



Dear South Australian Racing Participant

On 10 August TRSA announced a \$5.8M per annum prize money increase, implemented across “grassroots” Metropolitan, Provincial and Country races etc. Some context to, and the rationale behind the strategy adopted with the prize money increases announced, is provided below.

In providing the funding to the Industry, the Government were clear in their advice that it should be utilised at grassroots level, with a focus across the regions. The Grant Details as noted in the Funding Agreement stated:

- Purpose - To undertake measures that improve the sustainability of the racing industry.*
- Outcomes - To improve the sustainability of the racing industry in South Australia, to protect local jobs and boost the racing industry to become more competitive.*

The TRSA Board's view was that to reinvigorate and reinstate confidence in the SA racing industry, there had to be a significant boost in prize money from those levels in place at the time the funding was provided. **Prize money is effectively the wages and lifeblood of our industry**, and the increases had to be as much as we could stretch to, to encourage investment and participation in our industry.

TRSA will be working to ensure, that the funding received from Government is only the beginning of Government's recognition and support for the SA racing industry. What we are able to achieve from the funding provided will be measured and utilised by Government in determining future ongoing funding, and it is therefore vital that we are able to show, in a measurable way, that the industry; the employment it supports, and the economic and social benefits it delivers, are both sustainable and growing.

While TRSA has utilised the funding provided in a manner in which it considers will deliver the most benefit for a sustainable racing industry in SA, **the challenge now rests equally on the shoulders of all of those involved with our industry, to ensure we drive maximum benefit for the industry and the State, from the Government's funding.**

Government Funding

By way of summary, the funding to the Racing Industry as provided in the 2019 State Budget in June, was for \$24M across the three Racing Codes (Thoroughbreds, Harness and Greyhounds), for FY19 to FY23, with;

- \$8M for FY19, distributed to each Code by way of Market Share, as determined by the Racing Inter Code Agreement.
- 50% of the \$8M funding is to be applied to Infrastructure and Strategic projects, as approved by the Minister, while 50% is discretionary, noting the need to show a measurable positive outcome for the industry.
- Thoroughbred's share of the \$8M, based on the effective thoroughbred Market Share (72.9%), was \$5.83M.
- Approximately \$4M per annum over the next four years, across the three Codes, also distributed to each Code as per Market Share. [Specifically, the funding is 10% of the State wagering revenue from the Betting Operations Tax (the POC tax in SA)].
- Thoroughbred's share of the annual funding for the four years is likely to be approximately \$2.8M pa.



Governance Changes

Governance changes were stipulated as Special Conditions, as to what the ongoing Government funding for the four financial years 2020 to 2023 was contingent upon. The most immediate of the required governance changes was in relation to the TRSA Constitution and the Board appointments process. The Shareholders (the SAJC and Country Racing SA) were required to change the TRSA Constitution to provide for; a new Directors Selection Panel, which would include one appointee from each of the two Shareholders, and three endorsed by the Minister for Recreation, Sport and Racing, with the Directors Selection Panel nominated Directors also required to be endorsed by the Minister.

These changes were required to be implemented for the 2019 TRSA Directors' appointments process, and at a Special General Meeting on 8 August the Shareholders approved the necessary changes to the Constitution, thus enabling TRSA to receive the Government funding.

Prize Money Increases

The \$5.8M pa in prize money increases announced by TRSA is of course significantly more than the \$2.8M pa Government funding being received by TRSA. However as noted, the TRSA Board considered it had to be bold with its increased prize money commitment, if it was to make an effective impact in reinvigorating the industry. The four key components in enabling the prize money increase are;

- Utilisation of the \$2.8M of TRSA's discretionary component of the \$8M funding for FY19.
- The annual \$2.8M funding for FY20-FY23.
- Realignment of prize money distribution for 5th to 8th at Provincial and Country race meetings instead of Unplaced Subsidy for those placings.
- Some budgeted wagering uplift.

Implementing the Prize Money Increases:

While there was some debate as to the change to pay prize money down to 8th at Provincial and Country race meetings, noting that prize money has been paid down to 10th at Metropolitan meetings for many years, the majority have understood and appreciated the rationale behind the decision when briefed on such. The Board were mindful of maximising the returns (reducing the costs) of as many participants as the available funding would allow, while also encouraging participation through improved prize money. The payment of prize money (\$600) for 5th to 8th in these events, compared to the previous \$150 Unplaced Subsidy, should encourage owners/trainers to run their horses (perhaps in lieu of an additional trial), assisting in reducing the number of non third dividend races as has occurred in recent times. It is important to highlight that with the prize money increases announced there are still significant increases for 1st to 4th, while Victoria for example has paid prize money down to 8th for many seasons.

As advised previously, the prize money increases have been applied to what is termed "grassroots" racing, with;

- 69% of the \$5.8M pa increases are at Provincial and Country races
- 88% of our 1,439 races will receive increases between 11% and 35%.
- 60% of all Metropolitan races will have minimum prize money of \$50,000 or more, up from 20%.



Prize Money Increases (continued)

Metropolitan Prize Money Increases

- Previous \$45K races go to \$50K [+11%]
- Previous \$35K Non-Maiden races increase to \$40K [+14%]
- Maidens \$35K (up from \$30K) [+17%]

Provincial Prize Money

- Non-Maidens \$20K (up from \$15K) [+33%]
- Maidens \$17.5K (up from \$13K) [+35%]

Country Prize Money

- Non-Maidens \$15K (up from \$12K) [+25%]
- Maidens \$13K (up from \$10K) [+30%]
- Country Cups \$25K (up from \$20K) [+25%]

Other Initiatives

TRSA is currently working on other initiatives to drive and grow revenue and participation in the SA thoroughbred racing industry. These include the implementation of a new blended rate race fields model, which encourages wagering service providers to promote our racing and provides better outcomes for punters, and initiatives around increasing horse ownership.

With Government reviewing the impact and benefits achieved by the industry through the funding provided, it is important that we have a focus in those areas and on those matters which will be measurable by Government.

Jim Watters
Chief Executive Officer