Tasmanian Racing Optimisation Strategy

Supplementary Paper: Model C2 (Thoroughbred)

Thoroughbred & Harness
Administration & Facilities

Proprietary Assessment Methodology | Alignsport | May 2026

1. Introduction

We refer to the *Tasmanian Racing Optimisation Strategy: Administration & Facilities* Report (the "**Initial Report**") provided to Tasracing on 17 May 2026.

The Initial Report stepped through five (5) detailed financial optimisation models for Tasmanian Thoroughbred Racing Clubs, and ultimately made a series of recommendations, which amounted to a hybrid of those models analysed.

In order to assist the Tasracing Board to more fully understand the impact of the recommendations, we now provide an additional Optimisation Model C2 which brings together the recommendations in the Initial Report to provide further clarity on impact.

2. Analysis of Models for Thoroughbred Facility & Club Administrations

2.1. Models considered

We refer to the Initial Report, where we considered five (5) potential models in detail to determine the estimated financial impact, across two potential scheduling reductions (Base & Strategic).

In the Initial Report, we provided recommendations that amounted to a hybrid of the models considered, and accordingly in this Supplementary Report we will now consider an additional sixth option, Model C2 set out below.

MODEL A	MODEL B		MODEL C		MODEL D	MODEL E
	North & South Consolidation		Consolidation by Code			
Enhanced Status Quo	B1:Maintain both venues for racing	B2: Mowbray racing & Spreyton training	C1: Single Club, Elwick & Mowbray	C2: Single Club, Elwick/Mowbray /Spreyton/KI	Consolidation by Location[1]	Tasracing Integration
Maintain current structures and facilities, but optimise efficiencies between parties	Optimise TTC and DRC into a single entity managing both venues for racing (and training).	Optimise TTC and DRC into a single entity, consolidating racing at Mowbray, training at Spreyton.	Optimise TRC, TTC and DRC into a single entity, consolidating racing at Elwick and Mowbray.	Optimise TRC, TTC and DRC into a single entity, consolidating racing at Elwick, Mowbray & Spreyton, with standalone events at Longford & King Island.	Model B2 plus incorporation of North and South Harness Clubs into single North and South Racing Clubs.	All Clubs to be absorbed into a central Club Division within Tasracing, and racing optimised across single North and South facilities.

For this **Model C2** we will only consider the application of the Strategic Reduction race meeting projection models presented in Section 2.1.4 in the Initial Report, which is our ultimate recommended option to Tasracing.

This race projection models for **Model C2** for FY27 and FY28[2] is as follows:

Strategic Reduction Projection												
	TTC		TRC		DRC		LONGFORD		KIRC		TOTAL (TB)	
	FY27	**FY28**	**FY27**	**FY28**	**FY27**	**FY28**	**FY27**	**FY28**	**FY27**	**FY28**	**FY27**	**FY28**
Meetings	21.8	21.3	21.0	20.5	13.1	12.8	1	1	1	1	57.8	56.5
Races	182	177	174	170	109	106	8	8	8	8	480	469

[1] Please note: Consolidation by Location & Tasracing Integration Models will be addressed in detail following discussion of various Harness Industry optimisation models given they both involve multi-code consolidation.

[2] In order to estimate facility by facility race meetings, we have worked backward from the Total Projected race meetings and races and apportioned these across venues in the same proportion as Season 24/25. You will note the use of decimals as partial races and meetings – rather than determine which facility should be rounded up or down, we have used these partial meetings and races in our analysis on the understanding the impact will approximate actual impact once actual meeting decisions are made.

2.2. Model C2: Consolidation by Code (Mowbray/Elwick/Spreyton/KI/Longford)

Description

- a single Thoroughbred Racing Club, to administer all Thoroughbred Racing Facilities in Tasmania – namely Elwick, Mowbray, Spreyton, King Island & Longford (potential Brighton TBC);
- a single racing club governance board;
- Centralised administration with regional/facility-based operational teams.
- Restriction of King Island Racing ongoing to 1 meeting (8 Races) (potential 2 days / 16 races)
- Continuation of racing and training out of Spreyton;

Efficiency Opportunities

Model C2	
Advantages	**Disadvantages**
• Code-specific expertise retained • Strong alignment with code-based participant communities • Maintains code identity and culture • Significant reduction in board/governance inefficiencies and overhead • Economies of scale in administration • Enhanced bargaining power with suppliers • Consistent service standards within each code • Streamlined marketing per code • Simplified interface with Tasracing • Code-focused strategic planning	• Loss of local club identity and history • Separate Code and Tasracing administrations still creates some duplication • Potential for code-based siloing • Does not optimize multi-code facility usage • Change management challenges for existing club members/volunteers • Volunteer engagement may decline • Historical assets and liabilities require consolidation

Structural & Financial modelling

From an Organisation structure perspective, this would be centralised within a single administration (location to be agreed), with a simple single administration and management as follows:

- Single racing club board and executive management
- Executive management team (CEO, CFO, CMO)
- Centralized administration (finance, HR, IT, marketing)
- Facility-based operational managers (Facilities to be discussed)
- Consolidated food and beverage operations
- Unified membership program

This model starts with an **in-principle agreement** between Tasracing and the relevant clubs – that as custodians of Thoroughbred racing, the future of the sport and its sustainability would **be best served by consolidation of multiple administrations into a single club**. If the principle is accepted, the discussion will move to process and details, which can be achieved through an extension of the current Thoroughbred Club forum convened to discuss this optimisation project.

Model C2
Assumptions
Race and facility related income and costs are now positioned under Mowbray, Elwick, Spreyton & King Island in Model Impact document, with administrative, non-raceday, non-facility related costs centralised under **New Entity**. These have been apportioned based on race reductions from FY25 numbers.
Continuation of racing at Spreyton, and immediate Capex to update track.
Centralisation of workforce across all clubs. Assume 40% reduction in collective staffing costs of TRC, DRC, TTC & KI from FY25
Food & Beverage Income maintained by each venue (assume no change under a central administration). Increased Cost of Sale reduction by 10% from Joint Procurement. Proportionate reduction for race days.
Proportionate Reduction in Tasracing Raceday with reduction in racing
Reduction in Prizemoney and Racefields Income proportionate to projected race reductions
Tasracing Sponsorship levels maintained into Consolidated Entity
All current Tasracing Reimbursements and recoveries maintained in Consolidated entity.
50% of total Insurance, Accounting, Legal, Banking and other professional costs incurred by TRC, TTC, DRC and KI recognised in Consolidated entity.
Income from Investments & Interests continue to accrue to Consolidated entity
All nomination & Acceptance Fees accrue to Consolidated Entity
All Marketing & Communication costs accrue within Consolidated entity (20% Cost reduction from FY25)
Consolidation of Administration & Utilities costs (30% reduction)
Equipment purchase & hire costs 25% joint procurement cost reduction
All other non-specified costs absorbed into Consolidated Entity
King Island Racing reduction incurs 60% reduction in Raceday income and related Raceday expenses.

Projected Financial Impact: Model C2 (Thoroughbred)

Below we model based on only the Strategic Reduction race modelling. Please see attached at **Schedule A** detailed analysis of the **Financial Impact of Model C2: Consolidation by Code** (Strategic Reduction).

Please note, in compiling this analysis, for the purposes of comparison we have maintained all race day related incomes and costs within Mowbray, Elwick, Spreyton and King Island facilities, and consolidated all non-race day administrative costs and revenues into a new structure (entitled **New Entity**)

STRATEGIC	Mowbray		Elwick		Spreyton		NEW ENTITY		King Island		Brighton		TOTAL (TB)	
	FY27	FY28	FY27	FY28	FY27	FY28	FY27	FY28	FY27	FY28	FY27	FY28	FY27	FY28
Club P&L	(1,373,614)	(1,371,097)	(1,273,779)	(1,270,311)	(274,012)	(272,252)	1,785,022	1,785,022	(32,669)	(32,669)	0	0	**(1,169,052)**	**(1,161,307)**
Raceday Costs	(68,872)	(79,790)	(68,781)	(79,685)	(76,684)	(84,638)	0	0	(42,808)	(42,808)	0	0	**(257,144)**	**(286,921)**
Non-Raceday Costs	0	0	0	0	0	0	0	0	(128,741)	(128,741)	0	0	**(128,741)**	**(128,741)**
Stakes & Wagering	(308,678)	(358,030)	(439,254)	(506,014)	(255,481)	(287,783)	0	0	(76,193)	(76,193)	0	0	**(1,079,606)**	**(1,228,021)**
Capex Impact	0	0	0	0	0	0	0	0	0	0	0	0	**0**	**0**
TOTAL IMPACT	**(1,751,163)**	**(1,808,918)**	**(1,781,813)**	**(1,856,010)**	**(606,177)**	**(644,672)**	**1,785,022**	**1,785,022**	**(280,412)**	**(280,412)**	**0**	**0**	**(2,634,543)**	**(2,804,990)**

Accordingly, we estimate that the **Model C2: Consolidation by Code** (Racing at Elwick/Mowbray/Spreyton/KI/Longford) model would achieve **$2.63M** cost saving in FY27, increasing to **$2.8M** in FY28. There will be no net Capital Expenditure impact given ongoing commitment to Tapeta Track in Spreyton.

This does assume a single club model, which may not be achievable on day 1, and accordingly full realisation of Club P&L impact may accrue over time depending on process and timeline. The majority of this impact will come from consolidation of TTC and TRC.

Observations

- This model will retain racing at both Spreyton and King Island (restricted) and accordingly significantly minimise community impact and objections.

- We have discontinued Nomination Fees going direct to TTC, instead recognising this as a Tasracing Contribution to New Entity.

- You will note marginally lower Tasracing Raceday Cost reductions as compared to all other Strategic Reduction models – due primarily to the re-incorporation of King Island Racing which has a much higher per race day cost attributable. Similarly, the impact on Tasracing Non-Raceday costs is also lower than other models due to continuation of King Island Racing.

- Projected overall Club P&L impact is reduced as compared to **Model C1** due to continuation of racing at both Devonport & King Island facilities, however still delivers significantly greater financial impact than Models A & B due to efficiencies in rationalising TTC and TRC.

- Prizemoney and Wagering financial impact is positively influenced through racing at King Island and Spreyton due to the lower per-race investment required (lower prize money / race fields delta). This assumes continuation of no race fields revenue at King Island. If King Island was able to achieve TAB Meeting status and recover 40% stakes through race fields revenue, this would be an additional $30.4K positive impact.

- In effect, this model falls squarely between Model B1, which brings together North and South Racing Clubs and continues Spreyton Racing, and C1, which consolidates into a Single Club model, but ceases racing at Spreyton and King Island. Accordingly, like C1, it achieves significantly greater Club P&L impact than B1 through efficiencies between the two biggest clubs. However, like B2, Non-Raceday impact is a little lower through retention of Spreyton, and further exacerbated by retention of King Island. That being said, on our modelling it provides the most significant overall ongoing positive financial impact (excluding impacts on Capital Expenditure).

Implementation Considerations	
Legal & Governance	**Operational**
• Incorporation of a new entity, or transition of TRC, TTC, DRC and KIRC into an existing agreed structure • Brand and naming considerations: **Thoroughbred Racing Tasmania, Tasmanian Racing Club, Tasmanian Turf Club, Other** • Constitutional arrangements • Board composition and election processes • Member transition and rights • Asset and liability consolidation • Club Deregistration and impacts • Employment transitions and impacts	• Technology platform integration • Brand transition strategy • Membership system consolidation • Volunteer program redesign • Consolidated Marketing Strategy • Joint procurement and tender process
Stakeholder Management	**Risk Assessment**
• Community consultation process • Member communication and engagement • Volunteer retention strategies • Historical club legacy recognition	• **HIGH** implementation complexity • Stakeholder resistance from local clubs (**MEDIUM-HIGH**) • Loss of community engagement (**MEDIUM-HIGH**) • Volunteer attrition risk (**MEDIUM-HIGH**) • Brand transition risk (**HIGH**) • ER Risk (**MEDIUM-HIGH**)

2.3. Updated Strategic Alignment & Risk Assessment

Criteria	Model A (Rating)	Score	Model B1 (Rating)	Score	Model B2 (Rating)	Score	Model C (Rating)	Score	Model C2 (Rating)	Score
Strategic Alignment Benefits										
Cost efficiency	Medium-High	+1.0	Medium-High	+1.0	High	+2.0	Very High	+3.0	Very High	+3.0
Service quality improvement	Low	-2.0	Medium	0	Medium	0	High	+2.0	High	+2.0
Governance simplification	Low	-2.0	Medium	0	Medium	0	Very High	+3.0	Very High	+3.0
Benefits Sub-Total		-3.0		+1.0		+2.0		+8.0		+8.0
Implementation Difficulty										
Difficulty in Implementation	Low	+1.0	Low-Medium	+0.5	High	-1.0	Very High	-1.5	High	-1.0
Difficulty Sub-Total		+1.0		+0.5		-1.0		-1.5		-1.0
Risk Factors										
Implementation Complexity	Low	+1.0	Medium	0	Medium-High	-0.5	Very High	-1.5	High	-1.0
Political Complexity	Low	+1.0	Low-Medium	+0.5	High	-1.0	Very High	-1.5	Medium	0
Stakeholder Resistance	Low	+1.0	Medium	0	Medium	0	Very High	-1.5	High	-1.0
Community Impact	Low	+1.0	Medium	0	High	-1.0	Very High	-1.5	High	-1.0
Risk Sub-Total		+4.0		+0.5		-2.5		-6.0		-3.0
COMPOSITE SCORE	**Model A**	+2.0	**Model B1**	+2.0	**Model B2**	-1.5	**Model C**	+0.5	**Model C2 (Rating)**	+4.0

SCHEDULE A
THOROUGHBRED CLUB MODELLING: Model C2

Please refer accompanying spreadsheet **Consolidated Club Financials**, and refer TAB entitled **Thoroughbred Modelling**.