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Tasmania's Place in the Asian Century Issues Paper
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ISSUES PAPER – TASMANIA'S PLACE IN THE ASIAN CENTURY

This letter provides a response to the Issues Paper – Tasmania's Place in the Asian Century from the perspective of Tasracing Pty Limited, the Principal Racing Authority for Tasmania.

Export of racing broadcast

Tasracing currently exports the broadcast of racing product to countries in Europe, Africa, Asia and Oceania. Regarding Asia, Tasracing currently only export racing product to Singapore. However there is demonstrated and emerging demand in Asia for thoroughbred racing product.

Tasmania's thoroughbred racing product is suited to the Asian market as there is a single pool of horses, jockeys and trainers which aligns to Asian operations and hence would likely be suitable for punters.

The export of broadcast for wagering purposes is highly regulated in all target countries.

The export of broadcast would maximise downstream domestic benefits for Tasmania and Australia if wagering is structured to introduce co-mingling of betting pools. At present, Sky typically provide international partners with the broadcast under their own commercial arrangements. Tasracing benefits from a proportion of the resulting wagering turnover however this is typically lower than domestic returns. If racing product can be exported to generate co-mingling (whereby international punters bet into domestic betting pools), local punters would benefit through scale and potentially increased returns.

The co-mingling environment is emerging and faces several challenges including double taxation issues between relevant countries, government co-operation and the role of broadcasters such as Sky. Co-mingling is also dependent upon third party wagering operators reaching commercial agreements to which Tasracing is not typically a party.

Growth and benefits from export are highly dependent on the growth and international strategies of broadcast partners. Tasracing's export arrangements are currently constrained by long term agreements with Sky. However, the influence of technology and new media as a means to distribute product in new and innovative ways is expected to alter the existing relationships with broadcast partners and facilitate the growth in exports. Such avenues may also assist growth in co-mingled betting.

Tasracing's ability to export is highly dependent on infrastructure. The time difference between Asia and Australia means that export is limited to thoroughbred night racing which is currently limited to one racing venue in Tasmania. Notwithstanding infrastructure, the capacity to export product is constrained by the following challenges:

- Funding is constrained which limits the:
 - amount of product that can be fulfilled at the relevant venue; and
 - ability to upgrade other venues to make them suitable for providing export quality product.
- The capacity of product that can be provided is limited by the existing animal population. This is difficult to alter over the short term. Furthermore, there is equilibrium between domestic racing volume, prize-money and local participation which needs to be preserved as growth in suitable racing product is achieved.
- Logistics, time zone and seasonality – for example, jockeys are reluctant to undertake night racing in the Tasmanian winter.

Our export market is highly competitive and requires a customer focus from Tasracing. We have generated and maintained a direct relationship with some international export customers, notwithstanding that the broadcaster has the direct contractual relationship, which has yielded export growth and operational improvements. It is expected the same customer focus philosophy will need to apply to Asia to generate success. Furthermore, our focus on product positioning and our continuing progress in providing superior race data through new and emerging technologies is expected to suit the Asian customer demand.

Other export opportunities – bloodstock and expertise

Asian countries require both bloodstock and expertise to appropriately service their own domestic industries. The availability and acquisition of bloodstock is highly competitive. Different Asian territories have different levels of maturity and hence expertise. Hong Kong, Singapore, Macau, Malaysia and India are all mature whilst Vietnam, Philippines and Thailand are emerging with China a new entrant.

Relationships are critical to the extent and success of all forms of export to Asian countries. Direct relationships are required to effectively provide an appropriately positioned product which is capable of growth in the target market. Furthermore,

such relationships then position organisations well to provide and benefit from the provision of expertise and bloodstock.

Generating and effectively maintaining such relationships faces the following challenges:

- It requires a dedicated business development process within the organisation consistent with a customer focus culture;
- Funding is limited and faces close scrutiny particularly during austere times;
- Broadcasters typically have the direct contractual relationship and they can be sensitive to us liaising directly with international partners.

Tasracing appreciates the opportunity to provide feedback on this topic.



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