

INDUSTRY FUTURE WORKSHOPS

Have your say on the future of
SA's greyhound racing industry

April 2011



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Industry Viability

Threats & Challenges

- ▶ Track and facility standards
- ▶ Replacement of ageing infrastructure
- ▶ Reliance on volunteerism
- ▶ Level of stake money return to SA participants
- ▶ Risk of investing in leased or council-owned premises
- ▶ TVN bid to take control of Sky Racing
- ▶ Lack of new (strategic) Sky scheduling opportunities
- ▶ Lack of diversity of racing opportunities (1 & 2 turn tracks)
- ▶ Lack of training/trialling facilities
- ▶ Lack of commercial enterprise at Clubs (eg gaming)
- ▶ Governance and compliance pressures (including OH&S)
- ▶ Heightened threat from animal welfare groups
- ▶ Proposed gaming restrictions & transitional costs
- ▶ Reliance on interstate supply of racing stock
- ▶ Rapid decline of SA breeding & increased sire registration costs
- ▶ Cost of under-utilisation of racing facilities
- ▶ Racefields legislation and degradation of TAB wagering income stream
- ▶ Limitation of UniTab pool sizes
- ▶ Implications of competing within a national market



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Industry Viability

Opportunities

- ▶ Finalisation of McQueens infrastructure loan (2012)
- ▶ Phased abolition of State Wagering Tax (Bentley Report)
- ▶ The cessation of industry 'clawback' payments (approx \$500k annually) from 2016



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Duplicated Venue Costs

- ▶ Administration
- ▶ Maintenance
- ▶ Insurance
- ▶ Leasing/rental
- ▶ Utilities (including power, water and DVN line rental)
- ▶ Essential racing equipment



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GA National Industry Statistics

SA, QLD, WA & TAS Benchmarking (2009 figures)

	QLD	SA	WA	TAS
EMPIRICAL DATA				
Number of Tracks	7	7	3	3
Number of Meetings	633	318	293	154
Number of TAB Meetings	365	246	293	154
Stakemoney Paid	\$7.6m	\$3.6m	\$8.7m	\$2.9m
TAB Turnover	\$315m	\$120m	\$362m	\$92m
On-Course Turnover	\$8.76m	\$3.77m	\$17.8m	\$2.49m
Registered Participants	5,033	1,924	2,211	475
Registered Trainers	1,215	402	311	191
Greyhounds Named	1,554	452	376	236
RATIOS				
TAB Meetings : Tracks	52	35	98	51
Stakemoney : Race Meetings	\$12,006	\$11,321	\$29,810	\$19,089
Registered Trainers : Tracks	174	57	104	64
Greyhounds Named : Tracks	222	65	125	79
Stakemoney : Registered Trainers	\$6,254	\$8,848	\$28,085	\$15,391
TRACKS				
Two Turn	6	7	2	1
One Turn	0	0	1	2
Straight	1	0	0	0
TAB Tracks	3	5	3	3
NON-TAB Tracks	4	2	0	0



MOST EFFICIENT



LEAST EFFICIENT



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QLD and SA Model

Observations

- Limitation of UniTAB pools
- Mix of TAB and non-TAB racing
- Low stakemoney ratio/returns
- High capitalisation – 7 tracks
- Lacking the diversity of a 1-turn facility
- Relatively weak financial indicators

Notes

- Geographic spread of Queensland tracks/participants
- Ratio of trainers/greyhounds to tracks (QLD:SA)
- Straight track facility at Capalaba
- Funding support for new facility (Logan Park)
- Amalgamated administration of the three QLD codes



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WA and TAS Model

Observations

- Strength of SuperTAB pools
- TAB racing only
- High stakemoney ratio/returns
- Low capitalisation – 3 tracks (all on Sky Channel)
- Diversity – mix of 1 and 2 turn tracks
- Relatively strong financial indicators

Notes

- Geographic challenges essentially no different from SA



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GRSA Participant Analysis - 2010

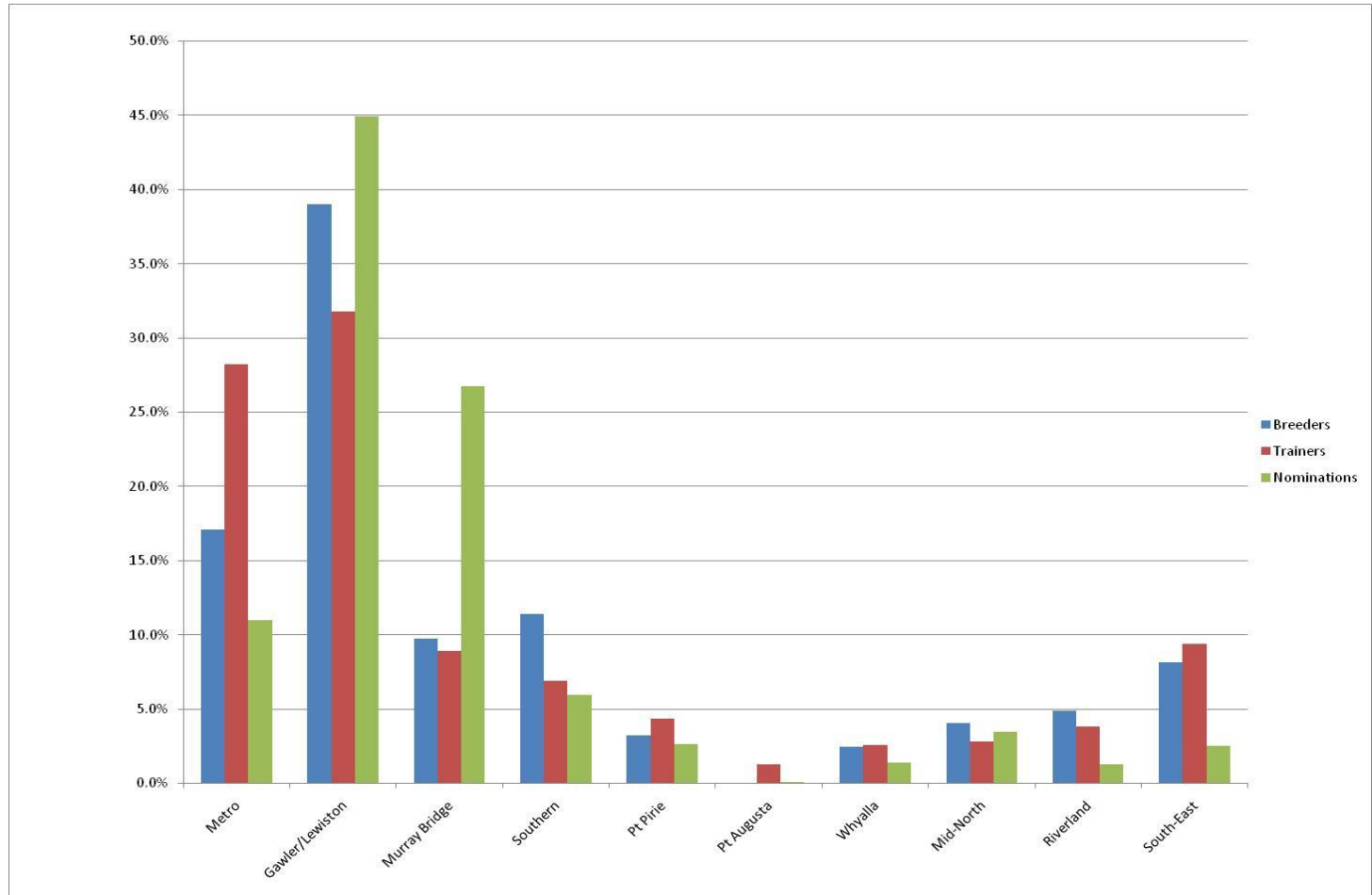
Statistical

REGION	BREEDERS	TRAINERS	NOMS	NOMS %
Metro	21	111	3,755	11.0%
Gawler/Lewiston	48	125	15,309	44.9%
Murray Bridge	12	35	9,112	26.7%
Southern	14	27	2,032	6.0%
Port Pirie	4	17	902	2.6%
Port Augusta	0	5	24	0.1%
Whyalla	3	10	472	1.4%
Mid-North	5	11	1,188	3.5%
Riverland	6	15	434	1.3%
South-East	10	37	863	2.5%
TOTALS	123	393	34,091	100%



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GRSA Participant Analysis – 2010 Graph



GRSA Nominations by Region – 2010

NOMINATION ACTIVITY BY REGION										
	METRO	GAWLER	MURRAY BRIDGE	SOUTH	PORT PIRIE	PORT AUG	WHYAL	MID NORTH	RIVER LAND	SOUTH EAST
ANGLE PARK	62.6%	55.9%	58.7%	77.8%	16.0%	20.8%	18.4%	16.7%	38.2%	6.4%
GAWLER	18.5%	30.3%	29.5%	11.1%	7.3%	4.2%	8.1%	11.7%	25.3%	0.1%
BARMERA	2.8%	1.5%	1.5%	1.2%	0.4%	0.0%	0.0%	4.0%	36.4%	0.1%
PORT AUG	2.2%	3.7%	0.0%	0.4%	24.8%	16.7%	37.1%	20.2%	0.0%	0.0%
PORT PIRIE	3.5%	7.3%	2.3%	0.0%	49.4%	58.3%	33.7%	43.0%	0.0%	0.0%
STRATH	8.4%	1.0%	7.8%	9.4%	0.2%	0.0%	0.6%	3.4%	0.0%	2.1%
MT GAMBIER	1.9%	0.0%	0.1%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	91.3%
WHYALLA*	0.1%	0.2%	0.0%	0.0%	1.6%	0.0%	2.1%	1.0%	0.0%	0.0%
TOTALS	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

* Racing has ceased at Whyalla



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THE CORE TRUTHS



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The Core Truths

Tracks and Facilities

- ▶ Applied standards relating to existing SA tracks/facilities
- ▶ Uniform application of identified standards
- ▶ Track design
- ▶ Age of facilities
- ▶ Concentrated period of establishment – potential for simultaneous and significant capital reinvestment
- ▶ Lack of accessible and modern training and trialling facilities



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The Core Truths

Interstate Transfers and Local Breeding

- ▶ Interstate transfers and greyhound naming in decline
- ▶ SA whelping statistics declining at 15% annually since 2007–8
- ▶ National increase in sire registration fees
- ▶ Imminent introduction of greyhound tracking (birth-to-death)
- ▶ Advent of responsible breeding programs
- ▶ Growth of export markets (eg South Korea)
- ▶ The absence of a 1–turn racing opportunity (diversity)
- ▶ Viability of current SA stakemoney levels

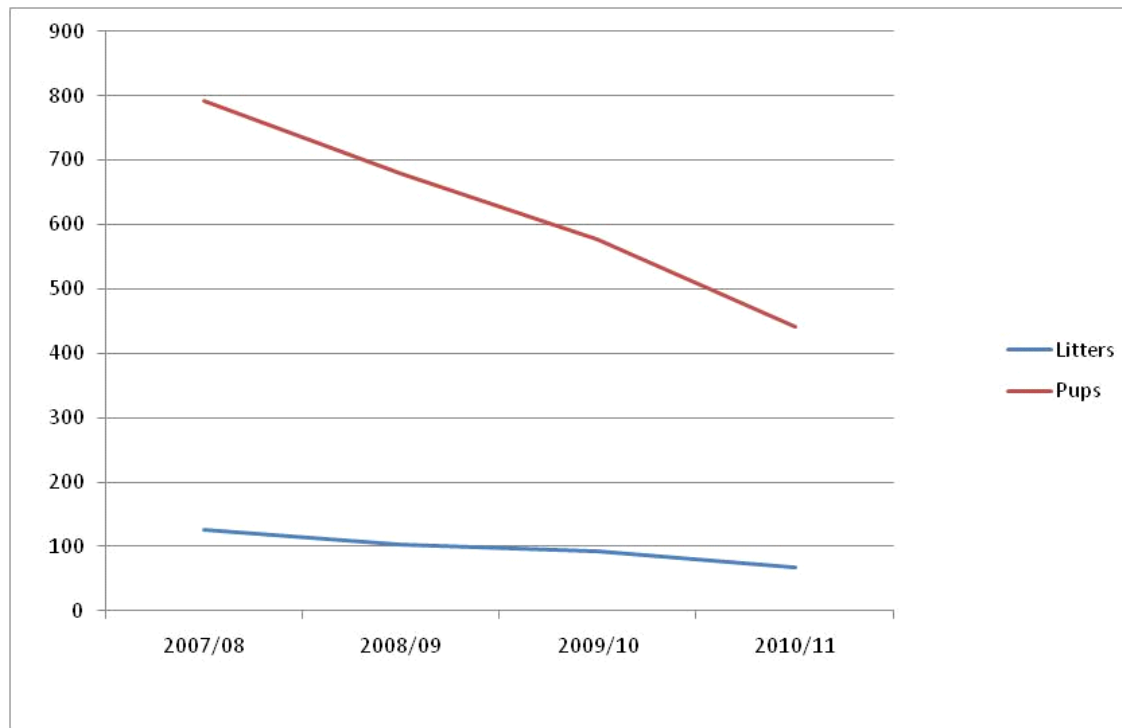


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The Core Truths

Interstate Transfers and Local Breeding

YEAR	LITTERS	PUPS	AVE LITTER SIZE
2007-8	126	793	6.29
2008-9	103	680	6.60
2009-10	93	576	6.19
2010-11	67	441	6.58



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The Core Truths

Animal Welfare

- ▶ State of American greyhound racing – track closures
- ▶ The recent “Pink Dog” campaign fiasco
- ▶ Jumps racing protests
- ▶ Growth via websites and electronic media



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The Core Truths

Income Growth Options

- ▶ Doing More:
 - Additional meetings become (potentially) less attractive due to competition for Sky Racing timeslots
 - Possibility of additional meetings costing more than the income they can generate
- ▶ Doing Better:
 - Reduce costs of operations
 - Increase turnover on existing product

NOTE: Both of these objectives are satisfied under a strategy of track consolidation.



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The Core Truths

Volunteerism

- ▶ Inevitable cost of replacing current volunteer workforce
- ▶ Attrition and/or increased pressure to employ qualified staff
- ▶ High incidence of volunteerism in SA currently masks the real cost of supplying our product.



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The Core Truths

The Real Cost of the SA Model

- ▶ Actual projected cost of surplus facilities
- ▶ NonTAB meetings – cost of ACTUAL stakemoney
- ▶ Lower ‘branded’ venues or Non–TAB racing – the opportunity cost of revenue foregone
- ▶ Fragmentation of brand



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The Core Truths

The National Context

- ▶ Competition for (attractive) Sky scheduling
- ▶ Control of Sky Racing (TVN)
- ▶ Fragmentation of national TAB pools
- ▶ Relative weakness of UniTab to other TAB providers
- ▶ Relationship between breeding and stakemoney opportunities
- ▶ Evident trends to supply of racing stock
- ▶ Weakest and most vulnerable state is SA



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THE CHALLENGES



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The Challenges

1. Industry survival is not guaranteed in the absence of a sustainable model
2. Accept the implications of operating in a national market (bigger picture)
3. Make state pride and industry viability primary drivers of change
4. Be open to embracing and supporting (significant) change
5. The opportunity for SA to become the SMART state
6. Acknowledge efficiency and commerciality as primary strategic drivers
7. Leverage the strategic value of SA's proximity to NSW and Victoria
8. Implement a viable model NOW from a (relative) position of strength
9. Consider the payoff for industry participants (stakes, facilities, breeding)
10. Hear the truth of the argument



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NEWS RELEASE

FOR IMMEDIATE USE

FINAL

1st June 2011

INDUSTRY RELEASE – GRSA Industry Future Workshop Report

Greyhound Racing SA held a series of industry workshops in April 2011 with the objective of providing a cross-section of industry participants an opportunity to communicate their opinion on issues relating specifically to SA's tracks strategy, participant viability and general racing matters.

A total of 75 participants from a wide cross-section of backgrounds attended the four workshops. Approximately a third of attendees were from metropolitan Adelaide, a further third came from the Gawler/Lewiston area, and the remaining third comprised of participants from regional locations including Port Pirie, Port Augusta, Whyalla, Baramba, Mount Gambier, Strathalbyn and Murray Bridge.

Of those who attended, 52% had over 31 years of active experience in the industry in their various capacities - with trainers, owners and breeders comprising the most heavily represented. The median age bracket of the attending participants was 46-55 years.

Each session was facilitated by Ken Meek, an experienced moderator & business strategist, with GRSA CEO Matt Corby undertaking the bulk of the presenting duties. All participants were limited to one session only and were encouraged to ask questions and comment throughout the presentation.

Attendees were provided with a survey to complete at certain intervals throughout the workshops. The following findings have been compiled from notes taken from the four sessions as well as the feedback obtained from the surveys participants answered during the course of the sessions.

Due to the limitations on feedback from a sample of this size, and in the absence of structured parameters around regional/demographic weighting, the following observations have been reported in relative terms (eg majority/minority support, mild approval, divided opinion etc). Furthermore, it is difficult in this forum to cover all of the issues that were raised or discussed across the sixteen hours, in light of which the following feedback is restricted to the primary matters that received coverage in all four sessions.

1. Distance Racing

Participants expressed their strong support for the role that distance racing plays within the sport, whilst simultaneously acknowledging the challenge posed in smaller states, such as SA, due to the sheer lack of bred litters.

There was a generally held view that there were some underlying limitations preventing GRSA from establishing incentives around distance racing, not least of which the difficulty of genuinely influencing attempts to specifically breed for staying stock or, in the very least, stronger breeding lines.

A reasonable amount of support was evident for a strategic commitment to the scheduling of staying events, across multiple tracks, even under the circumstances wherein field sizes may need to be compromised, and regardless (within reason) of any wagering implications.

2. 400m Start at Angle Park

Opinions on a proposal to implement 400m racing at Angle Park were somewhat divided, albeit that fewer participants supported the concept than opposed it in the absence of other considerations. However, when this question was revisited in the context of actual or projected issues relating to the supply of racing greyhounds, support for the introduction of 400m racing at Angle Park constituted the majority position.

Supporters of the concept, pointed to the need for our primary metropolitan track to have optimal capacity in its ability to offer a variety of distances and graded opportunities, and the potential for a 400m start at Angle Park to considerably reduce nominations pressure for Angle Park meetings. On a related point, it was felt that stronger nominations would be expected, in turn, to impact positively on GRSA's ability to generate full fields across all meetings.

A common concern that was raised related to the potential for 400m racing at Angle Park to impact on shorter-course nominations for regional Clubs, and it was felt that this should be factored into any decision-making process on this issue. A number of concerns were raised regarding the appeal of 'turn' starts, and a number of opinions were expressed relating to the need to identify the optimal placement of the starting boxes for any short-course distance at Angle Park. There was some suggestion that 400m racing would risk devaluing the Angle Park brand.

It should be noted that, in all Workshop sessions, discussion on this topic was premised upon the notion that any scheduling of 400m racing at Angle Park would be undertaken conditionally, with no provision for Thursday night scheduling.

3. Facilities

The vast majority of Workshop attendees expressed their strongly held concerns regarding the number and location of training and trialling facilities in SA. Furthermore, the closure of the West Beach facility was considered to have left a substantial void in this area of the business, and a number of attendees pointed to the need for training facilities to be developed at Angle Park to provide a central facility for participants.

A clear majority of participants supported the concept of a one-turn track in SA, however it was also evident that this support was essentially premised upon the (opportunistic) introduction of a one-turn track at an existing facility, and only as the right circumstances presented. The level of conviction around one-turn racing amounted to it presenting as a desirable rather than imperative proposition with obvious participant benefits.

4. Finish-On Lure

The response from Workshop attendees towards the Finish-On Lure was consistent with earlier survey results insofar as supporters of a Catching Pen finish represented the slight majority of attendees. What seemed evident, however, was an indication that participant views on this issue were not extremely held for the most part, but rather represented a preference or inclination for one approach over the other.

Outcomes associated with the current lure system, and ongoing industry support of same, will continue to be monitored.

5. Stakemoney Structure

A clear majority of participants were supportive of simplifying (or 'cleaning up') the staking structure of the SA industry. The feedback identified a number of possible issues for address including the abolition of nomination fees and the need for uniform approaches to staking.

6. Oaks & Derby Format

The Workshop sessions heard the basis of a proposal to conduct age-restricted Group classics twice annually and open to both genders. The concept would replace the current scheduling of an annual restricted age classic for male greyhounds (Derby) and bitches (The Oaks). Under the proposed concept, restricted age greyhounds would have the opportunity to contest both events prior to reaching 30 months, with the St Leger replacing The Oaks as the second annual Group classic. The new format would also bring SA in line with national objectives relating to age-restricted Group race scheduling.

The new format (Derby-St Leger) received marginal support from Workshop attendees, with an unusually high percentage of respondents indicating that they were undecided on this question.

7. Summary of General Feedback

Other issues that received general support during the course of the Workshops included:

- An investigation into the feasibility of providing veterinary support at one or more highly patronised weekly trial sessions
- The introduction of a stakemoney levy (proposed at 1%) in support of the GAP program (although this feedback contradicts previous response on this matter)
- The need for GRSA to review the application of its 'Hot Weather' policy

- The marketing potential of (accountable) syndication
- The 'saleability' of the naming rights to Angle Park as a primary sponsor proposition
- A clear need for GRSA to schedule structured programs in support of educating and/or mentoring new/younger participants

The surveyed response indicated lower levels of support for:

- The introduction of AFL-style sentencing in relation to stewards inquiries
- The success of the Hunnies campaign

GRSA Strategic Directions Session

The IFW sessions were well-patronised and generally productive, both from a perspective of gauging industry views on relevant matters and as an opportunity to prepare industry participants for the likelihood of future changes, and the form that those changes may take.

The second half of each Workshop was dedicated to providing attendees with an overview of the current 'health' of the SA model, and the primary strategic considerations that will affect the industry in the immediate years ahead. Presented as a fairly open and searching analysis, the issues appeared to gain some traction with the Workshop attendees and there appeared to be general acceptance of, and willingness for, a potentially significant change in the industry's strategic direction. The provision of statistics was most welcome by the majority of attendees with many commenting on the openness of communication.

Most importantly, the strategic session seemed to enlighten the attendees on the specific nature of the challenges and opportunities that lie ahead for greyhound racing in this state, and the strategic tools that could be used to address the current shortcomings in the SA model. While some of that information amounted to 'difficult truths', the feedback from many attendees indicated that they left the Workshops with a more intimate understanding of the 'levers' that determine the health of the racing industry in SA.

Considerable emphasis was placed on the need to identify a viable industry structure that preserves the opportunity for future generations of greyhound racing participants. Whilst a number of topics and issues were covered, the following observations received particular attention:

- The competitive position of the SA industry against a national benchmark
- The skewing of participation by region within SA
- Demonstration of the rate of current breeding decline and the imminent threat to supply of racing 'product'

A significant proportion of the presentation was dedicated to addressing the issues associated with the current decline of breeding and general industry participation, and the critical need to stabilise and reverse that trend if the industry is to be capable of supporting a sufficient weekly schedule of Sky meetings to support its own requirements.

Factoring in feedback from the strategic Workshop sessions, the Board is currently undertaking a comprehensive review of its strategic model, the outcomes of which will be released in the weeks ahead.

Greyhound Racing SA Limited (GRSA) is the controlling body for greyhound racing in South Australia whose key responsibility is to ensure that the sport is managed in a responsible and ethical manner.

FURTHER INFORMATION: Matt Corby, CEO Greyhound Racing SA, 8243 7114 or Sam Jeffries, Marketing Manager Greyhound Racing SA, 8243 7115 or sam@grsa.com.au

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