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From the **Chairman**

The Board had two major outcomes that it wanted to achieve during the reporting period in addition to its oversight of Tasracing operations - the commencement of the long-awaited redevelopment of the Elwick thoroughbred track and the appointment of a Chief Executive Officer.

Pleasingly, the Board achieved both.

At the time of writing, work was progressing well on the \$12.5 million thoroughbred track redevelopment works in Hobart.

The former course proper and inside grass track are being replaced by a 28-metre wide StrathAyr grass track. It is expected that it will be ready in time to host the Tasmanian Racing Club's 2020 Tasmanian Derby and Hobart Cup meetings.

As noted in last year's Annual Report, the decision to build a single track was taken after extensive consultation by Tasracing with industry representatives, clubs and key organisations.

An impressive 64,000 square metres of StrathAyr turf has been specially grown in Tasmania for the project and will result in a superior track that will benefit the industry in the long-term. Further, the old Elwick tracks suffered from poor drainage during the winter months, so the redevelopment includes key drainage and irrigation works that will eradicate those issues.

Paul Eriksson joined the organisation as Chief Executive Officer in March 2019.

Appointed from a strong field of interstate and local candidates, Mr Eriksson is a highly experienced senior executive who has held high profile roles in racing in New South Wales, the AFL, NRL and business. His skillset covers finance, governance and operations, including 13 years in sport. Importantly for Tasracing and the Tasmanian racing industry, five of those years were in racing.

Immediately prior to accepting the Tasracing position, he was the Group Chief Financial Officer of the Cronulla Sharks (Football and Leagues Club and development companies). Following the departure of the Leagues Club Chief Executive Officer in February 2017 and then the Group Chief Executive Officer in October 2017, he acted in the role of Interim Chief Executive Officer for four months. Before that he was the inaugural Chief Financial Officer of the GWS Giants in the AFL.

It is also important to reference the significant contribution of Interim Chief Executive Officer Alicia Fuller who worked in the role while the Board searched for a replacement for Vaughn Lynch. Dr Fuller did an outstanding job during her tenure, ensuring the important day-to-day operations of the business continued and at the same time were appropriately focused on the strategic direction of the Board.

Operationally, the 2018/19 financial year was largely a successful one for Tasracing, but it did have its challenges.

Wagering turnover increased to a record \$599 million (\$576 million in 2017/18). As a result, Race Field Fees increased by \$1.1 million to \$14.36 million.

Prize money and industry funding also increased to \$26.79 million in the reporting period, incorporating an additional \$1 million in prize money, an extra \$250,000 for animal welfare, an extra \$350,000 in breeder bonuses and an additional \$220,000 for club funding.

Despite this strong commercial performance, the Company reported a loss of \$2.37 million.

To provide context, this was impacted by a number of factors, including a \$1.17 million asset write off of redundant track infrastructure because of the Elwick Track redevelopment and costs relating to serious workers' compensation claims totalling \$1.56 million.

Despite these unique events, the Company's cash position at the end of the reporting period was good - \$12.4 million. The cash position at the close of the 2017/18 financial year was \$16.3 million - the difference is directly attributable to the first stage of the Elwick track redevelopment works.

I am pleased to report on a highly successful Tasmanian Summer Racing Carnival.

Eighty-five per cent (\$2.37 million) of the 2019 carnival's feature race stakes were won by Tasmanian horses.

The racing throughout was excellent, proving again that Tasmanian-bred and trained horses can compete against interstate-based horses that annually target the carnival.

James Cummings was the only interstate trainer to win a feature race – the Tasmanian Derby and the Strutt Stakes. Meanwhile, the Barry Campbell-trained Eastender won the Hobart and Launceston Cups, collecting the \$100,000 Tasracing Cups Double Bonus, and the Devonport Cup.

In addition to the quality of the racing, the social elements of the carnival – and the post-racing entertainment – were excellent and contributed significantly to the event's overall success.

In the harness code, trainer Ben Yole trained an impressive 181 winners for the season, comfortably beating his own record of 124 achieved in 2017/18. Coincidentally, the leading greyhound trainer for the season, Anthony Bullock, also trained 181 winners.

In closing, I would like to acknowledge the significant contribution of former Chairman Dean Cooper. Mr Cooper sat on the Tasracing Board for nine years, three years as Chairman, and steered the organisation and the broader racing industry through some major challenges, ultimately resulting in an improved business environment in which to invest and grow the industry.

I would also like to thank my fellow Directors for their contributions during the year, and all Tasracing employees for their hard work. While I have already referenced Mr Eriksson's appointment, the Board is very much looking forward to working with him.

Finally, I would like to acknowledge and thank the Minister for Racing, Elise Archer, for her support, not only of Tasracing and the activities of the Board, but the Tasmanian racing industry.

Gene Phair

Chairman



From left to right: Gene Phair (Chairman), Joel Wallace (Vice Chairman), Robyn Whishaw, Tania Price, Helen Galloway, Michael Gordon, Danny McCarthy.



From the Chief Executive Officer

After joining Tasracing as its Chief Executive Officer for the last three-and-a-half-months of the reporting period, I can say that I am enjoying the challenge and the welcome provided by the industry.

The 2018/19 financial year has provided some challenges for the organisation, but at the same time there have been significant positive achievements.

The redevelopment of the Elwick thoroughbred track, closed for much of 2019, is on time and on budget, we have taken some important steps forward in securing a location for a Greyhound Adoption Program facility, we have implemented a Harness Code review and have enjoyed watching the success of Mystic Journey on the national stage, further enhancing the profile of Tasmanian racing.

Further, though it fell outside the reporting period, Tasracing and the state's racing clubs announced a new partnership with global wagering business Ladbrokes. From 1 August, Ladbrokes became the Tasmanian racing industry's exclusive venue and major race day partner for at least the next three years.

Pleasingly, the future looks positive. My commitment to the industry is to deliver stability in management and, in consultation with the industry, develop strategies to grow and strengthen the three codes.

Working together is the only way that we can deliver a better outcome for racing in Tasmania.

Financial performance

The company recorded a loss of \$2.37 million for 2018/19 (\$106,517 loss in 2017/18).

The financial performance of the company was adversely impacted by the following items:

- The Elwick Track redevelopment resulted in a \$1.17 million asset write off of redundant track infrastructure.
- The Defined Benefit Obligation increased in 2019.
 This resulted in the need to recognise a cost to other comprehensive income to the value of \$589,000 (in 2018 Tasracing recognised a benefit of \$83,000). The change in value of the RBF was primarily driven by the reduction in the Reserve Bank interest rate.

• Injury costs relating to serious workers' compensation injuries both for the insurance year ending 31 March 2019 and prior years impacted the current year's results. The total cost was \$1.56 million.

Race field fees were \$1.1 million higher in 2018/19 than the previous year.

Prize money and Industry funding increased \$1.92 million in FY19 to \$26.79 million. This included an additional \$1.0 million in prize money, an extra \$250,000 in animal welfare, an extra \$350,000 in breeder bonuses and an additional \$220,000 in club funding.

Despite the disappointing result for the year, there are no significant future cashflow impacts on the longer-term outlook for Tasracing and the industry. The cash balance at year end is \$12.4 million. This is a decrease of \$3.9 million compared to last year and is directly attributable to the first stage of the Elwick track redevelopment works.

Industry funding

Total code allocations for the industry in 2018/19 reached \$24.74 million, an increase of \$1.46 million compared to last year.

- Thoroughbreds grew \$799,000 or 6.2 per cent to \$13.59 million.
- Harness grew \$383,000 or 6.2 per cent to \$6.51 million.
- Greyhounds grew \$273,000 or 6.2 per cent to \$4.65 million.

Since the stakes reset in 2016, code funding has grown 6 per cent per annum on average.

Racing

The win of star Tasmanian filly Mystic Journey in the Group 1 Australian Guineas followed by her win in the inaugural \$5 million All-Star Mile at Flemington lifted the profile of Tasmanian racing to a new level.

Another Tasmanian three-year-old The Inevitable also helped raise the state's profile with victory in a Group event at Flemington that followed victories in Tasmania in the 3YO Cup and Tasmanian Guineas.



His trainer Scott Brunton won his fifth trainer's title and Craig Newitt won his second jockey's premiership with five of his 99 wins partnering with Eastender that became the first horse since Brallos (1977) to win all three of the state's major cups in the same season.

Night thoroughbred racing in Launceston remained popular and the Tasmanian Magic Millions Yearling Sale in Launceston again produced record figures. The 2019 event grossed a record \$2.99 million and of the 137 lots offered for sale, 106 were sold for a clearance rate of 77 per cent. The top-priced yearling was a colt by Fiorente from Armidale Stud that sold for \$115,000 to interstate buyer Brad Spicer.

Harness trainer Ben Yole prepared a record 181 winners which comfortably passed his previous record of 124.

Tasmanian-bred and owned pacer Ignatius won the Group 1 NSW Breeders Challenge final as well as the Paleface Adios Stakes.

Anthony Bullock dominated greyhound training by winning the trainer's premiership with 181 winners while Robyn Johnson was the state's leading owner with 81 winners, accrued by 28 individual greyhounds.

One of the most emotional individual victories of 2018/19 was Leeroy Rogue's Group 1 Hobart Thousand win for Mangalore-based trainer Debbie Cannan, a win that contributed to the dog being named Greyhound of the Year.

Customers

During the year wagering customers generated Race Field Fee revenue of \$14.36 million in 2019, up 8.3 per cent from 2018. Tasracing's investment in wagering customers aims to drive revenue in three ways:

- Ensuring Tasmanian races are featured and promoted by all wagering service providers.
- Ensuring Tasmanian races are scheduled and broadcast in order to optimise audience reach.
- Generating loyalty among wagering customers by providing market-leading form analysis products for free via Tasracing. com.au.

Tasracing's long-term focus on these revenue levers has contributed to growth in Race Field Fee revenue of more than 99 per cent between 2015 and 2019. This is on the back of growth in wagering turnover during the same period of 26 per cent to \$598.9 million.

Through our international distribution partner Sky, contribution to wagering revenue from international markets in 2019 was strong. Total international product fees grew 5.8 per cent to \$846,000. Tasracing's long-term focus on international markets and the strength of support provided by Sky Racing International has delivered more than 78 per cent growth in international product fee revenue between 2015 and 2019.

Formplus allows Tasracing to generate form analysis products for distribution via our own digital channels, our media partners, wagering service providers and an Application Protocol Interface (API) to professional wagering customers. Combined with digital marketing and direct customer engagement, this ensures demand for our racing is maximised throughout the year, across all markets.

Our free live streaming and replays for every race meeting across all three codes continued to be highly valued by customers during 2019. Further improvement to the format, content and data presented on Tasracing TV was undertaken during the year including:

- New automated streaming of Best Bets, Staking Strategies and Instant Replays.
- Expanded race day content on major race days including roaming camera crews, guest co-hosts and more jockey and trainer interviews.

Tasracing's long-term strategy for Tasracing TV is to create a niche media channel which supports Sky Racing's mass-market broadcast.

In 2018/19 Tasracing has increased the proportion of marketing investment allocated to oncourse customers. These customers are the next generation of racing owners, trainers, participants and sponsors.

This marketing investment centres on providing racing clubs with tools to improve their commercial performance. Tasracing's primary investment in this area is the Go Racing Tasmania initiative, which comprises a single brand for promoting all clubs and codes to local, interstate and overseas markets and event management support for clubs on major race days. It also includes an online ticketing system and shared customer database.

Consistent with the national industry trend, Tasmanian racing clubs have battled against declining attendance over the past decade. Tasracing has been committed to a long-term strategy to tackle this challenge. This has involved the creation of a youth oriented entertainment brand, Young Racing Tasmania (YRT), the introduction of a single "entertainment focused" brand for all clubs (Go Racing Tasmania) and the Club Enabling Strategy. This has contributed to a reversal in the downward trend in Tasmanian Cup Day attendance during 2019.

Around 97 per cent of Tasmanian racing's customers are interstate and overseas. This makes our live broadcast partner a critical part of our customer strategy. Highlights of Tasracing and Sky Racing's partnership during the year were:

- Collaboration to deliver live Sky hosting for Wednesday night thoroughbred racing in Launceston.
- Collaboration on trackside coverage on summer feature race meetings.
- Production of Tasmanian preview videos via the Sky App.
- Sky Racing TV advertising campaigns for Tasracing's carnivals and digital form products.

With increasing popularity and the ability to combine the rehoming program for both codes (Thoroughbred and Standardbred horses), many participants once aligned to a particular code are now highly engaged in the welfare of both equine breeds. Historically, there has been a stigma attached to owning an OTT horse, but through the confidence participants gain from tutoring and networking provided by coaches at the clinics, this stigma is rapidly disappearing. This is proven by the increased percentage of OTT's participating at events and shows and the use of OTT horses for Clerk of Course duties.

Statistics of note include:

- Of the 500 horses registered in the program, Thoroughbred attributes to 60% (300) and Standardbred attributes to 40% (200) of the total registered horses.
- Clinics have grown in popularity and average 10 normal clinics per month with a further six transition clinics per month.
- Transition clinics average seven participants each and the normal clinics average nine per clinic.

Tasracing and both the Thoroughbred and Harness racing codes commitment towards animal welfare and, in particular, OTT, has been demonstrated with both codes now contributing 1% of total prize money towards the OTT program. This commitment, along with the Tasracing contribution of more than \$100,000, now forms an integral funding component of the wider Animal Welfare strategy.





Off The Track

The Tasracing Off The Track (OTT) program has continued to gain momentum with more than 500 ex-racing horses participating in the program for the reporting period.

Unlike other national programs, OTT provides educational support to equestrian owners at every stage. The support to both horse and human at our transition clinics, the basic starter clinic, has resulted in an extremely low return rate of horses homed.

Greyhounds

Tasracing is committed to the welfare of our greyhounds before, during and after their racing career. Going forward we will report on the Industry statistics annually.

There were 790 active racing greyhounds registered in 2018/19 in Tasmania.

Two hundred and forty eight greyhounds were whelped in the 2018/19 season, down from 330 last year.

The below table details the number of greyhounds leaving the industry over the past three years.

	2016/17	2017/18	2018/19
Breeding	24	20	11
Deceased	57	25	38
Euthanised	309	198	137
Rehomed	274	212	224
Other	19	-	-
Total	683	455	410

Breeding refers to registered greyhounds that leave the industry for breeding purposes.

Deceased refers to registered greyhounds that have died due to old age or illness or another reason not associated with racing. Euthanised refers to registered greyhounds that have been put down either due to an injury suffered from racing or who are unsuitable to rehome or race.

It is important to note that there has been little change in track injury euthanasia over the past three years. Over the same time period those euthanised for injury/illness away from the track have dropped by 47 per cent, those not suitable for rehoming have dropped by 71 per cent and those deemed not suitable for racing have dropped by 56 per cent.

Tasracing and the industry have taken a number of positive steps to improve the welfare of all racing greyhounds during their career and when they retire. These include:

- Undertaking track benchmarking and measurement to ensure consistent racing surfaces.
- GPS mapping of the tracks in preparation for Prof David Eager's analysis of the design and maintenance of tracks (Prof Eager is a recognised expert in the field nationally).
- Development of the wide arm lure and its implementation at Launceston with Hobart and Devonport to follow.
- A track injury rebate scheme.

Tasracing is actively pursuing the purchase of a suitable property to be utilised as a dedicated GAP rehoming facility for the industry. Tasracing has recently completed a public expression of interest campaign for suitable properties. Those expressions of interest have been evaluated with an outcome imminent.

Assets and Infrastructure

Work on the \$12.5 million redevelopment of the Ladbrokes Park Elwick thoroughbred track commenced as planned immediately following the running of the 2019 Hobart Cup meeting.

The new single 28-metre wide grass track will deliver a quality and consistent racing surface that will vastly improve animal and participant welfare.

StrathAyr grass race tracks are proven around the world and are highly regarded for their all-weather consistency, durability and high standards.

The redevelopment employed up to 30 people full-time and 50 people part-time and engaged with up to 30 Tasmanian businesses

Works on the Elwick redevelopment are on schedule to be completed before the 2020 Derby Day and Hobart Cup.

Tasracing worked closely with Ladbrokes Racing Centre Mowbray stakeholders to transform the grandstand interior with the upgrading of air conditioning, installation of new floor coverings on all levels, glass balustrading in the restaurant and improved site security. The outcome is providing industry and venue users with a much improved race day and hospitality experience. These upgrades will also provide the Mowbray venue managers with an opportunity to create uplift in venue usage and attract additional revenue streams.

Tasracing committed to the refurbishment of the Ladbrokes All Weather Spreyton race track surface to ensure that optimal racing conditions are maintained for the upcoming racing season with the Tapeta resurfacing work scheduled so as not to impede race track usage.

Other notable asset and infrastructure improvements achieved by Tasracing are in the form of new Steriline starting barriers and owners and trainers amenities at the Longford Training Centre, stormwater diversionary works at Carrick Park and security and thoroughbred training amenities at the Brighton Training Centre.

Industry Consultation

Quarterly meetings continued for the Greyhound Reference Group, Harness Industry Forum and Thoroughbred Advisory Network.

Additionally there are regular meetings with the Tasmanian Trainers' Association, the Tasmanian Jockeys' Association and Harness and Greyhound Owner, Trainer and Breeder Associations on specific matters...

I would like to take this opportunity to thank the industry representatives for their time and commitment and contribution to these important forums that assist Tasracing to formulate policy.

Tasracing continues to work closely with the Office of Racing Integrity to deliver high quality racing through integrity and the continued maintenance of the high standards of the industry.

Conclusion

In closing my first Tasracing Annual Report message, I would like to thank all of my colleagues at Tasracing for their combined hard work and commitment to the organisation and the industry.

I would also like to acknowledge all Tasmanian racing industry participants with whom I have interacted since my arrival for their individual and significant contributions.

And finally, I would like to thank the Minister for Racing, Elise Archer, and the Board of Tasracing, particularly Chairman Gene Phair, for the opportunity to join the organisation in the first place and for the Directors' ongoing support and advice.

Paul Eriksson

Chief Executive Officer



Statement of

Corporate Intent

The Statement of Corporate Intent has been prepared in accordance with section 41 of the *Government Business Enterprises Act 1995* which reflects the Members' Statement of Expectations of Tasracing.

Financial	2018/19 Target \$ million	2018/19 Actual \$ million
Guarantee Fees	0.20	0.19
Dividend	0.00	0.00
NPAT	0.36	-2.37
Race Field Fee Revenue	14.96	14.36
Code Funding	24.51	24.63
Assets and Facilities Maintenance	3.18	3.41
Capital Expenditure	14.34	8.28
Workers Compensation	0.80	1.57
Wagering Turnover	633.57	598.93

	Non-Financial	Target	Actual					
Racing Information								
Thoroughbred	Number of races	570	553					
	Total starters	5,500	4,976					
	Av. starters per race	9.6	9.0					
Harness	Number of races	700	721					
	Total starters	6,800	7,050					
	Av. starters per race	9.7	9.8					
Greyhound	Number of races	1,600	1,585					
	Total starters	12,500	12,339					
	Av. starters per race	7.8	7.8					
Thoroughbred Track Peri	formance							
Summer (% of tracks pres	sented good 3 to dead 5)	85%	93%					
Winter (% of tracks prese	ented good 3 to slow 7)	85%	93%					



Company Overview

Tasracing is the principal racing authority for Tasmania. It provides the strategic direction and funding to the three codes of racing in Tasmania – thoroughbred, harness and greyhound.

In accordance with its legislative obligations, Tasracing is responsible for the development of racing and breeding, the funding of clubs as well as providing stakes, negotiating media rights, and managing racing and training venues. The Office of Racing Integrity (ORI) is responsible for maintaining the probity and integrity of each racing code.

The racing industry contributes more than \$100 million to the Tasmanian economy each year, with more than 5,500 people either employed or direct participants. One of Tasracing's key strategic principles is to increase the racing industry's contribution to the Tasmanian economy.

Primarily funded by the Tasmanian Government under the terms of a 20-year Funding Deed, Tasracing must focus on commercial revenue in order to maintain financial sustainability. Only through financial sustainability can Tasracing deliver the growth in returns to racing participants essential for overall industry sustainability.

Tasracing's commercial revenue is primarily derived from offcourse wagering customers. Revenue is earned through Race Field Fees applied to wagering service providers offering wagering on Tasmanian races to their customers.

Since Tasracing was established in 2009, the racing and wagering landscape has continued to change rapidly. Privatisation of wagering providers, changing consumer preferences, rapid technological change and intensification of competition from sports betting and other forms of entertainment characterise Tasracing's commercial environment.

Around 97% of Tasracing's wagering derived revenue is generated from interstate markets. Of that, around 0.5% is generated from overseas markets. Sponsorship income accounted for 3% of total commercial revenue during 2019.

Integrity is a critical contributor to wagering customer confidence. The racing integrity function in Tasmania is managed externally to Tasracing by the ORI. Tasracing works in conjunction with the ORI by consulting and setting the Rules of Racing for all codes, provision of stewards' facilities and provision of race day footage.

Directors' meeting attendance 2018/19

Director	Board		Audit & Risk Committee		Assets & Safety Committee		HR & Remuneration Committee		Racing, Rules & Policy Committee		Board Nominations Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Gene Phair (Chairman)	6	5			3	3	2	2			1*	1
Joel Wallace (Vice Chairman)	12	12			4*				4	4		
Tania Price	12	11					2*	2			1	1
Danny McCarthy	12	12	10*	10								
Helen Galloway	12	11	10	10	4	4						
Michael Gordon	12	12							4	4		
Robyn Whishaw	12	10							4*	4		
Dean Cooper (Preceding Chairman)	6	6			1	1						

*Chair of the committee



Our Board of Directors



Gene Phair (Chairman)

Mr Phair joined the Tasracing Board as Chairman on 22 November 2018.

Mr Phair is currently the Head of Shadforth in Tasmania and oversees Shadforth's three offices in Hobart, Launceston and Devonport. Prior to joining Shadforth in 2016, Mr Phair spent 12 years as the Group Financial Controller and Head of Corporate and Capital Management at IOOF, an ASX listed Top 100 Company, responsible for mergers and acquisitions and treasury function.

Mr Phair is a Fellow of the Chartered Accountants Australia and New Zealand and a member of the Australian Institute of Company Directors.

He is a long-standing Board Member of the National Heart Foundation of Australia (Tasmanian Division) and Chairman of the Board of The Hutchins School.

During 2018/19, Mr Phair was the Chair of Tasracing's Board Nominations Committee and a member of the HR and Remuneration Committee, Asset and Safety Committee and Director Selection Advisory Panel.

Joel Wallace (Vice Chairman)

Mr Wallace joined the Tasracing Board in December 2015. He was reappointed for a further term on 22 November 2018.

A chartered accountant, Mr Wallace is Chief Executive Officer and Director of 6ty Pty Ltd, an architectural, surveying and engineering firm based in Launceston, Tasmania. He was also formerly a manager at KPMG.

As a past president of the Launceston Pacing Club, Mr Wallace is actively involved with the harness racing industry.

Mr Wallace is a member of Australian Institute of Company Directors.

During 2018/19, Mr Wallace was the Chair of Tasracing's Asset and Safety Committee and a member of the Racing Policy and Rules Committee.





Tania Price

Ms Price has been a Director of Tasracing since 2010. She was last reappointed for a further term on 29 November 2016. She will retire from office at the 2019 annual general meeting.

An experienced communications and public relations executive, Ms Price was formerly a Vice President of Media and Communications for BHP Billiton and a former Manager of Public Affairs for WMC Resources and Public Affairs Manager of Tourism Victoria.

During 2018/19, Ms Price was the chair of Tasracing's HR & Remuneration Committee, and a member of the Nomination Committee and Director Selection Advisory Panel.

Danny McCarthy

Mr McCarthy has been a Director of Tasracing since 2010. He was last reappointed for a further term on 20 November 2017.

A chartered accountant, Mr McCarthy is currently a partner of a Hobart firm Wise Lord & Ferguson, specialising in audit and assurance, business and personal advisory and tax. He was formerly a Director of DJ Motors Pty Ltd and Motor Accidents Insurance Board. He currently serves as the Tasmanian State Representative on the Chartered Accountants Australian and New Zealand National Council.

During 2018/19, Mr McCarthy was the Chair of Tasracing's Audit and Risk Committee.





Helen Galloway

Mrs Galloway joined the board in 2016.

An experienced executive in the commercial gaming industries, Mrs Galloway was formerly a Vice President of Casino Development and Strategic Analysis with Marina Bay Sands in Singapore and Sand China Limited in Macao. Mrs Galloway is a chartered accountant and a member of CPA Australia and Australian Institute of Company Directors. Mrs Galloway is also on the Board of TT-Line Company Pty Ltd and Sorell Council.

During 2018/19, Mrs Galloway was a member of the Audit and Risk Committee and Asset and Safety Committee.

Michael Gordon

Mr Gordon joined the Board in 2017.

A Director of PDF Management Services, a management consulting firm based in Hobart, he has a broad and diverse career, across the training, employment and youth sectors, 14 years with fire services in Tasmania and South Australia and as a small business owner and operator.

Mr Gordon has bred, owned and raced greyhounds. He also has a long-standing association with the Harness and Thoroughbred codes, both as a participant and committee member. He holds a Bachelor of Business from the University of South Australia.

During 2018/19, Mr Gordon was a member of Tasracing's Racing Rules and Policy Committee.





Robyn Whishaw

Mrs Whishaw joined the Board in 2016.

An owner and operator of the highly successful Armidale Stud in Carrick in northern Tasmania, she is a member of the Tasmanian Racing Hall of Fame and a former chairperson of the Thoroughbred Advisory Network.

She holds a Bachelor of Education from the University of Tasmania.

During 2018/19, Mrs Whishaw was the Chair of Tasracing's Racing Rules and Policy Committee.

Dean Cooper (Preceding Chairman)

Mr Cooper was appointed as the Chairman of Tasracing in December 2015 and served as a Director since 2010. At the 2018 annual general meeting on 22 November 2018 Mr Cooper retired from office.

A barrister and solicitor with Tasmanian legal firm Phillips Taglieri, Mr Cooper has a longstanding interest in Harness racing as an owner and administrator. He serves as the honorary legal counsel for Harness Racing Australia (HRA) and Chairman of the HRA Rules Committee. He served as a Director of Racing Australia during his tenure at Tasracing.

During his tenure in 2018/19, Mr Cooper was a member of Tasracing's Asset and Safety Committee and the Director Selection Advisory Panel.



Our Organisational Structure and Culture

Our employees work across racing administration, race day operations, racing strategic development, animal welfare, projects & asset management, marketing and digital product development, finance, legal and people & culture.

Our culture is inclusive and performance driven with a focus on accountability and delivering solutions. Our RACE values underpin everything we do.

Operations

The Operations Team works closely with the Projects, Assets and Facilities Team and Strategy and Development Team to facilitate all race meetings of the three codes of racing across the State. It is primarily responsible for the day-to-day operational oversight and maintenance/preparation of the tracks, staffing requirements for the Thoroughbred meetings and key Harness raceday employees, engagement and liaison with major media broadcasters including Sky Channel, racing industry related occupational safety and health and Tasracing training venue operations.

Strategic Development

Our Strategic Development Team is responsible for all three codes of racing within Tasmania which consists of programming, racing, management of budgets and prize money, rules and policies, industry education and training of jockeys and drivers. The team is also responsible for the management and oversight of all industry workshops and awards along with breeding schemes and sales (Magic Millions). It also manages Tasmanian animal welfare programs and initiatives, consisting of the Greyhound Adoption Program (GAP) and Off The Track (OTT).

Projects, Assets & Facilities

Our Projects, Assets and Facilities Team is responsible for identified planned strategic and reactive risk mitigation. Deliverables include assisting race clubs to engage with new and existing industry participants and patrons through improved venue experiences by undertaking capital Infrastructure projects and operational maintenance services.

Sales & Marketing

Our Marketing Team is responsible for presenting our racing product in order to drive wagering revenue growth. To achieve this, the team undertakes a range of strategic partnership, promotional and digital product development activities aimed at wagering customers. The Marketing Team also provides strategic marketing investment into assisting racing clubs to attract and entertain on-course customers.

Finance

Our Finance Team undertakes management accounting, payment of stakes, budgets and forecasts, internal and external financial reporting, treasury, payroll, IT, business analysis and risk management.

Legal

Legal is responsible for the management of Tasracing's legal and governance functions, including the provision of advice on all legal matters, corporate governance, compliance management, regulatory affairs and Company Secretary duties.

People & Culture

People & Culture is responsible for the strategic framework of all employee life-cycle activities, including the management and support of recruitment, on-boarding, performance management, ER/IR navigation, training & development, remuneration and benefits, workers compensation and off-boarding.



Our Management Team



Paul ErikssonChief Executive Officer



Daron HealdChief Financial Officer



Ann Swain General Counsel and Company Secretary



Liam SwanStrategic Development
Manager - Racing



Bonnie MohanPeople and Culture Manager



Simon Bresnehan
Projects and Facilities
Manager



Sam Steven
Marketing and
Communications Manager



Yolanda Peckham Finance Manager



Our Values



RACING IS OUR PASSION

- We acknowledge our central responsibility to the sport of racing
- We are committed to animal welfare and the integrity of the sport
- We take pride in the presentation and performance of our tracks and facilities
- We support people to continually develop their industry skills



AIMING FOR EXCELLENCE

- We set challenging yet realistic goals
- We deliver our operations as efficiently as possible
- We are committed to continuous improvement
- · We actively embrace and plan for change
- We value innovation and original thinking
- We place importance on managing risk

COMMUNICATING CLEARLY

- We recognise the importance of relationships
- We conduct ourselves professionally and communicate with respect
- We encourage the exchange of ideas
- We acknowledge the importance of customers and their experience



ENCOURAGING TEAMWORK

- We work corroboratively to achieve the best outcome
- We empower people so they can work to their potential
- We are inclusive and support diversity
- We recognise achievement and reward great performance



Invest - Innovate - Differentiate

Our Operating Environment

Tasracing, as a tri-code racing authority, must manage competing interests between codes, venues and participants. To achieve our strategic objectives, Tasracing needs to consult, collaborate and focus on fostering a commercial mindset, while respecting the passion and personal pursuits of participants.

Racing is a dangerous, high risk sport. Safety remains our core priority and we will continue to focus and invest in systems, processes and initiatives which help to mitigate risk for participants and stakeholders.

The stakes reset in July 2015 was a challenging decision for participants, which no doubt had an effect on confidence in the short term. Tasracing is pleased that the commercial performance of the company over the past four years has enabled the return of funding levels for all three codes to pre-reset levels in real terms.

Welfare concerns continue to dominate the industry. Enhancing welfare remains a core priority for Tasracing and the sport must also ensure it meets or exceeds expectations in order to maintain its social licence to operate.

Tasracing is faced with a challenging operating environment, but one that has an exciting future. We respect our racing traditions but maintain our commercial focus and continue to invest in innovation and reform to secure this future.

Nationally and locally we face many challenges, however there are many exciting opportunities that are now afforded by our sustainable position and an increasingly connected digital world.

Invest, innovate and differentiate are the three pillars of focus that drive our strategic principles, goals and initiatives.

Corporate Plan

In line with our Shareholding Ministers' expectations, Tasracing undertakes annual updates to a rolling three year Corporate Plan. The Corporate Plan is presented annually to the Shareholding Ministers for approval. Tasracing's current Corporate Plan has a strong focus on customers, commercial partners, industry participants, staff, infrastructure and welfare.

Our Goals

Our goals are aimed at building industry confidence, meeting community expectations, addressing infrastructure issues and delivering increasing returns to industry. They include:

Participation: Maintain and grow participation in the industry by enhancing overall participant returns and delivering on other key initiatives.	Animal Welfare: Promote and enhance animal welfare in accordance with community expectations.
Commercial Development: Explore new business opportunities to increase revenue and to promote the Tasmanian racing industry.	Infrastructure: Provide efficiently managed racing and training infrastructure aligned with participant and customer expectations.
Risk & Safety: Responsibly manage risk including safety to protect our participants, employees, assets, and shareholders	Customer: Focus on wagering customers by understanding their needs, building relationships with wagering service and creating value through innovation and great customer service.
Organisational: Ensure suitable skills and systems are employed throughout Tasracing's operations, assets and governance structures.	



Our Strategic Principles

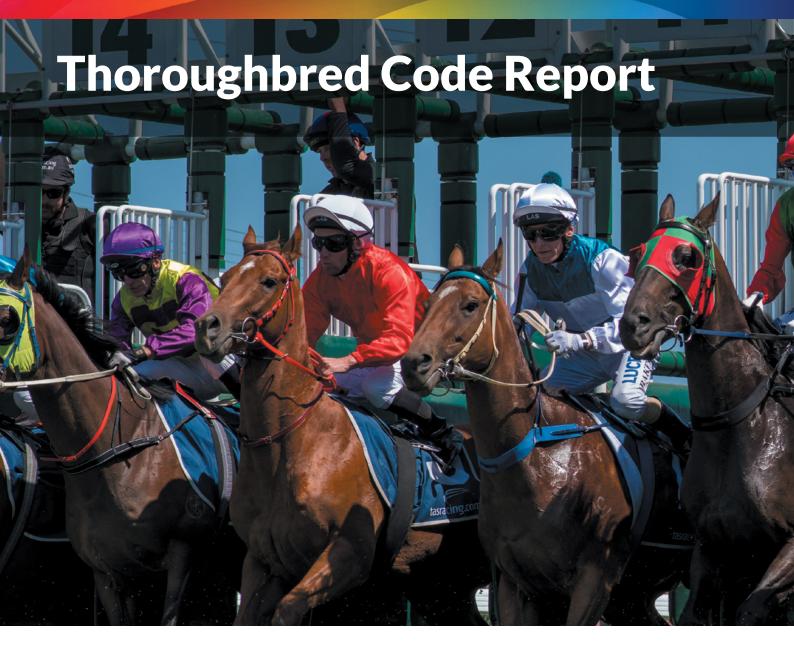
Tasracing's primary purpose is to develop a competitive and sustainable racing industry in Tasmania. We are committed to:

- operating in accordance with sound commercial practice and within current funding commitments as provided for in the Funding Deed;
- supporting and promoting the racing industry in Tasmania;
- developing strategies and initiatives to address cost efficiencies;
- ensuring the safety of the public and racing participants, and a safe working environment for Tasracing employees, through the implementation and compliance with best practice operating procedures; and
- maintaining the safety and efficiency of our facilities by developing appropriate maintenance and capital improvement programs.

Our strategic principles represent key themes within our corporate plan. They align with our Shareholders' Statement of Expectations. They are highlighted below:

- Increase economic contribution
- Maximise commercial performance
- Maintain tri-code presence in three regions (south, north, north west)
- Safeguard animal welfare
- Responsibly manage risk, including safety
- Be a great place to work, with dynamic culture and appropriate organisational capabilities





The Tasmanian Thoroughbred code funding increased by 6.2% (\$799,000) to \$13.59 million in FY 19.

Wagering turnover on Tasmanian Thoroughbred racing totalled \$259.4 million during the year, compared to \$242.6 million last financial year.

Jockey Craig Newitt won the Tasmanian Racing Club Leading Jockey Award with 99 wins, while Alex Patis won the Skillinvest Leading Apprentice award with 27 wins. Teagan Voorham won the Tasmanian Jockeys' Association Dux of the Apprentice School for the second year in succession.

Scott Brunton was the Australian Trainers Association Leading Trainer (61 winners) for the sixth year in a row.

Jessie Bazan, from the Brunton Racing team, was presented with the inaugural Tasracing Industry Appreciation Award.

The Adam Trinder-trained Mystic Journey - which won the All Star Mile and Australian Guineas at Flemington and the Aquis Farm Fillies Classic at Mooney Valley was named the Ladbrokes Tasmanian Horse of the Year.

Mystic Journey (seven wins from eight starts in 2018/19) was also named the Devonport Racing Club 3YO Horse of the Year while Mystical Pursuit (four wins from four starts), also trained by Adam Trinder, won the Tasmanian Turf Club 2YO Horse of the Year prize.

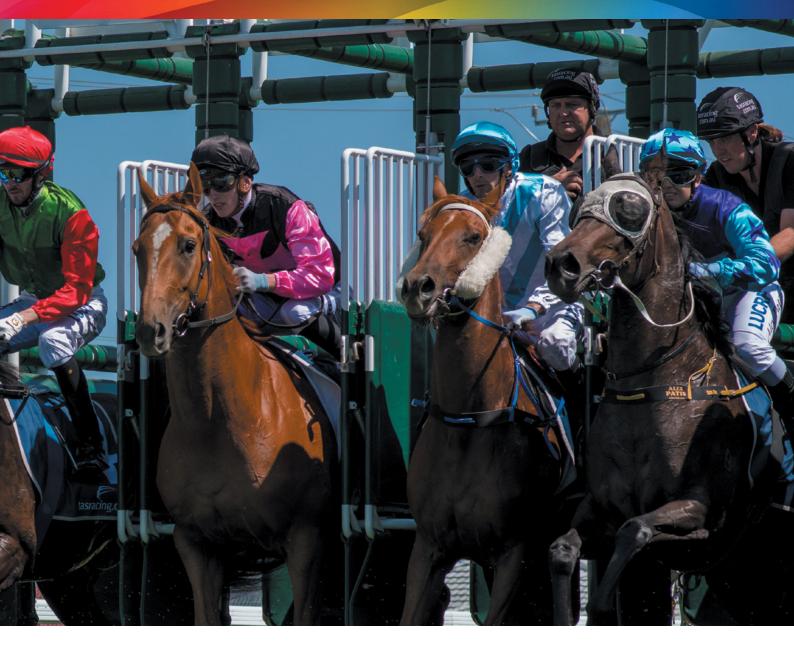
Needs Further was named the Magic Millions Leading Tasmanianbased Juvenile Stallion, and was also named the TasBreeders Leading Tasmanian-based Sire.

The Grenville Stud Broodmare of the Year was White Gold, the dam of Mystic Journey.

The 2019 Tasmanian Summer Racing Carnival again attracted strong local and interstate interest.

Between 9 January (Devonport Cup Day) and 9 March (3YO Classic) Tasracing paid out \$3.86 million across 12 meetings. There was \$2.78 million in feature race prize money during this period.

Importantly, 85 per cent of this money stayed in Tasmania. This compares very favourably to 2017/18 when just less than 60 per cent of prize money was won by Tasmanian-trained horses. James Cummings was the only interstate trainer to win a feature race.



The Barry Campbell-trained Eastender became the first horse in more than 40 years to win the Devonport, Hobart and Launceston Cups in the same season, collecting the \$100,000 Tasracing Cups Double Bonus in the process.

The Magic Millions Tasmanian Yearling Sale produced another unprecedented result, this time achieving a record gross of almost \$3 million and an increased clearance rate of 77 per cent.

From a catalogue of 142 lots, 137 lots were offered for sale with 106 lots sold at a sale gross of \$2.99 million. The average price was \$28,151 while the median price was \$21,000.

A colt by Fiorente offered by the Armidale Stud sold for \$115,000 and topped the record breaking sale. It was purchased by Victorian based buyer Brad Spicer.

The Wednesday night racing season in Launceston continues to be successful with the additional premium obtained on Wednesday meetings very strong.

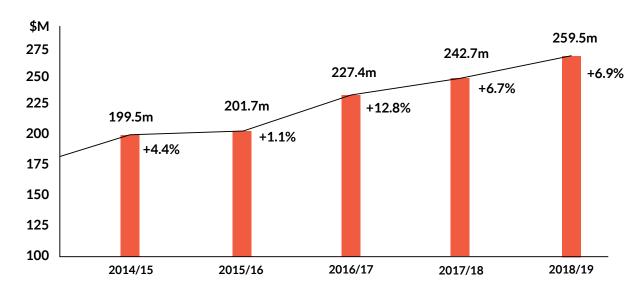
Over the past three years it has generated a premium return of 31.1 per cent in 2016/17, 35.5 per cent in 2017/18 and 35 per cent this reporting period.

The average turnover for Wednesday night meetings reached \$4.61 million in 2018/19 compared to a \$3.42 million average for Sunday meetings.

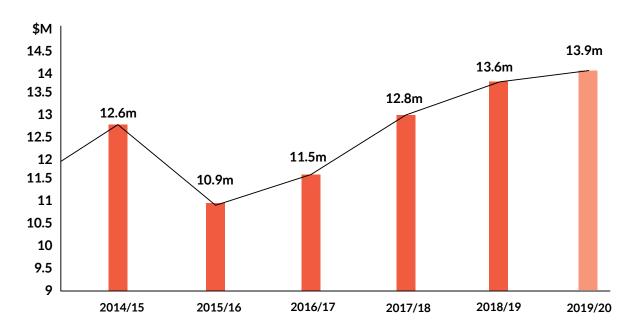
Tasracing acknowledges the efforts of the members of the Thoroughbred Advisory Network (TAN) who meet with Tasracing on a quarterly basis. Tasracing looks forward to continuing to work with TAN members to strengthen and improve Thoroughbred racing in Tasmania.

Tasracing continued to deliver race day function operations at the Devonport Racing Club, the Tasmanian Turf Club and the Tasmanian Racing Club. This structure delivers efficiencies across all venues and allows for a coordinated, centralised system that complements Tasracing's ongoing statewide responsibilities for tracks and assets.

Thoroughbred Wagering turnover (\$M)



Total code allocation Thoroughbreds (\$M)



Key racing statistics Thoroughbreds

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Meetings	73	73	74	77	78	77	76	73	72	73	72
Races Held	600	588	625	626	622	621	612	567	564	555	553
Overall Starters	6,255	5,801	6,391	6,127	5,925	6,046	5,823	5,795	5,422	5,053	4,976
Average Starters/ Race	10.4	9.9	10.2	9.8	9.5	9.7	9.5	10.2	9.6	9.1	9.0





Funding numbers for the Harness code grew by \$383,000 or 6.2%, to \$6.51 million during the reporting period.

There were 16 feature races in Tasmania during the season with stakes money of \$20,000 or more, with prize money across these races totalling \$655,000.

Victorian trainer David Aiken took out two of the feature races with Tasmanian-owned Max Delight in the Tasmanian Derby and Shelby Bromac in the \$75,000 Tasmania Cup Final.

Two-year-old Blame It On Me, bred, owned and trained by Douglas Nettlefold, had an outstanding season with six wins from seven starts, winning both the \$20,000 2YO Fillies Sweepstakes final and the \$50,000 Evicus Final.

Tasracing committed to undertake a Harness industry review, by the end of the 2019 calendar year. The first stage of this work saw the compilation of up to 10 years of statistical information incorporating ownership, racing, breeding and wagering. This information was provided to industry for review and feedback on what is required to improve the Harness code in Tasmania.

Trainer Ben Yole trained 181 winners in 2018/19 to comfortably beat his own record of 124 achieved in 2017/18.

Bianca Heenan took the honours for Leading Female Trainer in only her second season with 51 wins.

Twenty-three-year-old Conor Crook won the Leading Junior Driver title for a second year in a row with 31 wins ahead of Samantha Gangell with 29 wins. This performance did give Gangell enough wins to take out the Leading Female Driver prize.

Team Teal, the campaign to raise awareness about women's cancer, ran between 1 February and 16 March, concluding at the Tasmania Pacing Cup in Hobart. Hannah Van Dongen was the Tasmanian ambassador. More than \$130,000 was raised from female wins across Australia during this period.

King Island Racing was again held over the December/January period with seven combined Harness / Thoroughbred meetings. There was an average of 9.4 starters per meeting.

Given the \$50,000 Tasmanian Government grant towards breeding, the Tasbred Bonus distribution was adjusted with two



and three-year-olds now eligible for a \$5,000 bonus for their first wins. Total Tasbred Bonus payments of \$242,000 were paid out in 2018/19.

Tasbred Breeders Coupon and Tasbred Owners Breeding Incentive payments of \$138,980 (including \$12,000 for the additional support incentive) were also paid out during the reporting period.

Payment of foal notification fees on behalf of breeders saved industry participants more than \$17,000.

The industry has been on a steep learning curve with the introduction of the new National Ratings Handicapping System on 1 July 2019. A Ratings Review Team with representatives from each state meet on a regular basis to discuss feedback from the industry. Initial statistics have revealed that the impact on short price favourites has been positive with programming the key to ensuring it has a positive impact in Tasmania.

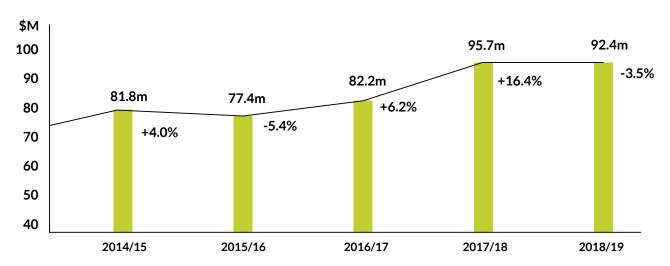
A programming sub-committee was established with representatives from each club and association. The aim is for programs to be released quarterly.

Double Seated Sulkies were used for promotional purposes at some of the club's feature race days receiving great support from both the industry and general public.

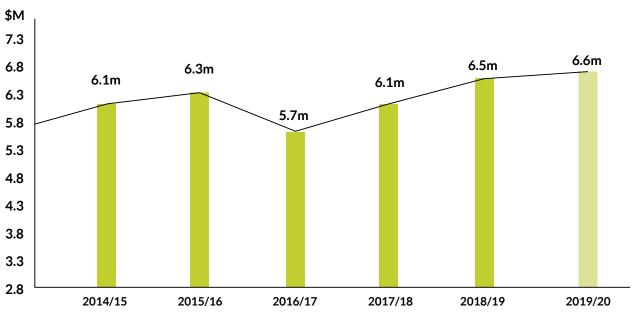
Two Mini Trot representatives, Jacob Duggan and Brodie Davis, travelled to Melton to compete in the biggest Pony Trot meeting of the year in December 2018. Tasracing and Medical Edge sponsored both drivers providing driver silks, rugs and a contribution to travel.

The Harness Industry Forum (HIF) continued to meet quarterly in 2018/19. Tasracing appreciates the time and effort all HIF participants commit to this process that facilitates direct interaction and consultation between Tasracing and industry.

Harness Wagering turnover (\$M)



Total code allocation Harness (\$M)



Key racing statistics Harness

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Meetings	85	85	84	83	86	85	87	78	84	81	90
Races Held	738	733	765	778	773	758	725	699	716	694	721
Overall Starters	6,814	6,453	7,149	7,366	7,260	6,392	6,047	6,232	65,82	6,979	7,050
Average Starters/ Race	9.2	8.8	9.3	9.5	9.4	8.4	8.3	8.9	9.2	10.1	9.8

Harness Award Winners

LEADING FEMALE DRIVER

LEADING FEMALE TRAINER

LEADING JUNIOR DRIVER

LEADING DRIVER

LEADING TRAINER

2YO FILLY OF THE YEAR

2YO COLT OR GELDING OF THE YEAR

3YO FILLY OF THE YEAR

3YO COLT OR GELDING OF THE YEAR

TASMANIAN MARE OF THE YEAR

TASMANIAN 4YO & OLDER HORSE OR GELDING OF THE YEAR

TASMANIAN BROODMARE OF THE YEAR

TASMANIAN HORSE OF THE YEAR

HALWES MEDAL (Sponsored by BOTRA Tasmania and Jamie Cockshutt)

THE EDGAR TATLOW MEDAL

Samantha Gangell

Bianca Heenan

Conor Crook

Mark Yole

Ben Yole

Blame It On Me

Colby Sanz

Still Hungover

Max Delight

Twenty Two Karat

Ignatius

Our Zellweger NZ

Max Delight

Ben Yole

Stephen King





The greyhound code received \$4.65 million in allocations for the reporting period, an increase of \$273,000 or 6.2%.

The distribution of the funding allocation saw the continuation of the Tasbred Grade 6 Bonus, the Tasbred Starters Bonus and Vaccination Assistance, all of which are directed to supporting the local breeding industry.

Tasracing funded the introduction of an Injury Rebate Scheme for greyhounds to assist owners with the rehabilitation of a greyhound that suffered a potential career ending injury at the race track.

Despite conducting 17 fewer races in 2018/19 compared to the previous year, total turnover increased by four per cent with corporate turnover increasing its share of that turnover by 10 per cent.

Tasracing continued to consult with the industry throughout the year through the Greyhound Reference Group which comprises delegates from each club and the Greyhound Owners, Trainers and Breeders Association of Tasmania. The Greyhound Reference Group held four formal meetings during the year.

This consultation was furthered with the continuation of the Programming Sub-Committee, which provided recommendations on programming and feature events. The Programming Sub-Committee met on five occasions during the year.

Tasracing, in conjunction with the Launceston Greyhound Racing Club, hosted the annual awards dinner in February 2019 to showcase the industry's achievements during 2018.

The Winter Distance Carnival in June saw very low numbers of greyhounds nominated to race over the 720-metre distance. As a result, changes were introduced to the Minimum Nominations policy to allow these races to proceed with four nominations in the hope of ensuring some race fitness for those wishing to contest the Nationals in August.

Whilst Tasracing introduced mandatory training for licence holders in 2016 the removal of Government funding for Registered Training Organisations has restricted the ability to provide this training in Tasmania. Tasracing is currently working to source alternative options for this training.

Tasracing has undertaken further development of the lure used at race tracks. It is proposed to introduce a lure with a wider arm and further off the rail that will reduce interference between the greyhounds and therefore have a positive impact on their welfare. The lure was trialled at Launceston.

In February 2019 Tasracing arranged for Greyhound Racing NSW Track Maintenance Manager Bill Wilson to visit each of the tracks to undertake basic testing and to identify processes that Tasracing could adopt to improve the general condition of the tracks. This visit included a presentation to curators on track maintenance and ongoing testing to ensure the consistent preparation of tracks.

As a result of that visit, Tasracing has introduced a process of recording regular readings and measurements from the tracks to build up a database which will then form the basis of the areas of improvement required to ensure the state's tracks meet key performance indicators.



Tasmanian Greyhound of the Year

Leading Trainer
Leading Owner
Leading Breeding Female
Leading Sire
Most Consistent Greyhound

Leeroy Rogue (27 wins – including 4 in Queensland - and 6 placings from 35 starts)

Anthony Bullock (181 winners)

Robyn Johnson (91 winners)

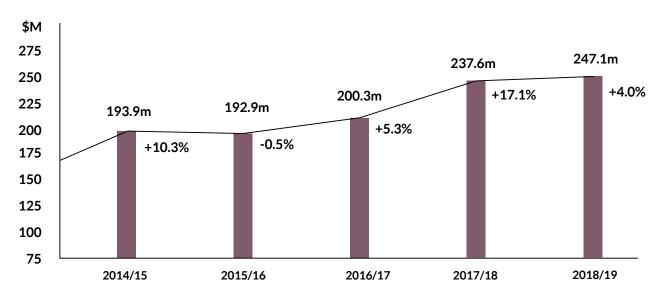
Jamila Flex (progeny won 64 races)

Fernando Bale (progeny won 190 races in Tasmania)

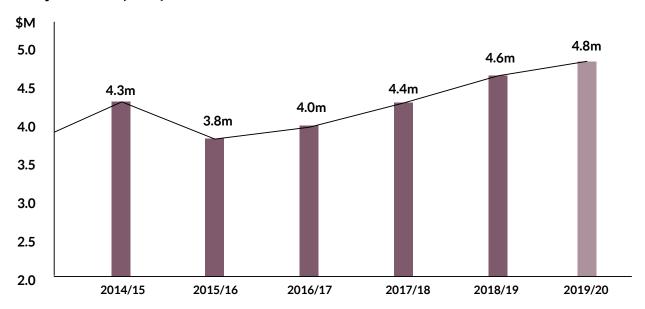
Leeroy Rogue (23 wins and 6 placings from 31 starts in

Tasmania)

Greyhound Wagering turnover (\$M)



Total code allocation Greyhound (\$M)



Key racing statistics Greyhound

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Meetings	155	157	156	157	157	157	157	157	156	156	157
Races Held	1547	1567	1567	1628	1637	1601	1615	1592	1568	1602	1585
Overall Starters	12,025	12,193	12,219	12,663	12,814	12,336	12,477	124,02	12,273	12,501	12,339
Average Starters/ Race	7.8	7.8	7.8	7.8	7.8	7.7	7.7	7.8	7.8	7.8	7.8



Corporate Governance

Tasracing is a State-owned company established under the *Racing (Tasracing Pty Ltd) Act 2009*. Tasracing's two Shareholding Ministers are the Minister for Racing and the Treasurer.

The principal objectives of Tasracing are outlined in the *Racing Regulation Act* 2004.

Tasracing is committed to the principles of good corporate governance. We believe in transparency, accountability and integrity for the benefit of our Shareholding Ministers, employees, industry participants and all other stakeholders.

Tasracing operates under a framework that is consistent with the ASX Corporate Governance Council's eight corporate governance principles and recommendations in line with the Shareholding Ministers' expectations under the Tasmanian Government Businesses Governance Framework Guide.

Tasracing's position on the eight core corporate governance principles and recommendations is summarised below:

PRINCIPLE 1 - Lay solid foundations for management and oversight

Functions of the Board

The Tasracing Board of Directors is responsible for the overall performance in achieving the company's objectives and legislative obligations – as set out in the *Racing Regulation Act 2004*, and the Members' Statement of Expectations.

The key responsibilities of the Board include:

- considering and determining the strategic direction of Tasracing;
- adopting annual corporate plans and budgets;
- reviewing and assessing executives' performance against set objectives;
- reviewing and approving major expenditure items and policies;
- reviewing and monitoring risk management processes;
- reviewing and approving rules of racing;
- ensuring compliance with key policies, guidelines and legislative obligations; and
- appointing Chief Executive Officer, Chief Financial Officer, Company Secretary.

Management and Delegated Authorities

The Chief Executive Officer and Chief Financial Officer (Executives) are responsible for the general management and leadership of Tasracing including day-to-day business operations and are accountable to the Board for achieving the stated objectives. They are also responsible for reporting to the Board on a monthly basis and keeping Directors and Shareholding Ministers appraised of key strategic issues and developments.

The Delegations Manual is a document that outlines the matters and financial limits reserved for the Board, Executives and Tasracing employees.

The Board also delegates authority to a number of Board committees to assist it in carrying out its functions and to ensure its effective performance in specific areas. Directors sit on Board committees and are accountable to the Board.

The Board committees include: Audit and Risk, Asset and Safety, Racing Rules and Policy, HR and Remuneration and Board Nominations. They all operate under a Terms of Reference, which is reviewed annually.

Members of the Board and the Chief Executive Officer also sit on national Boards and committees for Racing Australia, Harness Racing Australia and Greyhounds Australasia, representing Tasracing's interests in national racing policy, rules and strategy.

Performance Evaluation

The Board's practice is to undertake an annual appraisal of its performance. KPMG was engaged to undertake a formal external evaluation of the Board's performance in June and the assessment was completed in August 2019.

The Executives and employees are also subject to an annual assessment of their performance against agreed objectives and expected behaviours.

In December each year, the Chairman, Chief Executive Officer and Chief Financial Officer are required to attend and respond to questions at the Government Business Scrutiny Committee.

PRINCIPLE 2: Structure the board to add value

The composition of the Board is set out in the *Racing (Tasracing Pty Ltd) Act 2009* (the Act) and consists of seven members made up of a Chairman and six directors. The Directors include three Directors who have the skills and experience to enable the Board to achieve its objectives and one Director from each of the Thoroughbred code, Harness code and Greyhound code, who are nominated by participants.

Directors are selected and appointed on the basis of their skills and experience and in consideration of diversity and independence, probity and background checks.

The Chairman and all Tasracing Directors are independent directors. They are appointed in accordance with Tasracing's Constitution, the Act and the *Guidelines for Tasmanian Government Businesses – Board Appointments*.

Prior to appointing new Directors, the Board Nominations Committee undertakes a skills assessment to determine the skills and experience that may be necessary for the Board to achieve its objectives and strategic plans. The Board maintains a skills matrix which sets out the mix of skills and diversity of the Board.

A Director Selection Advisory Panel is then established to consider and nominate candidates for Cabinet approval.

Directors have an ongoing requirement to notify the Board of any material personal interest in any matter relating to the affairs of Tasracing and make annual declarations regarding any related party transactions.

New directors on the Board undergo a formal induction, to enable them to be fully informed so they can contribute positively in board deliberations. The induction program is administered by the Chairman with the support of the company secretary and the CEO.

PRINCIPLE 3: Act ethically and responsibly

All Tasracing Directors, employees and contractors are subject to a Code of Conduct, which sets out the standard of expected behaviour. Tasracing also promotes its values (RACE) in all its business activities and operations.

Tasracing also has a number of more specific policies that relate to our commitment to comply with our legal obligations and to act ethically and responsibly. These include Right to Information policy, Public Interest Disclosure (Whistleblower) policy, Procurement policy & procedures, Wagering policy and Gifts, Benefit and Hospitality policy.

PRINCIPLE 4: Safeguard integrity in corporate reporting

The Audit and Risk Committee meets regularly to consider and oversee matters relating to financial reporting, risk management, internal audit and compliance, and report accordingly to the Board.

The Committee reviews the annual financial statements and provides recommendations to the Board.

Tasracing's auditor is the Tasmanian Audit Office which conducts an audit of the financial statements at the end of each financial year and is invited to attend the annual general meeting each year.

Tasracing's Annual Reports are tabled in each House of Parliament and are subject to the scrutiny of all members of the Parliament and the community.

PRINCIPLE 5: Make timely and balanced disclosure

The Chair and the CEO meet regularly with the Shareholding Ministers to provide briefings on key strategic issues and developments.

Tasracing also communicates regularly with its industry participants informing them of relevant matters, key projects and activities, as well as listening to their concerns. One avenue of formal communication is through Tasracing's participation in the racing code industry forums. Tasracing meets quarterly with industry bodies, including the Thoroughbred Advisory Network (TAN), the Harness Industry Forum (HIF) and the Greyhound Reference Group (GRG).

We also communicate via a variety of other forums, including email, SMS and online via our website.

Details about disclosures made under the *Right to Information* Act 2009, the *Public Interest Disclosures* Act 2002 and personal information provisions are set out in page 36.

PRINCIPLE 6: Respect the rights of security holders

Tasracing's constitution outlines the rights and powers of Shareholding Ministers. Shareholding Ministers can issue various guidelines and directives to Tasracing.

The Board has procedures for communication with Shareholding Ministers to ensure they have timely access to information about the Company, including its financial situation, performance, governance and any sensitive matters about which they need to be aware.

Tasracing also complies with various reporting obligations as set out in its Constitution, relevant legislation and guidelines for Tasmanian Government Businesses.

PRINCIPLE 7: Recognise and manage risk

The Board has established an Audit and Risk Committee which oversees financial, operational and strategic risks and internal controls in accordance with the Board approved Risk Management Framework. Material risks are discussed directly with the Shareholding Ministers at the regular scheduled meetings.

The Audit and Risk Committee oversees the internal audit function which is outsourced, including the approval of the audit plan, receiving reports of all audits undertaken and monitoring management actions to address the findings.

The Audit and Risk Committee oversees this on a regular basis. In 2018-19, the Audit and Risk Committee held 10 meetings.

PRINCIPLE 8: Remunerate fairly and responsibly

The Board has established a HR & Remuneration Committee to oversee remuneration practices and policies in relation to directors, executives and other employees of the company and ensure they balance the desire to attract and retain high calibre employees in the interests of shareholders and stakeholders. The HR & Remuneration Committee meets quarterly to discharge these duties.

Tasracing adheres to the Treasury Guidelines for *Executive and Board Remuneration*. Director fees are set by the Tasmanian Government under the Director and Executive Remuneration Guidelines.

Remuneration levels are reviewed annually and any increases are benchmarked against independent data.

LEGISLATIVE REPORTING OBLIGATIONS

Tasracing is committed to complying with all relevant legislative, regulatory and business obligations, including compliance with the *Treasurer's Instructions and Guidelines for Tasmanian Government Businesses*.

To achieve this commitment, Tasracing's Compliance Management Framework and Compliance Policy adheres to the International Standard ISO 19600:2015 Compliance management systems to:

- maintain the highest standards of integrity as consistent with Tasracing's Code of Conduct and Values;
- embed a positive compliance culture; and
- ensure the compliance framework and policy integrates
 Tasracing's governance, risk, legal, financial, business, safety
 management processes and Tasracing's corporate plan
 objectives.

Public Interest Disclosures Act 2002

Tasracing recognises the value of transparency and accountability, and supports disclosures that reveal improper or corrupt conduct or detrimental actions of Tasracing's members, officers and employees in accordance with the *Public Interest Disclosures Act 2002*.

Tasracing has adopted the Ombudsman's recommended Model procedures to achieve the objectives of the Act. Tasracing's Public Interest Disclosures Whistleblower Policy is aligned with Tasracing's values and is an integral part of Tasracing's corporate governance that encourages a culture of ethical and honest behaviour. The policy is available on our website tasracingcorporate.com.au.

During the 2018/19 financial year Tasracing received one disclosure which was investigated and determined not to be a public interest disclosure. Tasracing's determination with respect to the disclosure was reported to the Ombudsman.

Right to Information Act 2009

Tasracing understands and appreciates the need to make information readily available to the public and is committed to the objectives of the *Right to Information Act 2009* (RTI Act). Tasracing routinely publishes information that it considers to be of interest to the public via its website and social media.

Where information is not disclosed but a request is made for provision of that information Tasracing adheres to the requirements and processes established by the RTI Act.

Tasracing has not received any Right to Information requests in this financial year.

Personal Information Protection

Tasracing is committed to protecting the information it collects, holds and handles by complying with the *Personal Information Protection Act 2004, Privacy Act 1988* (Cth) and the Australian Privacy Principles. During the financial year no complaints were received under this regime.

Overseas Travel

Tasracing funded one international trip in 2018/19 which included the Racing Operations Manager and Southern Racecourse Manager attending the Australian Racecourse Managers Association in Hong Kong. The trip was an educational trip which costed \$8,332 for the two employees.

Total cost for overseas travel was \$8,332.

Buy Local

Purchases from Tasmanian businesses

% of purchases from Tasmanian businesses	46%
Value of purchases from Tasmanian businesses	\$12.9 million

Consultancies valued at more than \$50,000 (ex GST)

Name of Consultant	Location	Description	Period of engagement	Amount
Deloitte	Hobart	Income tax consulting	01/07/2018 -	\$52,580
		services	30/06/2019	
	,		Total	\$52,580
There were 7 consultan	ts engaged for \$50,0	000 or less totalling		\$63,743
TOTAL PAYMENT TO	CONSULTANTS			\$116,323

Payment of Accounts

Accounts due or paid within each year

Measure

1.100301.0	
Creditor days	17.94
Number of accounts due for payment	7,536
Number of accounts paid on time	7,085
Amount due for payment	\$30,619,244
Amount paid on time	\$28,913,027
Number of payments for interest on	
overdue accounts	-
Interest paid on overdue accounts	-

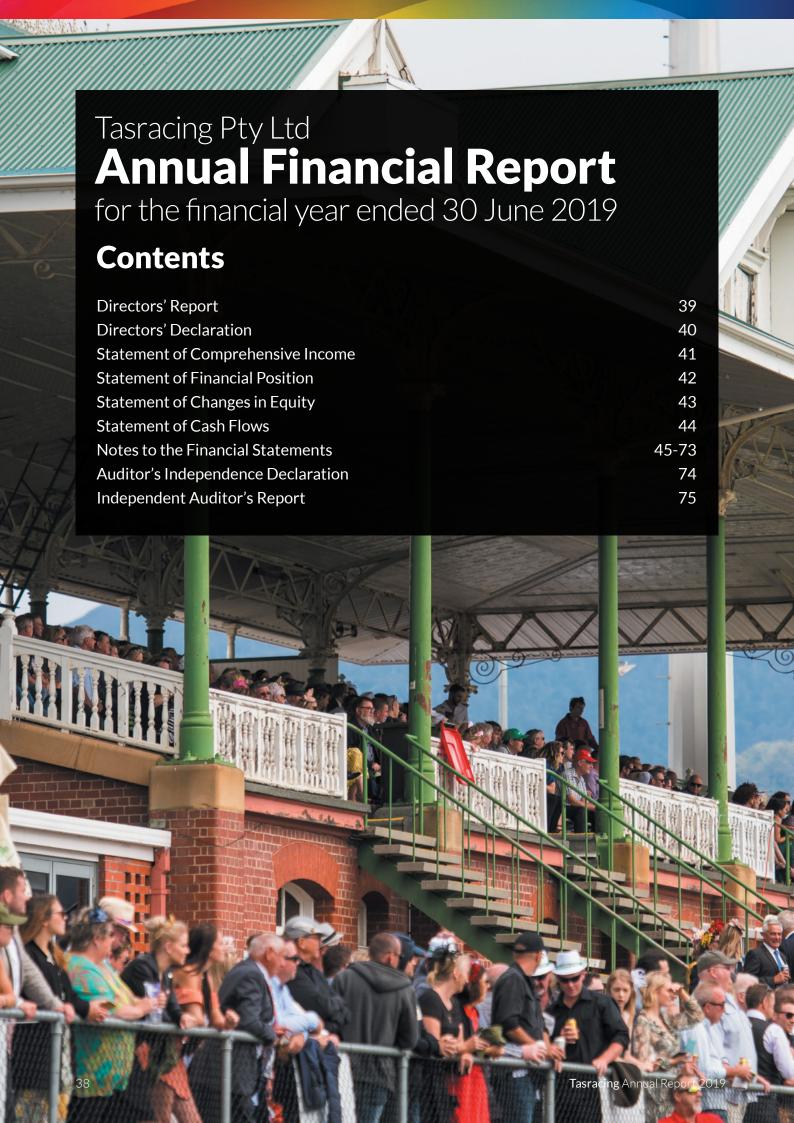
Superannuation Declaration

I, Paul Eriksson, hereby certify that Tasracing has met its obligations under the Commonwealth's Superannuation Guarantee (Administration) Act 1992 in respect of any employee who is a member of a complying superannuation scheme to which Tasracing contributes.

Signed

Paul Eriksson

Chief Executive Officer



Directors' Report

The directors present their report together with the financial report for the year ended 30 June 2019 and the independent auditor's report thereon.

Directors

The names of directors of the company in office during or since the end of the financial year are:

Gene Phair - Chairman

Dean Cooper - Former Chairman

Danny McCarthy

Tania Price

Joel Wallace

Helen Galloway

Michael Gordon

Robyn Whishaw

Principal Activities

The principal activities during the course of the financial year were the administration, oversight and funding of racing in Tasmania.

Review of operations

For the year ended 30 June 2019, the company recorded a loss before tax of \$1,781,964 (2018: loss of \$189,517). No dividends were paid to members during the year (2018: Nil). The company had no options or unissued shares during the current or previous year.

Significant changes in state of affairs during the year

There were no significant changes in the state of affairs of the company during the financial year.

Significant changes in the current reporting period

The financial performance of Tasracing has been particularly affected by the following material items during the year ended 30 June 2019:

- A \$1.17m write off of track assets was incurred during the year for assets made obsolete by the Elwick Track redevelopment.
- The defined benefit obligation increased in 2019 with lower interest rates and assumptions of higher employer contribution rates. This resulted in a negative remeasurement recorded to other comprehensive income to the value of \$0.59m (2018: positive \$0.08m).
- Injury costs relating to a serious workers compensation injury for the insurance year ending 31 March 2019 plus adjustments for injuries incurred in previous years has resulted in a premium expense under Tasracing's workers compensation insurance policy of \$1.56m.

Environmental regulations

The company is not subject to any environmental regulations under a law of the Commonwealth or the State of Tasmania.

Subsequent events

There has been no matter or circumstance which has occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly this information has not been disclosed in this report.

Indemnification of officers and auditors

During the financial year the company paid a premium of \$17,760 (2018: \$17,760) in respect of insurance for directors and officers liability.

The company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred by such an officer or auditor.

Auditor's independence declaration

The auditor's independence declaration is included on page 69 of the financial statements.

Signed in accordance with a resolution of the Board of Directors:

Mr Gene Phair Chairman

12 August 2019

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 Australian 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 the General Information note to the Financial Statements.

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

G. Phair Chairman

Tasracing Pty Limited

Hobart, 12 August 2019

Statement of Comprehensive Income

for the year ended 30 June 2019

	Note	2019	2018
		\$	\$
Revenue and Other Income			
Racing revenue	A1	17,276,357	16,031,272
Government grant	A2	31,375,661	30,395,942
Interest revenue	A3	718,246	664,967
Total Revenue and Other Income		49,370,264	47,092,181
Expenses			
Prizemoney and industry funding		26,788,491	24,872,666
Raceday and racing expenses	A4	6,312,404	6,450,081
Depreciation and amortisation expense	A5	3,970,206	3,793,658
Sales and marketing	A6	1,137,400	1,634,867
Employee benefits expense	A7	7,834,510	7,440,327
Finance and leasing costs	A8	1,229,807	862,997
Other expenses	A9	3,879,410	2,227,102
Total Expenses		51,152,228	47,281,698
Profit/(Loss) before tax		(1,781,964)	(189,517)
Income tax expense	A11	-	-
Profit/(Loss) for the year after tax		(1,781,964)	(189,517)
Other comprehensive income/(loss)	A7	(589,000)	83,000
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		(2,370,964)	(106,517)

This statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

for the year ended 30 June 2019

	Note	2019	2018
		\$	\$
Current Assets			
Cash and cash equivalents	B1 (a)	12,431,129	16,275,194
Trade and other receivables	B2	1,589,612	1,525,429
Prepayments		521,560	402,001
Total Current Assets		14,542,301	18,202,624
Non-Current Assets			
Property, plant and equipment	В3	44,825,820	40,543,535
Intangible assets	B4	1,131,099	735,481
Other financial assets	B5	52,116	90,305
Total Non-Current Assets		46,009,035	41,369,321
Total Assets		60,551,336	59,571,945
Current Liabilities			
Trade and other payables	В6	4,311,830	1,370,036
Borrowings	В7	772,954	738,625
Other financial liabilities	B8	159,770	159,832
Provisions	B9	2,880,828	3,127,296
Total Current Liabilities		8,125,382	5,395,789
Non-Current Liabilities			
Borrowings	В7	7,935,301	8,708,255
Employee provisions	В9	2,750,388	2,126,498
Total Non-Current Liabilities		10,685,689	10,834,753
Total Liabilities		18,811,071	16,230,542
Net Assets		41,740,265	43,341,403
Equity			
Contributed equity	B10	59,721,911	58,952,085
Accumulated losses	B11	(17,981,646)	(15,610,682)
Total Equity		41,740,265	43,341,403

This statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2019

	Note	Contributed	Accumulated	
		Equity	Losses	Total
		\$	\$	\$
Balance as at 30 June 2017		58,208,271	(15,504,165)	42,704,106
Equity contribution	B10	743,814	-	743,814
Profit /(Loss) for the year	B11	-	(189,517)	(189,517)
Other comprehensive income/(loss)	B11	-	83,000	83,000
Total Comprehensive Income for the year	r	-	(106,517)	(106,517)
Balance as at 30 June 2018		58,952,085	(15,610,682)	43,341,403
Equity contribution	B10	769,826	-	769,826
Profit /(Loss) for the year	B11	-	(1,781,964)	(1,781,964)
Other comprehensive income/(loss)	B11	-	(589,000)	(589,000)
Total Comprehensive Income for the year	r	-	(2,370,964)	(2,370,964)
Balance as at 30 June 2019		59,721,911	(17,981,646)	41,740,265

This statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2019	Note	2019	2018
	Note	\$	\$
Cash Flows from Operating Activities			
Receipts from customers		48,464,680	45,825,518
Payments to suppliers & employees		(44,225,229)	(42.194.546)
Interest received		749,756	616,959
Interest & other costs of finance paid		(631,010)	(633,728)
Net Cash provided by Operating Activities	B1 (b)	4,358,197	3,614,203
	, ,		, ,
Cash Flows from Investing Activities			
Proceeds from disposal of non-current assets		1,818	
Payments for non-current assets		(8,279,282)	(3,202,567)
Loan repayment received		44,000	41,000
Net Cash used in Investing Activities		(8,233,464)	(3,161,567)
Cash Flows from Financing Activities			
Repayment of borrowings	B1 (c)	(738,625)	(705,880)
Equity contribution	B10	769,826	743,814
Net Cash Provided by Financing Activities		31,201	37,934
Net (Decrease)/Increase in Cash and Cash Equivalents		(3,844,065)	490,569
Cash and Cash Equivalents at the beginning of the year		16,275,194	15,784,625
Cash and Cash Equivalents at end of the year	B1 (a)	12,431,129	16,275,194

This statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 30 June 2019

GENERAL INFORMATION

Tasracing Pty Ltd (Tasracing) was incorporated on 1 July 2009 and is domiciled in Tasmania, Australia. Tasracing is a state owned company.

Tasracing was established by the *Racing (Tasracing Pty Ltd) Act* 2009. The Principal 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 Tasracing's responsibilities in detail.

Tasracing's principal activity is the administration, oversight and funding of the three codes of racing in Tasmania.

Tasracing's registered office and principal place of business is 6 Goodwood Road, Glenorchy TAS 7010.

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations and comply with other requirements of law. 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 12 August 2019.

Basis of preparation

The financial report has been prepared on the basis of historical cost and on a going concern basis. 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.

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

Critical accounting judgements and key sources of estimation uncertainty

In the application of Tasracing's accounting policies, management is required to make judgements, 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.

Judgements and estimates which are material to the financial statements are found in the following notes:

Note	Page
A5 Asset useful lives	48
B3/B4 Impairment review of property, plant and equipment	54
B9 Employee entitlements	57
B9 tasBonus/tasBred	57
B9 Defined benefit superannuation fund obligations	57-62

Other accounting policies

Significant other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Notes to the financial statements

The notes have been grouped into key themes to make the report easier to read and more relevant for the user. These themes are;

- · Operations and Performance
- · Financial Position
- · Financing and Funding
- \cdot Other

Significant changes in the current reporting period

The financial performance of Tasracing has been particularly affected by the following material items during the year ended 30 June 2019:

- · A \$1.17m write-off of track assets made obsolete by the Elwick Track redevelopment.
- The defined benefit obligation increased in 2019, with an impact of \$0.59m.
- The expense for the workers compensation insurance policy premium was \$1.56m.

Subsequent events

There has been no matter or circumstance which has occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

OPERATIONS AND PERFORMANCE

RE	EVENUE	2019	2018
		<u> </u>	\$
Α1	Racing Revenue		
	Racefield revenue	15,141,302	14,041,727
	Sponsorship income	363,328	363,744
	Rental income	163,799	173,925
	Other racing income	1,607,928	1,451,876
		17,276,357	16,031,272

Accounting policy

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 state government funding.

Rental income

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.

Nomination fees for tasBonus/tasBred scheme (Other racing income)

Nomination fees for the tasBonus & tasBred schemes are deferred on receipt and recognised in the Statement of Comprehensive Income as races nominated under the scheme are scheduled and run.

Racing revenue from contracts with customers

	· · · · · · · · · · · · · · · · · · ·
Sky marketing income	100,700
Sponsorship and digital revenue	382,426
Magic Millions income	115,083
Racefield revenue	15,141,302

Timing of revenue recognition

Total revenue from contracts with customers	15,739,511
Services transferred over time	-
Goods transferred at a point in time	15,739,511

Contract balances

Total contract balances	845,530
Trade receivables (Note B2)	845,530

Performance obligations

Information about Tasracing's performance obligations are summarised below:

Racefield Revenue

The performance obligation is satisfied as races are run within Tasmania. Racefield revenues are derived from wagering on races held in Tasmania. These contracts have been accounted for as a group. Tasracing recognises racefield revenue when it can be reliably measured. The Wagering Operator is required to pay racefield fees within 14 days of the prior month end.

Magic Millions Income

The performance obligation is satisfied when the sales are held and the associated race series is complete. Payment is generally due within 30 days.

The contract is on an annual basis and financially completed before the reporting date.

Sponsorship and Digital income

Sponsorship income is earned from contracts with a number of parties with separately identifiable performance obligations, such as naming rights to racetracks, specific races and rights to provide products. Tasracing recognises the revenue as the performance obligations are met for each contract, for example, when a race has been completed or signage installed. Payment terms vary from contract to contract but are financially completed before the reporting date and generally due within 30 days.

Sky Marketing Income

Sky Marketing Income is derived from a Broadcast Agreement which grants Tasracing free marketing airtime on Sky Racing TV channels. Revenue and the associated cost is recognised as the advertising slots are consumed throughout the year. The contracted value is on an annual basis and financially completed before the reporting date.

All remaining performance obligations are expected to be recognised within one year.

A2 Government Grants	2019	2018
	\$	\$
Government funding	30,832,408	29,815,773
Debt support funding	543,253	580,169
	31,375,661	30,395,942

Accounting policy

Government Grants

Government grants are not recognised until there is reasonable assurance that Tasracing will comply with the conditions attached 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 is Tasracing gains control of the underlying assets. Tasracing is funded by government appropriations provided each year, over a twenty year period from 1 July 2009 and subject to the conditions of a funding deed.

Debt Support Funding was provided on the capital funding loan facility. The component relating to the interest and guarantee fees was recognised as income when it was received.

A3 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.

EXPENSES

		2019	2018
		\$	\$
Α4	Race day and Racing Expenses		
	Training and racing facilities	2,945,606	2,958,255
	Race day & other racing expenses	1,683,034	1,524,953
	Racing insurance	1,683,764	1,966,873
		6,312,404	6,450,081
		2019	2018
		\$	\$
A5	Depreciation & Amortisation Expenses		
	Plant & equipment	449,449	420,523
	Plant & equipment Racecourse leasehold improvements	449,449 3,080,106	420,523 3,156,539
		· · · · · · · · · · · · · · · · · · ·	,

Accounting policy

Depreciation and amortisation expenses

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

	Category	Те	Term			
	Plant and equipment		erm of the lease or life of the asset			
			3 to 20 years			
			o 20 years			
	Website and systems development	3 t	o 5 years			
			2019	2018		
			\$	\$		
A6	Sales & Marketing Expenses					
	Sales		185,732	299,232		
	Marketing		951,668	1,335,635		
			1,137,400	1,634,867		
			2019	2018		
			\$	\$		
A7	Employee Benefit Expense			<u> </u>		
	Recognised in profit/(loss) for the year					
	Wages and salaries		6,465,679	6,158,113		
	Other associated personnel expenses		560,680	531,563		
	Contributions to defined contribution superannuation funds		596,975	553,379		
	Service cost of defined benefit scheme (excludes interest cost)		18,000	24,000		
	Increase in liability for annual leave		85,995	115,349		
	Increase in liability for long service leave		107,181	57,923		
			7,834,510	7,440,327		
	Recognised in other comprehensive income for the year					
	Actuarial (gains)/losses		(644,000)	26,000		
	Actual return on plan assets less interest income		55,000	57,000		
	Total measurement recognised in other comprehensive income		(589,000)	83,000		

	2019	2018
	\$	\$
Finance and Leasing Costs		
Finance costs		
Net interest cost in relation to defined benefit obligation (see note B9)	84,000	95,000
Interest expense	631,009	633,728
	715,009	728,728
Leasing costs		
Occupancy lease rentals	462,416	78,412
Plant & equipment lease rentals	52,382	55,857
	514,798	134,269
Total finance and leasing costs	1,229,807	862,997

Accounting policy

Operating lease rentals

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. 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.

		2019	2018
		\$	\$
Α9	Other Expenses		
	Insurance	536,077	422,457
	Administration	669,610	547,851
	Loss on disposal of assets	1,173,326	67,477
	Digital & IT	1,222,153	891,544
	Other	278,244	297,773
		3,879,410	2,227,102
		2019	2018
		\$	\$
A10	Remuneration of Auditors		
	External audit services	40,420	39,620
	Internal audit services	53,162	7,887
		93,582	47,507

The Company paid \$40,420 to the Tasmanian Audit Office for the audit of the financial statements.

AXATION	2019 \$	2018 \$
1 Income Taxes		
(a) Income tax recognised in profit or loss		
Tax expense/(income) comprises:		
Current tax expense/(income)	-	-
Adjustments recognised in the current year in relation to the current tax		
of prior years	-	-
Deferred tax expense/(income) relating to the origination and reversal	-	-
of temporary differences		
Total tax expense/(income)	-	
Attributable to:		
Continuing operations	-	
	-	-
The prima facie income tax expense on pre-tax accounting profit from		
operations reconciles to the income tax expense in the financial		
statements as follows:		
Profit from continuing operations	(1,781,964)	(187,517)
Profit from operations	(1,781,964)	(187,517)
Income tax expense calculated at 30%	(534,589)	(56,855)
Tax break		
Non-deductible expenses	8,690	4,053
Unused tax losses and tax offsets not recognised as deferred tax assets	-	-
Previously unrecognised and unused tax losses and tax offsets now		
recognised as deferred tax assets	-	-
Other	-	-
	(525,899)	(52,802)
(Over)/under provision of income tax in previous year	-	1,915,996
	(525,899)	1,863,194
Current income tax expense/(benefit) not recognised in Statement of		
Comprehensive Income	(525,899)	1,863,194

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

(b) Income tax recognised directly in equity

The following current and deferred amounts were charged directly to equity during the period:

	2019	2018
	\$	\$
Deferred tax:		
Actuarial movements on defined benefit plans	(176,700)	24,900
Deferred tax movement not recognised through equity	176,700	(24,900)
	-	-
(c) Recognised deferred tax balances		
Deferred tax assets comprise:		
Temporary differences	122,095	104,941
Tax losses (revenue)	-	-
	122,095	104,941
Deferred tax liabilities comprise:		
Temporary differences	122,095	104,941
	122,095	104,941
Net deferred tax asset / (liability)	-	-

Taxable and deductible temporary differences arise from the following:

	Opening Balance	Charged to Income	Closing Balance
2019	\$	\$	\$
Gross deferred tax liabilities:			
Prepayments	(90,213)	(28,350)	(118,563)
Receivables	(14,728)	11,196	(3,532)
	(104,941)	(17,154)	(122,095)
Gross deferred tax assets:			
Employee benefits	104,941	17,154	122,095
Property, plant and equipment	-	-	-
Other			
Tax losses (revenue)	-	-	-
	104,941	17,154	122,095
	-	-	-

2018	Opening Balance \$	Charged to Income \$	Closing Balance \$
Gross deferred tax liabilities:			
Prepayments	(92,372)	2,159	(90,213)
Receivables	(6,807)	(7,921)	(14,728)
	(99,179)	(5,763)	(104,941)
Gross deferred tax assets:			
Employee benefits	99,179	5,763	104,941
Property, plant and equipment	-	-	-
Other			
Tax losses (revenue)	-	-	-
	99,179	5,763	104,941
	-	-	-

(d) Unrecognised deductible temporary differences and unused tax losses

Deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised are attributable to the following:

	2019	2018
	\$	\$
Temporary differences	4,893,563	4,857,384
Tax losses – revenue	2,146,121	2,175,778
	7,039,684	7,033,162

Accounting policy

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.

FINANCIAL POSITION

CASH FLOW

В1	Cash Flow	2019	2018
		\$	\$
(a)	Cash and cash equivalents		
	Cash on hand and balances with banks	12,431,129	16,275,194
(b)	Reconciliation of profit for the year to net cash flows from operating activities	es	
	Profit/(Loss) for the year	(1,781,964)	(189,517)
	Adjustments for:		
	Depreciation & amortisation	3,970,207	3,793,659
	Impairment	-	-
	(Profit)/loss on disposal of property, plant and equipment	1,171,508	61,774
	Amortisation of DRC loan	-	(44,051)
	Interest charged on DRC Loan	(5,813)	(31,303)
	(Increase)/decrease in receivables	(126,459)	(429,880)
	(Increase)/decrease in prepayments	(119,557)	20,754
	Increase/(decrease) creditors & accruals	1,111,266	569,109
	Increase/(decrease) in provisions	139,010	(136,342)
	Net cash from operating activities	4,358,197	3,614,203

(c) Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

Borrowings		
Balance as at 1 July	9,446,880	10,152,760
Changes from financing cash flows:		
Cash received	-	
Cash repayments	(738,625)	(705,880)
Balance as at 30 June	8,708,255	9,446,880

(d) Financing facilities

Credit and stand by arrangements

Credit cards

0.04.004		
Amount used	82,500	93,000
Amount unused	27,500	17,000
Facility limit	110,000	110,000
TASCORP borrowing facilities		
Amount used	8,708,255	9,446,880
Amount unused	33,030,690	32,017,050

Accounting policy

Cash and cash equivalents

Facility limit

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 change in value and have a maturity of three months or less at the date of acquisition.

The amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and 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.

41,463,930

41,738,945

ASSETS

B2 Trade and Other Receivables	2019	2018
	\$	\$
Trade receivables	1,600,931	1,477,684
Provision for impairment	-	(1,349)
Provision for expected credit loss	(23,089)	-
	1,577,842	1,476,335
Interest receivable	11,770	49,094
	1,589,612	1,525,429

Reconciliation of movement in expected credit loss	
Carrying amount at 30 June 2018 under AASB 139	(1,349)
Amounts restated through Accumulated Funds	-
Carrying amount at 1 July under AASB 9	(1,349)
Amounts written off during the year	5,128
Amounts recovered during the year	-
(Increase)/decrease in provision recognised in Statement of Comprehensive Income	(26,868)
Carrying amount at 30 June	(23,089)

Ageing of trade and other receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default.

The ageing of the Tasracing's trade and other receivables was:

Balance as at 30 June	305,981	278,396
90+ days	178.392	226.839
Past due between 61 and 90 days	73,816	15,466
Past due between 31 and 60 days	53,773	36,091

Included in the trade receivables balance are debtors with a carrying amount of \$305,981 (30 June 2018: \$278,396) that 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. Many of the long outstanding past due amounts have been lodged with Tasracing's debt collectors or are on payment arrangements.

Accounting Policy

Trade receivables

Accounting policy under AASB 9 - applicable from 1 July 2018

Trade receivables that do not contain a significant financing component are measured at amortised cost, which represents their transaction value. Impairment is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the ECL, Tasracing considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Tasracing's historical experience, an informed credit assessment and forward-looking information. Tasracing has established a provision matrix to facilitate the impairment assessment.

Accounting policy under AASB 139 - applicable for 2018 comparative

Receivables are carried at amortised cost using the effective interest rate method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred.

B3 Property, Plant and Equipment	2019	2018
(a) Carrying amounts	\$	\$
Racecourse leasehold improvements		
At cost	67,200,438	67,670,210
Less: accumulated depreciation	(32,522,303)	(30,770,434)
Total	34,678,135	36,899,776
Plant & equipment		
At cost	6,258,203	6,033,405
Less: accumulated depreciation	(3,870,546)	(3,658,854)
Total	2,387,657	2,374,551
Work in progress		
At cost	7,760,028	1,269,208
Total	7,760,028	1,269,208
		_
Total Property, plant and equipment	44,825,820	40,543,535

(b) Reconciliation of movements in carrying amounts	Racecourse Leasehold Improvements at cost	Plant & Equipment at cost	Work in Progress at cost	TOTAL
2019	\$	\$	\$	\$
Carrying amount at 1 July	36,899,776	2,374,551	1,269,208	40,543,535
Additions	-	22,203	9,799,242	9,821,445
Disposals	(1,155,058)	(18,268)	-	(1,173,326)
Impairment losses	-	-	-	-
Net transfers	2,013,524	458,619	(3,308,422)	(836,279)
Depreciation	(3,080,106)	(449,449)	-	(3,529,555)
Carrying amount at 30 June	34,678,136	2,387,656	7,760,028	44,825,820
	Racecourse Leasehold Improvements at cost	Plant & Equipment at cost	Work in Progress at cost	TOTAL
2018	\$	\$	\$	\$
Carrying amount at 1 July	38,982,549	1,757,308	927,792	41,667,649
Additions	1,173,857	1,005,285	3,035,945	5,215,087
Disposals	(49,533)	(18,077)	-	(67,610)
Impairment losses	-	-	-	-
		-00	(0 (04 500)	(2,694,529)
Net transfers	(50,558)	50,558	(2,694,529)	(2,074,327)
Net transfers Depreciation	(50,558) (3,156,539)	50,558 (420,523)	(2,694,529)	(3,577,062)

Accounting policy

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.

The asset capitalisation threshold adopted by the company is \$1,000. Assets valued at less than \$1,000 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 the Statement of Comprehensive Income.

	2019	2018
B4 Intangible Assets	\$	\$
(a) Carrying amounts		
Website and software		
At cost	2,083,222	1,246,952
Less: accumulated amortisation	(952,123)	(511,471)
Total	1,131,099	735,481
Carrying amount at 1 July	735,481	256,865
Additions from work in progress	836,269	695,212
Amortisation	(440,651)	(216,596)
Carrying amount at 30 June	1,131,099	735,481

Accounting policy

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 estimates 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 the Statement of Comprehensive Income when the asset is derecognised.

Impairment of non-financial 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.

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.

The 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 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 the Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Impairment losses are allocated pro rata across assets in the cash generating unit.

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 the Statement of Comprehensive Income, 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. The impairment reversal is allocated pro rata across assets in the cash generating unit.

Current Year

There was no impairment charge in 2019.

Prior Year

There was no impairment charge in 2018.

B5 Other Financial Assets	2019	2018
	\$	\$
Loan Receivable	52,116	90,305
	52,116	90,305

Tasracing has provided a loan to a racing club. The loan is at a fixed interest rate plus relevant guarantee fee rates as published by the Tasmanian Department of Treasury and Finance. The loan is provided for a maximum of 5 years and interest is payable on the outstanding loan balance. The loan is unsecured. The facility has a limit of \$100,000.

LIABILITIES

Borrowings

B6 Trade and Other Payables	2019	2018
	\$	\$
Trade payables - unsecured	4,311,830	1,370,036

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 C1.

Current:

B7

Current.		
Credit foncier loan 1 - operating loan (i)	225,745	218,799
Credit foncier loan 2 - capital loan (ii)	547,209	519,826
	772,954	738,625
Non-Current		
Credit foncier loan 1 - operating loan (i)	1,513,200	1,738,945
Credit foncier loan 2 - capital loan (ii)	6,422,101	6,969,310
	7,935,301	8,708,255

2019

2018

\$

All loans are transacted through the Tasmanian Public Finance Corporation (TASCORP).

The funding deed provides that the State Government may provide debt support in the form of principal and interest repayments subject to the conditions of the deed. This support applies to both of the credit foncier loans.

- (i) Credit Foncier 1 operating loan principal and interest is payable every 6 months. Effective 30 June 2016, interest is 3.15% fixed until maturity 30 June 2026.
- (ii) Credit Foncier 2 capital loan six monthly repayments of principal and interest will be made through to expiry (2029). Interest has been fixed for ten years at 5.13% per annum (to 2023). The State Government provided support for principal and interest repayments. The principal support component was treated as an equity contribution.

B8	Other Financial Liabilities	2019	2018
		\$	\$
Ren	ntal bonds	159,770	159,832

B9 Provisions	2019 \$	2018 \$
Current:		
Employee		
Annual leave	530,006	490,036
Long service leave	320,355	257,206
Superannuation - defined benefits	64,000	63,000
	914,361	810,242
Other	1,966,467	2,317,054
	2,880,828	3,127,296
Non-Current		
Employee		
Long service leave	211,388	212,498
Superannuation - defined benefits	2,539,000	1,914,000
	2,750,388	2,126,498
Total provisions	5,631,216	5,253,794

Accounting policy

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.

Workers Compensation Insurance Policy

The company has a workers compensation insurance policy for the year ending 31 March 2020. The premium varies between a minimum of \$550,000 and a maximum of \$2,400,000. At 30 June 2019, the injuries incurred in the previous insurance years were greater than the minimum premium. The company is exposed to a potential cost of up to \$1,850,000 in the current insurance year being the difference between the maximum and minimum premiums and this is dependent upon the nature and extent of the injuries that occur. As an insurance year remains open for three years, injuries that occurred in prior years can impact on the current financial years expense recorded in the Statement of Comprehensive Income.

tasBonus/tasBred schemes

The company operates a Thoroughbred and Harness breeders and owners incentive scheme for eligible yearlings. A once-off nomination fee is received when a nominated horse is a yearling and the horse then becomes eligible for a bonus whilst it is a 2, 3 and 4 year old for its maiden win and for special bonus races. The company has a provision based on nomination fees paid in advance and the future expected bonus payout.

Employee benefit disclosures

Accounting policy

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 the 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.

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 the Statement of Comprehensive Income 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.

Liability for defined benefit obligation

Members of the Contributory Scheme receive lump sum benefits on resignation and lump sum or pension benefits on retirement, death or invalidity. The Contributory Scheme is closed to new members.

There are a number of risks to which the Scheme exposes Tasracing. The more significant risks relating to defined benefits are: Investment risk- the risk that investment returns will be lower than assumed and Tasracing will need to increase contributions to offset this shortfall over the long term.

Salary growth risk - the risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and the associated employer contributions over the long term.

Inflation risk - the risk that inflation is higher than anticipated, increasing pension payments and the associated employer contributions over the long term.

Benefits options risk - the risk that a greater proportion of members who joined prior to 1 July 1994 will elect the pension option, which is generally more costly than the alternative lump sum option.

Pensioner mortality risk - the risk that pensioner mortality will be lower than expected, resulting in pensions being paid for a longer period.

Legislative risk - the risk that legislation changes could be made which increase the cost of providing the defined benefits.

There were no Scheme amendments affecting the defined benefits payable, curtailments or settlements during the year.

	2019	2018
Reconciliation of the net defined benefit liability/(asset)		
Defined benefit obligation	2,996,000	2,316,000
Fair value of plan assets	(393,000)	(338,000)
Net superannuation liability/(asset)	2,603,000	1,978,000
Current net liability	64,000	63,000
Non-current net liability	2,539,000	1,914,000
Total liability	2,603,000	1,977,000
Reconciliation of the fair value of scheme assets		
Fair value of plan assets at the beginning of the year	(339,000)	(334,000)
Interest income	(14,000)	(13,000)
Actual return on plan assets less interest income	(55,000)	(57,000)
Employer contributions	(65,000)	(293,000)
Contributions by plan participants	(8,000)	(12,000)
Benefits paid	88,000	370,000
Taxes, premiums & expenses paid	-	-
Fair value of plan assets at the end of the year	(393,000)	(339,000)
Reconciliation of the defined benefit obligation		
Present value of defined benefit obligations at beginning of the year	2,316,000	2,569,000
Current service cost	18,000	24,000
Interest cost	98,000	108,000
Contributions by plan participants	8,000	11,000
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	406,000	15,000
Actuarial (gains)/losses arising from liability experience	238,000	(41,000)
Benefits paid	(88,000)	(370,000)
Taxes, premiums & expenses paid	-	
Present value of defined benefit obligations at end of the year	2,996,000	2,316,000

The asset ceiling has no impact on the net defined benefit liability/(asset).

Fair Value of Scheme Assets As at 30 June 2019^

Asset Category	Total	Quoted prices in active markets for identical assets - Level 1 (\$'000)	Significant observable inputs - Level 2 (\$'000)	Unobservable inputs - Level 3 (\$'000)
Cash deposits	17	6	11	-
Australian equities	66	66	-	-
International equities	79	61	18	-
Infrastructure	53	16	37	-
Diversified fixed interest	88	-	88	-
Property	62	-	62	-
Alternative investments	28	-	28	-
Total	393	149	244	-

[^] Estimated based on assets allocated to Tasracing as at 30 June 2019 and asset allocation of the RBF Scheme as at 30 June 2019.

Fair value of entity's own financial instruments

The fair value of Scheme assets includes no amounts relating to:

- any of Tasracing's own financial instruments
- any property occupied by, or other assets used by Tasracing

Assets are not held separately for each reporting entity but are held for the Fund as a whole. The fair value of Scheme assets for each reporting entity was estimated by allocating the total Fund assets in proportion to the value of each reporting entity's fund liabilities, calculated using the assumptions outlined in this report. with the exception of the discount rate. For the purposes of allocating assets to each reporting entity, we have used the Government Bond yield of 1.8%, in order to be consistent with the allocation of assets reported to the Department of Treasury and Finance.

Significant actuarial assumptions at the reporting date

Financial year ended	30 June 2019	30 June 2018
Assumptions to determine defined benefit cost and start of year DBO		
Discount rate (active members)	4.30% p.a.	4.35% p.a.
Discount rate (pensioners)	4.30% p.a.	4.35% p.a.
Expected rate of increase of compulsory preserved amounts	3.00% p.a.	3.00% p.a.
Expected salary increase rate	3.00% p.a.	3.00% p.a.
Expected pension increase rate	2.50% p.a.	2.50% p.a.
Financial year ended	30 June 2019	30 June 2018
Assumptions to determine end of year DBO		
Discount rate (active members)	3.25% p.a.	4.30% p.a.
Discount rate (noncionars)	2 25% n a	1 20% n a

Assumptions to determine end of year DBO		
Discount rate (active members)	3.25% p.a.	4.30% p.a.
Discount rate (pensioners)	3.25% p.a.	4.30% p.a.
Expected salary increase rate	3.00% p.a.	3.00% p.a.
Expected rate of increase of compulsory preserved amounts	3.00% p.a.	3.00% p.a.
Expected pension increase rate	2.50% p.a.	2.50% p.a.

Sensitivity analysis

The defined benefit obligation as at 30 June 2019 under several scenarios is presented below.

Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to expected pension increase rate sensitivity.

	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
		-1% p.a discount rate	+1% p.a discount rate	-1% p.a pension increase rate	+1% p.a pension increase rate
Discount rate	3.25% p.a.	2.25% p.a.	4.25% p.a.	3.25% p.a.	3.25% p.a.
Pension increase rate	2.50% p.a.	2.50% p.a.	2.50% p.a.	1.50% p.a.	3.50% p.a.
Defined benefit obligation (A\$'000s)	2,996	3,489	2,608	2,734	3,315

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies

We are not aware of any asset and liability matching strategies adopted by the Fund.

Funding arrangements

The employer contributes a percentage of each lump sum or pension benefit payment. This percentage may be amended by the Minister on the advice of the Actuary.

Expected Contributions

Financial year ending	30 June 2019 (\$'000)
Expected employer contributions	64

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation for Tasracing is 15.0 years.

EQUITY

B10 Contributed Equity	2019	2018
	\$	\$
Balance at the beginning of the year	58,952,085	58,208,271
Equity contribution - Treasury	769,826	743,814
Balance as at 30 June	59,721,911	58,952,085

Fully paid shares (30 June 2019 and 30 June 2018: 2)

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.

The support received for the principal component of the loan in note B7 is treated as an equity contribution.

B11 Accumulated Losses	2019	2018	
	\$	\$	
Balance at the beginning of the year Net profit/(loss)	(15,610,682) (1,781,964)	(15,504,165) (189,517)	
Other comprehensive income	(589,000)	83,000	
Balance as at 30 June	(17,981,646)	(15,610,682)	

FINANCING AND FUNDING

FINANCIAL INSTRUMENTS

C1(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 B7, cash and cash equivalents and equity attributable to equity holders of the entity, comprising contributed equity and retained earnings as disclosed in notes B10 and B11 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	2019 \$	2018 \$
Financial assets		
Cash and cash equivalents	12,431,129	16,275,194
Financial assets - at amortised cost	1,589,612	1,525,429
Other financial assets - at amortised cost	52,116	90,303
	14,072,857	17,890,926
Financial liabilities		
Held at amortised cost:		
Trade and Other Payables	4,311,830	1,370,036
Other financial liabilities	159,770	159,833
Borrowings	8,708,255	9,446,880
	13,179,855	10,976,749

Estimation of fair values

Tasracing considers that the carrying values of financial assets and liabilities are approximate to 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 principal 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 receivables / payables are discounted to determine the fair value.

Accounting policy

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.

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 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 the Statement of Comprehensive Income'.

Financial assets/trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Financial assets - at amortised cost', which represents their transaction value. Impairment is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the ECL, Tasracing considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Tasracing's historical experience, an informed credit assessment and forward-looking information. Tasracing has established a provision matrix to facilitate the impairment assessment.

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 the Statement of Comprehensive Income, 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 a 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 the ECL account. When a trade receivable is considered uncollectable, it is written off against the ECL account. Changes in the carrying amount of the ECL account are recognised in the Statement of Comprehensive Income.

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.

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 Statement of Financial Position classification of the related debt or equity instruments or component parts of compound instruments.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

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 company's obligations are discharged, cancelled or they expire.

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

(i) Interest rate risk management

Interest rate risk is limited to movements in "at call" and "short term fixed" interest rates on Investments. The majority of Tasracing's borrowings are at fixed rates of interest.

Interest rate sensitivity analysis

	Impact on Statement of Comprehensive Income/(Loss)		Impact on Equity	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
	\$	\$	\$	\$
30 June 2019	62,156	(62,156)	62,156	(62,156)
30 June 2018	81,376	(81,376)	81,376	(81,376)

(ii) 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 unrecoverable trade receivable amounts arising from past transactions, determined by reference to past default experience. Further details are disclosed in note B2.

(iii) 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.

	< 1 year	1-2 years	2-5 years	> 5 years	Total	Weighted Average Effective Interest Rate
30 June 2019	\$	\$	\$	\$	\$	
Financial Assets						
Cash and cash equivalents	12,431,129	-	-	-	12,431,129	0.91%
Financial assets - at amortised cost	1,577,842	-	-	-	1,577,842	-
Other financial assets - at amortised cost	52,116	-	-	-	52,116	-
Total Financial Assets	14,061,087	-	-	-	14,061,087	0.81%
Financial Liabilities						
Trade and other payables	4,311,830	-	-	-	4,311,830	-
Other financial liabilities	159,770	-	-	-	159,770	-
Borrowings	772,954	808,946	6,854,047	272,308	8,708,255	4.73%
Total Financial Liabilities	5,244,554	808,946	6,854,047	272,308	13,179,855	3.13%

	< 1 year	1-2 years	2-5 years	> 5 years	Total	Weighted Average Effective Interest Rate
30 June 2018	\$	\$	\$	\$	\$	
Financial Assets						
Cash and cash equivalents	16,275,194	-	-	-	16,275,194	1.87%
Trade & other receivables	1,525,429	-	-	-	1,525,429	-
Other financial assets	90,303	-	-	-	90,303	-
Total Financial Assets	17,890,926	-	-	-	17,890,926	1.70%
Financial Liabilities						
Trade and other payables	1,370,036	-	-	-	1,370,036	-
Other financial liabilities	159,833	-	-	-	159,833	-
Borrowings	738,625	772,954	7,399,064	536,237	9,446,880	4.76%
Total Financial Liabilities	2,268,494	772,954	7,399,064	536,237	10,976,749	4.10%

OTHER

COMMITMENTS

D1 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:

	2019	2018 \$
- not later than 1 year	411,867	353,227
- later than 1 year but not later than 5 years	1,009,685	512,501
- later than 5 years	1,851,687	854,969
	3,273,239	1,720,697
Current leases in place are for IT equipment, motor vehicle fleet and leasehold properties and race tracks.		
(ii) Capital expenditure commitments		
Leasehold Improvements		
Contractural commitments for the acquisition of property, plant or equipment:		
- not later than one year	4,178,552	-
	4,178,552	
(iii) Other contractual commitments		
Non-cancellable contracts payable:		
- not later than one year	1,427,243	1,234,611
- later than 1 year but not later than 5 years	3,639,524	859,467
- later than 5 years	-	19,132
	5,066,767	2,113,210

Commitments in place are for vision and broadcast, medical services and general property maintenance service agreements.

KEY MANAGEMENT PERSONNEL COMPENSATION

D2 Key Management Personnel

Tasracing's remuneration policy has been designed to align key management personnel objectives with business objectives by providing a fixed remuneration. 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 is remunerated in accordance with the Tasmanian State Government remuneration framework which recommends the maximum remuneration amount available to the members of Government Boards. Tasracing has complied with the *Guidelines for Tasmanian Government Businesses – Director and Executive Remuneration* with the exception of the CEO's remuneration being outside the remuneration band established by the Government Business Executive Remuneration Advisory Panel. The exception was approved by the Government on 5 November 2018. The CEO remuneration package was endorsed by the Panel prior to the position being advertised.

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.
- No performance incentives exist for the current members of the executive.
- 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 9.50%, and do not receive any other retirement benefits.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed. All transactions with key management personnel, including the payment of prize monies, including payments to syndicates, were conducted on an arm's length basis in the ordinary course of business and on commercial terms and conditions.

Non-executive directors

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

Remuneration details for the Year Ended 30 June 2019

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

Board of Directors

G. Phair (Chairman, non-executive director), appointed 22 November 2018

D. Cooper (Chairman, non-executive director), retired 22 November 2018

J. Wallace (non-executive director)

D. McCarthy (non-executive director)

T. Price (non-executive director)

H. Galloway (non-executive director)

M. Gordon (non-executive director)

R. Whishaw (non-executive director)

Executive Management

P. Eriksson (Chief Executive Officer), appointed 18 March 2019

A. Fuller (Acting Chief Executive Officer), from 21 July 2018 to 17 March 2019

V. Lynch (Chief Executive Officer), resigned 20 July 2018

D. Heald (Chief Financial Officer), appointed 5 March 2018

Table of benefits and payments for the year ended:

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

Short-term employee benefits
Post-employment benefits
Other long-term benefits
Termination benefits

Directors Remuneration		Executive Rem	uneration	Consolidated		
2019	2018	2019	2018	2019	2018	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
217	217	371	506	588	723	
20	20	35	49	55	68	
-	-	20	11	20	11	
-	-	10	35	10	35	
237	237	436	600	673	838	

For director remuneration, short term employment benefits includes director fees and other benefits. Post employment benefits represents superannuation contributions.

For executive remuneration, short-term employment benefits includes base salary, short-term incentive payments, vehicles, other benefits and other non-monetary benefits. Post employment benefits represents superannuation contributions and Other long-term employee benefits includes leave movements. Termination benefits are as provided for below.

(a) Remuneration for Board of Directors

The following tables disclose the remuneration details for each person that acted as a director during the current and previous financial years:

Board remuneration 30 June 2019

Name	Position	Directors Fees ¹ \$'000	Superannuation ² \$'000	Total \$'000
Mr G Phair (appointed 22 November 2018)	Chairperson	30	3	33
Mr D Cooper (retired 22 November 2018)	Former Chairperson	22	2	24
Mr J Wallace	Director	27	3	30
Mr D McCarthy *	Director	30	0	30
Ms T Price	Director	27	3	30
Mrs H Galloway	Director	27	3	30
Mr M Gordon	Director	27	3	30
Mrs R Whishaw	Director	27	3	30
Total		217	20	237

Board remuneration 30 June 2018

Name	Position	Directors Fees ¹ \$'000	Superannuation ² \$'000	Total \$'000
Mr D Cooper	Chairperson	52	5	57
Mr J Wallace	Director	27	3	30
Mr D McCarthy *	Director	30	0	30
Ms T Price	Director	27	3	30
Mrs H Galloway	Director	27	3	30
Mr M Gordon	Director	27	3	30
Mrs R Whishaw	Director	27	3	30
Total		217	20	237

¹ Amounts are all forms of consideration paid, payable or provided by the entity, i.e. disclosure is made on an accruals basis as at 30 June.

²Superannuation means the contribution to the superannuation fund of the individual.

^{*} Paid by contract to employing firm

(b) Executive Remuneration

The following tables disclose the remuneration details for each person that acted as a senior executive during the current and two previous financial years:

Executive Remunerat	ion				30	June 2019			
Name	Position	Base Salary ¹ \$'000	Superannuation ² \$'000	Vehicles ³ \$'000	Other Benefits ⁴ \$'000	Total Remuneration Package \$'000	Termination Benefits ⁵ \$'000	Other Long Term Benefits ⁶ \$'000	Total \$'000
Mr P Eriksson (from 18/3/2019)	Chief Executive Officer	65	6	0	0	71	0	0	72
Dr A Fuller (from 21/7/2018 to 17/3/2019)	Interim Chief Executive Officer	128	12	8	0	148	0	0	148
Mr V Lynch (to 20/7/2018)	Chief Executive Officer	16	3	2	0	21	10	0	31
Mr D Heald	Chief Financial Officer	146	14	6	0	166	0	20	186
Total		355	35	16	0	407	10	20	437

Executive Remunerati	on				30	June 2018			
Name	Position	Base Salary ¹ \$'000	Superannuation ² \$'000	Vehicles ³ \$'000	Other Benefits ⁴ \$'000	Total Remuneration Package \$'000	Termination Benefits ⁵ \$'000	Other Long Term Benefits ⁶ \$'000	Total \$'000
Mr V Lynch	Chief Executive Officer	194	18	8	0	221	0	1	222
Mr D Heald (from 5/03/2018)	Chief Financial Officer	45	4	5	0	54	0	10	64
Mr K Elliott (to 9/03/2018)	Chief Operating Officer	123	15	7	0	145	35	0	180
Mr J Luk (to 2/03/2018)	Chief Financial Officer	116	11	8	0	135	0	0	135
Total		478	48	28	0	555	35	11	601

¹ Base salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.

² Superannuation means the contribution to the superannuation fund of the individual.

³ Includes the private use of motor vehicles provided by the company, including registration, insurance, fuel and other consumables, maintenance cost and parking (including notional value of parking provided at premises that are owned or leased and fringe benefits tax).

⁴ Other benefits includes all other forms of employment allowances (excludes reimbursements such as travel, accommodation or meals), payments in lieu of leave, and any other compensation paid and payable.

⁵ Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

⁶ Other long-term benefits include annual and long service leave movements.

D3 Transactions with Related Parties

During the year, Tasracing entered into the following transactions with related parties.

Nature of the transaction	Amount of transactions during the year	Transaction description
tasBred Nomination, Advertising and Sponsorship	\$1,930	Armidale Stud, which is controlled by a member of KMP of Tasracing, nominated a horse for the tasBred scheme, made a sponsorship payment to the Thoroughbred Awards Dinner and purchased advertising in the Tasmanian Thoroughbred Racing Calendar.
Stakes payments (including prize monies, and bonus payments)	\$42,163	Stakes and prizemoney payments were made to KMP. These payments are made in the ordinary course of business in line with Tasracing stakes payment procedures.

D4 Economic Dependency

A significant proportion of Tasracing's revenue is dependent on a funding deed through to 2029 with the State government which provides base funding of \$29.5m increasing by CPI less 1% annually. From 1 July 2019, the funding increase will be equal to CPI. In addition, the deed allows for a \$40m debt facility with TASCORP of which Treasury will provide support in the form of principal and interest reimbursements, subject to certain conditions.

D5 Other Significant Accounting Policies

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

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.

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.

Subsequent events

No matters or circumstances have occurred subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Changes in accounting policies

a) Accounting standards adopted

In the current year Tasracing has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. Tasracing has reviewed and where relevant adopted the following standards:

AASB 15 - Revenue from contracts with customers

The new Standard has been applied as at 1 January 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 January 2018 and comparatives are not restated.

In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 January 2018. No contracts were incomplete and no opening balance adjustments were required.

Apart from providing more extensive disclosures for Tasracing's revenue transactions, the application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Company. There have been no adjustments required in the financial statement line items affected by the application of AASB 15, including differences between receivables and contract assets.

The adoption of AASB 15 applies to the following areas:

Products and Services	Nature, timing of satisfaction of performance obligations and significant payment terms
Racefield fee revenue	Racefield fee revenues are derived from races held in Tasmania. These contracts have been accounted for as a group. Tasracing recognises racefield revenue when it can be reliably measured. The Wagering Operator is required to pay racefield fees within 14 days of the prior month end. A receivable is recognised for outstanding payment as at the reporting date.
Magic Millions income	Revenue is derived from a contract for the Magic Millions Yearling Sale. Tasracing recognises revenue when the performance obligations of the contract are satisfied, after the sales are held and the associated race series is complete. The contract is on an annual basis and financially completed before the reporting date.
Sponsorship and digital income	Sponsorship income is earned from contracts with a number of parties with separately identifiable performance obligations, such as naming rights to racetracks, specific races and rights to provide products. Tasracing recognises the revenue as the performance obligations are met for each contract, for example, when a race has been completed or signage installed. Payment terms vary from contract to contract but are financially completed before the reporting date.
Sky marketing income	Sky marketing income is derived from a Broadcast Agreement which grants Tasracing free marketing airtime on Sky Racing TV channels. Revenue and the associated cost is recognised as the advertising slots are consumed throughout the year. The contracted value is on an annual basis and financially completed before the reporting date.

AASB 9 - Financial Instruments

This standard replaces the existing standard, AASB 139: Financial Instruments: Recognition and Measurement and revises classification, measurement and disclosure of financial assets and liabilities. It reduces the number of categories for financial assets and simplifies the measurement choices, including the removal of impairment testing of assets measured at fair value. Classification of financial assets is determined by Tasracing's business model for holding the particular asset and its contractual cash flows.

Tasracing has applied this standard from 1 July 2018 using a retrospective approach with cumulative catch-up. This does not require Tasracing to restate comparative figures, but does require the presentation of both qualitative and quantitative disclosures for affected items, along with a corresponding adjustment to the opening balance of accumulated surpluses for transitional effects of re-measurement.

(i) Classification and measurement

The financial assets of Tasracing have been reclassified into one of the following categories on adoption of AASB 9. The classifications are primarily based on Tasracing's business model in which a financial asset is managed and its contractual cash flow characteristics. The main effects resulting from reclassification are as follows:

- Financial assets classified as 'Trade and other receivables' as at 30 June 2018, have fixed or determinable payments that are not quoted in an active market. These are classified and measured at 'amortised cost' beginning 1 July 2018.
- Other financial assets classified as 'Other financial assets' as at 30 June 2018, are loans held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured at 'amortised cost' beginning 1 July 2018.
- Tasracing did not designate any financial assets as at fair value through profit or loss.
- Tasracing has not designated any financial liabilities at fair value through profit or loss. There are no changes in the classification and measurement for Tasracing's financial liabilities.

In summary, upon the adoption of AASB 9, Tasracing had the following required (or elected) reclassifications:

AASB 9 Category and carrying amount

AASB 139 Category and carrying amount	Note	Amortised Cost	Fair value through profit or loss	Fair value through OCI \$	Equity instrument at fair value through OCI \$
Trade and other receivable	S				
Financial assets*	B2	1,589,612	-	-	-
Other financial assets	B5	52,116			
	-	1,641,728	-	-	-

^{*}The change in carrying amount is a result of additional impairment allowance. Refer to discussion on impairment below.

(ii) Impairment of financial assets

The adoption of AASB 9 has fundamentally changed Tasracing's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach, with a forward-looking expected credit loss (ECL) approach. AASB 9 requires Tasracing to recognise an allowance for ECLs for all financial assets not held at fair value through profit or loss.

Upon adoption of AASB 9, Tasracing recognised an additional impairment on Trade and other receivables of \$21,740.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined in accordance with AASB 9:

	Impairment under AASB 139 as at 30 June 2018 \$	Re-measurement \$	ECL under AASB 9 as at 30 June 2019 \$
Loans and receivables under AASB 139	(1,349)	(21,740)	(23,089)
	(1,349)	(21,740)	(23,089)

b) Future pronouncements

The following standards and amendments were available for early adoption but have not been applied by Tasracing in these financial statements.

AASB 16 - Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. Tasracing will apply the standard from 1 July 2019.

The accounting model for lessees will require lessees to recognise all leases on the Statement of Financial Position, except for short term leases and leases of low value assets. AASB 16 will result in most of Tasracing's operating leases being brought onto the Statement of Financial Position. There are limited exceptions relating to short-term leases and low-value assets which may remain off the Statement of Financial Position.

The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments. A corresponding right to use assets will be recognised, which will be amortised over the term of the lease.

Rent expense will no longer be shown. The Statement of Comprehensive Income impact of the leases will be through amortisation and interest charges. In the Statement of Cash Flows lease payments will be shown as cash flows from financing activities instead of operating activities.

Transition to AASB 16 - Leases

Tasracing plans to adopt AASB 16 initially on 1 July 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 30 June 2019, with no restatement of the comparative information.

Tasracing will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. Tasracing has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

During 2019, Tasracing has performed a detailed impact assessment of AASB 16. In summary, the impact of AASB 16 adoption is expected to be, as follows:

Estimated impact on the Statement of Financial Position (increase/(decrease)) as at 1 July 2019: Assets Property, plant and equipment (right-of-use assets) Lease liabilities Lease liabilities Net Impact on Equity Statement of Financial Position (increase/(decrease)) as at 1 July 2019: \$\$ \$ \$,955,804

Estimated impact on the Statement of Comprehensive Income (increase/(decrease)) for 2020:

	\$
Depreciation expense (included in administrative expenses)	(398,421)
Operating lease expense (included in administrative expenses)	441,068
Finance costs	(64,794)
Profit/(Loss) for the year	(22,147)

Due to the adoption of AASB 16, it is expected that Tasracing's operating profit will decrease, while its interest expense and depreciation will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under AASB 117.

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the Company's activities, or have no material impact. The directors anticipate that the adoption of these standards and interpretations in future periods will have no material financial impact on the financial statements of Tasracing.



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7 August 2019

The Board of Directors
Tasracing Pty Ltd
PO Box 730
GLENORCHY TAS 7010

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 2019, 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
- (b) any applicable code of professional conduct in relation to the audit.

In accordance with the *Corporations Act 2001* a copy of this declaration must be included in the Directors' report.

Yours sincerely

Stephen Morrison

Assistant Auditor-General

Delegate of the Auditor-General

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Independent Auditor's Report

To the Members of Parliament

Tasmanian Racing Pty Ltd

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of the Tasmanian Racing Pty Ltd (the Company) which comprises the statement of financial position as at 30 June 2019, the statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the statement of certification by the directors.

In my opinion, the accompanying financial report is in accordance with the *Government Business Enterprises Act 1995*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance and its cash flows for the year then ended
- (b) complying with Australian Accounting Standards.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The Audit Act 2008 further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

...1 of 4

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I confirm that the independence declaration provided to the directors of the Company on 7 August 2019 would be in the same terms if provided to the directors at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the Audit procedures to address the matter most significant matters in the audit included

Property, Plant and Equipment and Intangibles *Refer to notes A5, B3 and B4*

The carrying value of property, plant and equipment and intangible assets was \$45.96m at 30 June 2019. Property, plant and equipment and intangible assets are significant to the statement of financial position and impairment losses have been recognised in previous financial years.

Where there are indicators of impairment, management is required to estimate the recoverable amount. This involves considerable judgement in the assessment of the recoverable amount, using the 'value in use' model. Judgements relate to the forecast cash flows and applicable discount rate.

Tasracing has a substantial capital expenditure program, with additions totalling \$9.80m in 2018-19, principally on the redevelopment of the Elwick Thoroughbred Track. The significant level of capital works increases the potential risk of incorrect capitalisation and disposal, where assets are being replaced.

- Reviewing the overall asset impairment methodology, including material assumptions, cash flow model and underlying data.
- Verifying management's assessment of impairment indicators, including those relating to assets disposed of as a result of redevelopment.
- Testing, on a sample basis, the allocation of costs to capital projects, to ensure the expenditure was capital in nature.
- Testing a selection of asset capitalisations throughout the year, reviewing the cost capitalised and ensuring assets are commissioned and transferred in a timely manner.
- Assessing the adequacy of relevant disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.

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My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Government Business Enterprises Act 1995* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due
 to fraud or error, design and perform audit procedures responsive to those risks, and
 obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion.
 The risk of not detecting a material misstatement resulting from fraud is higher than for
 one resulting from error, as fraud may involve collusion, forgery, intentional omissions,
 misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Stephen Morrison

Assistant Auditor-General Financial Audit Services Delegate of the Auditor-General

Tasmanian Audit Office

12 August 2019 Hobart

...4 of 4

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