

# Tasracing | 2011 annual report

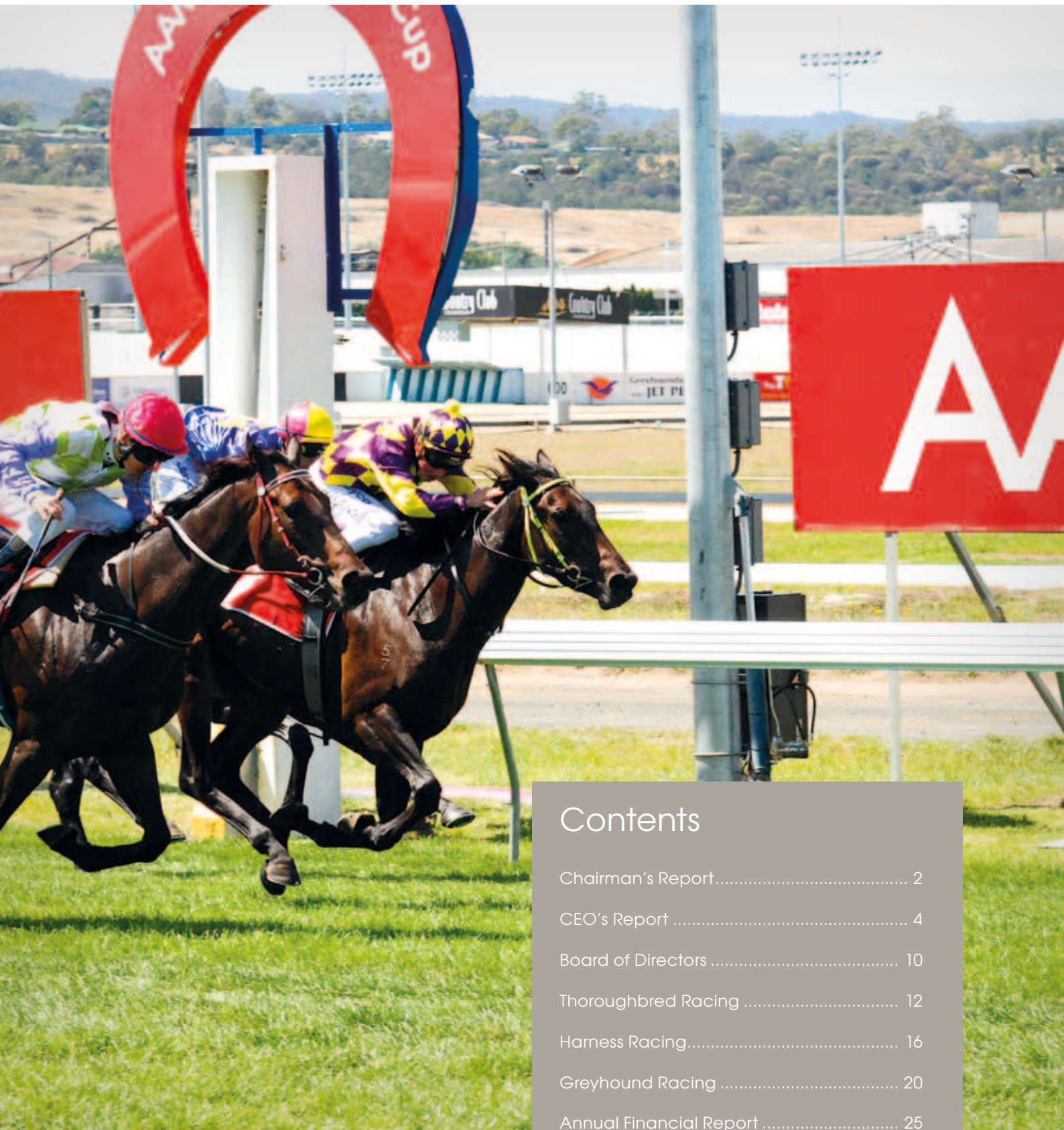


developing a globally competitive  
and sustainable racing industry



tasracing





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# Chairman's Report



Brian Speers  
Chairman



During the period covered by this Annual Report, Tasracing achieved several important milestones that will help enable the Tasmanian racing industry to become more competitive, nationally and internationally, as well as increasingly financially sustainable.

These milestones included:

- › Implementation of an industry training program linked to licensing that requires participants to be suitably skilled and qualified to a national training standard.
- › A revised industry funding model that recognises and rewards performance.
- › Execution of a revised funding deed with the Tasmanian Government to facilitate access to a \$40 million capital infrastructure loan facility.
- › Transfer of Race Field Fees management from Racing Services Tasmania to Tasracing.
- › An organisational restructure of Tasracing to realise efficiencies.

Tasracing was established by a special Act of Parliament in November 2008. The brief for this new entity included the development and implementation of a vision and plan to sell Tasmanian racing to new and emerging markets interstate and overseas.

However, the past three years have seen competition intensify in the wagering market, with Tasmanian racing not only competing with other racing jurisdictions, both national and international, but with new forms of non-racing wagering, such as sports betting.

Taking this changing landscape into account and considering how to meet immediate and future challenges, the Tasracing Board identified the

need to update the organisation's Corporate Plan, which sets out a blueprint for the development of a globally competitive and sustainable Tasmanian racing industry.

Together with the organisation's senior management team, directors participated in workshops in February and March 2011, meeting with consultative groups and industry organisations to gather a variety of views to assist in updating the plan.

The Corporate Plan 2011-2016 sets out five key goals:

- › To secure the confidence and support of participants as changes are made for long-term industry growth and sustainability.
- › To develop racing product that is commercially viable, utilising professional and cost-effective infrastructure.
- › To focus efforts on attracting wagering customers to Tasmanian racing product, in order to expand existing and emerging market share.
- › To install innovative and leading technologies and systems throughout Tasracing's business operations and assets.
- › To generate additional revenue by 2015.

While the Corporate Plan has been updated, one thing remains consistent – the need to generate new off-course wagering customer revenue. As I reported in last year's Annual Report, this is vital as the industry's future viability depends on our ability to tap into this off-course customer base.



Tasmania's racing industry needs to align itself to the requirements of off-course wagering customers to generate additional revenue. It is an undeniable fact that, given Tasmania's limited population, the only way to make the Tasmanian racing product commercially viable is to attract wagering customers from interstate and overseas. If we can be successful in this endeavour, the industry will receive increased funding and will be less reliant on the Tasmanian Government.

The local industry will grow only if it succeeds in expanding into national and international markets. For our part, Tasracing is determined to develop a racing calendar that exploits the broadcast opportunities that are available to us.

Our Corporate Plan 2011-2016 also places considerable emphasis on infrastructure development, which we are able to progress through Tasracing's access to a Tasmanian Government \$40 million capital infrastructure loan facility.

The first project to be funded through this facility was the \$11.3 million all-weather synthetic track at Spreyton. Tapeta Footings, an international company that specialises in the design and construction of all-weather race tracks, was awarded the contract to supply and install this track.

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...the past three years have seen competition intensify in the wagering market...

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The new all-weather surface will allow all-year round racing. It is designed to protect horses' wellbeing and requires less maintenance and minimal water.

The Board has also commenced a process that will thoroughly examine all options for improvements to the thoroughbred track at Tattersall's Park.

As noted previously, Tasracing has identified the need to generate new off-track wagering customer revenue. The development of other revenue opportunities and sources is also important.

In June 2011 Tasracing and TOTE Tasmania signed an agreement with a Chinese strategic partner to transfer racing industry knowledge and expertise into the Xiamen Special Economic Zone, in China's Fujian Province. The plan is to establish and operate a world-class thoroughbred horse racing industry and associated infrastructure with Tasmanian assistance.

The agreement provides for TOTE Tasmania to be a commercial partner with the industry in Xiamen Province, positioning The TOTE as the preferred supplier of Chinese-style lottery products.

For our part, Tasracing will provide technical expertise on the asset management plan and racing matters. Tasracing is of the view that formal links with China will lead to financial returns for the State's racing industry.

In closing, I would like to thank my fellow directors, chief executive officer Gary Lottering and all Tasracing employees for their support in 2010/11. I would like to particularly recognise the significant contribution of former director Rod Thirkell-Johnston AM whose term expired in 2010/11. Rod's many years of experience as a racing industry administrator was invaluable during Board deliberations. Rod's departure paved the way for the appointment of Hobart accountant Danny McCarthy and I am confident he will make a strong contribution to our Board.

Finally I would like to note the support provided to Tasracing and the racing industry by Racing Minister Bryan Green.

I am looking forward to continuing to work with the Minister, everyone at Tasracing and within the industry to strengthen racing's competitive position and move towards financial sustainability.

**Brian Speers**  
Chairman

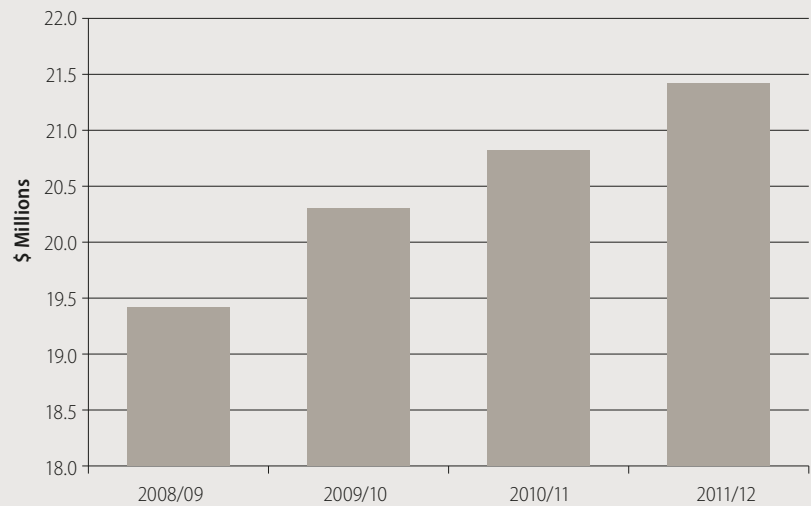
# CEO's Report



Gary Lottering  
CEO



## Total Code Allocation – All Codes



In last year's Annual Report, I reported that Tasracing continued to lay important foundations for the Tasmanian racing industry's future sustainability.

The work was not always highly visible, but at the end of 2010/11, we are starting to see some of the benefits flow through.

### Infrastructure and investment

Consistent with Tasracing's Corporate Plan objective of providing outstanding infrastructure, combined investments of more than \$12.1 million were commissioned in 2010/11.

The signature project was the \$11.3 million redevelopment of the Spreyton thoroughbred track at Devonport, featuring the innovative Tapeta synthetic racing surface.

Following a comprehensive independent study into the ongoing feasibility of racing in the north west by consultants Wise, Lord and Ferguson, the project was announced in August 2010 and

rapidly progressed through the design and tender stages with the breaking of ground in March 2011.

The innovative synthetic surface will allow training and racing on the same surface in all weather conditions.

Tapeta Footings, an international company that specialises in the design and construction of all weather equine tracks and facilities, was awarded the contract to supply and install the track.

Designed by former trainer Michael Dickinson, the new all-weather surface (the same surface on which the Dubai World Cup is run at Meydan Racecourse) is a patented wax-coated mixture of sand, rubber and fibre that minimises the risk of injury to horses due to its consistent surface.

The redevelopment featured significant earthworks (90,000 cubic metres were moved) which included raising the back

straight, creating a single consistent grade around the 1800-metre course. Other features included the restoration of the previously defunct 1400 metre chute (now 1380 metres), constant radius turns and cambered turns that will enhance the safety and competitiveness of racing.

Plastic running rails that provide first class safety features also form a part of the track upgrade at Spreyton. This cutting edge technology will be installed at other thoroughbred venues in the future.

During the construction period, training was temporarily transferred to the Deloraine training facility. There were more than 4250 horse movements coordinated during this period. Tasracing liaised with a large number of participants and stakeholders to ensure the training of horses continued in the region with minimal disruption. The understanding and cooperation from all participants during this process was greatly appreciated.

While the investment reaffirms Tasracing's commitment to the thoroughbred racing industry on the north west coast, it also provides an option for a race meeting transfer if another venue is unavailable.

A major upgrade of the greyhound conductor rail at the Devonport Agricultural and Pastoral Society was also completed. The successful completion of the project will provide surety for future greyhound race meetings at this venue.

Continued investments were made in machinery required for maintenance of harness and thoroughbred tracks throughout the state, which will assist in providing consistent, safe and reliable racing surfaces.

Other projects included the construction of 709-metre greyhound boxes at Tattersall's Park, upgrade of the greyhound photo finish lights at Tattersall's Park, modernisation of the ground floor of the grandstand at The TOTE Racing Centre and remedial works on the Cheers Function Centre at the Devonport Showgrounds.

## Night racing

2010/11 was the first full year of night racing in Tasmania at The TOTE Racing Centre at Mowbray. Its performance has been pleasing at a number of levels - participation, on-course attendance and wagering.

Night racing has already demonstrated its important strategic role in the Tasmanian racing calendar and while it is a relatively new product for national customers, it has quickly gained acceptance.

There were a total of 16 night meetings, featuring 128 races. Average wagering per meeting was \$1.6 million.

All meetings featured live hosting funded by Tasracing and were broadcast on Sky 2 and the international channel Sky World.

Customer feedback on the quality of the racing, infrastructure and vision has been extremely positive.

The night racing slot allows for the competitive positioning of Tasmanian racing, and most importantly provides a new product with growth potential.

The lights at The TOTE Racing Centre were also used to extend winter afternoon meetings into the twilight on three occasions, allowing the Tasmanian industry to take advantage of market opportunities when other competitors must finish their race meeting at dusk.

There may be further opportunities in cooler months for either night or twilight product. Recognising the importance of ensuring the health and welfare of riders, Tasracing commissioned a landmark study into the possible effect on jockeys competing in night racing in cold temperatures.

Tasracing is continuing to work collaboratively with jockey association representatives to identify and implement strategies to address concerns associated with racing in cooler conditions.

## Funding

A new code funding model was introduced for the 2011/12 financial year, taking account of each code's performance during the period covered by this annual report.

The introduction of the new model follows a comprehensive review of the former funding model for all three codes in Tasmania.

In summary, the new funding model recognises and rewards the performance of each of the codes.

While it is important to reward performance, it is also important to take account of other factors to provide appropriate funding to each code and provide stability going forward.

The model also takes into account relative costs to participants, the economic benefit delivered by each code, the attraction of the product to wagering customers, and funding history.

As such, the model is a common sense approach that reflects normal commercial practices.

A new club funding model was also introduced on 1 July 2011 replacing all other club funding payments.

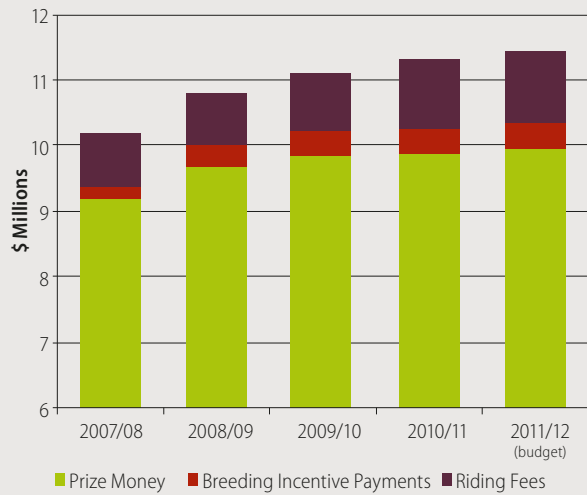
Tasracing completed a comprehensive review of funding to licensed racing clubs in 2010/11. The review examined the variable costs to clubs of conducting race meetings. Particular focus was placed on the need for clubs to be financially stable.

Under the new model, clubs will receive a set meeting payment and a commission based on TOTE Tasmania on-course turnover, providing incentives for clubs to promote and build on-course patronage. The funding model is designed to simplify club funding arrangements and provide security and performance-linking drivers to help ensure the ongoing sustainability of the state's racing clubs.

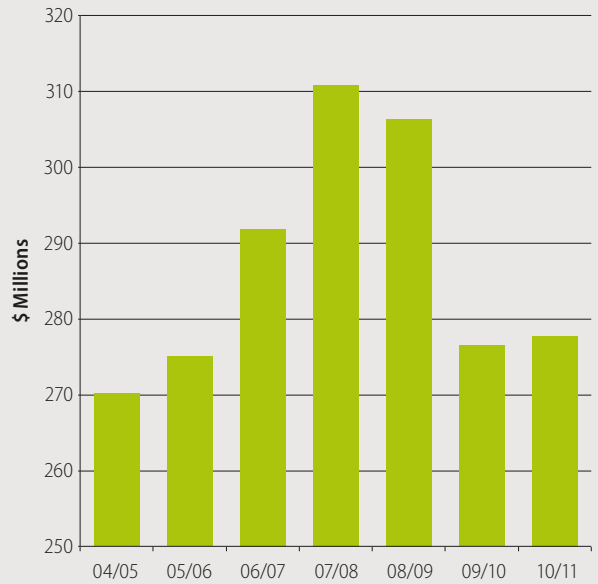
The model was tested against previous financial results but will be continually monitored to ensure it is achieving its intended goals.

### Returns to owners – Thoroughbreds only

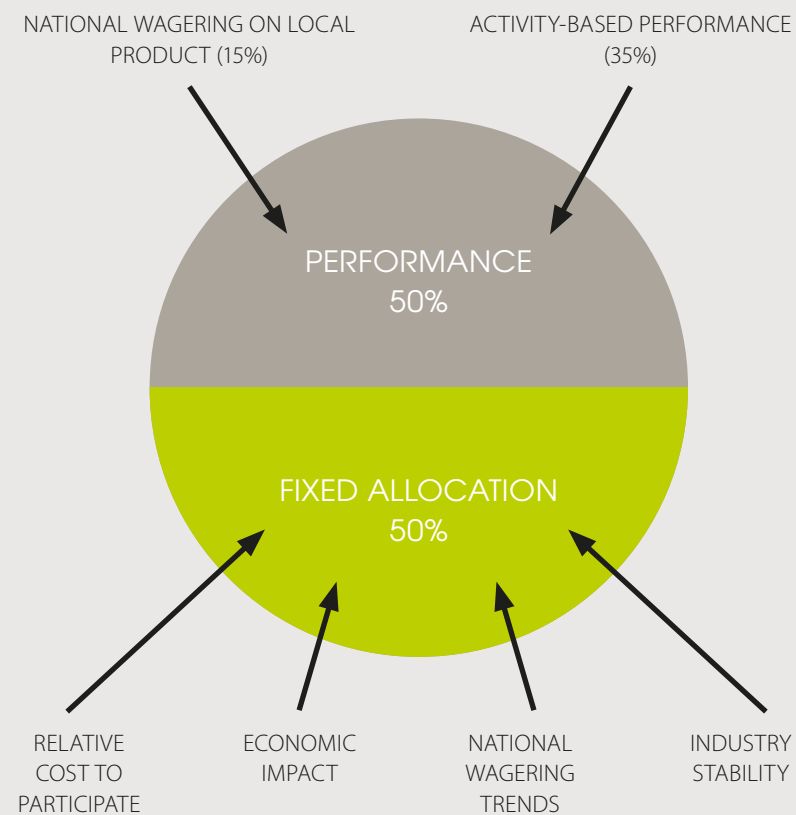
Tasracing's contribution to the thoroughbred industry covers stakes, breeding incentive payments and riding fees.



### National turnover on local product – All codes



### Code funding model





## New thoroughbred Tasmanian Bonus Scheme (tasBonus)

While the new bonus scheme for foals born in 2010 commenced on 1 August 2011, much of the work to revamp the scheme was undertaken during the 2010/11 financial year.

The new tasBonus scheme replaces the former SuperVOBIS scheme that was aligned with the Racing Victoria Limited's (RVL) SuperVOBIS scheme and partially subsidised by RVL.

A change to the arrangements meant there was a need to introduce a new scheme to provide continued support to Tasmanian owners and breeders.

The new scheme reaffirms Tasracing's commitment to the state's thoroughbred breeding industry.

Winning bonus payments under the new scheme are restricted to owners and breeders. The new tasBonus scheme will pay \$4000 (\$3000 to the owner and \$1000 to the breeder) for two-year-old and three-year-old horse's first maiden win.

Four-year-old horses will also be rewarded with a \$3000 bonus for their maiden win (\$2250 for the owner and \$750 for the breeder).

Owners and breeders will receive an additional \$3000 and \$1000 bonus respectively for non-maiden horses winning additional specified two-year-old and three-year-old races.

The new scheme also features a double up sale voucher facility for owners only to allow the winning owners of specified races to convert their \$3000 cash bonus into a \$6000 sale credit. The credit must be redeemed at the next Tasmanian yearling sale.

The changes will maximise returns for the owners and breeders who contribute to the scheme and the sales credits will encourage beneficiaries to reinvest in the local breeding industry.

Details and the structure of the new scheme were agreed to by a working

group comprising TasBreeders and Thoroughbred Racehorse Owners Association representatives.

## World-first information

Tasracing has introduced a revolutionary thoroughbred tracking system that captures key performance statistics for horses competing in Tasmanian races.

As well as capturing sectional times and positions in running, the system captures biometric data such as stride length, the duration of each stride, stride efficiency and velocity.

Information is collected via a 70-gram device that sits behind the saddle. It is completely portable and requires no additional infrastructure to be installed at racetracks.

The information will be extremely valuable for wagering customers and should help drive wagering turnover on the Tasmanian thoroughbred product.

It should be just as valuable for owners and trainers who want to review their horse's performance.

The data captured by the system also has exciting potential application for racing control applications, given it can provide highly accurate GPS information on how horses travelled during a race.

Sectional timing information (previously only available for the lead horse for the last 600-metres of the race) and biometric data are available on the Tasracing website ([www.tasracing.com.au](http://www.tasracing.com.au)).

Tasracing also commenced discussions with online form providers to incorporate the data into form lines.

Tasracing worked with the developers for 10 months and further work will be undertaken to leverage the information capture for commercial objectives.

## New customer focus

The racing business model in Australia has traditionally focused on meeting the needs of its stakeholders.

In our case, this meant providing support for racing events, asset management, administration and marketing. Wagering customers were often not considered a priority target.

But now that Tasmanian racing is operating in a highly-competitive global market, combined with the new importance of race fields revenue, there needs to be a new focus on customers (wagering providers and their wagering customers).

Under the new model, stakeholders will no longer be at the centre of the business, but will be considered important partners in meeting our shared customer needs. In addition, Tasracing's marketing efforts will become the critical communication link between customers and the Tasmanian racing product.

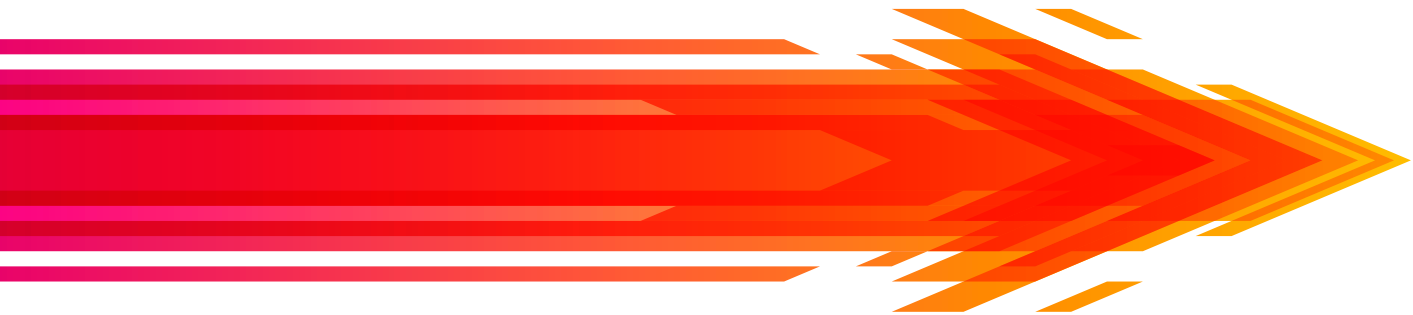
## Training

In 2010/11 Tasracing was able to source nearly \$200,000 of external funding to subsidise participant costs for industry training.

From 1 August 2011, all thoroughbred industry participants will be required to have a nationally-recognised qualification to work in the industry. Those who have not completed a national qualification or skill set within the national racing training package will need to do so before they can be licensed by Racing Services Tasmania to work in Tasmania. Participants with significant skills and experience will still need to attain the necessary qualifications, but may be able to achieve this through the Recognition of Prior Learning process.

In 2010/11, 250 places were made available for the completion of the full qualification of Certificate III Racing. Of these places, 238 people successfully completed the qualification.

Funding was also secured for 300 places through the State PPP Workplace Skills Program for the handling of horses and OH&S skill sets. At the time of writing,



175 people had participated. The remaining 125 spots are available until the end of November 2011.

Tasracing will continue to use its best endeavours to source funding to help offset future training costs for participants.

### Key factors – financial performance

Tasracing has been set up to implement change to create a sustainable Tasmanian racing industry that is viable over the long term. It was recognised when Tasracing was created, that change would require investment over the short and long term. The financial results of Tasracing continue to reflect the operations of a company in a time of change and investment.

Financial sustainability is one component of the organisation's goals which requires growing income sources at rates well above CPI to improve profitability and operating cash flows and, more broadly, to reduce the industry reliance on government funding. Many of the changes that Tasracing has introduced are aimed at this objective and many improve the industry's ability to achieve future growth. Furthermore, it is the growth in Race Field Fees and other income sources that will help fund additional initiatives required to build the industry.

#### Race Field Fees

Tasracing became entitled to collect Race Field Fees following the introduction of legislation effective from November 2010.

There was therefore a period of four months in 2010/11 when Tasracing was unable to collect Race Field Fees. Tasracing entered into a new \$1.63 million borrowing facility to fund this cost.

Tasracing management has budgeted for a full year of Race Field Fee income in 2011/12 of \$4.8 million.

#### Industry funding allocations

The increased overall cost of allocations to industry in 2010/11 was \$1.25 million. This will be a recurring, incremental cost to Tasracing each year. This \$1.25 million cost increase was offset by an extra \$510,000 in government funding for this purpose, leaving a shortfall of \$740,000 to be funded from other sources.

#### Other income and expense

Tasracing management has demonstrated ongoing, robust control of costs within budget.

Depreciation on tangible assets increased by \$317,667 in FY11 (13.9%) driven by significant capital additions in FY10.

Employee benefits expense increased by only \$35,125 in FY11 (0.7%) as a result of Tasracing rationalising its management structure and a reduced cost of the defined benefit scheme.

Race day expenses increased by \$212,871 in FY11 (5.9%). New usage charges under the Southern Water Scheme increased in excess of CPI, as did costs to fulfil the new night racing broadcasts.

### Conclusion

In closing my Annual Report message for 2010/11 I would like to thank the Board for its guidance and assistance through the year, and note the important contribution provided by all Tasracing employees. I would also like to note the important contribution of our sponsors – their ongoing support and commitment to the Tasmanian racing industry was again significant in 2010/11.

As noted at the outset, at the end of the 2010/11 financial year, the Tasmanian racing industry is starting to see some of the benefits flow through as a consequence of decisions made by Tasracing.

I have said previously, Tasracing's plan for industry growth and development does require broad-based industry understanding and support. In short, it is vital that Tasracing and industry work together.

I am confident that we can continue to move the industry towards true sustainability with less reliance on the Tasmanian Government for funding support.

There is no question that change is sometimes difficult. But the changes we have made and are proposing to make are aligned with delivering commercial outcomes for the industry. How successful we are will depend on how we, as an industry, respond.

**Gary Lottering**  
Chief Executive Officer



I am confident that we can continue to move the industry towards true sustainability with less reliance on the Tasmanian Government for funding support.

– Gary Lottering, CEO

# Board of Directors



## 1. Brian Speers – Chairman

Experienced insurance broker. Most recently Chairman of the Tasmanian Board of Marsh P/L International Insurance Brokers. Director of various private companies. Former committee member of the Brighton Jockey Club, former Chairman, Treasurer and Committee member of the Tasmanian Racing Club, former Deputy Chairman and Board member of the Tasmanian Thoroughbred Racing Council and former TOTE Tasmania Director.

## 2. Geoff Baxter

Employee, partner and director at the North Hobart Veterinary Hospital between 1970 and 2007. Hobart Greyhound Racing Club track veterinarian since 1970. Honorary Life Member of the Australian Veterinarian Association and the Australian Greyhound Veterinarian Association. Member of the Australian Institute of Company Directors.

## 3. Dean Cooper

Barrister and solicitor with Tasmanian firm Ogilvie Jennings. Long-standing interest in harness racing as an owner and administrator. Honorary

Legal Counsel for Harness Racing Australia (HRA). Chairman HRA Rules Committee. Former Tasmanian Integrity and Assurance Board Chairman. Former Harness Racing Tasmania Chairman. Former TOTE Tasmania Director. Graduate of the Australian Institute of Company Directors.

## 4. Des Gleeson

Highly-respected administrator and steward. Former Chairman of Stewards for Victoria Racing Club. Former Director Integrity Services and Chairman of Stewards for Racing Victoria. Australian delegate at numerous Asia Racing Conferences between 1997 and 2007. Appointed to a three-man panel with Hon Judge Barry Thorley and Hon Ian Armstrong to appoint the Racing New South Wales Board.

## 5. Trevor Leis

Former veterinarian with more than 30 years experience breeding and racing standardbred horses. Retired Chairman of United Milk Tasmania, TT-Line Company Pty Ltd and Stanley Cool Stores. Former Director of Private Forests Tasmania. Past General Councillor Trust Bank, past Member Advisory Council Tasmania

Trustees and past Fellow Australian Institute of Company Directors.

## 6. Tania Price

Experienced communications professional. Former Vice President Media and Communications BHP Billiton. Former Manager Public Affairs WMC Resources. Former Director with Gavin Anderson issues management consultants. Former Public Affairs Manager Tourism Victoria. Former principal press secretary / media adviser to Victorian Premier Jeff Kennett. Director of Festival of Voices.

## 7. Danny McCarthy

Hobart accountant appointed to the Board to replace Rod Thirkell-Johnston in 2010. Partner of Wise, Lord & Ferguson since 1989, specialising in audit and financial consulting. Experience in economic research, financial modeling and business risk assessments.



In June 2011 Tasracing and TOTE Tasmania signed an agreement with a Chinese strategic partner to transfer racing industry knowledge and expertise into the Xiamen Special Economic Zone, in China's Fujian Province.

– Brian Speers, Chairman

# Thoroughbred Racing

The highlight of the 2010/11 season was the success of locally-bred horses in Tasmanian feature races and interstate.

Tough stayer Dream Pedlar and Lady Lynette were both successful in black type races in Melbourne during the spring, before returning home and picking up further wins.

Glamour two-year-old filly Triple Asset was able to mix it with the best during the Tasmanian Summer Racing Carnival before heading to Melbourne and Adelaide and saluting in Group 3 and Listed company.

Locally, Conquering, Dream Pedlar, Obstinado, Lady Lynette, Tough Chik, and Socks were all able to win Listed races in Tasmania in 2010/11 and keep prize money in the state.

The Tasmanian racing industry continues to show strong growth with the number of total race starters up 8.65% and the number of individual starters up 2.5% in 2010/11.

Prize money returns to owners also increased from the previous year's results.

Trainer numbers remained on par with previous seasons with 114 trainers' licenses issued (117 licenses in 2009/10).

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## Interstate jockey support has been strong ensuring interstate wagering interest.

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Tasracing was pleased to welcome an additional three apprentices to its ranks in 2010/11, bringing the total to five.

The Tasmanian Racing Summer Carnival once again was successful with the Darley operation having its first runners (and winners) in Tasmania. Peter Moody continues to support Tasmanian racing and was successful with the highly talented Golden Archer and Doubtful Jack. Trainers Freedman, Hayes, Smerdon,

Weir, Vasil, Kent and others also continue to support and find Tasmania an attractive option in summer.

The WFA Bow Mistress trophy for fillies and mares is likely to be upgraded to Group 3 level for its 2012 running.

The Tasmanian Derby will be downgraded from Group 3 level to Listed level after this race failed its benchmark rating as set by the Australian Pattern Committee.

The 2011 Tasmanian Magic Millions yearling sale grossed \$1.24 million with a top price of \$62,000 and an average lot price of \$12,558. These figures were slightly down on 2010, which is no doubt reflective of wider economic uncertainty.

With the introduction of an additional Magic Millions open race to be run with the two-year-old and three-year-old Magic Millions races for 2012, all to be conducted at The TOTE Racing Centre on 15 February, and moving the race series before the sale, it is hoped that the yearling sale can once again be good value for money for buyers and provide breeders with a profitable return.

Night racing continues to present strong growth opportunities and with the decision to re-position this product on Wednesday night on Sky's premium channel Sky 1, night racing should continue to provide growth in wagering turnover.

The finalisation of the Tapeta Devonport synthetic track in 2011/12 will provide a timely alternative for our grass tracks, especially during periods of adverse weather.





## Awards

**The TOTE Horse of the Year** –  
Dream Pedlar

**Veolia Environmental Services  
2YO Horse of the Year and  
Tasbreeders Outstanding Filly  
or Mare** – Triple Asset

**Rotary Club of Central Launceston  
3YO of the Year** – Socks

**Hermanos Equine Services Leading  
Owner** – Paul and Elizabeth Geard

**Kevin Sharkie Leading Jockey** –  
Brendon McCoull

**Tasmanian Racing Club Leading  
Apprentice** – Talia Rodder

**Derwent Park Developments  
Leading Trainers** –  
David and Scott Brunton

**Tasbreeders Leading Tasmanian-  
based Juvenile Stallion** –  
Savoire Vivre

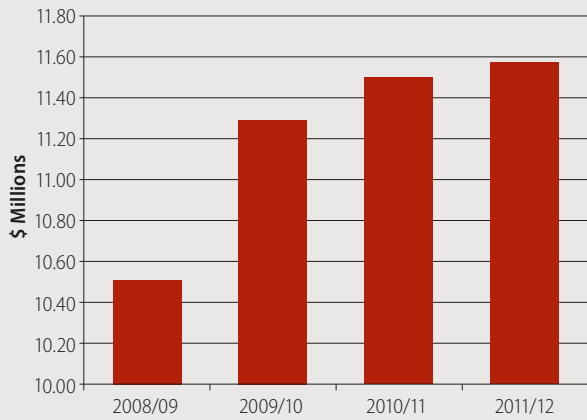
**Tasbreeders Leading Tasmanian-  
based sire** – West Quest

**Tasbreeders Leading Broodmare** –  
Unamah

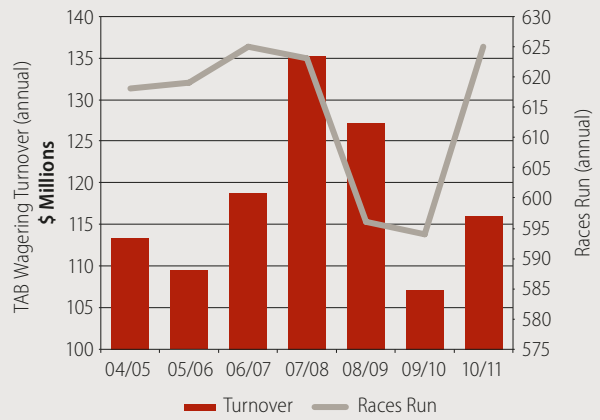
**Tasmanian Hall of Fame Legend  
Status** – Malua

**Tasmanian Hall of Fame inductees**  
– Bow Mistress (one of the state's  
best-performed fillies or mares),  
jockey Robyn Clarke, journalist  
Greg Mansfield, administrator and  
owner-trainer Bert Cook and William  
Southernwood (one of the most  
talented owner-trainers of his time,  
preparing about 500 winners over  
35 years in the early 1900s).

### Code allocation – Thoroughbreds



### National turnover on local product – Thoroughbreds

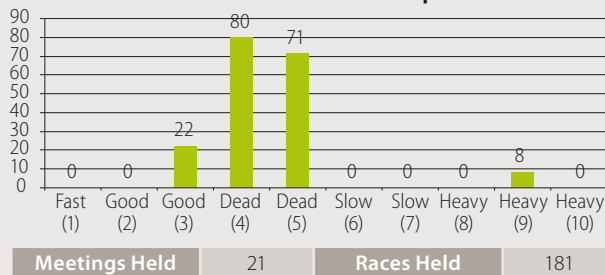


### Track statistics

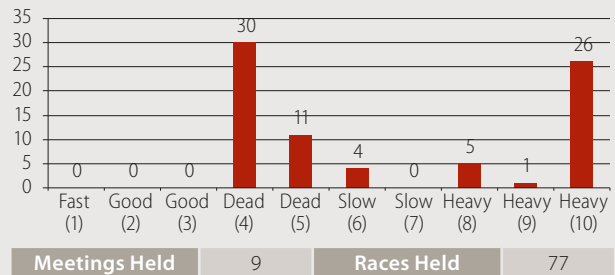
Tracks are prepared with the aim to present a DEAD 4 track on the morning of the race (or a DEAD 5 in the case of the former turf Spreyton surface - due to the unique characteristics of this venue). While this is the aim, there are a number of limitations that may prevent this goal including weather, the particular characteristics of the track and supporting infrastructure (e.g. soil type, soil density, soil moisture, grass cover and quality of irrigation system) and that, in many cases it is not reasonably practical to water race tracks during, or immediately prior to, the conduct of a race meeting.

The statistics for The TOTE Racing Centre in Launceston reveal it has performed very well during all weather conditions (248 races at 28 meetings), and has provided important flexibility to host race meetings when other tracks have been unavailable. The Hobart Course Proper results show the track has also performed well, hosting more than 170 races at a rating of either good or dead. The Derwent Track can be prepared adequately in fine conditions, but the track responds poorly to wet conditions and the statistics confirm that it has limited performance opportunities in winter conditions. The Devonport track statistics are redundant because of the new track that was constructed at Spreyton.

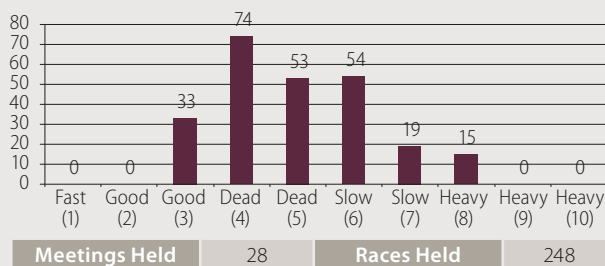
#### Hobart – Course Proper



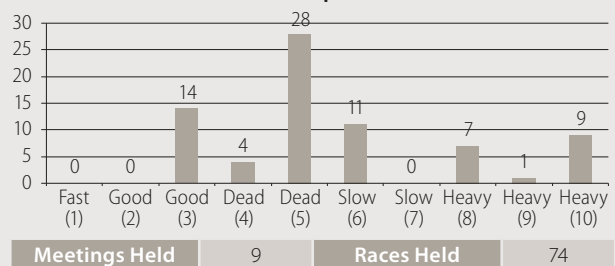
#### Hobart – Derwent Track



#### Launceston



#### Devonport







The Tasmanian racing industry continues to show strong growth with the number of total race starters up 8.65% and the number of individual starters up 2.5% in 2010/11.

# Harness Racing

The 2010/11 harness season resulted in significant improvement across a range of key performance indicators.

The foundation for growth was established at the start of the season when Tasracing realigned stake money aimed at:

1. Increasing revenue from harness wagering by conducting more races and maximising the number of starters in each race.
2. Encouraging the continued availability of the critical mass of racing stock required to ensure a reliable and regular supply of product to our customers by programming races and conditions which directed more prize money to the significant existing pool of lower rated horses.

Funds were sourced from feature races with stake money of \$10,000 or more. An analysis of the feature races resulted in \$230,000 being realigned.

The funds were directed to:

- › 20 Sunday twilight races all staked at \$7000.
- › 10 Monday / Wednesday races at \$5000.
- › Increase stake money at all Monday / Wednesday Sky meetings to \$5000.

There was an increase in the number of races covered by Sky Channel, total starters, the average number of starters per race and national harness turnover.

Ninety two race meetings were scheduled for 2010/11. One was abandoned due to an electrical failure. The others were:

- › 51 Sunday twilights on Sky 1.
- › 22 midweek meetings on Sky 1 or Sky 2.
- › 11 non Sky meetings.
- › Seven King Island non-Sky combined meetings.

A total of \$5.794 million was distributed in code money with \$148,700 of that amount provided by race clubs of which country clubs contributed \$115,700 to the 11 non-Sky meetings.

The Tasmania Cup on Sunday 26 December featured the local star Gedlee attempting to win his ninth consecutive race.

Gedlee was one of many exciting four-year-olds to race in 2010/2011. Empty Envelope (eight wins), Gedlee (five), Outback Mach (four) Saab Quality (12), Saturday Nights (five) and Thirsty Mach (seven) all demonstrated they are well above average.

Beautide was the dominant three-year-old winning nine of his 10 starts and was beaten less than two-metres in the other, which was the Tasmanian Derby. Cloudy Delight was the stand out two-year-old filly winning six races and competing in the \$312,000 Australasian Breeders Crown Final.

Gareth Rattray continued his sequence of leading driver awards with his sixth consecutive win. It is a remarkable achievement by the 26-year-old and he is now well on the way to challenge his father's (Barrie Rattray) record of 11 titles. Gareth's younger brother, Todd, won his second junior driver award.

The depth of young driving talent in Tasmania is obvious with five drivers aged 26 or younger in the Tasmanian top 10 – Alex Ashwood (17), Nathan Ford (24), Erin Hollaway (25), Gareth Rattray (26) and Todd Rattray (21).

Nathan Ford represented Tasmania at the 2011 Australasian Young Drivers Championship in New Zealand. His third placing was the best result of the six Australian drivers.

Bridport trainer Grant Hodges won his first trainers title with 68 winners after three placings in the previous four seasons. His assistant, Erin Hollaway, won her fourth consecutive female driver award with a career best 43 winners. Shelley Barnes was the states leading female trainer.

Seventeen-year-old Brighton driver Alex Ashwood became the youngest and fastest Tasmanian to outdrive a claiming novice driver concession. Ashwood reached the claim limit one year and three days after being licensed and was aged 17 years and three days. The previous records were held by Gareth Rattray.

The 2011 Tasmanian Premier Harness Yearling Sale was conducted at Inveresk in January. A record 67 horses were presented for sale with the previous best being 53 (2009). The sale aggregate was \$452,750 for an average of \$6757.

Tasracing continued to support harness breeders through:

- › A Tasbred Bonus distribution of \$282,000.
- › Abolition of foal notification fees and Tasbred series payments, saving breeders \$54,000.
- › Allocation of \$276,000 to stake money for Tasbred heats and finals.
- › Tasbred Breeders Coupon payments of \$100,000.

Tasracing has commenced the process of linking qualifications to licensing for trainers, drivers and stablehands. Recognition of prior learning is a key component of the process. All current licensees are required to complete the identified modules before relicensing for 2012/13.



Tasmanian harness racing historian Peter Cooley has completed another remarkable project. He has documented all Tasmanian winners from 1920 through to 1985, which is the year when HRA race records commenced. The information has been published on the HRA website.

A review of claiming novice driver's conditions was completed this year. Enhancements include an increase to 40 wins before the concession expires, allowances for injury, illness or pregnancy, and an extension of the claim period for some younger drivers (conditions apply).

## Awards

**Balmoral On York Leading Lady Driver Award** – Erin Hollaway

**Balmoral On York Leading Lady Trainer Award** – Shelley Barnes

**Winning Edge Leading Junior Driver Award** – Todd Rattray

**Foot & Playsted Leading Driver Award** – Gareth Rattray

**Saunders Signs Leading Trainer Award** – Grant Hodges

**Tasmanian Polytechnic Achiever Of The Year Award** – Clinton Woods

**Braebourn Stud Tasmanian 2YO Filly Of The Year Award** – Cloudy Delight

**Radio Sport National 2YO Colt Or Gelding Of The Year Award** – Lombo Leonardo

**Alabar Tasmanian 3YO Filly Of The Year Award** – Klebnikova Leis

**Corporate Communications Tasmanian 3YO Colt Or Gelding Of The Year Award** - Beautide

**Big Park Stud Tasmanian Mare Of The Year Award** – Shez Ryleymak

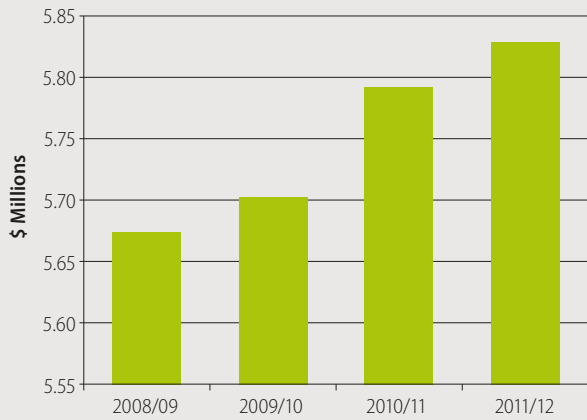
**Hivotech Innovation And Design Tasmanian 4YO & Older Horse Or Gelding Of The Year Award** – Our Sir Jeckyl

**Jetsonville Park Tasmanian Broodmare Of The Year Award** – Gorse Bush

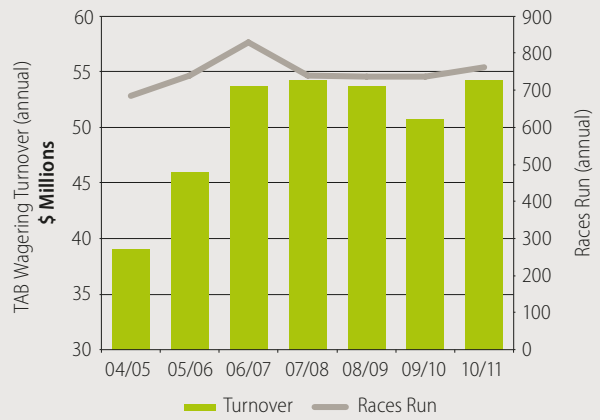
**Courage Under Fire Tasmanian Horse Of The Year Award** – Beautide

**The Tote Edgar Tatlow Medal** – Doug Mckillop

### Code allocation – Harness



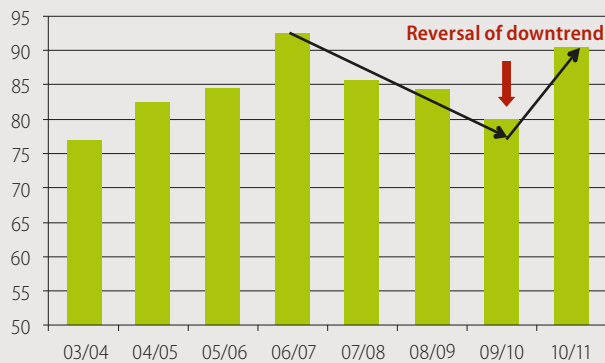
### National turnover on local product – Harness



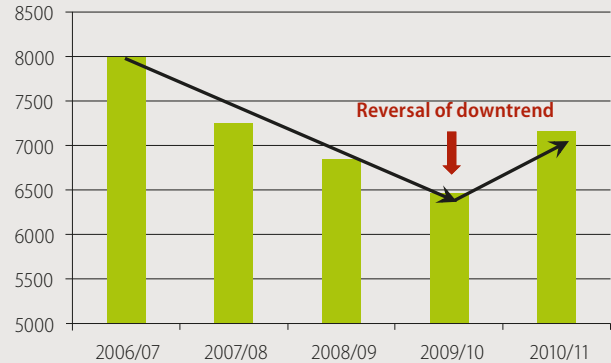
### Key statistics

The statistics represented in these tables demonstrate that decisions taken by Tasracing at the end of the 2009/10 financial year in relation to stakes realignment have resulted in improved performances in the important areas of total starters, average starters per race and per race meeting and national turnover on Tasmanian product.

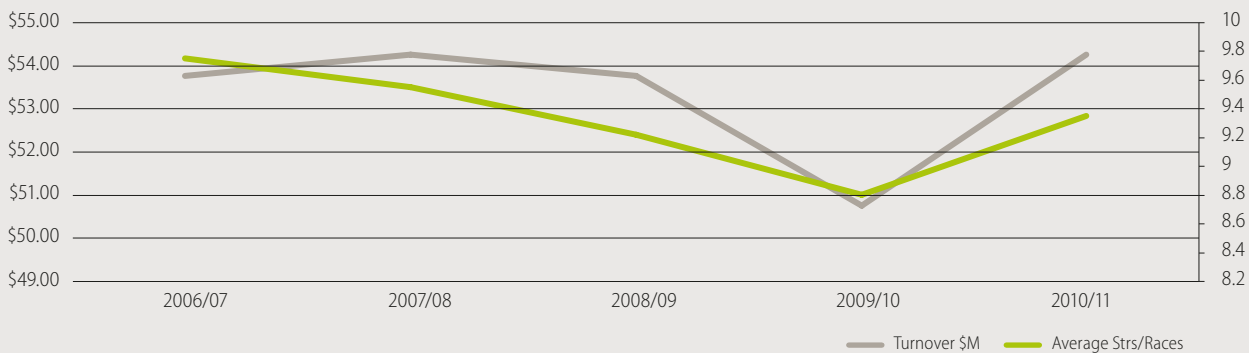
#### Average Starters per Meeting



#### Total Starters per Season



#### Average Turnover and Average Starters Per Race





There was an increase in the number of races covered by Sky Channel, total starters, the average number of starters per race and national harness turnover.

# Greyhound Racing

Tasracing has continued its commitment to quarterly communication with the Greyhound Reference Group. This forum continues to be a successful vehicle for the communication of ideas and the finalisation of proposals.

The funding allocation to the Greyhound code is set to increase in 2012 as a result of a history of strong commercial performance notwithstanding recent volatility.

Given the introduction of a new funding model for 2011/12 which recognises and rewards code performance, every effort is being made to take advantage of additional racing opportunities in the new season. Plans for additional races, as well as additional meetings, are being developed to recoup some of the ground lost on turnovers this season.

This year saw the induction of Hilda Williamson, Don Bomford, Valiant Spirit and Bomber's A Flyer into the Tasmanian Hall Of Fame.

The Greyhound Adoption Program (GAP) has had another successful year.

GAP statistics to 30 June 2011 are as follows:

<b>New greyhounds into the program</b>	<b>43</b>
<b>Adoptions</b>	<b>24</b>
<b>Pending adoptions</b>	<b>2</b>
<b>Greyhounds failed</b>	<b>4</b>
<b>In care at Feraro Park awaiting foster carers</b>	<b>19</b>

There are 16 adoption applications and 26 foster carers listed.

GAP attended the following events:

- › 2010 Hobart Show
- › 2010 Hobart Thousand Night
- › Pink Dog Launch in Hobart
- › Pink Dog closing meeting in Launceston
- › Agfest 2011
- › Million Paws Walk 2011.

The GAP coordinator also visited the GRV GAP Kennels in Seymour in Victoria and attended the GRV offices for training on the GAP IT platform (module). The GAP module is operating in conjunction with a new GAP website.

The 2010/11 financial year saw the completion of a number of projects:

- › The installation and approval of the 709 metre boxes at Tattersall's Park.
- › The successful implementation of the microchipping of greyhounds whelped on/after 1 January 2011.
- › The erection of a lighting gantry and subsequent lighting to improve the quality of the photo finish images at Tattersall's Park.
- › The replacement of the conductor rail at the Devonport Showgrounds.

The following projects are underway and expected to be completed during the 2011/12 financial year:

- › The erection of a lighting gantry and subsequent lighting to improve the quality of the photo finish images at The TOTE Racing Centre.
- › Improvements to the lure system at the Ebony Minda Straight Track at Launceston.
- › Magnetic starting mechanisms to be installed for all boxes at The TOTE Racing Centre.

The Hobart Thousand, Devonport Cup and Launceston Cup retained their major sponsors, Wrest Point, Dowling McCarthy Hankook Tyres and Country Club Tasmania respectively.

## The winners of our Group Races in 2010/11 were:

### Hobart Thousand (Group 1)

Octane Show trained by Darren McDonald in Victoria took out the final by 2¼ lengths for New South Wales owners Tyron Whittington and Greg Sprod. This win saw Darren training the winners of all the Tasmanian Group Races in a calendar year - the Devonport Cup in January, the Launceston Cup in February and this final in December.

### Devonport Cup (Group 3)

The Debbie Cannan-trained St Pierre won the final by 2¼ lengths for New South Wales owner Chris Nutt.

### Launceston Cup (Group 2)

Fisherman made it a memorable win for industry stalwarts Robert Grubb (owner) and Mark Sutcliffe (trainer).



This year saw the induction of Hilda Williamson, Don Bomford, Valiant Spirit and Bomber's A Flyer into the Tasmanian Hall Of Fame.

## 2010 Annual Awards

On 12 February, 2011 the 2010 Greyhound of the Year and Annual Awards presentations were held in conjunction with the Launceston Cup Dinner.

The following awards were presented:

- › Leading Tasmanian Owner – Peter Phillips
- › Leading Tasmanian Trainer – Anthony Bullock
- › Tasmania's Leading Broodbitch – World's Finest
- › Tasmania's Leading Sire – Where's Pedro
- › Tasmania's Most Consistent Greyhound – Damek
- › Tasmanian Greyhound Of The Year – Damek.

## 2010/2011 Feature Events

**Wrest Point Hobart  
Thousand – National  
Group 1 Event –**  
Octane Show

**Country Club Tasmania  
Launceston Cup – National  
Group 2 Event –** Fisherman

**Dowling McCarthy  
Hankook Tyres Devonport  
Cup – National Group 3  
Event –** St. Pierre

**Shaw Contracting  
Illingworth Classic –**  
I'm A Fencer

**2010 tattsbet.com National  
Distance Championship  
State Final –** Sitka

**2010 Betfair National  
Sprint Championship State  
Final –** Tombstone Jack

**Minister's Gift –** Ella Lucy  
**Betfair Breeders Classic –  
Devonport –** Capable Rossi

**Launceston Veterinary  
Hospital Breeders Classic -  
Launceston**  
– Miki Moto Mike

**Betfair Breeders Classic -  
Hobart –** Riley Diary

**thetote.com.au Maiden  
Thousand –** Spiritual One

**Charmer Lodge Laurels –**  
Ice Krystals

**The Mercury St Leger Final  
–** Damek

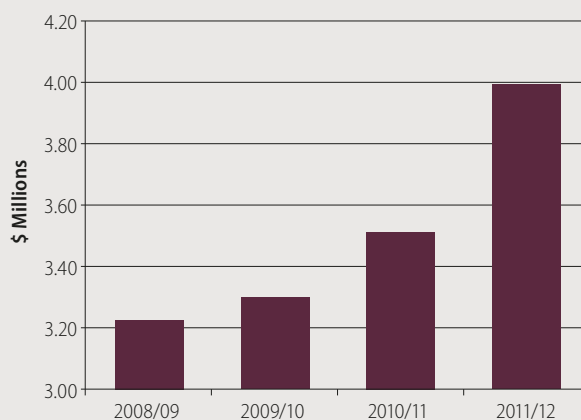
**Jet Pets Tasmania Oaks –**  
Miss Roman Nose

**Rapidvite Tasmanian  
Derby –** Tadmoo Dunoon

## Winning boxes at each track for 2010/11

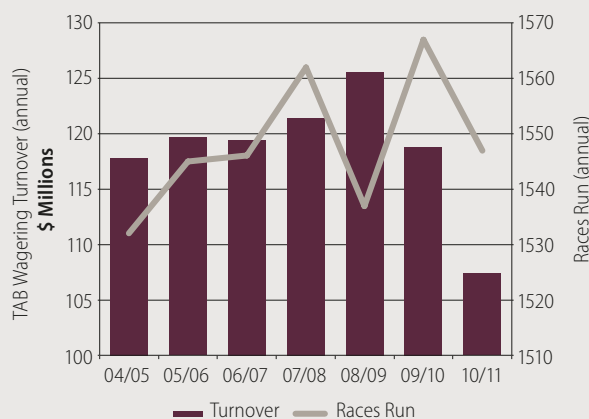
DISTANCE	BOX 1	BOX 2	BOX 3	BOX 4	BOX 5	BOX 6	BOX 7	BOX 8
<b>Hobart</b>								
340	4	3	4	5	5	1	0	3
461	73	60	49	69	59	46	63	78
599	9	7	2	5	1	1	6	4
<b>Devonport</b>								
452	82	57	56	51	39	39	39	51
580	4	2	9	0	7	1	1	6
<b>Launceston</b>								
278	6	6	4	9	3	5	9	8
515	80	72	70	43	39	43	45	46
600	8	11	5	3	6	6	6	5
720	1	2	1	2	2	1	1	2

## Code allocation – Greyhounds



## National turnover on local product – Greyhounds

While national turnover on the Tasmanian greyhound product fell in 2010/11 compared to the previous financial year, Tasracing will be working with the code to examine this performance in greater detail and put in place strategies which will hopefully result in an improvement in 2011/12.







The Debbie Cannan-trained St. Pierre won the Dowling McCarthy Hankook Tyres Devonport Cup final by 2¼ lengths for New South Wales owner Chris Nutt.





## Tasracing Pty Ltd Annual Financial Report

for the financial year ended 30 June 2011

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# Tasracing Pty Ltd

## Statement of Comprehensive Income

for the year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>Revenue and Other Income</b>			
Revenue from Government & TOTE Tasmania	3	27,510,000	32,234,816
Interest Revenue		937,991	764,374
Other Income	4	5,458,982	2,377,731
<b>TOTAL Revenue and Other Income</b>		<b>33,906,973</b>	<b>35,376,921</b>
<b>Expenses</b>			
Employee Benefits Expense	10	4,960,821	4,925,696
Prizemoney and Industry Funding		23,346,525	22,089,871
Depreciation and Amortisation Expense	5	2,603,228	2,285,561
Borrowing and Leasing Costs	6	461,224	374,112
Raceday and Racing Expenses	7	3,798,750	3,585,879
Other Expenses	8	2,343,937	2,530,022
<b>Total Expenses</b>		<b>37,514,485</b>	<b>35,791,141</b>
<b>Loss before tax</b>		<b>(3,607,512)</b>	<b>(414,220)</b>
Income tax expense	11	-	-
<b>Loss for the year</b>		<b>(3,607,512)</b>	<b>(414,220)</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(3,607,512)</b>	<b>(414,220)</b>

Notes to the financial statements are included on pages 30 to 55.

# Tasracing Pty Ltd

## Statement of Financial Position

as at 30 June 2011

	Note	2011 \$	2010 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	23 (a)	4,900,174	7,886,824
Trade and Other Receivables	12	1,939,565	606,633
Prepayments		368,916	267,845
<b>Total Current Assets</b>		<b>7,208,655</b>	<b>8,761,302</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	13	53,116,741	50,851,449
<b>Intangibles</b>	14	6,099	10,979
<b>Total Non-Current Assets</b>		<b>53,122,840</b>	<b>50,862,428</b>
<b>Total Assets</b>		<b>60,331,495</b>	<b>59,623,730</b>
<b>Current Liabilities</b>			
Trade and Other Payables	15	1,886,292	1,154,308
Employee Benefits	18	504,168	422,817
Other Financial Liabilities	16	13,134	11,471
<b>Total Current Liabilities</b>		<b>2,403,594</b>	<b>1,588,596</b>
<b>Non-Current Liabilities</b>			
Borrowings	17	4,863,835	1,500,000
Employee Benefits	18	3,211,268	3,074,824
<b>Total Non-Current Liabilities</b>		<b>8,075,103</b>	<b>4,574,824</b>
<b>Total Liabilities</b>		<b>10,478,697</b>	<b>6,163,420</b>
<b>Net Assets</b>		<b>49,852,798</b>	<b>53,460,310</b>
<b>Equity</b>			
Contributed Equity	19	53,874,530	53,874,530
Accumulated Losses	21	(4,021,732)	(414,220)
<b>Total Equity</b>		<b>49,852,798</b>	<b>53,460,310</b>

Notes to the financial statements are included on pages 30 to 55.

# Tasracing Pty Ltd

## Statement of Cash Flows

for the year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers		33,903,222	36,163,894
Payments to Suppliers & Employees		(36,206,032)	(34,179,677)
Cash generated from operations		(2,302,810)	1,984,217
Interest Received		930,251	757,770
Interest & Other Costs of Finance Paid		(130,208)	(109,585)
<b>Net Cash provided by Operating Activities</b>	23 (b)	(1,502,767)	2,632,402
<b>Cash Flows from Investing Activities</b>			
Proceeds from Sales of Property, Plant & Equipment		15,300	19,387
Payments for Property, Plant & Equipment		(4,863,018)	(6,831,651)
<b>Net Cash used in Investing Activities</b>		(4,847,718)	(6,812,264)
<b>Cash Flows from Financing Activities</b>			
Proceeds from transfer from Tasmanian Racing Board	20	-	11,205,719
Equity transfer from Tasmanian Government	19	-	860,967
Proceeds from Borrowings		3,363,835	
<b>Net Cash Provided by Financing Activities</b>		3,363,835	12,066,686
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		(2,986,650)	7,886,824
<b>Cash and Cash Equivalents at the beginning of the year</b>		7,886,824	-
<b>Cash and Cash Equivalents at end of the year</b>	23 (a)	4,900,174	7,886,824

Notes to the financial statements are included on pages 30 to 55.

# Tasracing Pty Ltd

## Statement of Changes in Equity

for the year ended 30 June 2011

	Note	Contributed Equity	Accumulated Losses	Total Equity
<b>Balance at 1 July 2009</b>		-	-	-
Loss for the Year		-	(414,220)	(414,220)
Total Comprehensive Income for the year		-	(414,220)	(414,220)
Transfer of Equity	19	53,013,563	-	53,013,563
Issue of Equity	19	860,967	-	860,967
<b>Balance at 30 June 2010</b>		53,874,530	(414,220)	53,460,310
Profit /(Loss) for the Year	21	-	(3,607,512)	(3,607,512)
<i>Total Comprehensive Income for the year</i>		-	(3,607,512)	(3,607,512)
<b>Balance at 30 June 2011</b>		53,874,530	(4,021,732)	49,852,798

Notes to the financial statements are included on pages 30 to 55.

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 1. General Information

Tasracing Pty Ltd (Tasracing) was incorporated on 1 July 2009 and domiciles in Tasmania, Australia. Tasracing became a state owned company under the Department of Infrastructure, Energy and Resources (DIER), after six months of trading as a Statutory Authority as The Tasmanian Racing Board, which was established on 1 January 2009.

Tasracing was established by the *Racing (Tasracing Pty Ltd) Act 2009* and is governed by the *Racing Regulation Amendment Act 2008*. The Principle Act is the *Racing Regulation Act 2004*. The responsible Minister is the Minister for Racing. Section 11 of the *Racing Regulation Act 2004* sets out the Tasracing's responsibilities as follows:

1. Developing a vision for the racing industry;
2. Promoting Tasmanian racing locally, nationally and internationally;
3. Promoting the development of an efficient and effective racing industry;
4. Promoting the development of an efficient and effective horse and greyhound breeding industry;
5. Corporate governance, strategic direction and funding;
6. Providing advice to the Minister and making appropriate policy recommendations for the development of racing;
7. Attracting sponsorship income;
8. Allocating race dates;
9. Race programming;
10. Developing and maintaining racing and training venues under its control;
11. Making (by drawing up its own local rules and by adopting Australian Rules of racing) the *Rules of Racing*, having regard to the recommendations of the Director;
12. Setting licence and registration standards and criteria, having regard to the recommendations of the Director;
13. Monitoring, coordinating and setting standards, in consultation with the Director, for the training of people employed or otherwise engaged in the racing industry other than:
  - (1) Persons appointed under section 51; or
  - (2) persons employed in that industry appointed under the *State Service Act 2000*;
14. Representing the Tasmanian racing industry on national and international controlling bodies and in national and international forums;
15. Publishing industry journals;
16. Approving, in a manner not inconsistent with the *Corporations Act 2001*, the operating budgets of racing clubs;
17. Assisting racing clubs with the promotion and marketing of major race meetings and race carnivals;
18. Determining a fee for race field information publication approval for each code of racing;
19. Developing a code of conduct to be complied with by Tasracing and its employees;
20. Controlling race nominations, acceptances, field selections, handicapping, barrier draws and scratchings in thoroughbred racing;
21. Negotiating with broadcast providers scheduling and revenue-sharing arrangements for the broadcast of Tasmanian racing, both nationally and internationally; and
22. Such other functions as may be conferred or imposed on it by or under this or any other Act.

Tasracing's registered office and principal place of business are as follows:

#### Registered Office

6 Goodwood Road Glenorchy TAS 7010

#### Principal Place of Business

6 Goodwood Road Glenorchy TAS 7010

Tasracing's principal activity is the governance, administration and provision of financial services for racing in Tasmania.

### 2. Significant accounting policies

#### Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations and comply with other requirements of the law.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company comply with International Financial Reporting Standards ("IFRS").

The financial report was authorised for issue by the directors on 30 September 2011.



# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 2. Significant accounting policies (continued)

#### Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Tasracing's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

**The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.**

#### Defined benefit superannuation fund obligations

Various actuarial assumptions are utilised in the determination of Tasracing's defined benefit superannuation fund obligations. These assumptions are discussed in note 18.

#### Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at reporting date;

- future increases in salaries and wages;
- future oncost rates; and
- experience of employee departures and periods of service.

#### Adoption of New and Revised Accounting Standards

There are no new or revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position of the company. However, the following new and revised Standards and Interpretations have been adopted in the current period and have affected the disclosure in these financial statements:

Amendments to AASB 101 "Presentation of Financial Statements" (adopted in advance of effective date of 1 January 2011).	The amendments (part of AASB 1012-4 "Further amendments to Australian Accounting Standards arising from the Annual Improvement Project" clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
Amendments to AASB 7 "Statement of Cash Flows".	The amendments (part of AASB 2009-5 "Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project") specify that only expenditure that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

The following new and revised Standards and Interpretations have also been adopted in those financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements:

AASB 2010-3 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'.	The application of AASB 2010-3 makes amendments to AASB 3(2008) 'Business Combinations' to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards.
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# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 2. Significant accounting policies (continued)

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 124 'Related Party Disclosures' (revised December 2009), AASB 2009-12 'Amendments to Australian Accounting Standards'.	1 January 2011
AASB 9 'Financial Instruments', AASB 2009- 11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'.	1 January 2013
AASB 1054 'Australian Additional Disclosures' This standard sets out the Australian specific disclosures for entities that have adopted Australian Accounting Standards that are additional to the requirements under International Financial Reporting Standards, including disclosures relating to the nature of the financial report, audit fees and the reconciliation of net operating cash flows to profit. These amendments, which become mandatory for Tasracing's 30 June 2012 financial statements are not expected to have a significant impact on the financial statements.	1 July 2011
AASB 2010-5 'Amendments to Australian Accounting Standards'.	1 January 2011
AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'.	1 July 2011
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'.	1 January 2012
AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'.	1 January 2011

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

#### (a) Property, plant and equipment

Property, plant and equipment and leasehold improvements are stated at cost less accumulated depreciation, amortisation and impairment. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are amortised over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation and amortisation methods are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The asset capitalisation threshold adopted by the company is \$1000. Assets valued at less than \$1000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation and amortisation:

Leasehold improvements	term of the lease or life of the asset
Plant and equipment	5 to 20 years
Racecourse plant and equipment	5 to 20 years

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 2. Significant accounting policies (continued)

#### (b) Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

The following useful lives are used in the calculation of amortisation:

Website and systems development      3 to 7 years

#### (c) Impairment of tangible and intangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which it belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Management takes into consideration the nature of the business together with the government funding arrangements and cash neutral business strategy when determining impairment. As such the guaranteed funding streams are aimed at supporting the carrying amount of the company's assets.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at

least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### (d) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 2. Significant accounting policies (continued)

#### (e) Financial assets

All Financial Assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of any transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified category: 'loans and receivables'. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

#### Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

#### Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### Derecognition of financial assets

Tasracing derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Tasracing neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### (f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

#### (g) Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual agreement. Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

#### Financial Liabilities

Financial Liabilities are classified as other financial liabilities.

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 2. Significant accounting policies (continued)

#### Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Derecognition of financial liabilities

Tasracing derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

#### **(h) Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Tasracing's main source of income is in the form of government funding.

#### Government Grants

Government grants are not recognised until there is reasonable assurance that Tasracing will comply with the conditions attaching to them and the grants will be received.

Government assistance which does not have conditions attached specifically relating to the operating activities of the entity is recognised in the Comprehensive Income Statement as operating income when the grant becomes receivable and Tasracing gains control of the underlying assets

Tasracing is funded by government appropriations provided each year, over a twenty year period and subject to the conditions of a funding deed.

#### Rental income

Revenue from operating leases is recognised in accordance with Tasracing's accounting policy outlined in note 2(k).

#### Interest

Interest revenue is recognised when it is probable that the economic benefits will flow to Tasracing and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### Race field Information Publication Fees

Revenue collected from Race field Information Publication Fees is recognised when the amount of revenue can be measured reliably.

#### **(i) Borrowing Costs**

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Borrowing costs are recognised in profit and loss in the period in which they are incurred.

#### **(j) Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and, long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by Tasracing in respect of services provided by employees up to reporting date.

#### Classification of employee benefits

An employee benefit liability is classified as a current liability if there is no unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 2. Significant accounting policies (continued)

#### Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

#### Defined benefit plans

For defined benefit superannuation plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full in profit or loss in the period in which they occur.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of the plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

#### **(k) Leasing**

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

#### Tasracing as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### Tasracing as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in

which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

#### Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **(l) Income tax equivalent**

Tasracing as a state owned company is registered under the National Tax Equivalent Regime. Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current Tax

Current Tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all deductible temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 2. Significant accounting policies (*continued*)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intend to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The income tax calculation is provided at note 11. As the company has reported a tax loss no income tax is payable. Deferred tax assets are not recognised on the basis that future taxable profits will not be available to offset existing temporary differences.

On 10 June the Government proposed the future reduction in the Company tax rate from 30% to 29%. No impact has been recognised and no adjustments have been made to the Deferred Tax balances at 30 June 2011 for the proposed tax rate change.

#### (m) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

#### (n) Events after Balance Date

There were no events occurring after balance date.

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 3. Revenue from Government and TOTE Tasmania

	2011 \$	2010 \$
Operational Funding - Government Appropriation	27,510,000	27,088,333
Operational Funding - TOTE Tasmania	-	5,146,483
	27,510,000	32,234,816

### 4. Other Income

Other income from operating activities includes:

Race Field Information Publication Fees	3,194,839	-
Rental Income	839,886	892,246
Sponsorship Income	543,521	634,570
Other Income	880,736	850,915
	5,458,982	2,377,731

#### Race Field Information Publication Fees

Amendments to the the Racing Regulations Act (2004) was enacted on 1 April 2011 permitting Tasracing to charge a fee to wagering operators for the publication and use of Tasmanian Race field information. The legislation was backdated to 1 November 2010.

### 5. Depreciation & Amortisation Expense

Depreciation of Non-Current Assets:		
Plant & Equipment	504,226	468,415
	504,226	468,415
Amortisation of Non-Current Assets:		
Racecourse Leasehold Improvements	2,094,122	1,813,486
Intangibles	4,880	3,660
	2,099,002	1,817,146
	2,603,228	2,285,561

### 6. Finance and Leasing Costs

Finance Costs		
Interest Expense	130,208	109,585
Leasing Costs		
Occupancy Lease Rentals	201,433	169,936
Motor Vehicle Lease Rentals	86,938	74,584
Plant & Equipment Lease Rentals	42,645	20,007
	331,016	264,527
	461,224	374,112



# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 7. Raceday and Racing Expenses

	2011 \$	2010 \$
Training and Racing Facilities	2,638,525	2,511,552
Race Day & Other Racing Expenses	1,160,225	1,074,327
	3,798,750	3,585,879

### 8. Other Expenses

Insurance	317,407	516,582
Administration	781,624	985,797
Marketing	779,491	783,927
Other	465,415	243,716
	2,343,937	2,530,022

### 9. Remuneration of Auditors

Auditing the Accounts (i)		
(i) The auditor is the Tasmanian Audit Office	32,850	30,000

### 10. Employee Benefit Expense

Wages and salaries	3,728,671	3,388,628
Other associated personnel expenses	600,430	672,685
Contributions to defined contribution superannuation funds	354,788	302,469
Increase in liability for defined benefit superannuation funds	184,000	487,000
Increase in liability for annual leave	38,058	46,367
Increase in liability for long service leave	54,874	28,550
	4,960,821	4,925,698

### 11. Income Tax Expense

Tax expense comprises:		
Current tax expense/(income) in respect of the current year	(672,743)	(299,122)
Deferred tax expense relating to the origination and reversal of temporary differences	(403,467)	(319,004)
Total tax expense/(revenue) relating to continuing operations	(1,076,210)	(618,126)
The expense for the year can be reconciled to the accounting profit as follows:		
Profit/(loss) from continuing operations	(3,607,512)	(414,220)
Income tax equivalent expense calculated at 30%	(1,082,254)	(124,266)
Effect of expenses that are not deductible in determining taxable profit	6,044	6,834
Effect of concessions and other allowances	-	(500,694)
Current Income tax benefit not recognised in profit or loss	(1,076,210)	(618,126)

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 11. Income Tax Expense (continued)

Deferred tax assets are not recognised as it is currently anticipated that future taxable profits will not be available to offset existing temporary differences.

#### Deferred tax balances

2010	Balances Transferred from the Tasmanian Racing Board \$	Not recognised in profit and loss \$	Recognised directly in equity \$	Closing balance \$
<b>Temporary differences</b>				
Property, plant and equipment	1,609,860	176,184		1,786,044
Employee entitlements	909,105	140,187		1,049,292
Doubtful debts	4,031	2,633		6,664
	2,522,996	319,004	-	2,842,000
<b>Unused tax losses and credits</b>				
Tax losses	-	299,122		299,122
	2,522,996	618,126	-	3,141,122

#### Deferred tax assets not recognised

Deferred tax assets not recognised at the reporting date:

Tax losses (revenue)	299,122
Temporary differences	2,842,000
	3,141,122

2011	Opening balance \$	Not recognised in profit and loss \$	Recognised directly in equity \$	Closing balance \$
<b>Temporary differences</b>				
Property, plant and equipment	1,786,044	331,396		2,117,440
Employee entitlements	1,049,292	65,338		1,114,630
Doubtful debts	6,664	2,984		9,648
Accrued Audit Fees	-	3,750		3,750
	2,842,000	403,468	-	3,245,468
<b>Unused tax losses and credits</b>				
Tax losses	299,122	672,743		971,865
	3,141,122	1,076,211	-	4,217,333

#### Deferred tax assets not recognised

Deferred tax assets not recognised at the reporting date:

Tax losses (revenue)	971,865
Temporary differences	3,245,469
	4,217,333

Deferred tax assets are not recognised as it is currently anticipated that future taxable profits will not be available to offset existing temporary differences.

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 12. Trade and Other Receivables

	2011 \$	2010 \$
Trade Receivables (i)	1,951,079	615,943
Provision for Impairment	(32,154)	(22,210)
	1,918,925	593,733
Interest Receivable	20,641	12,900
	1,939,565	606,633

(i) For receivables the average credit period on these items is 30 days with a large number of smaller debtors reducing the risk. No interest is charged on receivables. A provision for impairment has been made for estimated irrecoverable trade receivable amounts arising from past transactions, determined by reference to past default experience.

#### **Ageing of Past due but not impaired**

30-60 Days	85,499	83,108
60-90 Days	17,498	1,422
90-120 Days	14,503	5,246
120+ Days	57,933	86,104

Included in the trade receivables balance are debtors with a carrying amount of \$175,433 (30 June 2010: \$175,881) which are past due at the reporting date which the company has not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable. Tasracing does not hold any collateral over these balances.

#### **Movement in the allowance for impaired debts**

Opening Balance	(22,210)	(13,435)
Impairment losses recognised on receivables	(15,000)	(8,775)
Amounts recovered during the year	-	-
Amounts written off as uncollectable	5,056	-
Balance at end of year	(32,154)	(22,210)

#### **Ageing of impaired trade receivables**

30-60 Days	-	978
60-90 Days	-	978
90-120 Days	-	978
120+ Days	32,154	19,276

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 13. Property, Plant and Equipment

	Note	Racecourse Leasehold Improvements \$	Plant & Equipment \$	Property Under construction \$	TOTAL \$
<b>Gross Carrying Amount</b>					
<b>Balance as at 1 July 2009</b>		-	-	-	-
Amount transferred as at 1 July 2009	20	44,669,687	1,664,100	-	46,333,787
Additions		5,932,112	758,211	126,689	6,817,012
Disposals		-	(60,202)	-	(60,202)
Reclassified as under construction		(232,355)	-	232,355	-
<b>Balance as at 30 June 2010</b>		50,369,444	2,362,109	359,044	53,090,597
Additions		609,982	339,834	3,914,201	4,864,017
Disposals		-	(24,249)	-	(24,249)
<b>Balance as at 30 June 2011</b>		50,979,426	2,677,694	4,273,245	57,930,365
<b>Accumulated Depreciation / Amortisation</b>					
<b>Balance as at 1 July 2009</b>		-	-	-	-
Depreciation & Amortisation		1,813,486	468,415	-	2,281,901
Disposals		-	(42,753)	-	(42,753)
<b>Balance as at 30 June 2010</b>		1,813,486	425,662	-	2,239,148
Depreciation & Amortisation		2,094,122	504,226	-	2,598,348
Disposals		-	(23,871)	-	(23,871)
<b>Balance as at 30 June 2011</b>		3,907,608	906,016	-	4,813,624
<b>Net Book Value</b>					
As at 30 June 2010		48,555,958	1,936,447	359,044	50,851,449
As at 30 June 2011		47,071,818	1,771,678	4,273,245	53,116,741

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 14. Intangibles

	<b>Computer Software \$</b>
<b>Gross Carrying Amount</b>	
<b>Balance as at 1 July 2009</b>	-
Additions	14,639
Disposals	-
<b>Balance as at 30 June 2010</b>	14,639
Additions	-
Disposals	-
<b>Balance as at 30 June 2011</b>	14,639
<b>Accumulated Amortisation</b>	
<b>Balance as at 1 July 2009</b>	-
Amortisation	3,660
Disposals	-
<b>Balance as at 30 June 2010</b>	3,660
Amortisation	4,880
Disposals	-
<b>Balance as at 30 June 2011</b>	8,539
<b>Net Book Value</b>	
As at 30 June 2010	10,979
As at 30 June 2011	6,099

### 15. Trade & Other Payables

	<b>2011 \$</b>	<b>2010 \$</b>
- Trade Payables - unsecured (i)	1,886,292	1,154,308

(i) The company has financial risk management policies in place to ensure that all payables are paid within credit timeframes.

### 16. Other Financial Liabilities

- Bonds on Deposit	6,650	4,987
- Racing Industry Funds	6,484	6,484
	13,134	11,471

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 17. Borrowings

This note provides information about the contractual terms of Tasracing's interest bearing loans and borrowings. For more information about the entity's exposure to interest rate risk, see note 25.

	2011 \$	2010 \$
<b>Unsecured - at amortised cost</b>		
Unsecured interest bearing loans	4,863,835	1,500,000
	4,863,835	1,500,000

All loans are transacted through the Tasmanian Public Finance Corporation (Tascorp). All borrowings are unsecured.

During the year a revised funding deed was signed with Government providing support for a \$40million debt facility with Tascorp. The deed provides that the State Government will provide debt servicing support in the form of principal and interest repayments subject to the conditions of the deed.

### 18. Employee Benefits

Current:		
- Annual Leave	279,758	273,203
- Long Service Leave	129,410	98,614
- Superannuation	95,000	51,000
	504,168	422,817
Non-Current		
- Long Service Leave	49,268	32,824
- Superannuation	3,162,000	3,042,000
	3,211,268	3,074,824
Total Employee Benefits	3,715,436	3,497,641

#### Liability for Defined benefit obligation

Tasracing makes contributions to one defined benefit plan that provides pension benefits for employees upon retirement. Actuarial gains and losses are recognised immediately in profit and loss in the year in which they occur. Defined benefit members receive lump sum benefits on resignation, and lump sum or pension benefits on retirement, death or invalidity. The defined benefit section of RBF is closed to new members. All new members receive accumulation only benefits.

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 18. Employee Benefits (continued)

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2011 by Dr David Knox, Fellow of the Institute of Actuaries of Australia.

	2011 \$	2010 \$
<b>Reconciliation of the Defined Benefit Obligation</b>		
Present value of defined benefit obligations at beginning of the year	3,432,000	3,020,000
Current service cost	41,000	43,000
Interest cost	182,000	170,000
Estimated contributions by plan participants	9,000	11,000
Actuarial gains/losses	(17,000)	276,000
Estimated benefits paid	(30,000)	(85,000)
Estimated taxes, premiums & expenses paid	(3,000)	(3,000)
Present value of defined benefit obligations at end of the year	3,614,000	3,432,000
<b>Reconciliation of the Fair Value of Scheme Assets</b>		
Fair value of plan assets at the beginning of the year	339,000	355,000
Expected return on plan assets	23,000	24,000
Actuarial gains/losses	(1,000)	(23,000)
Estimated employer contributions	20,000	59,000
Estimated contributions by plan participants	9,000	11,000
Estimated benefits paid	(30,000)	(85,000)
Estimated taxes, premiums & expenses paid	(3,000)	(3,000)
Fair value of plan assets at the end of the year	357,000	338,000
<b>Reconciliation of the Assets and Liabilities Recognised in the Statement of Financial Position</b>		
Opening defined benefit obligation	3,614,000	3,432,000
Fair value of plan assets	(357,000)	(339,000)
Deficit/(surplus)	3,257,000	3,093,000
Net superannuation liability/(asset)	3,257,000	3,093,000
Current net liability	95,000	51,000
Non-current net liability	3,162,000	3,042,000
<b>Expenses recognised in the Statement of Comprehensive Income</b>		
Service cost	41,000	43,000
Interest cost	182,000	170,000
Expected return on assets	(23,000)	(24,000)
Actuarial gain/loss	(16,000)	298,000
Superannuation expense/(income)	184,000	487,000

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 18. Employee Benefits (continued)

The major categories of fund assets as a percentage of total fund assets are as follows:

	2011	2010
Australian equities	25%	26%
Overseas equities	22%	22%
Fixed Income	13%	12%
Property, infrastructure and other alternative assets	19%	20%
Alternatives/Other	18%	14%
Cash	3%	6%

### Principal actuarial assumptions at the Statement of Financial Position Date

Discount Rate	5.50%	5.35%
Expected rate of return on plan assets	7.50%	7.00%
Expected salary increase rate	4.50%	4.50%
Expected rate of increase compulsory preserved amounts	4.50%	4.50%
Expected pension increase rate	2.50%	2.50%

Historical Information	2011 \$	2010 \$	2009 \$
Present value of defined benefit obligation	3,614,000	3,432,000	3,020,000
Fair value of plan assets	357,000	339,000	355,000
Surplus/(deficit) in plan	(3,257,000)	(3,093,000)	(2,665,000)
Experience adjustments (gain)/loss - plan assets	1,000	23,000	83,000
Experience adjustments (gain)/loss - plan liabilities	61,000	45,000	(22,000)

### Defined Contribution Plans

The company makes contributions to various defined contribution plans. The amount recognised as expense was \$354,788 for the year ended 30 June 2011.



# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 19. Issued Capital

	2011 \$	2010 \$
Fully paid shares (30 June 2011 and 30 June 2010: 2)	53,874,530	53,874,530

Tasracing is a state owned company. The company's share capital is held on behalf of the State of Tasmania by the Minister for Racing and the Treasurer.

	Number of Shares	Share Capital
<b>Balance 1 July 2009</b>	-	-
Equity transfer from the Tasmanian Racing Board	2	53,013,563
Transfer of funds from State Government <sup>(1)</sup>	-	860,967
<b>Balance at 30 June 2010</b>	2	53,874,530
<b>Balance at 30 June 2011</b>	2	53,874,530

(1) During 2010, the State Government injected the funds that was held over from the transfer of funds from TOTE Tasmania Pty Ltd for The TOTE Racing Centre lights project.

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 20. Equity Transfer

Pursuant to the Racing Regulation Amendment (Governance Reform) (Transitional and Consequential Provisions) Act 2008 the Tasmanian Racing Board ceased to be a statutory authority on 1 July 2009 and Tasracing Pty Ltd was formed as a state owned company under the Racing (Tasracing Pty Ltd) Act 2009. All assets, liabilities, employees and rights were transferred from the Tasmanian Racing Board to Tasracing Pty Ltd.

The following assets and the liabilities were transferred during the financial year ended 30 June 2010:

	<b>2010</b>
	<b>\$</b>
<b>Current Assets</b>	
Cash and Cash Equivalents	11,205,719
Trade & Other Receivables	2,162,090
Prepayments	173,036
<b>Total Current Assets</b>	<b>13,540,845</b>
<b>Non Current Assets</b>	
Property Plant & Equipment	46,333,787
<b>Total Non-Current Assets</b>	<b>46,333,787</b>
<b>Total Assets</b>	<b>59,874,632</b>
<b>Current Liabilities</b>	
Trade & Other Payables	2,318,659
Employee Entitlements	383,806
Other Financial Liabilities	12,059
<b>Total Current Liabilities</b>	<b>2,714,524</b>
<b>Non-Current Liabilities</b>	
Borrowings	1,500,000
Employee Entitlements	2,646,545
<b>Total Non-current Liabilities</b>	<b>4,146,545</b>
<b>Total Liabilities</b>	<b>6,861,069</b>
<b>Net Assets</b>	<b>53,013,563</b>

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 21. Accumulated Losses

	2011 \$	2010 \$
Balance at the beginning of the year	(414,220)	-
Net Profit/(Loss)	(3,607,512)	(414,220)
Balance at the end of the year	(4,021,732)	(414,220)

### 22. Expenditure Commitments

#### (i) Lease Commitments

Commitments relate to property, plant & equipment with terms between 1 and 5 years. The company does not have the option to purchase assets at the expiry of the lease period.

Non-cancellable operating lease commitments were in place as follows:		
- not later than 1 year	212,100	192,295
- later than 1 year but not later than 5 years	298,106	374,529
- later than 5 years	426,112	452,205
Current leases in place are for IT equipment, motor vehicle fleet and leasehold properties and race tracks.	936,318	1,019,029

#### (ii) Capital Expenditure Commitments

Leasehold Improvements

Contractual commitments for the acquisition of Property, plant equipment:		
- not later than one year	4,397,946	24,268

#### (iii) Other Contractual Commitments

Non-cancellable contracts payable:		
- not later than one year	310,883	309,976
- later than 1 year but not later than 5 years	409,107	532,509
- later than 5 years	-	8,700
Commitments in place are for general property maintenance service agreements.	719,990	851,185

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 23. Cash Flow

	2011 \$	2010 \$
<b>(a) Cash and Cash Equivalents</b>		
Cash on Hand and Balances with Banks	4,900,174	7,151,064
Investment - Perpetual Trustees	-	735,760
	4,900,174	7,886,824
<b>(b) Reconciliation of profit for the year to net cash flows from operating activities</b>		
Loss for the year	(3,607,512)	(414,220)
<i>Adjustments for:</i>		
Depreciation & Amortisation	2,603,228	2,285,561
Profit on Sale of Assets	(15,922)	(1,939)
<b>Operating profit before changes in working capital and provisions, net of effects from transfer of assets:</b>	<b>(1,020,206)</b>	<b>1,869,402</b>
- (increase)/decrease in Receivables	(1,332,931)	1,555,457
- (increase)/decrease in Prepayments	(101,071)	(94,809)
- increase/(decrease) Creditors & Accruals	731,984	(1,164,350)
- increase/(decrease) in Provisions	217,794	467,290
- increase/(decrease) Other Current Liabilities	1,663	(588)
<b>Net cash from operating activities</b>	<b>(1,502,767)</b>	<b>2,632,402</b>
<b>(c) Financing Facilities</b>		
Credit and Stand By arrangements		
Business Cards		
Facility Limit	110,000	80,000
- amount used	71,000	76,000
- amount unused	39,000	4,000
Tascorp capital funding facility		
Facility Limit	43,130,000	1,500,000
- amount used	4,863,835	1,500,000
- amount unused	38,266,165	-

### 24. Economic Dependency

A significant proportion of Tasracing's revenue is dependent on a 20 year funding deed with the State government which provides base funding of \$27M per annum plus CPI less 1% over the 20 years. In addition to this the deed allows for a \$40M debt facility with Tascorp of which Treasury will provide servicing in the form of principal and interest repayments, subject to certain conditions.

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 25. Financial Instruments

#### (a) Capital Risk Management

Tasracing manages its capital to ensure that it will be able to continue as a going concern through the optimisation of the debt and equity balance.

The capital structure of Tasracing consists of debt, which includes the borrowings disclosed in note 17, cash and cash equivalents and equity attributable to equity holders of the entity, comprising contributed equity and retained earnings as disclosed in notes 19, 20 and 21 respectively.

Tasracing's policy is to endeavour to fund current and future activities through adequately maintained cash reserves. Where required the company borrows through the Tasmanian Public Finance Corporation, Tascorp.

(b) Categories of financial instruments	2011 \$	2010 \$
<b>Financial Assets</b>		
Cash and cash equivalents	4,900,174	7,886,824
Loans & Receivables	1,939,565	606,633
<b>Financial Liabilities</b>		
Amortised Cost		
- Trade and Other Payables	1,899,426	1,165,779
- Borrowings	4,863,835	1,500,000

#### Estimation of fair values

The Directors consider that the carrying values of financial assets and liabilities approximate their fair values.

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

#### (i) Borrowings

Fair value is calculated based on discounted expected future principle and interest cash flows.

#### (ii) Trade and other receivables / payables

For receivables / payables with a remaining life of less than one year, the nominal amount is deemed to reflect the fair value. All other receivable / payables are discounted to determine the fair value.

#### Financial risk management objectives

Tasracing has exposure to the following risks from the use of financial instruments;

- (i) Interest rate risk
- (ii) Credit risk, and
- (iii) Liquidity risk

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 25. Financial Instruments (continued)

#### (c) Interest rate risk management

Interest rate risk is limited to movements in "at call" and "short term fixed" interest rates on Investments. Tasracing's borrowings are at a fixed rate of interest. It is Tasracing's policy to borrow only at a fixed rate of interest to mitigate this risk.

#### Interest rate sensitivity analysis

	Impact on Profit/Loss		Impact on Equity	
	100 basis points increase \$	100 basis points decrease \$	100 basis points increase \$	100 basis points decrease \$
30-Jun-11	8,852	(8,852)	8,852	(8,852)
30-Jun-10	31,934	(31,934)	31,934	(31,934)

#### (d) Credit risk management

Credit risk represents the loss that would be recognised if debtors failed to meet their obligations under a contract or arrangement. The major exposure to credit risk arises from receivables. Tasracing has a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk.

The average credit period on these items is 30 days with a large number of smaller debtors reducing the risk. No interest is charged on receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from past transactions, determined by reference to past default experience. Further details are disclosed in note 12.

#### (e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of Tasracing's short, medium and long term funding and liquidity management requirements. Tasracing manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows.

The table below shows the contractual maturities of financial liabilities and expected maturities of financial assets.

30 June 2011	< 1 year \$	1-2 years \$	2-5 years \$	> 5 years \$	TOTAL \$	Weighted Average Effective Interest Rate \$
<b>Financial Assets</b>						
Cash and cash equivalents	4,900,174				4,900,174	3.44%
Trade & Other Receivables	1,939,565				1,939,565	
Total Financial Assets	6,839,739	-	-	-	6,839,739	3.44%
<b>Financial Liabilities</b>						
Other financial liabilities	1,899,426				1,899,426	
Borrowings			4,863,835		4,863,835	5.75%
Total Financial Liabilities	1,899,426	-	4,863,835	-	6,763,261	5.75%

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 25. Financial Instruments (continued)

30 June 2010	< 1 year \$	1-2 years \$	2-5 years \$	> 5 years \$	TOTAL \$	Weighted Average Effective Interest Rate \$
<b>Financial Assets</b>						
Cash and cash equivalents	7,886,824				7,886,824	4%
Trade & Other Receivables	606,633				606,633	
Total Financial Assets	8,493,457	-	-	-	8,493,457	4%
<b>Financial Liabilities</b>						
Other financial liabilities	1,317,010				1,317,010	
Borrowings		1,500,000			1,500,000	7%
Total Financial Liabilities	1,317,010	1,500,000	-	-	2,817,010	7%

(f) Categories of financial instruments	2011 \$	2010 \$
Unsecured Interest Bearing Loans		
- amount used	4,863,835	1,500,000
- amount unused	39,950,732	-
	44,814,568	1,500,000

### 26. Key management personnel compensation

#### Key Management Personnel

Tasracing's remuneration policy has been designed to align key management personnel objectives with business objectives by providing a fixed remuneration component and offering specific incentives based on key performance areas where applicable. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives, shareholders and other key stakeholders.

The Board's policy for determining the nature and amount of remuneration for the Company's key management personnel is as follows:

- Remuneration is approved by the remuneration committee and then approved by the Board after professional advice is sought from independent external consultants.
- All key management personnel receive a base salary (which is based on factors such as position, competency, length of service and experience), superannuation and other benefits.
- Performance incentives (if applicable) are generally only paid once predetermined key performance indicators have been met.
- The remuneration committee reviews key management personnel packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors.

Consistent with legislated requirements, key management personnel receive a superannuation guarantee contribution, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to key management personnel is valued at cost to the Company and expensed.

# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 26. Key management personnel compensation (continued)

#### Non-executive directors

The Board's policy is to remunerate non-executive directors in accordance with guidelines and sizing statements provided by The Department of Treasury and Finance and Department of Premier and Cabinet respectively.

#### Remuneration Details for the Year Ended 30 June 2011

The key management personnel of Tasracing Pty Ltd during the year were:

Board of Directors	B. Speers (Chairman, non-executive director)
	D. Gleeson (non-executive director)
	D. Cooper (non-executive director)
	G. Baxter (non-executive director)
	T. Leis (non-executive director)
	T. Price (non-executive director)
	R. Thirkell-Johnston (non-executive director) (resigned November 2010)
	D. McCarthy (non-executive director) (appointed November 2010)
Executive Management	G. Lottering (Chief Executive Officer)
	D. Fisher (Chief Racing Officer)(resigned January 2011)
	D. Bones (Chief Financial Officer)
	E. Forbes (Chief Operating Officer) (appointed July 2010)

During 2011 there was an organisational restructure which reduced the number of Key Management Personnel from 8 in 2010 to 4 in 2011.

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

Table of Benefits and Payments for the Year Ended 30 June 2011	Short-term benefits			Post-employment benefits		Long-term benefits		Total
	Salary, fees and leave	Profit share and bonuses	Other	Pension and super-annuation	Other	Incentive plans	LSL	
	\$	\$	\$	\$	\$	\$	\$	
Key Management Personnel	676,349	17,225	19,651	62,219	-	-	12,104	787,548

Table of Benefits and Payments for the Year Ended 30 June 2010	Short-term benefits			Post-employment benefits		Long-term benefits		Total
	Salary, fees and leave	Profit share and bonuses	Other	Pension and super-annuation	Other	Incentive plans	LSL	
	\$	\$	\$	\$	\$	\$	\$	
Key Management Personnel	849,935	20,000	57,229	78,875	-	-	12,891	1,018,930



# Tasracing Pty Ltd

## Notes to the Financial Statements

for the financial year ended 30 June 2011

### 27. Related party disclosures

#### (a) Key management personnel compensation

Details of key management personnel compensation are disclosed in note 26 to the financial statements

#### (b) Transactions with key management personnel

All transactions with key management personnel, including the payment of prizes, including payments to syndicates, were conducted on an arm's length basis in the ordinary course of business and on commercial terms and conditions.

### 28. Transactions or Balances relating to a trustee or agency arrangement

Account	Opening Balance \$	Net Transactions during 2010/11 \$	Closing Balance \$
Tasmanian Perpetual Trustees - Apprentice Trust Accounts	151,231	(81,983)	69,248

## Directors' declaration

1. The directors declare that:
  - (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
  - (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and give a true and fair view of the financial position and performance of the company;
  - (c) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2 to the Financial Statements.
  
2. Whilst not a requirement, the directors have been given the declarations as set out in Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2011.

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the Corporations Act 2001.

On behalf of the Directors



B Speers  
Chairman  
Hobart, 30 September 2011



30 September 2011

The Board of Directors  
Tasracing Pty Ltd  
6 Goodwood Road  
**GLENORCHY TAS 7010**

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Dear Board Members

**Auditor's Independence Declaration**

In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial report of Tasracing Pty Ltd for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Pursuant to section 298(1)(c) of the *Corporations Act 2001* a copy of this declaration must be included in the Directors' report.

Yours sincerely

E R De Santi  
**DEPUTY AUDITOR-GENERAL**  
Delegate of the Auditor-General

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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Tasracing Pty Ltd**

### **Financial Report for the Year Ended 30 June 2011**

#### **Report on the Financial Report**

I have audited the accompanying financial report of Tasracing Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2011, the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

#### **Auditor's Opinion**

In my opinion:

- (a) the Company's financial report is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of its financial position as at 30 June 2011 and its financial performance for the year ended on that date, and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

#### *The Responsibility of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

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### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the directors' preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Independence**

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

I confirm that the independence declaration required by the *Corporations Act 2001*, was provided to the Directors on the same date as this audit opinion and is included in the Directors' report.

### **TASMANIAN AUDIT OFFICE**



E R De Santi  
**DEPUTY AUDITOR-GENERAL**  
Delegate of the Auditor-General

HOBART  
30 September 2011

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