,871

Targets are based on sales growth of 3% in 2010/11 and 4.25% from 2011/12 against assumed growth in the consumer price index (CPI) of 3% p.a.

Growth forecasts above the rate of the CPI are based on targeted increases in field sizes and increased attractiveness of NSW racing from BENCHMARK handicapping race programming and new Centres of Excellence. Additional opportunities to expand the coverage of NSW racing for wagering may arise from the utilisation of additional channels broadcasting racing.

GROWING THE RACING ECONOMY

Maximise Economic Returns from Wagering Operators Nationally and Internationally

In addition to the introduction of the race fields fees for Australian wagering operators, Racing NSW is pursuing:

- Charging race fields fees or similar to international operators; and
- Taking necessary measures to enforce copyright in NSW racing materials.

An important element of this Strategic Plan is to obtain revenue from new customers. An opportunity exists to broadcast and sell NSW racing and wagering internationally, and in particular to countries in the Asian region.

We intend to highlight our Carnivals and non-feature meetings, ensuring such meetings are held at a time suitable to international markets.

Also important is co-mingling the NSW totalizator pool with the pool in the international jurisdiction to which NSW races are telecast. Co-mingling effectively enables overseas customers wagering on NSW racing to link into the NSW totalizator pool on bets placed through their own totalizator. This immediately creates liquidity by increasing pool sizes to encourage investments in both host and recipient countries. The sale of Australian racing internationally has previously failed due to the pools being too small in the international jurisdiction where the races were telecast. Also the takeout rates in those international jurisdictions were significantly higher than the rates in Australia.

By merging the pools it would be essential that the NSW takeout rate on all bets be applied.

Racing NSW will pursue co-mingling arrangements through Tabcorp with other international totalizators.

The international strategy is an important element of this Plan. Pivotal to this is showcasing in the best possible light, the Sydney Autumn Racing Carnival to the international audience.

Establishing a fixed place in the calendar for the Sydney Autumn Racing Carnival is an important first step in underpinning the position and profile of the Carnival internationally.

Major race carnivals around the world have set dates, and allow proper, efficient marketing and race programming. With fixed dates the Sydney Autumn Racing Carnival fits between the Dubai World Cup in March, the Champions Mile meeting in Hong Kong in late April, with the Kentucky Derby and Singapore's International SIA Cup Day in May. The focus then shifts to the UK and the Royal Ascot carnival in June.

Our vision is to create the best quality thoroughbred racing with a recognised timeslot both locally and internationally. Showcasing the premium product NSW has to offer is the perfect platform to promote NSW racing to future international customers.

The strategy for non-feature racing will commence with Friday night racing that complements racing from interstate as well as providing a platform for wagering sales into Asia. This is tied to broadcasting and co-mingling of pools as host and guest.

Renegotiate the Racing Distribution Agreement with Tabcorp

Through race fields fees, Racing NSW is seeking to secure a funding stream from wagering operators accepting bets on NSW racing.

Racing NSW also intends to review its commercial agreement with Tabcorp, the Racing Distribution Agreement (RDA) which was executed in 1997 to ensure that the agreement reflects the current commercial environment and to simplify the complex document that currently exists.

Improve the Quality and Delivery of NSW Racing and Wagering Product

As the NSW Thoroughbred Racing Industry is increasingly sold in competition to other sports through NSW, interstate and international wagering operators, it is most important that NSW racing is of a strong quality that attracts punters both nationally and internationally.

Ways to improve the attractiveness of NSW thoroughbred racing are discussed in greater detail later. Whilst thoroughbred racing is a vibrant and colourful spectacle, the viability of the sport requires strict integrity systems to support its appeal as a wagering option.

Other sports do not provide the punter or wagering operator with the same protection as those sports do not rely on wagering income as a prime source of revenue. Accordingly they do not have the same need to provide the vigilant integrity systems as racing does.

It is equally as important that the delivery and presentation of racing for wagering is at the forefront of consumer trends by using the latest technology. Such changes to the presentation and delivery of wagering may require development and investment capital.

Our strategies to improve the delivery and presentation of racing for wagering include:

- Digitising race form including the presentation, delivery and accessibility of form;
- Enhancing the visual presentation and delivery of race broadcasts to improve the consumer experience; and
- Interactive mechanisms that enhance the consumer experience.

Race Clubs to Develop a Media Rights Policy for Approval by Racing NSW

The Thoroughbred Racing Act, 1996 states that the approval of Racing NSW is required for changes to broadcasting arrangements. Racing NSW may refuse to approve a proposed broadcasting arrangement if in its opinion the arrangement is not in the best interests of the thoroughbred racing industry as a whole in New South Wales.

Racing NSW will, with race clubs, develop a new broadcast and media policy.

The focus of this policy will not only be on television coverage, but also on new media formats. Technology is advancing rapidly, creating potential opportunities for racing.

The broadcast and media rights policy will be dynamic to enable the NSW racing industry to adapt to changes in both technology and the commercial environment.

Generate returns from available resources surplus to producing or promoting racing

In addition to assessing the capacity of the industry's infrastructure to meet racing needs, Racing NSW will review the type of facilities required at racecourses to diversify and increase the existing and potential revenue streams generated from the venues.

Funds will be made available and support given to careful investment on a commercial basis if such investment adds value and utilises spare land or other capacity in generating additional income.

Wagering Tax Treatment

In NSW for every \$1 that is bet with TAB, the Racing Industry receives approximately 4.70 cents. That money is applied towards the payment of prizemoney and for all other costs relating to conducting race meetings including Racing NSW costs.

Other states are receiving financial support in various forms. The Victorian Government and South Australian Government have legislated to reduce state wagering taxes, to take full effect from 2012/13 thereby increasing funding for their respective racing industries.

At this point the NSW racing industry receives less funding per dollar wagered than its counterparts in Victoria, Queensland and South Australia, all of who benefit from a more favourable wagering tax regime. After these new measures are implemented in other states, NSW will be even worse off by comparison.

State	Cents paid to Racing Industry for every dollar bet	State tax on wagering per dollar bet
NSW	4.70	4.70
Victoria*	7.95	2.74
Queensland	6.25	3.20
South Australia *	8.00	1.45

* From 2012/13

If NSW had the same tax regime as Victoria from 2012-13 it would receive an additional \$90 million per annum in revenue.

Similarly Interstate Governments are providing grants to their racing industries to fund infrastructure, summarised below.

\$10 million	Victoria
\$80 million	Queensland
\$11 million	South Australia

Racing NSW will pursue several policy and funding initiatives with the NSW State Government in order to improve the relative position of the NSW racing industry. These will include securing freehold title to land presently occupied by racecourses, from the State Government.

Trackside

Racing NSW has given its support to the NSW Government for the introduction of Trackside.

Trackside is Tabcorp’s virtual racing product. Each race is computer generated and offers fixed odds wagering.

Each virtual race has 12 runners and odds remain constant across all races. Customers place bets in the same way as for wagering bet types.

Trackside has been operating in Victorian TABs since 1999. Tabcorp claims it has not cannibalised traditional race wagering but rather is competition to gaming machines and Keno.

The turnover from Trackside in Victoria is approximately \$200 million per annum.

Assuming a similar take up, it is expected the NSW thoroughbred industry will receive an additional \$3 million return in the first year.

Racing NSW Rewards Club

Racing Loyalty Program

In order to grow the racing economy, procure new owners and establish a substantial data base of industry supporters, Racing NSW has developed a racing loyalty program entitled “Racing NSW Rewards Club”.

“Racing NSW Rewards Club” will be launched in May 2010.

The program will be used throughout the racing economy and will be based on similar successful loyalty schemes currently operating in the wider economy. One of the most important objectives of the program is to take advantage of the \$2.5 billion in unused points currently sitting in the various rewards programs operating throughout Australia. In addition a further \$800 million per annum is added to unused points.

A part of the unused points from other reward programs can now be harnessed by the racing industry which will make it possible for someone to purchase a horse and have it trained, using only their reward points and without parting with cash.

Accordingly, arrangements have been entered into with several other loyalty programs conducted by bodies such as Visa, MasterCard, American Express and Qantas for the transfer of rewards points from those programs into members’ “Racing NSW Rewards Club” accounts.

Under these arrangements members will be able to access unused points in a variety of programs to which they may belong and then use them in the general racing economy.

In addition, members of the program will earn reward points for various transactions they undertake in the racing industry and they will then be able to utilise those points to pay for other industry transactions.

Points will be redeemable for transactions such as the purchase of horses at Inglis sales, the payment of training expenses, the payment of service fees at various stud farms and payment of hospitality costs at race meetings and payment of club membership fees.

To ensure the success of the program, Racing NSW is currently negotiating partnership agreements with a large number of commercial organizations, including Tabcorp which already runs the No 1 loyalty program.

Under this arrangement members will be able to transfer points earned when they have a bet with Tabcorp to their “Racing NSW Rewards Club” account to be used on racing related activities.

Racing NSW will also add reward points to the prizemoney paid for selected races conducted throughout the State. Winning owners could then redeem those points to pay a trainers’ account, purchase another horse etc.

The program could be used to make specific races more appealing. For example as part of the strategy to increase the number of staying horses in NSW, races above 2000 metres could in addition to the prizemoney carry a significant amount of reward points. These points would then be redeemed in the NSW racing economy.

The program will also provide racing with a substantial database which allows cost-effective communication and interaction with racing’s customers every week.

Racehorse Ownership Strategies

Racehorse owners are pivotal to the prosperity of thoroughbred racing being the supplier of the most crucial element of racing's value chain.

As racing has faced increasing competition for discretionary spending, the number of racehorses and owners has declined by approximately 28% in the past sixteen years.

In building levels of racehorse ownership it is increasingly important that the marketing of racehorse ownership is very effective. In particular the racing industry cannot rely on people with a casual interest in racing to become involved in ownership without active and effective promotion.

To build the ownership of racehorses and increase ownership participation, racing should work across a broad spectrum of people and groups with a view to providing an introductory experience.

The appointment of an Ownership Promotions Coordinator for Racing NSW is an initial step in building racehorse ownership. Strategies to build ownership levels will be further discussed.

- Lower Price Entry Level

The initial cost of entry into racehorse ownership is dependent on the amount of the bloodstock investment. This Plan targets ownership at a lower level entry cost.

Establishing the Racing NSW Ownership Strategy will ensure direct involvement in the market to make horse ownership more affordable.

Racing NSW will provide trainers in all sectors, breeders and clubs with a low cost, streamlined syndication service. Included will be a communication option, to assist in promotion of affordable horses and increasing ownership to a wider local audience. It will also include a fee collection service to ensure trainers are paid promptly.

Horses must pass strict criteria such as vet checks and independent inspection before being approved.

Information regarding ownership and available horses will be distributed via the Racing NSW website, affiliated links, local media, brochures and attendance at major meetings.

The launch of the Racing NSW ownership strategy will take place from June 2010 and be promoted aggressively to target groups.

RACING NSW WILL PROVIDE TRAINERS IN ALL SECTORS, BREEDERS AND CLUBS WITH A LOW COST, STREAMLINED SYNDICATION SERVICE.

Ownership Clubs

The launch of five "ownership clubs" each with 5,000 new owners will be undertaken by selling small interests in a racehorse through race clubs and where people socialize such as through pubs and registered clubs.

Owners Club

In addition Racing NSW will enhance the owner experience by launching an Owners Club and provision of owners' benefits, such as special facilities at racetracks.

The collective shortfall of prizemoney against training costs was discussed in the introduction of this Plan. This shortfall in prizemoney against training costs is in addition to the purchase cost of acquiring bloodstock.

Reviewing this more closely, approximately 70% of horses racing win less than \$10,000 in prizemoney for their connections – substantially below the annual cost to the horse's ownership of maintaining a thoroughbred in work. Many of the remaining horses winning more than \$10,000 in prizemoney for their connections would still not 'repay' training, veterinary and spelling fees from prizemoney won.

An important component of our strategic planning is retaining the involvement of owners who do not cover their ongoing training costs with prizemoney.

Potential solutions to assist with maintaining horses in work include:

- Provision of improved training facilities at selected locations;
- Increasing the extent of race starters subsidies or extending prizemoney to runners finishing outside the placings;

- Reducing costs of key training venues including Centres of Excellence.

Improved Training Facilities at Selected Locations

Improvements in training facilities at selected locations is discussed in greater detail under the heading 'Centres of Excellence'. Selectively targeting venues for upgrade will enable the industry to pursue improved training facilities while achieving a reasonable degree of cost synergy. It is expected these centres will be attractive to trainers and generate a significant migration of trainers toward these facilities.

Reducing Costs to Owners of Training

Reducing the cost components of racehorse training met by owners would directly attack the shortfall between prizemoney and training costs encountered by the owners of a majority of horses.

Racing NSW will undertake a review of the cost to owners of maintaining horses in work, with a view to significantly reducing these costs.

A review of the cost of training will include:

- A comparison of the costs to owners having racehorses trained in NSW compared with interstate and international jurisdictions;
- Possible discontinuation of fees for the use of training facilities (trackwork, swimming, horse walkers) at designated key training venues including Centres of Excellence; and
- Examination of base level float subsidies to all race starters from key training venues including Centres of Excellence.

IN NSW A HORSE ON AVERAGE STARTS 5.4 TIMES PER ANNUM. THIS PLAN AIMS TO ENSURE BY INVESTING IN TRAINING FACILITIES THE FREQUENCY OF RACE STARTS IS IMPROVED BY ONE START PER HORSE PER YEAR. THIS WOULD PROVIDE APPROXIMATELY 10,850 ADDITIONAL STARTERS WHICH IN TURN DELIVERS THE OPTIMUM FIELD SIZE OF 12 SO AS TO MAXIMISE THE RETURNS FROM WAGERING.

Reducing the costs of training to owners with horses at key training venues including Centres of Excellence would underpin the development of these centres and reduce costs to owners. Removing items such as track fees would also potentially generate benefits of reduced administrative costs for clubs providing these training facilities.

Targeting key training venues including Centres of Excellence will increase the incentive for trainers to locate to these facilities and improve the overall fitness and standard by which horses are presented for racing.

Initiatives designed to reduce the cost of training would need to be appropriately safeguarded against being taken advantage of by owners not intending to race long term in NSW, such as where owners seek to sell overseas based on a barrier trial win.

- Attracting High Net Worth Owners

High net worth individuals have greater capacity to afford racehorse ownership, both capital and recurrent costs. They have the economic capacity to purchase and race a number of horses each season.

The starting point is to specifically target high net worth individuals and introduce them to the thoroughbred racing experience. This needs to be matched with improvements to racecourse facilities and the race day offering (quality of catering, customer service etc) that greatly increase comfort and improve the race day experience.

From this point the strategy seeks to leverage the introduction to racing with a view to ultimately becoming regular investors in the ownership of thoroughbreds. While returns to owners are a vital component of underpinning racehorse ownership, it is vital to accentuate the prestige of racing horses and the prospect of success at the elite level.

- Existing Owners

Existing owners have already taken an interest in racing thoroughbreds, yet no co-ordinated effort is made to increase the level of investment from this important group.

Racing can seek to increase the investment of existing owners by:

1. The Racing NSW Rewards Club program which partially funds the purchase of horses and payment of training, spelling and similar expenses.
2. Increasing engagement with owners with weekly communication through the Racing NSW Rewards Club program.
3. Enhancing the race day experience of owners at the racecourse.

- Breeding More Horses

In the past fifteen years the breeding industry in Australia has changed markedly with significant investments made by overseas breeding interests.

At the same time there has been a consolidation of racehorse breeding with smaller thoroughbred studs finding it more difficult to compete with larger operations which stand very well credentialed stallions.

Australian (and New Zealand) bred bloodstock has also come in for greater demand in recent years from Asian markets. Overseas buyers are purchasing both yearlings and tried horses which in turn depletes the racing stock in NSW.

Accordingly there have been calls to charge a transfer fee for the sale of going horses to overseas interests to compensate the NSW industry for the subsidisation of training facilities etc which were needed to procure the profit on the sale of the horse. Industry consultation will be undertaken as to how to assess this matter.

Increasing the number of horses bred in Australia will partly offset the influence of overseas buyers on stock remaining in Australia and provide supply for increased ownership.

As the motive for breeding is often the ability to sell horses at a profit, increasing prizemoney levels is an important driver of increasing the number of horses bred and increased prizemoney meets other objectives of the Strategic Plan.

Key Initiatives Include

- a. Structuring the Racing NSW Rewards Club program to help fund the purchase and breeding of racehorses
- b. Using the BOBS bonus scheme and BOBS Extra to encourage breeding in NSW
- c. Investigate expanding BOBS Double Up to include costs of breeding horses

- d. Use the Racing NSW owners program to increase the number of owners by making horse ownership more affordable and accessible to a greater range of people.
- e. Racing Rewards Club points earned for stallion service fees.

- Improving the Secondary Market for Tried Thoroughbreds within NSW

The chart right demonstrates the transfer interstate of horses from NSW stables over the past four years.

Evidence suggests that many horses from Sydney and provincial stables that are deemed not to be strong enough to race with success in Sydney are transferred or sold interstate to continue their racing careers where they are more competitive.

Although it is understandable that these horses move away from the metropolitan and provincial region, the loss of these horses interstate strengthens racing interstate at the expense of racing in NSW.

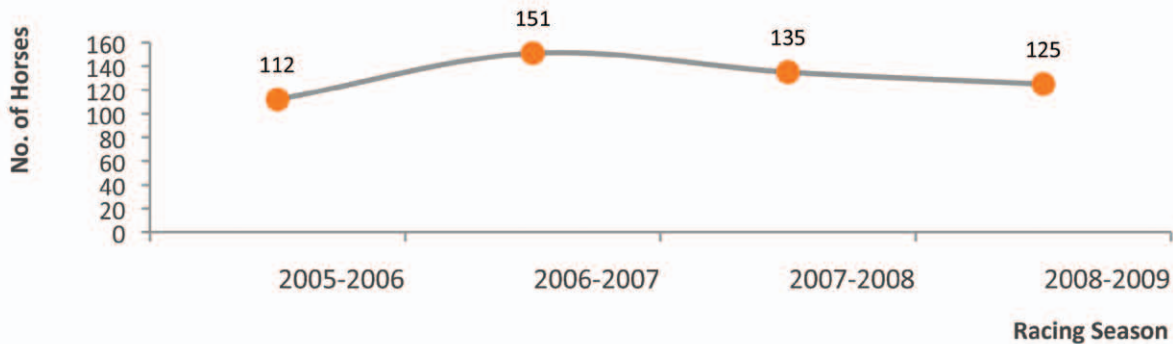
Strengthening the secondary market within NSW for tried horses has the potential to underpin racing generally within NSW and particularly country racing.

A stronger secondary market is likely to be achieved if there are greater levels of confidence among potential owners of tried bloodstock in racing horses in country NSW. Such confidence and inclination to invest in tried horses to race outside the metropolitan/provincial area is strongly related to the delivery of other elements of this Strategic Plan including:

- Improved racehorse training facilities at regional Centres of Excellence
- Improved racing surfaces; and
- Stronger levels of prizemoney.

A secondary market for bloodstock within NSW is more likely to thrive if owners can be confident their horses will be trained at centres that continue to provide the opportunity to maximize their ability and to contest stronger races if the horse's form improves. In addition better prizemoney levels will build the attractiveness of transferring to regional NSW, horses that aren't competitive in Sydney.

Metropolitan and Provincial Horses Transferred Interstate



A strong secondary market would clearly have a positive impact on race field sizes within regional NSW and improve the attractiveness of wagering on country racing.

- Image of Racing

The ability of the Thoroughbred Racing Industry to boost ownership levels is indelibly linked to maintaining interest and popularity of racing. All sport is becoming conscious of its image and racing needs to safeguard the way it is perceived publicly to underpin the decision by individuals to become involved in racing.

Key drivers of the image of racing are maintaining high levels of integrity and confidence as well as soft measures such as the equine and human welfare initiatives discussed later.

Racing Field Sizes

Develop the best innovative and contemporary programming and handicapping

Excellence in race programming and handicapping practices are needed to ensure both:

- the attractiveness of racing to customers and its commercial appeal are maximized; and
- that participants have confidence in these systems.

The BENCHMARK programming and handicapping initiative introduced in October 2009 is pivotal to this and will be refined by ongoing six monthly reviews.

A vital aspect of refining the programming process is to improve the overall quality of races with a view to having the best possible field contesting races. Important to this is matching of the horse population to the races programmed.

The following initiatives will be used to build field sizes, by a targeted one horse per race:

- Enhance BENCHMARK programming and handicapping through a continuous measurement and review program.
- BOBS Extra and the programming of additional staying races at each meeting will build the local staying pool of horses.
- Structure prizemoney and rebate policies that encourage participation.
- Extend the racing life of horses by:
 - BOBS Extra providing financial incentive to race horses for longer;
 - Improved training and racecourse facilities
 - Ownership Strategies discussed above.
 - Continue to increase returns to owners

Targeted Total Race Starters to Meet Objective

There is a strong correlation between race field sizes and the levels of wagering. An increase in NSW field sizes will increase revenue to the industry from wagering.

An across the board increase in NSW field sizes of one starter per race will increase revenue to the NSW thoroughbred industry by \$6 million per annum.

The following tables summarise the total starters needed by each race category to achieve targeted field sizes.

Comparison of Total Targeted Starters to Present based on an Increase in Field Size of One Starter per Race

Sector	Present Total Starters by Type			Targeted Total Starters by Type		
	Non-feature	Group/Listed	Total	Non-feature	Group/Listed	Total
Metropolitan	7,769	1,544	9,313	8,544	1,685	10,229
Provincial	9,529	152	9,681	10,461	163	10,624
Country TAB	27,100	72	27,172	29,508	75	29,583
Ctry Non-TAB	6,728	0	6,728	7,443	0	7,443
Picnics	1,082	0	1,082	1,082	0	1,082
Total	52,208	1,768	53,976	57,038	1,923	58,961

**AN ACROSS THE BOARD
INCREASE IN NSW FIELD SIZES
OF ONE STARTER PER RACE WILL
INCREASE REVENUE TO THE NSW
THOROUGHBRED INDUSTRY BY
\$6 MILLION PER ANNUM.**

Comparison of Targeted Average Starters per Race to Present based on an Increase in Field Size of One Starter per Race

Sector	Present Average Starters per Race by Type			Targeted Average Starters per Race by Type		
	Non-feature	Group/Listed	Total	Non feature	Group/Listed	Total
Metropolitan	9.6	11.3	9.9	10.6	12.3	10.8
Provincial	10.2	11.7	10.2	11.2	12.5	11.2
Country TAB	11.0	14.4	11.0	12.0	15.0	12.0
Ctry Non-TAB	8.1	0.0	8.1	9.0	0.0	9.0
Picnics	6.3	0.0	6.3	6.3	0.0	6.3
Total	10.0	11.4	10.1	11.0	12.4	11.0

Comparison of Targeted Percentage of Races with Less than 8 Starters to Present based on an Increase in Field Size of One Starter per Race

Sector	Present % Races with less than 8 Starters			Targeted % Races with less than 8 Starters		
	Non-feature	Group/Listed	Total	Non-feature	Group/Listed	Total
Metropolitan	19.9%	10.2%	18.5%	10.0%	8.0%	9.8%
Provincial	17.0%	0.0%	16.8%	10.0%	0.0%	9.8%
Country TAB	10.2%	0.0%	10.2%	8.9%	0.0%	8.9%
Ctry Non-TAB	45.5%	0.0%	45.5%	35.7%	0.0%	35.7%
Picnics	68.8%	0.0%	68.8%	68.8%	0.0%	68.8%
Total	20.5%	9.0%	20.2%	15.5%	7.1%	15.3%

Comparison of Targeted Percentage of Races with Less than 10 Starters to Present based on an Increase in Field Size of One Starter per Race

Sector	Present % Races with less than 10 Starters			Targeted % Races with less than 10 Starters		
	Non-feature	Group/Listed	Total	Non-feature	Group/Listed	Total
Metropolitan	48.1%	33.6%	46.0%	28.0%	21.9%	27.1%
Provincial	40.7%	15.4%	40.3%	28.1%	7.7%	27.8%
Country TAB	27.9%	0.0%	27.9%	20.0%	0.0%	20.0%
Ctry Non-TAB	69.0%	0.0%	69.0%	61.7%	0.0%	61.7%
Picnics	91.3%	0.0%	91.3%	91.3%	0.0%	91.3%
Total	42.0%	31.0%	41.7%	31.7%	20.0%	31.4%

Extend Racing Life and Number of Starts per Horse (quantity)

Extending the racing life of racehorses and the number of race starts is an important objective that assists both the commercial attractiveness of racing and the desirability of racing horses.

Horses that race over several seasons and start more often become more familiar to racegoers and punters, driving interest and wagering.

Similarly, owners benefit by experiencing greater enjoyment from their investment in racing if the racing career of their horse is lengthened and the number of visits to the races is increased.

Improvements to training facilities and racing surfaces will enhance and prolong racing careers.

A further important driver of this initiative is BOBS Extra which will provide a direct financial incentive to race horses for longer.

Deliver superior thoroughbred racing to our customers and participants through the use of best commercial practice and innovation

Minimum standards for training and raceday facilities have already been established and will be enforced at all racetracks:

- Tracks will need to be conducive to competitive and safe racing with Centres of Excellence throughout NSW. Customer facilities need to be upgraded particularly at showcase metropolitan venues and in the areas of corporate and sponsors' hospitality
- Venues need to be equipped with the most modern digital broadcast technology to allow the best presentation of meetings
- The number of race meetings broadcast needs to be increased in order to stimulate further wagering.

TRACKS WILL NEED TO BE CONDUCTIVE TO COMPETITIVE AND SAFE RACING WITH CENTRES OF EXCELLENCE THROUGHOUT NSW.



STRUCTURE AND GOVERNANCE

Modernise and Simplify the Structure that Delivers Racing in NSW

At present the NSW Thoroughbred Racing Industry has a relatively complex structure with Racing NSW having to co-ordinate the activities of 125 clubs conducting 750 race meetings. This structure brings the benefits of diversity, but also inconsistent delivery with a myriad of different policies and practices employed.

The structure and management systems of racing in NSW need to be geared to enable thoroughbred racing to compete effectively against rivals for the discretionary entertainment spends of consumers. These should work towards the greater benefit of the industry and mitigate against territoriality.

Racing NSW will examine various areas of the industry to help to build understanding of where duplication and inefficiencies exist, with a view to minimizing them.

THE PRESENT STRUCTURE BRINGS THE BENEFITS OF DIVERSITY, BUT ALSO INCONSISTENT DELIVERY WITH A MYRIAD OF DIFFERENT POLICIES AND PRACTICES EMPLOYED.

Structure of Racing to Meet its Overall Objectives

The structure of racing in NSW must be enhanced to meet its overall objectives. At present race club committees and other racing bodies are representative of members and their actions generally reflect this rather than the overall betterment of racing. The establishment of some independent direction on boards and committees will assist this outcome. It is proposed that Racing NSW engage with racing bodies and race club committees to seek involvement of some independent directors or committee persons.

Racing has traditionally operated with a large component of voluntary or honorary input. In many instances this has enabled clubs to operate more cost effectively than would otherwise be the case. The industry is competing in an increasingly sophisticated and dynamic market in offering racing as an entertainment option, with this extending to racehorse ownership. For racing to effectively compete by delivering a superior experience for customers and owners, a greater degree of professionalism is desirable.

Available pools of voluntary labour are also susceptible to being reduced to unsustainable levels by busy lifestyles, changing family structures and changing work patterns. Certain tasks at race clubs are best performed professionally and volunteers may well not possess appropriate skills.

As such racing should seek where appropriate to reduce reliance on honorary or voluntary labour. Honorary and voluntary input is most useful in establishing community relationships rather than preparing tracks. Country racing in particular should have a greater level of professionalism in the conduct of TAB and event meetings.

It remains most appropriate to retain hands on voluntary input at community racing locations.

Regional Track Managers

Indications from the racecourse renovation and assessment program conducted by Racing NSW are that there is considerable scope for improvement in the overall performance standards of racecourses across NSW. This is evident from the inconsistency in the visual appeal of racecourses presented for broadcast on television.

Racing NSW will provide a resource which enables it to advise, audit and ensure that each track in the State is prepared to the minimum standards demanded by the Board.

Appropriately skilled and qualified racecourse managers will be employed at Centres of Excellence. These racecourse managers will be provided with decision-making authority to meet performance guidelines established by Racing NSW. They will also mentor racecourse managers at venues supporting the Centres of Excellence to enable them to achieve their performance guidelines.

Integration and Delivery of Racing

Many services and products that comprise part of the value chain of thoroughbred racing are performed by bodies outside Racing NSW and race clubs.

To ensure optimal delivery outcomes for the NSW racing industry, certain processes within racing may be better owned or controlled by Racing NSW and clubs. As such, examining the existing delivery of inputs into the production of racing will identify elements where change is desirable.

Clearly Establish Expectations of Race Meetings

It is important for clubs to understand what is expected of race meetings. In simple terms they could be classified in three ways:

- Event meetings;
- Broadcast or Product meetings; and
- Community meetings

The proposed direction with race meetings is discussed overleaf.

INDICATIONS FROM THE RACECOURSE RENOVATION AND ASSESSMENT PROGRAM CONDUCTED BY RACING NSW ARE THAT THERE IS CONSIDERABLE SCOPE FOR IMPROVEMENT IN THE OVERALL PERFORMANCE STANDARDS OF RACECOURSES ACROSS NSW.

Event Meeting

- Description of an Event Meeting

These are more important race meetings that showcase and celebrate racing, in each region, town or city. They are characterised by higher than usual levels of prizemoney with high levels of interest locally and from the wider racing community. Such race meetings seek to provide higher quality racing and create an event attractive to a broader range of potential customers. These meetings will in most instances include off-course wagering coverage.

- Racing Objectives of an Event Meeting

- Provide participants with the opportunity to race for higher prizemoney than 'non-event' broadcast meetings.
- Provide participants with the opportunity to engage in racing that is more exciting than 'non-event' broadcast meetings.
- Provide participants with broader recognition than 'non-event' broadcast meetings.
- Provide an excellent experience for customers.
- Maintain and grow mainstream interest in racing.
- Provide very attractive and higher quality racing as a wagering proposition to punters.

- Financial Objectives of an Event Meeting

- Translate high levels of interest into strong sales of attendances, non-wagering products and corporate sponsorship.
- Create value for customers and capture this through pricing.
- Effective management to maximise non-wagering margins.
- Appropriately targeted and sized marketing spend.

- Translate strong racing interest into higher than normal betting sales.

- Venue Attributes for an Event Meeting

- Capacity of locality to generate and pay higher than normal prizemoney
- Capacity of locality to draw strong interest levels.
- Capacity of locality to create and capture value for customers
- Capacity of local market to pay for value
- Capacity to attract stronger than normal betting sales

Broadcast Meeting

- Description of a non-Feature Broadcast Meeting

Race meetings broadcast for off-course wagering that target betting sales and provide racing opportunities for participants. These meetings provide a limited capacity to generate mainstream interest and strong wider racing interest and are essentially supported by wagering and industry funding.

- Racing Objectives of a non-Feature Broadcast Meeting

- Provide participants with racing and winning opportunities
- Provide consistently strong wagering proposition to punters

- Financial Objectives of a non-Feature Broadcast Meeting

- Maximise wagering sales from best possible betting product
- Minimise operating costs.
- Capture any non-wagering earnings on minimal/nil marketing spend.

- Venue Attributes for Broadcast Meetings

- Consistently good racing venue and surface that is safe to horses, reasonably equalises horses' winning chances, and is visually attractive to punters.
- Racing venue and surface that is cost effective to maintain

Community Meeting

- Description of a Community Meeting

Non-TAB meetings with a feature that is important at least in a local context. These are conducted where doing so provides an opportunity for racing to maintain and build its mainstream presence and generate an acceptable financial return in the absence of TAB wagering. Funding of the meeting is obtained by capturing the interest of the local community along with limited industry funding and support.

- Racing Objectives of a Community Meeting

- Provide participants with racing and winning opportunities with a level of prizemoney below TAB meetings
- Maintain and grow mainstream interest in racing.

- Financial Objectives of a Community Meeting

- Create an attractive event and translate this into strong sales of attendances, non-wagering products, and corporate sponsorship.
- Use the event to create value for customers and capture this through pricing.
- Effective management to maximise non-wagering margins.
- Appropriately targeted and sized marketing spend.
- Utilise cost advantage to conduct meeting while minimising operating costs.
- Limit the funding contribution by the racing industry.

- Venue Attributes for a Community Meeting

- Capacity of locality to draw strong interest levels.
- Capacity of locality to create and capture value for customers
- Capacity of local market to pay for value
- Acceptable racing surface that is safe for horses



OBJECTIVES 4, 5 AND 6

The plans to meet the following three strategic objectives are outlined below.

4. Build the brand of racing and reinforce its place in the sporting and cultural landscape
5. Ensure the welfare and safety of participants and horses reflecting contemporary community standards
6. Drive progress through extensive consultation with all industry participants

Identify Appropriate Market Segments

Mainstream interest in horse racing among Australians is at higher levels than most countries around the world where racing is more of a niche sport. Nonetheless racing faces strong competition from other sports and entertainment.

Interest in racing is stronger among seniors and baby boomers than in Generations X and Y. The traditional manner in which racing is delivered to customers is also better suited to ageing generations rather than younger Australians.

Pivotal to achieving meaningful increases in mainstream interest is the engagement of Generation X (26% of the population) and in particular Generation Y (28% of the population).

Engaging Generation Y with racing

Generation Y is characterised by being community and socially driven, peer conscious and with a shorter term focus than previous generations. Generation Y's dominant leisure activities are partying, listening to radio (FM) and going to the cinema. Generation Y's main means of communication is through SMS and the internet with a high usage of electronic devices.

The longer term economic health of the racing industry depends on ensuring that racing is presented in a manner with which changing generations can identify.

Accordingly the racing industry must remain at the forefront of using the latest technology and marketing practices, including the use of social networking websites such as Facebook and Twitter.

Engaging Generation X with Racing

A characteristic of Generation X is that it is more discriminating in its expectations than preceding generations. As such an important element of engaging with Generation X is to improve facilities for racegoers, corporate customers and sponsors, especially in the metropolitan area.

It is expected that suitable facilities will become even more important in coming years. As this generation moves toward middle age they will likely become more discerning and seek greater levels of comfort.

Engaging Generation X and Y with Wagering

An important aspect of racing and in particular wagering effectively engaging with Generations X and Y is presenting racing information and form in a format familiar to them. This includes use of electronic means that enable the quick sifting of data, providing instant decision information. TAB outlets and betting rings on racecourses need to be presented in an inviting manner that is more akin to what these generations are accustomed to.

Attract New Customer Segments Through Innovation

The racing industry has traditionally taken a relatively rudimentary approach to segmentation of the market in seeking to reach potential customers. To reach new customers, racing needs to segment the market in ways not previously pursued at large. Inventive segmentation of the race going market with appropriately themed offerings (theme days etc) presents new opportunities for racing.

An example is to present race days that are tailored to various demographic segments. These include:

- Friday night racing at Canterbury (alternative to pub/club scene)
- Females (Fashion, corporate partnerships around female targeted products etc)
- Pubs and Clubs (Punters' Club)
- Social Clubs (Punters' Clubs and similar race days)
- Gay and lesbian groups (Pink Stiletto race day)
- Youth Memberships
- University students
- Country Cup every fortnight
- Family days
- Seniors
- Bachelor and spinster Saturdays

Establish Databases of Information

Data management is an increasingly important component of effectively reaching target markets. The creation by Racing NSW of the 'Punters Club' in partnership with the Daily Telegraph newspaper has enabled the commencement of customer databases.

Building similar databases can be achieved by partnering with other racing bodies.

The Racing NSW Rewards Club program will provide a significant boost to the database of people involved and interested in racing.

The exploitation of databases will be undertaken by using communications tailored to the characteristics of the target customer, including age and other demographic characteristics.

Increase Race Club Membership

Important to race club membership are the amenities enjoyed by customers. To underpin the attractiveness of membership and build revenues, customer facilities need to be improved at racecourses, especially Royal Randwick and to a lesser extent, Rosehill Gardens.

Race club membership offerings can also be tailored to various demographic segments, to give them appropriate benefits. The benefits of a race day need to be promoted, with networking and relationship building opportunities punctuated by racetrack action.

Racing NSW Rewards Club will promote club membership to key prospects and help fund club membership fees.

Increase Sponsorship

The Racing NSW Rewards Club program provides a valuable service to attract and maintain sponsors. This includes database, weekly communication and reward points for purchases of sponsors' products and services.

Showcase country and provincial racing and increase Sunday racing in these areas

Saturday racing occurs throughout NSW, but the most recognisable or lead race meeting is conducted in Sydney or in one instance Hawkesbury racecourse.

The opportunity to showcase provincial and country racing occurs outside Saturday afternoon racing and includes Sunday racing.

The following initiatives will be used to showcase country and provincial racing.

- TAB meetings replace non-TAB (Saturday and Sunday meetings)
- Utilise, where appropriate additional race meetings on Saturdays in country NSW including expansion of matinee meetings and utilisation of time on additional broadcast channels, coupled with ensuring appropriate broadcast presentation.
- Feature Country Cup/Event every fortnight
- Build on Sky Gold race days and conduct country cup meetings without a stable week day date on Sundays as well as development of Sunday semi-feature country meetings.
- Winter and summer country championships
- Related to the creation of feature or semi-feature events on Sundays, seasonal championship could be contested with regional finals held on Sundays.
- Increase prizemoney
- Target prizemoney increases appropriate for country and provincial Sunday semi-feature races and race meetings.
- Marketing and promotional kits and sponsorship

THE RACING NSW REWARDS CLUB PROGRAM PROVIDES A VALUABLE SERVICE TO ATTRACT AND MAINTAIN SPONSORS. THIS INCLUDES DATABASE, WEEKLY COMMUNICATION AND REWARD POINTS FOR PURCHASES OF SPONSORS' PRODUCTS AND SERVICES.

The provision of coordinated assistance with marketing and promotion for country and provincial clubs will better enable Sunday features to be built.

Establish the NSW Racing Brand

Weekly Communication with Our Customers

Weekly communication to the database generated by Racing NSW Rewards Club will shape the brand and consumer attitudes. It will also play a role in stimulating wagering and race day attendance.

More Promotion and Better Promotion

The following will be used to enhance promotion of thoroughbred racing in NSW.

- Tailor marketing messages and the manner in which these are communicated to meet the characteristics of the target customer.
- Reinforce and celebrate horse racing, using the following aspects in messages, in a manner able to be related to by target groups
 - Racing is colourful and visually spectacular
 - Dressing up is a fun part of the races
 - Afternoon with your friends – great social outing
 - Growing up with racing as part of our culture
 - Enjoy racing anywhere – the pub, the TAB, at home or at the track
 - The champions – Phar Lap, Tulloch, Gunsynd, Kingston Town, Octagonal and Lonhro
 - History, magic and the place of racing in our culture
 - Free to Air coverage of key races every Saturday

- Sky/TVN coverage in all pubs and clubs in NSW
- Conduct a feature race every Saturday and Public Holiday.

Enhance newspaper coverage by:

- More heroes (Horses, Jockeys, Trainers)
- Marketing and promotion kits for Country and Provincial clubs.

Restore the profile of the Autumn Racing Carnival to being the championship racing event in the Australian racing calendar

Being successful in producing elite level racing is vitally important for the sport of thoroughbred racing in NSW.

Success in elite racing is the most effective way for racing to showcase itself to the general and sporting public, in turn attracting interest that is the seed from which we can grow participation in racing.

We want our feature races to be viewed throughout Australia and the world as being at an outstanding level and for our top feature races to be recognised as the best races of their type.

The Sydney Autumn Racing Carnival is the highlight of racing in NSW. Maintaining and enhancing the Carnival from both a racing and event perspective is an important aspect of ensuring the vibrancy of racing in NSW. Initiatives to restore the Carnival are listed and briefly discussed below.

- Increase prizemoney, particularly where the increase will elevate the race's status nationally and internationally. Providing funding for top feature Group 1 events will underpin their competitiveness in Australia and internationally.

- Develop more group races to build on the attractiveness of the Carnival for NSW and interstate trainers, especially for horses looking to contest races outside existing Group One events.
- Increase profile of hero races (Golden Slipper, Doncaster, Derby, Oaks, BMW, TJ Smith etc) to highlight our best races, increasing attractiveness to owners nationally and building the mainstream recognition of the Carnival.
- Stage one of the world's premier sales events, (partnering with William Inglis and Son) to showcase our racing and bloodstock internationally.
- The Australian horse, wagering and gaming conference coinciding with feature events of the Carnival will provide a further national and international attraction.

Improve communication and transfer of knowledge between vets, trainers, owners and stable workers to improve the welfare of horses and jockeys

Knowledge transfer throughout the industry is another area that has not been formally tackled by Racing NSW or other mechanisms within the racing industry. Related to the above training and retention programme, it is proposed that knowledge transfer be facilitated by Racing NSW, including the following components.

- Front load investment in improving communication and knowledge transfer
- Facilitate seminars and other formal mechanisms to enhance sharing of knowledge
- Using training Centres of Excellence that improve knowledge and skill sharing
- Invest in research and development as appropriate for the welfare of jockeys and horses
- Partner with other states to ensure knowledge development is not duplicated

INCREASING PARTICIPATION

Provision of an Education Facility & Training Complex

Educational Facility

The NSW racing industry has a lack of skilled labour and participation. Racing NSW has conducted two surveys to identify a number of unfilled positions statewide. In 2008 there were 165 positions unfilled and a recent survey conducted in April of 2009 revealed that the number had increased to over 200. The bulk of those vacancies are for Trackwork Riders.

NSW has been reliant on foreign Trackwork Riders and the increase in unfilled positions from 2008 and 2009 can be attributed to the Federal Government's policy not to issue working visas.

Since the overhaul of the Racing NSW Training Department in 2006, NSW has become the only State or Territory to show growth annually in Apprentice Jockey numbers. Forming a partnership with TAFE will provide us with an opportunity to achieve the same success in overcoming the current issues of lack of skilled workers in the industry.

The TAFE network spreads the length and breadth of NSW as well as nationally which will provide a better support mechanism for recruiting, training and placing industry participants. The establishment of a metropolitan-based Skills Centre with accommodation will enable new entrants to be semi-skilled prior to entering the workforce. They will then continue their training until they have all the skills required to carry out their role as an industry participant.

Another benefit of the partnership is that any participant who is no longer able to fulfil his or her duties through their career through injury will have access to being re-skilled in another career path thus reducing their reliance on workers compensation.

In addition to this, the same could apply to any person who needs a change in career due to lack of opportunity.

As highlighted earlier in this document participation levels have declined substantially in the past ten years. There is an urgent need to develop and market a career path in the Racing Industry. The establishment of a Racing Industry Skills Centre is an imperative.

Educational courses will be developed to provide opportunity for young people to establish a career in the training of thoroughbred horses. Trainer numbers have declined by 41% in the past ten years. Once the course is completed, it would be necessary for the graduate to work with an established Trainer for a period of time. Specialized courses will also be offered for Stewards and for other areas of Racing Administration and Track Maintenance. All educational programs will be marketed to schools as a career in the Racing Industry.

Commercial opportunity also exists to attract International students to these programs, particularly from Asia. Racing NSW is consistently requested by Asian countries to provide training to their Stewards and other areas of administration. Ideally the educational facilities could service all other states.

A live-in facility would also assist in supervising students and will address current issues of lessening the chance of them being influenced by the wrong people.

A recent study of the education system in Britain, has uncovered some encouraging statistics. Over a decade ago Britain established a similar facility to address their jockey shortage. Shortly after, they increased their program to assist in addressing their Trackwork Rider shortage. In the past year, Britain for the first time now has a small surplus of Trackwork Riders.

Support equine welfare reforms so that they remain consistent with contemporary mainstream community expectations

All sports are at least partly dependent on their public image and are operating at least in step with, if not ahead of, public expectations.

Equine welfare is consistent with other elements of this Strategic Plan that are related to improving the quality of racecourse and training facilities. As such racing seeks to improve animal performance measured by career interrupting and ending injuries.

The treatment of thoroughbred horses at the conclusion of their racing career is important to improving racing's image. As such the feasibility of the following measures will be investigated:

- Development of after race care programs, facilities and services for thoroughbred horses
- Post-retirement care
- Acquisition of a property to act as a retirement farm
- Capacity for horses to be adopted for recreational use and care
- Funding the above initiatives from Registration fees, nomination fees and TAB distribution

It is vital that racing ensures that the general conduct of the industry remains consistent with contemporary mainstream community expectations. To meet this objective, it is proposed that racing periodically seek to gauge public expectations by including references to equine welfare matters in customer surveys conducted by the industry.

Lead the industry with occupational health and safety reforms and improvements

There is considerable scope for improvement in the overall performance of the racing industry in the area of Occupational Health and Safety. Effective self regulation in this area is not only beneficial to workers within the racing industry but also has longer term economic benefits from reduced injury rates.

A refocus on improved OH&S is proposed, with critical elements to include:

- Implementation of an on-line Occupational Health & Safety Management System (“OH&S”) for Race Clubs and trainers;
- Provision of specialist ongoing OH&S tuition specifically tailored to the thoroughbred racing industry to ensure effective training and dissemination of updated legislation/requirements;
- Development and implementation of Minimum Standards for all racecourses plus an Essential Services Inspection Guide & Checklist, supported by an audit program to ensure compliance.

Support and encourage strong representative bodies for key participant groups including trainers, owners and jockeys

Strong representative bodies can play an important role in racing to ensure participant groups have an adequate voice and also act as an effective conduit for communication.

To this end Racing NSW will support and foster strong, representative participant groups.

It is also important that the legislated Racing Industry Consultative Group (RICG) is an effective advocacy body for industry views and issues. As such the provision of executive support to the Committee and regular dialogue with the Board of Racing NSW, are important components of assisting the effectiveness of RICG.

Regularly engage in consultation with the broader industry by establishing public recommendations for consultation and comment

In establishing the reforms to handicapping and programming policies, Racing NSW undertook an extensive programme of consultation with the broader industry and specific participant groups.

In order to ensure that the policies of Racing NSW reflect or at least take account of industry viewpoints, similar processes of consultation will be undertaken on matters of policy that could significantly impact the conduct of racing.

Maintain a strong and healthy working relationship with government

Racing NSW has traditionally maintained healthy working relationships with Government at all levels.

It is pivotal to this relationship that Government is well informed of issues affecting the industry and its participants.

Racing NSW will ensure this occurs.

Maintain a strong and healthy working relationship with the media

The various media outlets and their goodwill are vitally important to the growth of the racing industry whether they be newspapers, magazines, radio, free to air television, pay-TV, social media such as Facebook and Twitter, or internet websites and newsletters.

Racing NSW has strengthened its public relations and marketing department to take account of this expanded and diverse demand for information, and will continue to do so.



ACTION PLAN

Area	Objective	Base Level (2009/10)	2010/11	2011/12	2012/13
Wagering	NSW Thoroughbred Wagering Sales with NSW TAB	\$1,091,000,000	\$1,123,730,000	\$1,171,488,525	\$1,221,276,787
	NSW Thoroughbred Wagering Sales with Interstate TABs	\$1,510,000,000	\$1,555,300,000	\$1,621,400,250	\$1,690,309,761
	NSW Thoroughbred Wagering Sales with Other Wagering Operators	\$1,403,000,000	\$1,445,090,000	\$1,506,506,325	\$1,570,532,844
Returns to Owners	TAB Wagering Income to NSW Thoroughbred racing	\$169,000,000	\$174,070,000	\$179,292,100	\$184,670,863
	Race Fields Income to NSW Thoroughbred racing	\$35,000,000	\$36,050,000	\$37,131,500	\$38,245,445
	Total Returns to Owners	\$139,851,832	\$157,492,922	\$174,758,805	\$193,951,792
	Advertised Prizemoney (excl. Abandonments)	\$112,453,000	\$129,225,000	\$144,573,000	\$162,605,000
	Total Appearance Fees	\$7,088,800	\$7,088,800	\$7,222,400	\$7,422,000
	Total BOBS Bonuses	\$8,435,312	\$8,608,160	\$9,361,000	\$9,361,000
	Total BOBS Extra Bonuses	\$0	\$340,000	\$850,000	\$1,275,000
	Jockeys Ride Fees & Jockeys Insurance	\$11,874,720	\$12,230,962	\$12,752,405	\$13,288,792
	Minimum Metropolitan Saturday Prizemoney	\$70,000	\$80,000	\$90,000	\$100,000
	Minimum Metropolitan Midweek Prizemoney	\$27,000	\$30,000	\$32,000	\$35,000
People	Minimum Provincial Midweek Prizemoney	\$16,000	\$20,000	\$22,000	\$25,000
	Minimum Provincial Saturday Prizemoney	\$14,000	\$20,000	\$22,000	\$25,000
	Minimum Country TAB Prizemoney	\$9,000	\$10,000	\$12,000	\$15,000
	Minimum Country Non-TAB Prizemoney	\$3,500	\$3,500	\$3,500	\$3,500
Number of Trainers	1,193	1,100	1,100	1,100	

ACTION PLAN

Area	Objective	Base Level (2009/10)	2010/11	2011/12	2012/13
	Number of Jockeys	288	295	300	310
	Number of Apprentice Jockeys	115	120	125	130
Horses	Number of Race Starters	53,976	54,189	56,045	57,163
Breeding	Number of Live Foals	7,000	7,000	7,035	7,070
Racing	Number of Racecourses	122	122	122	122
	Number of TAB Race Meetings (Scheduled)	580	580	620	640
	Number of Non-TAB Race Meetings (Scheduled)	164	164	124	104
	Number of Picnic Race Meetings (Scheduled)	28	28	28	28
	Number of Races	5,354	5,360	5,440	5,480
	Number of TAB Races	4,350	4,350	4,630	4,770
	Average Number of Race Starts per Horse				
	- Metropolitan Trained	3.9	3.9	4.1	4.3
	- Provincial Trained	5.7	5.7	5.8	5.9
	- Country Trained	5.3	5.3	5.4	5.6
Attendances	Total Racecourse Attendances	1,283,000	1,350,000	1,400,000	1,450,000
	Total Admissions Revenue	\$7,849,000	\$8,500,000	\$9,000,000	\$9,500,000
Sponsorship/Corp	Total Sponsorship/Corporate Earnings	\$14,737,000	\$14,800,000	\$15,200,000	\$16,000,000

ACTION PLAN

Area	Objective	Base Level (2009/10)	2010/11	2011/12	2012/13
Ownership	- Number of Individual Owners	28,343	29,700	31,200	32,600
Programming/ Handicapping	Effectively match the horse population with suitable races				
	- Proportion of starters 'out of handicap'	45%	40%	35%	30%
	Increase Field Sizes				
	- Metropolitan Group/Listed	1,544	1,576	1,603	1,630
	- Metropolitan Non-feature	7,769	7,899	8,060	8,221
	- Provincial Group/Listed	152	155	156	159
	- Provincial Non-feature	9,529	9,714	9,900	10,087
	- Country TAB	27,172	27,060	30,140	31,680
	- Country Non-TAB	6,728	6,696	5,096	4,296
	- Picnics	1,082	1,082	1,082	1,082
	- Total	53,976	54,189	56,045	57,163
	Average Field Size				
	- Metropolitan Group/Listed	11.3	11.5	11.7	11.9
	- Metropolitan Non-feature	9.6	9.8	10.0	10.2
	- Provincial Group/Listed	11.7	11.9	12.0	12.2
	- Provincial Non-feature	10.2	10.4	10.6	10.8
	- Country TAB	11.0	11.0	11.0	11.0

ACTION PLAN

Area	Objective	Base Level (2009/10)	2010/11	2011/12	2012/13
	- Country Non-TAB	8.1	8.0	8.0	8.0
	- Picnics	6.3	6.3	6.3	6.3
	- Total	10.1	10.1	10.3	10.4
	Percentage of Races with 8 or more Starters				
	- Metropolitan Group/Listed	89.80%	90.70%	91.30%	91.50%
	- Metropolitan Non-feature	80.10%	81.70%	83.80%	85.70%
	- Provincial Group/Listed	100.00%	100.00%	100.00%	100.00%
	- Provincial Non-feature	83.00%	84.70%	85.80%	87.10%
	- Country TAB	89.80%	90.70%	90.80%	90.90%
	- Country Non-TAB	54.50%	55.60%	57.30%	59.40%
	- Picnics	31.20%	31.20%	31.20%	31.20%
	- Total	79.80%	81.40%	81.90%	82.40%
	Percentage of Races with 10 or more Starters				
	- Metropolitan Group/Listed	51.90%	52.90%	57.90%	62.10%
	- Metropolitan Non-feature	66.40%	67.70%	68.50%	71.40%
	- Provincial Group/Listed	84.60%	86.30%	87.50%	88.50%
	- Provincial Non-feature	59.30%	60.50%	63.00%	66.00%
	- Country TAB	72.10%	73.50%	74.80%	76.40%

ACTION PLAN

Area	Objective	Base Level (2009/10)	2010/11	2011/12	2012/13
	- Country Non-TAB	31.00%	31.60%	32.90%	34.50%
	- Picnics	8.70%	8.70%	8.70%	8.70%
	- Total	58.30%	59.50%	61.30%	63.50%
Racehorse Training Facilities	Centres of Excellence				
	- Number of Centres of Excellence	0	0	2	4
	- % of NSW Trained Horses at Centres of Excellence	0%	0%	20%	35%
Occupational Health & Safety ("OHS")	Implementation of an on-line OHS Management System ("OHSMS") for Race Clubs which will provide easy accessibility for all stakeholders	System investigation, selection, adoption.	Track audits & data capture, OHSMS commissioning	Full OHSMS clubs rollout, compliance audits	OHSMS fully operational & verifiable
	Specific focus of the OHSMS on key parameters such as risk management, employee management and injury management in order to improve OHS performance	System investigation, selection, adoption	OHSMS commissioning	Resultant 10% reduction in claims volume and/or severity	Resultant 20% reduction in claims volume and/or severity
	Provision of specialist ongoing OHS tuition specifically tailored to the thoroughbred racing industry to ensure effective training and dissemination of updated legislation/requirements	Identify training needs, tailor programs accordingly	Implement training programs to support rollout of OHSMS	Training programs ongoing. Target 50% participation	Training programs ongoing. Target 75% participation
	Development and implementation of Minimum Standards for all racecourses plus an Essential Services Inspection Guide & Checklist, supported by an audit program to ensure compliance	Consult with stakeholders, develop standards, introduce	Full implementation of standards, compliance audits	Minimum Standards audited. Target compliance on 50% of items	Minimum Standards audited. Target compliance on 75% of items



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