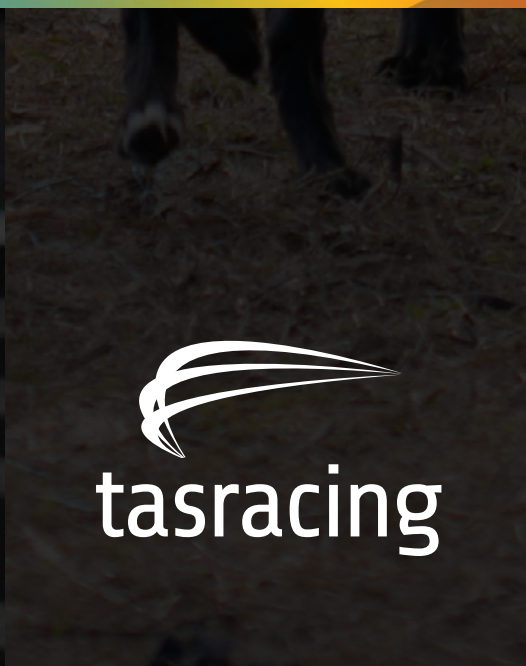


2018

# ANNUAL REPORT



tasracing









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# From the Chairman

The 2017/18 financial year was a successful one for Tasracing on a number of fronts.

Wagering turnover increased by 12 per cent to a record \$576 million with strong performances across each of the three codes.

As a result, Race Field Fee revenue increased and the Company also benefited from a revised pricing structure.

This allowed the Company to provide two code funding increases during the reporting period.

Despite this strong commercial performance, the Company recorded a small loss of \$106,517.

For context, the loss was the direct result of an increased workers' compensation liability (\$1.4 million) created by circumstances beyond the Company's control.

The loss would not have occurred but for the current separation of the Office of Racing Integrity (ORI) and Tasracing. Without that impact, Tasracing would have been in a position to provide further monies for capital works and stakes.

Regardless of this unique circumstance, the Company's financial position at the end of the reporting period was strong – a cash reserve of \$16.3 million to invest in infrastructure development.

Extensive consultation with industry participants about the Elwick thoroughbred track redevelopment formally commenced in July 2017 with a 'walk of the track' and a 'town hall' meeting.

Significant formal and informal consultation with stakeholders followed before Tasracing presented two options to the industry - option one featured one 28-metre wide track while option two incorporated a 22-metre wide main track and an inside track about 14-metres wide.

With the support of the industry, the Tasracing Board signed off on option one following concept design work completed by highly experienced firm Dalton Consulting Engineers.

The final design will be put to suitably recognised thoroughbred track suppliers to complete a formal tender to build the track.

A contract is already in place with world class Tasmanian-based turf supplier StrathAyr which will plant approximately 65,000 square metres of specially selected turf to Tasracing's specifications for the project.

Projections are on course to start construction immediately after the running of the 2019 Hobart Cup.

The aim is to have the redevelopment concluded to enable the 2020 Hobart Cup to be conducted at Elwick but that date will not compromise the redevelopment.

Work continued through the reporting period on the establishment of a dedicated Greyhound Adoption Program (GAP) facility in southern Tasmania.

While at the time of writing the development of this facility was still waiting on planning approval, Tasracing commenced actively investigating alternative options that will enable the program to continue to increase the number of greyhounds it places into the community.

It is again pleasing to be able to reflect on a highly successful Tasmanian Summer Racing Carnival for thoroughbreds.

In addition to the racing, the Tasracing event team played a critical role in the success of the events that supported this year's carnival race meetings. The team worked with the host clubs to deliver an unprecedented number of major hospitality and social events during the carnival. These included a new VIP Hobart Cup Eve Cocktail Party on the Wrest Point lawns, and the Australian Female Jockey Championships, the first event of its type nationally.

In addition, Tasracing's Young Racing marquees sold out on Devonport, Hobart and Launceston Cup Days.

I am confident that this work assisted to increase attendance figures across the carnival.

The Tasmanian racing industry continued to 'be heard' in a national context through various Australian representations.

Tasracing has a 'seat at the table' of Racing Australia and represents the interests of Tasmanian racing, as well the interests of the Northern Territory and the ACT.

I sit on the board of Racing Australia and am the Chairman of the Integrity Committee. I also chair the Thoroughbred National Stewards Conference.



This voice at a national level is critical and should not be underestimated.

Former CEO Vaughn Lynch resigned for several reasons, some personal, towards the end of the reporting period.

Mr Lynch made a significant and positive contribution to Tasracing and the broader Tasmanian racing industry during his tenure, overseeing two funding allocation increases made possible by the commercial decisions taken by the organisation.

He did an outstanding job by actively and directly engaging with as many industry stakeholders as possible, given the obvious and critical need for Tasracing and the industry to work closely together.

He also implemented internal structural changes at Tasracing to refocus the team to deliver better outcomes for the industry.

While the decision to leave Tasracing and Tasmania was a difficult one for Mr Lynch, the Board and I are very confident that the organisation is in good hands with Dr Alicia Fuller acting as Interim CEO while the search for a permanent replacement is undertaken.

Dr Fuller joined Tasracing as the Operations Manager Racing after spending more than 12 months with the Office of Racing Integrity as the Regulatory Vet, with time spent acting in the role of General Manager.

Dr Fuller's appointment will ensure the day-to-day operation of the business are appropriately focused.

In closing, I would like to thank the former Minister for Racing, Jeremy Rockliff, for his support. At all times he took an active interest in Tasracing activities and was highly supportive of the Board and its decisions.

I acknowledge the appointment of Sarah Courtney to the portfolio and can only hope that she is able to display the same degree of understanding and support as her predecessor.

Finally, I would like to note the important contributions of my fellow Directors to our deliberations during the report period, and thank all Tasracing employees for their collective hard work.

Dean Cooper



Chairman

**From left to right: Helen Galloway, Joel Wallace (Vice Chairman), Michael Gordon, Dean Cooper (Chairman), Tania Price, Danny McCarthy, Robyn Whishaw**







# From the Interim Chief Executive Officer

I am very pleased to be working as Interim Chief Executive Officer of Tasracing following the resignation of Vaughn Lynch in May 2018.

While I formally commenced in the position outside the reporting period of this annual report and have only been in the role for a relatively short time, what was immediately apparent to me was the strong passion and commitment participants have for their industry.

What was also obvious was what had been achieved in a relatively short time frame when Tasracing and the industry worked collaboratively together.

This focus will not change. The Tasmanian racing industry is an important one for the state – it contributes more than \$100 million to the Tasmanian economy annually – so it is important that Tasracing, working closely with our industry partners, continues this work.

## Industry funding

Total prize money for the industry in 2017/18 reached \$23.3 million following two funding increases during the reporting period as a result of a strong commercial performance. This is an increase of 12.2 per cent or \$2.53 million.

The following amounts were allocated across the three codes:

- Thoroughbred - \$12.76 million, an increase of \$1.39 million compared to the previous financial year.
- Harness - \$6.13 million, an increase of \$660,337.
- Greyhound - \$4.37 million, an increase of \$475,144.

## Financial performance

Wagering turnover on Tasmanian racing increased by 12.4 per cent in 2017/18 to a record \$576 million (\$513 million in 2016/2017).

This strong performance in a highly competitive industry is the result of a clear commercial focus, an expanding national digital presence and a quality racing product.

All three codes performed well during the year with thoroughbred turnover up 6.7 per cent to \$242 million, harness up 16.4 per cent to \$96 million, and greyhound turnover up 17.1 per cent to \$238 million.

The increase in turnover and a revised pricing structure for Race Field Fees provided a \$2.6 million (23.5 per cent) increase in Race Field revenue for the year.

As noted under Financial Performance, the strong commercial performance allowed Tasracing to provide an initial code funding increase of 6.2 per cent to all three codes in July, followed by a second increase of six per cent in January.

The commercial performance also allowed Tasracing to undertake a one-off program to reinvigorate the on-course experience for major racing events. This was a strong success and will provide a platform to build on for future years. As a result of this program and increased digital promotion, sales and marketing increased by \$729,694 in the year.

Due to restructuring and vacancies during the year, wages and salaries increased by \$89,971 (1.4 per cent).

While the commercial performance has been outstanding, it was a disappointing year for jockey injuries. While everybody involved in racing understands that it is an inherently dangerous sport, when accidents do occur it takes a terrible toll on the individuals involved, their family and friends, and the broader industry.

Tasracing has a clear focus on increasing safety and enhancing our return to work programs for those affected.

Financially, the cost of these falls was significant with racing insurance up \$1.3 million on the previous year. Due to this extraordinary cost the Company recorded a Total Comprehensive Loss of \$106,517 for the reporting period. This compares with a profit of \$739,989 in 2016/2017.

At the close of the financial year, Tasracing had a cash reserve of \$16.3 million. This reserve will be used to fund the infrastructure plan which includes important projects such as the Elwick track redevelopment and Animal Rehoming Centre.

## Racing overview

Tasmanian trainer Scott Brunton was named the Australian Trainers Association Leading Trainer (69 winners) for an impressive fifth year in a row.

The Brunton-trained Hellova Street which won the Thomas Lyons Stakes, the Mowbray Stakes and the Group 3 Chatham Stakes at Flemington won the Sky Racing Horse of the Year award for a second time.





The Tasmanian Magic Millions Yearling Sale in Launceston was a strong success for the state.

From a catalogued 137 lots, the 2018 sale saw 96 lots sold at a gross of \$2.8 million. The average price achieved was \$29,234, and the median price was \$21,000.

Harness trainer Ben Yole trained a record 124 winners in 2017/18, beating his own record of 118 winners set last year.

High-profile pacer Ignatius once again enjoyed a stellar season. Bred by the Rattray Family Trust, the horse is owned by Lyrae Graham and was trained by both Todd and James Rattray. With season results of 13 starts, 11 wins and one placing, the highlight performance was the win in the \$150,000 NSW Breeders Challenge Final for 3YO Colts and Geldings.

Todd Rattray also trained Harjeet, winner of the \$75,000 Easter Cup in Launceston. It was the horse's major win during an outstanding season - eight wins and two placings from 11 starts.

The Tasmanian Greyhound of the Year was Cosmic Heir, compiling 15 wins and seven placings from just 23 starts. The most consistent greyhound for the season was High Treason (18 wins, nine seconds and three thirds from 45 starts).

The leading trainer was Anthony Bullock with 162 winners.

## Digital and customer reach

Tasracing continued its strong focus on customers during the year. With Race Field Fee revenue the company's single largest source of commercial income, wagering customers remained a strong focus of Tasracing's marketing activities.

The Company's digital presence played an important role in ensuring Tasmanian racing product was as easily accessible to customers as possible. Customer engagement with Tasracing via our three websites grew 16.5 per cent. Live streaming and replays continue to be highly valued by punters, with both products contributing to more than 20 per cent of total customer engagement with Tasmanian racing online. A strong focus was maintained on offering wagering customers unique live racing coverage, featuring expert live hosts to reinforce Tasracing.com.au's data-driven brand.

New digital products introduced during the year included the expansion of Tasracing TV's on-camera expert hosting for harness

and greyhounds on major racedays, the addition of a new On Demand video service and enhancements to the depth of form data provided for all meetings.

Marketing partnerships with wagering operators and racing information providers underpinned digital promotion of our products. A number of successful campaigns were implemented in partnership with Punters.com and Racenet.com. Weekly joint promotion of attractive UBET Quadrella Jackpot products was just one example of a number of joint promotional activities that had strong positive impact on wagering.

2017/18 also saw Tasracing take advantage of stronger than budgeted Race Field Fee revenue by investing in a number of tactical on-course marketing and event initiatives. These included hosting a Tasracing Official Hobart Cup Eve event, working with the Tasmanian Racing Club to bring popular band The Rubens to Tasmania to perform on Hobart Cup Day and hosting the Australian Harness Drivers Championships. Tasracing also hosted the first Australian Female Jockey Championships. These initiatives were in line with targeting two of Tasracing's main stakeholder-enabling initiatives – Go Racing Tasmania and Young Racing Tasmania. These tactical initiatives saw a significant increase in track visitor numbers and generated significant interstate media coverage in racing and mainstream media, particularly of the Australian Female Jockey Championship.

Importantly, Tasracing's Go Racing Tasmania initiative provided clubs with the ability to drive online sales during the 2018 summer carnival season for the first time. This highlights a key goal of Go Racing Tasmania, which is to invest in platforms that allow clubs to improve their own commercial performance.

Tasracing's Young Racing Tasmania initiative delivered its fourth year of assisting thoroughbred clubs to attract and entertain young customers. A Young Racing Tasmania marquee was delivered for the first time on Devonport Cup Day, delivering a sell-out result. The 2018 Hobart and Launceston Cup Day Young Racing Tasmania marquees also achieved sell-out results for the first time, and delivered customer experiences that exceeded expectations.



Tasracing introduced a number of new initiatives to improve the experience for racing owners in Tasmania. Automated congratulation emails to all winning owners for every race across all codes was introduced. Each congratulations email included a link to the winning replay and tools to allow owners to easily share their win with their friends and colleagues.

## Animal welfare

Greyhound Adoption Program (GAP) adoption numbers increased from 111 in 2016/17 to 116 in 2017/18, a new record for the program.

Specifically, highlights for the reporting period were:

- The first National Adoption Day for GAP Tasmania was held at Elwick Racecourse in April 2018. The event resulted in eight greyhound adoptions, bringing the April total to 12 - double the adoption rate of the previous month, and of the same month last year.
- GAP and Off The Track (an initiative for ex-racehorses) joined forces for Agfest in May 2018. A subsequent peak in greyhound adoptions at 13 for that month reflected heightened interest in the program.
- In June, 51 greyhounds and their handlers participated in the Tasmanian leg of the Great Global Greyhound Walk.
- Weekly neighbourhood walks with the Parkside Foundation and fortnightly nursing home visits at Regis Aged Care proved very popular with participants.
- Regular Meet and Greet sessions continued at Brighton and commenced at Mowbray offering greyhounds an opportunity to interact with prospective new owners in the north and south of the state.

During the reporting period, Off The Track launched a comprehensive support program for horses at all lifecycle stages, with a core emphasis on equipping as many people as possible with the skills and opportunities to build a solid and enduring partnership with their horse.

While show sponsorships and competitive incentives continued from previous years, the focus of Off The Track was widened to accommodate horses of varying type and scope, and riders of varying interests and capabilities.

With more than 200 registered participants, and multiple educational and social activities every month, Off The Track is a unique initiative offering insight into the welfare of Tasmania's ex-racehorses well beyond retirement from racing and placement into the first post-racing home.

## Assets and infrastructure

In April 2017 Tasracing announced that it had started work on initial site specific surveys as part of its plans to replace the course proper at Elwick.

Consultation with industry participants formally commenced in July 2017 with a 'walk of the track' and a 'town hall' meeting to discuss the various options to be considered.

Following that initial meeting, significant formal and informal consultation / discussion with stakeholders has been conducted.

Tasracing presented two options to the Tasmanian racing industry as part of the Elwick thoroughbred track replacement project - option one featured one 28-metre wide track while option two incorporated a 22-metre-wide main track and an inside track about 14-metres-wide.

The Tasracing Board signed off on option one (one 28-metre-wide track) following concept design work completed by highly experienced firm Dalton Consulting Engineers.

World class turf supplier StrathAyr has planted approximately 65,000 square metres of specially selected turf to Tasracing's specifications for the project.

Other Tasmanian-based companies are set to benefit from the multi-million dollar redevelopment project.

The successful head contractor will be required to engage with civil contractors that have been pre-approved by the Tasmanian Department of State Growth.

Specialist irrigation, fencing, electrical and other suitably qualified Tasmanian businesses will also have the opportunity to participate in the track redevelopment project.

The construction works are currently planned to commence after the running of the 2019 Hobart Cup in March.

## Consultation

Tasracing met quarterly with industry representatives through formally-established industry groups.

Other meetings with industry were conducted on an 'as required' basis in response to specific issues of interest.

These meetings are used by Tasracing to gather critical information direct from industry stakeholders.

On behalf of Tasracing, I would like to thank all of our industry stakeholders for their time and commitment in attending these meetings and supporting our deliberations to assist in formulating policy.

## Conclusion

Looking back on the reporting period, it is very pleasing to note that Tasracing is on a sustainable footing, and is very much looking to investing in racing infrastructure across the State. This investment is critical for animal welfare, events and participation.

Tasracing's sustainable business model is well bedded down, and our cash reserves place the organisation in a very good position to start investing in racing and training infrastructure projects.

Alicia Fuller

Interim Chief Executive Officer

# Statement of Corporate Intent

Returns to Government		2017-18	2017-18
		Target	Actual
Guarantee Fees		183,725	202,310
Dividend		\$0	\$0

Financial		2017-18	2017-18
		Target	Actual
NPAT		429,164	(106,517)
Race Field Revenue		11,821,773	14,041,727
Code Funding		22,089,930	23,286,812
Assets and Facilities Maintenance		3,842,296	2,958,255
Capital Expenditure		11,900,000	3,021,906
Workers Compensation		517,500	1,841,934
Wagering Turnover		514,016,577	575,970,752

Non-Financial		2017-18	2017-18
		Target	Actual
Thoroughbred	Number of races	575	555
	Total Starters	6,050	5,053
	Average Starters Per race	10.5	9.1
Harness	Number of races	687	694
	Total Starters	6,503	6,979
	Average Starters Per race	9.5	10.1
Greyhound	Number of races	1,560	1,602
	Total Starters	12,168	12,501
	Average Starters Per race	7.8	7.8

Thoroughbred Track Performance		2017-18	2017-18
		Target	Actual
Summer (% of tracks presented good 3 to dead 5)		85%	98%
Winter (% of tracks presented good 3 to slow 7)		85%	71%

Capital expenditure for the year was impacted by the extended consultation period for the Elwick development and Lease development and planning approval processes for the proposed Greyhound Adoption Centre.



# Company Overview

Tasracing is the principal racing authority for Tasmania.

Established in 2009, it provides the strategic direction and funding to the three codes of racing in the state – thoroughbred, harness and greyhound.

In accordance with its legislative obligations, Tasracing is responsible for the development of racing and breeding, the making of rules, the funding of clubs as well as providing stakes, negotiating media rights, and managing racing and training venues.

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 growing

wagering revenue as a means of delivering increasing returns to industry participants. This wagering revenue is derived from Race Field Fees, paid to Tasracing by wagering operators.

Since Tasracing was established, the racing and wagering landscape has changed significantly, with privatisation of wagering providers, rapid technological change, changing consumer digital habits and the intensification of competition – both from non-racing wagering and other forms of entertainment.

Tasmania is a small, niche player in the national racing industry, with a small domestic market. It must therefore attract off-course wagering customers across Australia and also internationally. To do this successfully, Tasracing needs to differentiate its product in order to compete with rival states, for the national wagering customers' attention. Focus on innovative digital products, such as our sectional timing tool StrideMASTER, is key to this strategy.

## Our Board of Directors



### Dean Cooper (Chairman)

Mr Cooper was appointed Chairman of Tasracing in December 2015 and has served as a director since 2010.

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

During 2016/17, Mr Cooper chaired Tasracing's HR & Remuneration Committee, Asset and Safety Committee, Nomination Committee, and Director Selection Advisory Panel.



### Joel Wallace (Vice Chairman)

Mr Wallace joined the Tasracing Board in December 2015.

A chartered accountant, Mr Wallace is Chief Executive Officer and Director of 6ty°, an architectural, surveying and engineering firm based in Launceston, Tasmania. He is formerly a Manager with KPMG.

Past president of the Launceston Pacing Club, Mr Wallace is actively involved with the harness industry in Tasmania.

During 2016/17, Mr Wallace was a member of the Asset and Safety Committee, and Racing, Policy and Rules Committee.



## **Tania Price**

Ms Price has been a Director of Tasracing since 2010.

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

During 2016/17, Ms Price was a member of Tasracing's HR & Remuneration Committee, Nomination Committee, and Director Selection Advisory Panel.



## **Danny McCarthy**

Mr McCarthy has been a Director of Tasracing since 2010.

A chartered accountant, Mr McCarthy is currently a Partner with Hobart firm Wise Lord & Ferguson, specialising in audit and financial consulting. He was formerly a director of DJ Motors Pty Ltd and of Motor Accidents Insurance Board.

During 2016/17, Mr McCarthy was 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 Vice President of Casino Development and Strategic Analysis with Marina Bay Sands in Singapore. A certified practising accountant, Mrs Galloway has held a number of board positions including TT-Line Company Pty Ltd and the Singapore Hockey Federation. During 2016/17, Mrs Galloway was a member of the Audit and Risk Committee, Asset and Safety Committee, and the Nominations 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.

Mr Gordon has been a member of Tasracing's Racing Rules and Policy Committee since joining the Board.



## **Robyn Whishaw**

Mrs Whishaw was appointed to the Board in 2016.

The 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 the former Chair of the Thoroughbred Advisory Network.

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

Mrs Whishaw is a member of Tasracing's Racing Rules and Policy Committee.



# Our Management Team



**Dr Alicia Fuller**  
Interim Chief Executive Officer



**Richard Emanuel**  
Asset and Facilities  
Manager



**Daron Heald**  
Chief Financial Officer



**Bonnie Mohan**  
People and Culture Manager



**Yolanda Peckham**  
Finance Manager



**Sam Steven**  
Marketing and  
Communications Manager



**Ann Swain**  
General Counsel and  
Company Secretary



**Liam Swan**  
Strategic Development  
Manager - Racing



**Carmen Worbey**  
Executive Assistant  
and Office Manager



# Our Organisational Structure and Culture

Tasracing employs approximately 75 FTEs across the state. Roles include racing administration, race day operations, track and asset maintenance, marketing, digital product, finance, legal, and people & culture.

Maintaining a loyal and experienced team is one of Tasracing's greatest assets. Our culture is inclusive and performance driven, with a focus on accountability and delivering solutions. Our RACE corporate values underpin everything we do.

<b>Operations</b> Alicia Fuller	The newly formed Operations Team works closely with the 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, racing industry related occupational health and safety and Tasracing training venue operations, staffing requirements for the thoroughbred meets and key harness race day employees.
<b>Strategic Development</b> Liam Swan	<p>The Strategic Development team is responsible for all three codes of racing within Tasmania which consists of; programming, racing, management of budgets and prizemoney, rules and policies, industry education and training of jockeys and drivers. This team is also responsible for the management and oversight of all industry workshops and awards along with breeding schemes and sales (Magic Millions), and engagement and liaison with major media broadcasters including Sky Channel.</p> <p>Additional to the above this team also manages Tasmanian animal welfare programs and initiatives; this consists of the Greyhound Adoption Program (GAP) and Off The Track (OTT).</p>
<b>Assets &amp; Facilities</b> Richard Emanuel	Our Assets and Facilities team is responsible for all Infrastructure projects, maintenance and Occupational Health and Safety at all of racing and training venues.
<b>Marketing &amp; Communications</b> Sam Steven	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.
<b>Finance</b> Yolanda Peckham/Daron Heald	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.
<b>Legal</b> Ann Swain	Legal is responsible for the management of Tasracing's legal and governance functions, including the provision of advice on all legal matters, corporate governance, risk and compliance management, regulatory affairs, and Company Secretary duties.
<b>People &amp; Culture</b> Bonnie Mohan	People & Culture is responsible for the strategic framework of all employee lifecycle 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.







# Corporate Plan

Our Corporate Plan represents a new era in the Tasmanian racing industry. 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 for Tasracing that will help shape our future.

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

## Goals

### 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 operators 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.



*Invest - Innovate - Differentiate*

## Strategic Principles

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



# Thoroughbred Code Report



Wagering turnover on Tasmanian thoroughbred racing increased by 6.7 per cent in 2017/18 (12.8 per cent last year) representing an increase in gross turnover from \$227.4 million last financial year to \$242.6 million in the reporting period.

Trainer Scott Brunton was named the Australian Trainers Association Leading Trainer (69 winners) for a fifth year in a row.

Jockey Craig Newitt won the Tasmanian Racing Club Leading Jockey Award with 78 wins, while Chris Graham won his first Skillinvest Leading Apprentice award with 39 wins.

Teagan Voorham won the Tasmanian Jockeys' Association Dux of the Apprentice School for 2017/18.

The 2018 Tasmanian Summer Racing Carnival (TSRC) was again a highlight for thoroughbreds during the reporting period.

As has been the case in previous years, it attracted strong interstate interest from a number of high profile trainers including Darren Weir, Gai Waterhouse, Leon Macdonald and Patrick Payne.

Darren Weir horses won the Hobart Guineas, the Tasmanian Derby, the Strutt Stakes, the Tasmanian Oaks and the Launceston Cup.

The Hobart Cup was won by the Leon Macdonald / Andrew Gluyas-trained Pretty Punk.

Importantly, of the \$2.7 million in prize money and stakes on offer during the carnival, Tasmanian horses won approximately 60 per cent of the total.

Tasracing successfully secured the first Australian Female Jockey Championship which extended the carnival from its traditional finale of Launceston Cup Day (Wednesday 28 February) to Wednesday 7 March. Two representative jockeys from each state, and one representing the Northern Territory, competed in four races at the Launceston night meeting.

The Scott Brunton-trained Hellova Street, which won the Thomas Lyons Stakes, the Mowbray Stakes and the Chatham Stakes (Group 3) at Flemington won the Sky Racing Horse of the Year award for a second time.

Mystic Journey (three wins from five starts) was named the Tasmanian Turf Club 2YO Horse of the Year and Mandela Effect (four wins from nine starts) won the Devonport Racing Club 3YO Horse of the Year prize.





Wordsmith was named the Tasbreeders Leading Tasmanian-based Juvenile Stallion for the fifth consecutive season, and was also named the Leading Tasmanian-based Sire.

The Tasmanian Horse Transport Broodmare of the Year was Butter Street, mother of dual Tasmanian Horse of the Year winner Hellova Street, and Gee Gees Top Notch won the Armidale Stud 'Alpine Eagle' Leading Race Filly or Mare award.

The Tasmanian Magic Millions Yearling Sale produced another unprecedented sale result.

From a catalogued 137 lots, the 2018 sale saw 96 lots sold at a gross of \$2.80 million (up 21 per cent compared to 2017). The average price of \$29,234 increased by 24 per cent compared to 2017. The median price was \$21,000 (\$20,000 last year).

The top price of \$100,000 was paid for a colt by Darley stallion Epalette. Purchased by Melbourne's Simon Zahra, it joined Ellerton Zahra Racing at Flemington (the leading buyer with four purchases at an outlay of \$245,000).

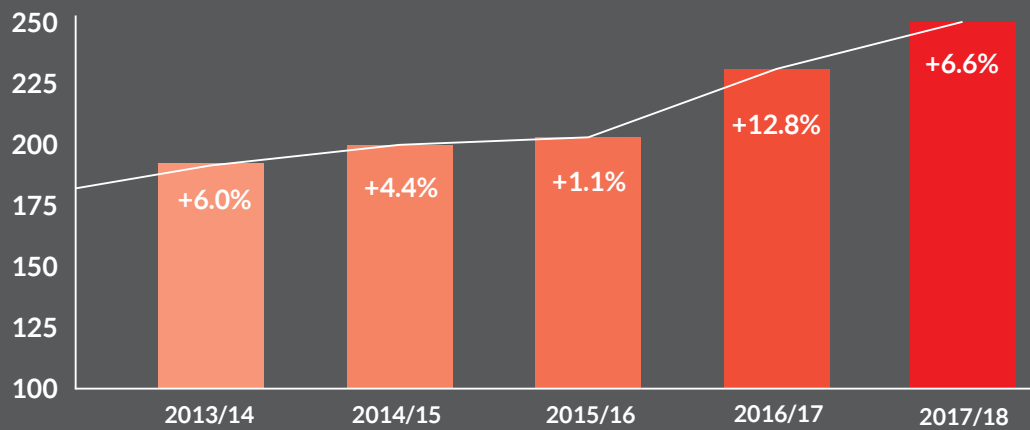
The Wednesday night racing season in Launceston continued to be successful in 2017/18, delivering a 17.7 per cent turnover growth figure result (compared to 10.4 per cent turnover growth for Sunday meetings). The average turnover for Wednesday night meetings reached \$4.5 million, compared to a \$3.2 million average for Sunday meetings.

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

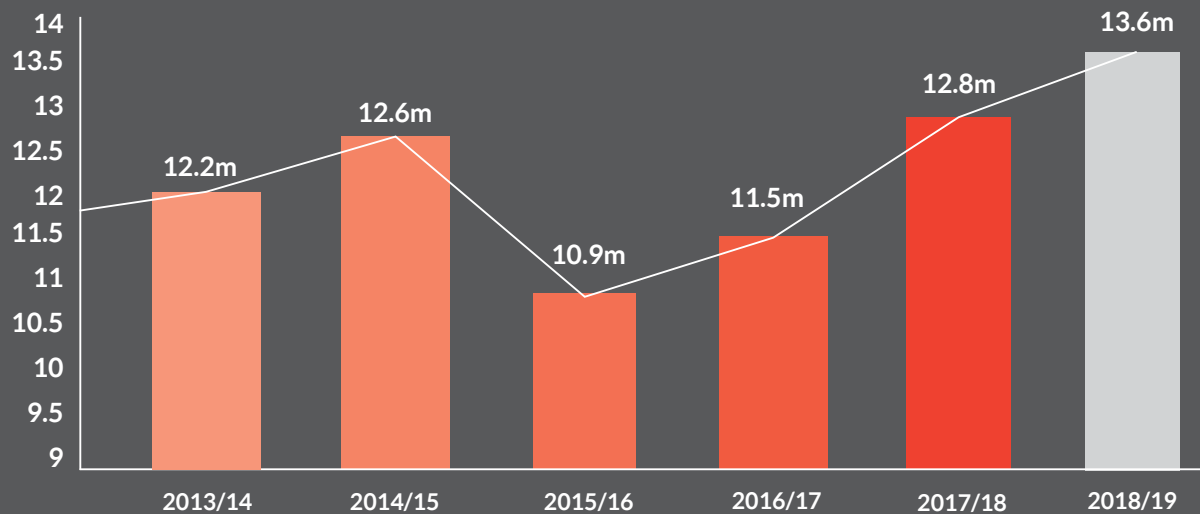
Tasracing continued to deliver race day function operations at the Devonport Racing Club, the Tasmanian Turf Club and the Tasmanian Racing Club. This structure delivers efficiencies across all venues and allows for a coordinated, centralised system that complements Tasracing's ongoing statewide responsibilities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



## Thoroughbred wagering turnover (\$M)



## Total code allocation Thoroughbreds (\$M)



## Key racing statistics

### Thoroughbred

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Meetings	73	73	74	77	78	77	76	73	72	73
Races Held	600	588	625	626	622	621	612	567	564	555
Overall Starters	6255	5801	6391	6127	5925	6046	5823	5795	5422	5053
Average Starters/Race	10.4	9.9	10.2	9.8	9.5	9.7	9.5	10.2	9.6	9.1

All data includes King Island meetings, races and starters.

## Annual Racing Awards

Sky Racing Horse of the Year	Hellova Street
TTC 2YO Horse of the Year	Mystic Journey
DRC 3YO Horse of the Year	Mandela Effect
Armidale Stud 'Alpine Eagle' Leading Race Mare of Filly	Gee Gees Top Notch
Tasmanian Horse Transport Leading Broodmare	Butter Street
Tasbreeders Leading Stallion	Wordsmith
Tasbreeders Leading Juvenile Stallion	Wordsmith
ATA Leading Trainer	Scott Brunton
ROAT Leading Owner	Paul and Elizabeth Geard
TRC Leading Jockey	Craig Newitt
Skillinvest Leading Tasmanian Apprentice	Chris Graham
TJA Dux of the Apprentice School	Teagan Voorham
TAN Industry Recognition Award	Michael Morris





# Harness Code Report



The 2017/18 financial year was a positive one for the Tasmanian harness code – there were solid racing performances in Tasmania and interstate, wagering turnover increased and Ben Yole trained a record 124 winners.

There were 16 feature races in Tasmania with stakes money of \$20,000 or more.

The reporting period also saw a major increase to Easter Cup stakes (\$50,000 to \$75,000) which will be replicated for the Tasmania Cup in Hobart in March 2019.

Tasracing continue to support harness breeders in 2017/18 with:

- The introduction of a \$1,000 additional support payment to rebate service fees for eligible breeders who have no other breeding incentive available.
- Code allocation increases from 1 January that provided the ability to increase base stakes.
- A Tasbred bonus distribution of \$170,000.
- Tasbred Breeders Coupon and Tasbred Owners Breeding Incentive payments of \$143,500 (including \$13,000 for the additional support incentive).
- Payment of foal notification fees on behalf of breeders, saving them more than \$17,000.
- Payment of \$2,000 for yearling sale first win bonus.

Trotters returned to Tasmania after a break of 90 years in July. Trotting is the most popular gait internationally, especially throughout France and in Scandinavian countries where trotters are raced exclusively. Though early days, it was an important step for the industry that will give Tasmanian harness racing the opportunity to be exported around the world.

High-profile pacer Ignatius once again enjoyed a stellar season. Bred by the Rattray Family Trust, the horse is owned by Lyrae Graham and was trained by both Todd and James Rattray. With season results of 13 starts, 11 wins and one placing, the highlight performance was the win in the \$150,000 NSW Breeders Challenge Final for 3YO Colts and Geldings.

Todd Rattray also trained Harjeet, winner of the \$75,000 Easter Cup in Launceston. It was the horse's major win during an outstanding season - eight wins and two placings from 11 starts.

As referenced earlier, trainer Ben Yole trained 124 winners in 2017/18 to beat his own joint record of 118 winners set in 2016/17 and Neville Webberley's record set in the 1990/91 season.

Juanita McKenzie took the honours for Leading Female Trainer with 33 wins.

Driver Ricky Duggan passed Barrie Rattray's career wins total of 1,592 during the reporting period.





Twenty-two-year-old Conor Crook won his first Leading Junior Driving title after relocating to Tasmania from New South Wales at the start of the season. Hannah Van Dongen won her first Leading Female Driver with 10 wins.

Twelve of Australia's best harness drivers competed in Hobart in October 2017 for the prestigious Yabby Dam Racing Australian Drivers' Championship. The event featured the best two drivers from each state. Todd and Gareth Ratray were the local representatives. Chris Alford from Victoria was the overall winner.

A Saturday night time slot for the race meeting on Sky 1 was an obvious benefit of hosting the championship, delivering Tasmanian harness racing to a national prime time audience. Tasracing has a close working relationship with Tabcorp / Sky Channel, and worked with both parties to secure the scheduling.

Tasmania also hosted the Australian Female Drivers' Championship that featured 12 drivers from around Australia (two from each state) wearing teal pants on the final night of Team Teal 2018 that raises funds for ovarian cancer research and awareness.

The drivers the event attracted were world-class and provided a real demonstration of the influence of women in the harness code.

Kristy Grant and Natalee Emery were the local representatives. Dani Hill (South Australia) was the overall winner.

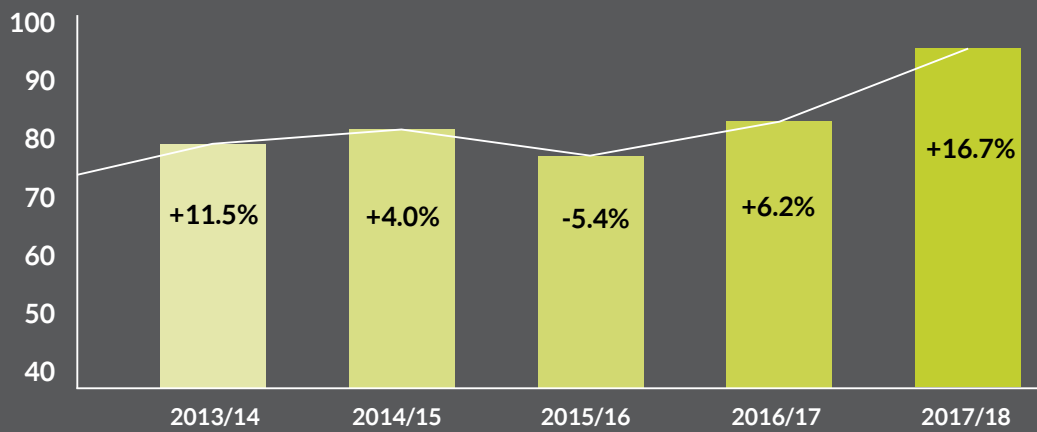
The growth and development of Mini Trots in Tasmania continued thanks to statewide co-ordinator Wayne Yole. Mini Trots will continue to feature at all race meetings in Hobart from October through to March, and at the majority of northern meetings over the same time frame.

Victorian trainer Emma Stewart won four of the state's Feature races with Major Secret winning both the Launceston Cup and Tasmania Cup, Maraetai winning the Tasmanian Derby and Tasbred Nostra Beach winning the Bandbox Final.

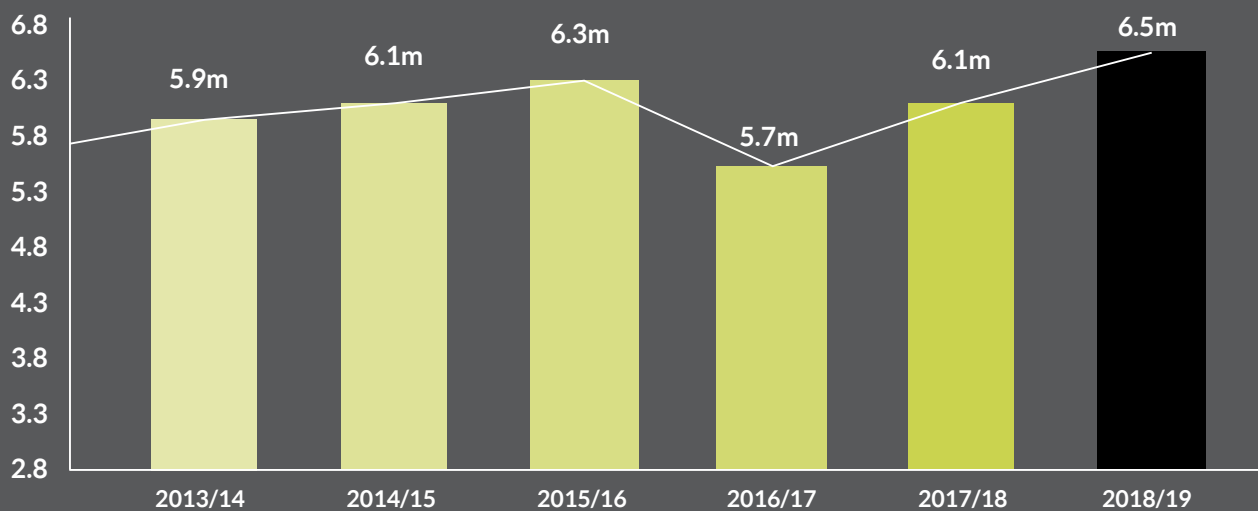
Two-year-old Resurgent Storm, bred, owned and trained by Roger Whitmore, had an outstanding season with four wins and two placings from six starts, winning both the \$20,000 2YO C&G Sweepstakes Final and the \$40,000 Dandy Patch Final.



## Harness wagering turnover (\$M)



## Total code allocation Harness (\$M)



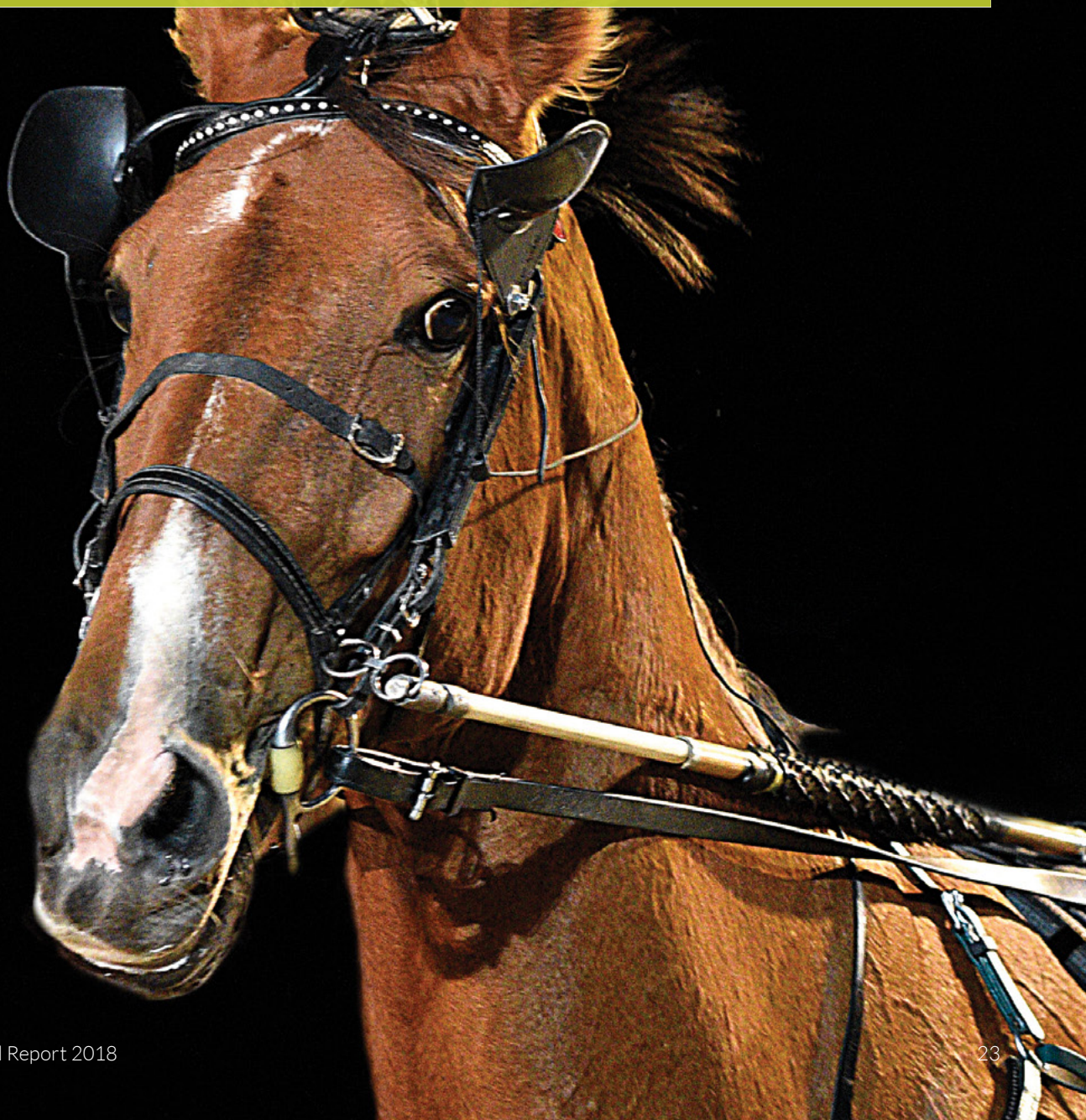
## Key racing statistics

### Harness

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Meetings	85	85	84	83	86	85	87	78	84	81
Races Held	738	733	765	778	773	758	725	699	716	694
Overall Starters	6814	6453	7149	7366	7260	6392	6047	6232	6582	6979
Average Starters/Race	9.2	8.8	9.3	9.5	9.4	8.4	8.3	8.9	9.2	10.1

## Award Winners

LEADING FEMALE DRIVER	Hannah Vandongen
LEADING FEMALE TRAINER	Juanita McKenzie
LEADING JUNIOR DRIVER	Conor Crook
LEADING DRIVER	Todd Rattray
LEADING TRAINER	Ben Yole
2YO FILLY OF THE YEAR	Karalta Moondance
2YO COLT OR GELDING OF THE YEAR	Resurgent Storm
3YO FILLY OF THE YEAR	Ideal Bliss
3YO COLT OR GELDING OF THE YEAR	Ignatius
TASMANIAN MARE OF THE YEAR	Call Her Julie
TASMANIAN 4YO & OLDER HORSE OR GELDING OF THE YEAR	Harjeet
TASMANIAN BROODMARE OF THE YEAR	Ashkalini
TASMANIAN HORSE OF THE YEAR	Ignatius
HALWES MEDAL (Sponsored by BOTRA Tasmania and Jamie Cockshutt)	Todd Rattray
YOUNG ACHIEVER (Sponsored by BOTRA Tasmania)	Conor Crook
THE EDGAR TATLOW MEDAL	Chester Bullock





# Greyhound Code Report



Wagering turnover on greyhound racing during the reporting period increased by just more than 17 per cent to \$238 million.

An additional \$232,000 was allocated to greyhound code stakes and benefits in January 2018.

This followed a similar increase that was made available in July 2018 off the back of Tasracing's strong commercial performance and increased Race Field Fees for the year, resulting in a funding increase to the code of more than \$475,000 to \$4.37 million.

The major races for the year were won as follows:

- Group 1 Hobart Thousand – Rock Up Top, trained by Robert Britton from Lara in Victoria.
- Group 2 Launceston Cup – Del Rey, trained by Tom Tzouvelis from Ormeau in Queensland.
- Group 3 Devonport Cup – High Treason, trained by Ted Medhurst from Mangalore.

A new Tasbred Maiden Feature, with a winner's stake of \$4,000, was added to the Feature Events calendar at Launceston in April.

A new series, the Winter Tasbred Cup, with a winner's stakes of \$10,000, was added to the Hobart Features in June 2018. This event, which is restricted to Tasbred greyhounds, will rotate between the three greyhound clubs on an annual basis.

Significantly, the Dog Control Act 2004 was amended to allow greyhounds to be muzzle free in public, although at the time of writing the framework for the necessary approvals was still being finalised by the Office of Racing Integrity.

Greyhound Adoption Program (GAP) adoption numbers increased from 111 in 2016/17 to 116 in 2017/18, equalling last year's record for the program.

The development of a dedicated GAP facility is still waiting on planning approval.

In the meantime Tasracing is actively investigating alternative short to medium term options which will enable the program to continue to increase the number of greyhounds it places into the community.

Tasracing continued to consult and communicate directly with industry through the Greyhound Reference Group. Held four times a year, these meetings have demonstrated their importance as an effective communication tool between industry and Tasracing.



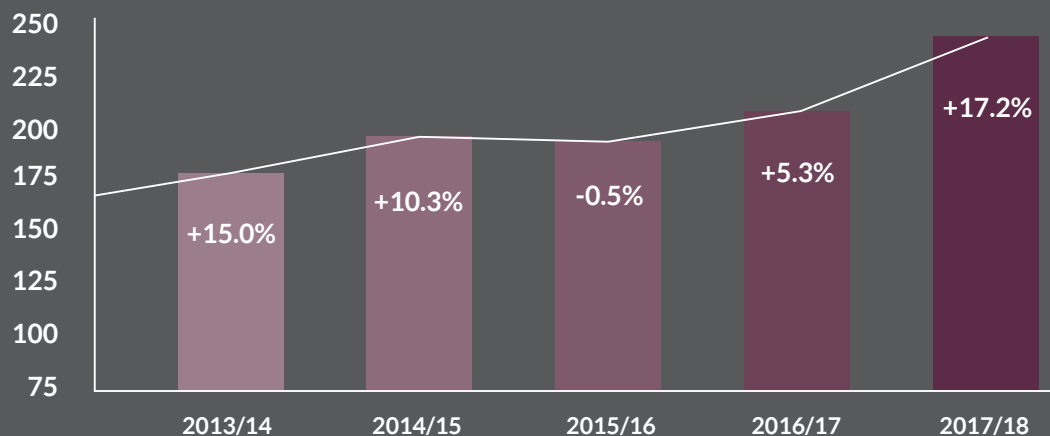


## Annual Award Winners for 2017

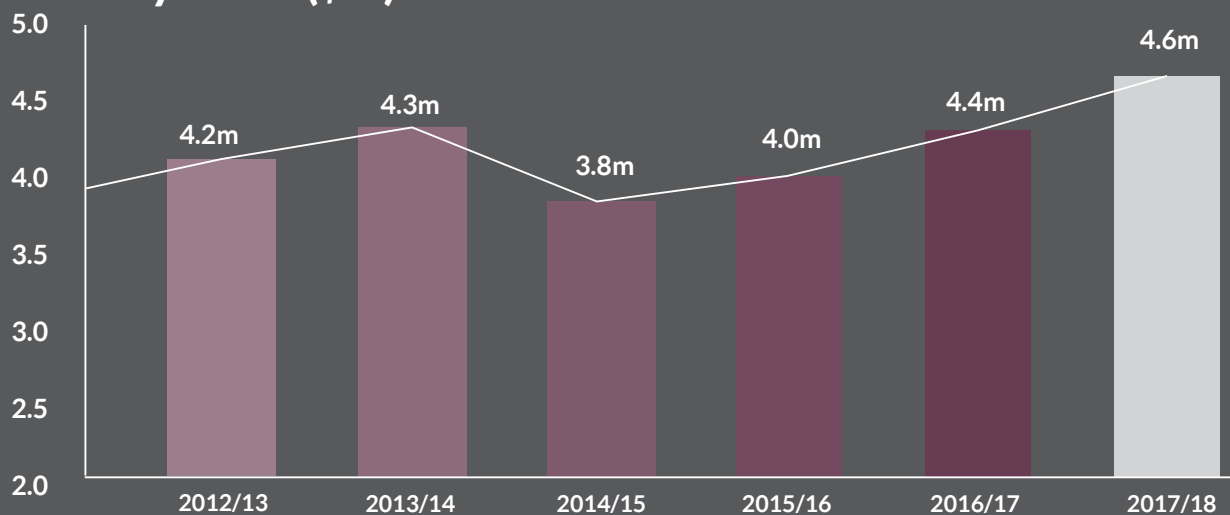
Tasmanian Greyhound of the Year	Cosmic Heir (15 wins and 7 placings from 24 starts)
Leading Trainer	Anthony Bullock (162 winners)
Leading Owners	Robert & Robin Grubb (51 winners)
Most Consistent Greyhound	High Treason (Owned by the Dulverton Syndicate - 18 wins, nine seconds and three thirds from 45 starts)
Leading Breeding Female	Miss Hetti (Owned by Wynburn Racing Syndicate. Miss Hetti's progeny won 54 races)
Leading Sire	Fabregas (Owned by Paul Westerveld in Victoria. Fabregas' progeny won 112 races 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
Meetings	155	157	156	157	157	157	157	157	156	156
Races Held	1547	1567	1567	1628	1637	1601	1615	1592	1568	1602
Overall Starters	12025	12193	12219	12663	12814	12336	12477	12402	12273	12501
Average Starters/Race	7.8	7.8	7.8	7.8	7.8	7.7	7.7	7.8	7.8	7.8





# Corporate Governance

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.

State-owned companies are expected to adopt the ASX Corporate Governance Council's eight corporate governance principles and recommendations (Principles), where applicable. It is these Principles that form the basis of good corporate governance.

## Lay Solid Foundations for Management and Oversight by the Board

### 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 (Tas) (Act), 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
- Appointing the Chief Executive Officer, Chief Financial Officer and the 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 the achievement of stated objectives. They are also responsible for reporting to the Board on a monthly basis and keeping directors and shareholding ministers appraised of key matters.

The Delegations Manual is a document that outlines the matters and financial limits reserved for the Board, Executives and other 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 Remunerations and Nomination. They all operate under a Terms of Reference.

The Board has also delegated certain activities to the Chief Executive Officer.

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 undertakes an annual appraisal of its performance and undertook a performance evaluation during FY17.

The Executives 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.

### Structure the Board to Add Value

The composition of the Board is set out in the Racing (Tasracing Pty Ltd) Act 2009 (Tasracing Act), and includes a Chairman, three directors who each have the skills and experience to enable the Board to achieve its objectives, and one director from the thoroughbred code, harness code and greyhound code, who are nominated by participants.

Tasracing considers that its directors are all independent, in reference to the guidelines set out in the Principles.

Directors are appointed in accordance with Tasracing's Constitution and the Guidelines for Tasmanian Government Businesses – Board Appointments.

Prior to appointing new directors, the Nomination Committee undertake a skills assessment to determine the skills and experience that may be necessary for the Board to achieve its objectives and strategic plans. A Director Selection Advisory Panel is then established to consider and nominate candidates for Cabinet approval.

## Promote Ethical and Responsible Decision Making

All Tasracing directors and employees are subject to a Code of Conduct, which sets out the standard of expected behaviour.

Tasracing also promotes its corporate values (RACE) in all its business activities and operations.

New directors on the Board undergo a formal induction, to enable them to be fully informed so to contribute positively in Board deliberations.

Directors must also disclose all actual, perceived or potential conflicts at each Board meeting. Should a director express a conflict, they are asked to remove themselves from that particular agenda item. Tasracing also manages a register of all conflicts.

## Safeguard Integrity in Financial Reporting

The Audit and Risk Committee meet quarterly to consider and oversee matters relating to financial reporting, risk management, internal audit and compliance, and report accordingly to the Board. Danny McCarthy is chair of this Committee.

Tasracing's auditor is the Tasmania 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.

Each year, the Chief Executive Officer and Chief Financial Officer make a written representation and declaration to the Board, in accordance with section 295A of the *Corporations Act 2001*.

## Make Timely and Balanced Disclosure

Tasracing reports and meets regularly with its shareholding ministers to provide briefings on key matters 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. We communicate via a variety of forums, including email, SMS and online via our website.

In particular, the company meets quarterly with industry bodies, including Thoroughbred Advisory Network (TAN), Harness Industry Forum (HIF) and Greyhound Reference Group (GRG).

## Respect the Rights of Shareholders

As noted earlier, Tasracing meets routinely with its shareholding ministers, the Minister for Racing and the Treasurer, and their advisers.

Tasracing also complies with various reporting obligations as set out in its Constitution, relevant legislation and government guidelines that apply to state-owned companies.

## Recognise and Manage Risk

Tasracing has an established process to identify, assess and mitigate risks, including financial, operational and strategic risks. The Audit and Risk Committee oversees this on a quarterly basis.

Shareholding ministers' are also kept informed of key risks and changes in such risks. The Board is also mindful of its risk appetite and potential impacts on shareholders and other stakeholders.

## Remunerate Fairly and Responsibly

Tasracing's Director and Executive Remuneration framework adheres to Treasury Guidelines for *Executive and Board Remuneration*. Any exception to the Guideline requires Cabinet approval following a Panel recommendation to the Treasurer. At present, all Executives and Board members are remunerated in line with the Guideline. Remuneration for Tasracing employees is defined by internal bandings, with due consideration to Fair Work Award minimums, the Tasracing Enterprise Agreement 2017, industry averages and other relevant market conditions.

The HR and Remuneration Committee oversees Tasracing's remuneration policies and ensures they balance the desire to attract and retain high calibre employees against the interests of shareholders and stakeholders. Dean Cooper chairs the HR and Remuneration Committee and it meets quarterly.

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



## Corporate Governance Disclosure Obligations

As a state-owned company, Tasracing must comply with various legislative reporting obligations. These include:

### Public Interest Disclosures

Tasracing is subject to requirements and obligations under the Public Interest Disclosures Act 2002 (Tas) (PID Act) and has adopted policies and procedures to ensure compliance with the Act. Tasracing's Public Interest Disclosures Whistleblower Policy (PID Policy), as approved by the Ombudsman, and is available on our website [tasracingcorporate.com.au](http://tasracingcorporate.com.au).

Tasracing did not receive any PID Act disclosures this financial year and no recommendations have been made by the Ombudsman that relate to Tasracing.

Number of applications for assessed disclosure received	2*
Number of applications for assessed disclosure accepted	2
Number of applications for assessed disclosure determined	2
Number of applications for internal review	0
Number of applications for external (Ombudsman) review	0

\*1 application for assessed disclosure was transferred in part to Tasracing from DIPIPWE.

## Right to Information Act 2009

Tasracing is subject to the Right to Information Act (Tas) 2009 (RTI Act). Tasracing understands and appreciates the need to make information readily available to the public and is committed to the objectives of the RTI Act. Tasracing routinely publishes information that is reliable, accurate, of interest to the public and not otherwise exempt.

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

During the financial year:

## Personal Information Protection

Tasracing is subject to the Personal Information Protection Act 2004 (Tas), Privacy Act 1988 (Cth) and the Australian Privacy Principles. During the financial year Tasracing has not received any compliant or query in relation to privacy or personal information.

## Legislative Compliance

Tasracing is committed to complying with all relevant legislative, regulatory and business obligations. In support of its commitment to compliance, Tasracing has a Compliance Management Framework and Compliance Policy that aligns with 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.

## Buy Local

Purchases from Tasmanian Businesses	
% of purchases from Tasmanian businesses	72%
Value of purchases from Tasmanian businesses	\$11.2 million

Consultancies valued at more than \$50,000 (ex GST)				
Name of Consultant	Location	Description	Period of engagement	Amount
Deloitte	Hobart	Income tax consulting services	1/7/17-30/06/18	\$57,645
			<b>Total</b>	\$57,645
There were 8 consultants engaged for \$50,000 or less totalling				\$23,682
			Total Payment to Consultants	\$81,327

Other reporting obligations required by Government guidelines are set out in the Notes to the Financial Statements.

## International Travel

Tasracing funded three international trips in 2017/18 which included:

- The former COO, Kim Elliot attending the International Conference Health Safety and Welfare of Jockeys in Dubai;
- The former CEO, Vaughn Lynch attending the Hong Kong International Race Day in Hong Kong to discuss sharing of resources between Tasracing and the Hong Kong Jockey Club;
- The Chairman, Dean Cooper and former CEO, Vaughn Lynch attending the Asian Racing Conference in South Korea. Subsequently the Chairman continued on to Hong Kong for further discussions regarding apprentice jockeys.

**Total costs for international travel \$36,220.**









Tasracing Pty Ltd

# Annual Financial Report

for the financial year ended 30 June 2018

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# Directors' Report

The directors present their report together with the financial report for the year ended 30 June 2018 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:

Dean Cooper - 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 2018, the company recorded a loss before tax of \$189,517 (2017: profit of \$371,989). No dividends were paid to members during the year (2017: 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 was no significant change 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 2018:

- Racefield fees were \$2,718,076 higher than the previous year, reflecting a strong six months of returns. This increase in fees allowed the company to provide an additional allocation to stakes of 6% from 1 January 2018. However, the rate of growth in racefield fees declined in the second half of FY18, which subsequently did not impact any planned expenditure for the remainder of the year.
- The Defined Benefit obligation decreased in 2018 with lower interest rates and assumptions of higher employer contribution rates. This resulted in a remeasurement recorded to other comprehensive income to the value of \$83,000.

- Injury costs relating to a serious workers compensation injury for the insurance year ending 31 March 2018 have impacted the current years results as the maximum premium payable by Tasracing for the year was reached. This in addition to adjustments for the previous two open insurance years has resulted in a premium expense under Tasracing's workers compensation insurance policy of \$1.84M, up \$1.37M on FY17.

## **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 (2017:\$12,663) 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 66 of the financial statements.

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



Mr Dean Cooper  
Chairman  
13 August 2018

# 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.

2. Whilst not a requirement, the directors have been given the declarations as set out in Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2018.

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



D. Cooper  
Chairman  
Tasracing Pty Limited  
Hobart, 13 August 2018



# Statement of Comprehensive Income

for the year ended 30 June 2018

	Note	2018 \$	2017 \$
<b>Revenue and Other Income</b>			
Racing revenue	A1	16,031,272	13,106,046
Government grant	A2	30,395,942	30,206,272
Interest revenue	A3	664,968	673,527
<b>Total Revenue and Other Income</b>		<b>47,092,183</b>	<b>43,985,844</b>
<b>Expenses</b>			
Prizemoney and industry funding		24,872,666	22,708,985
Raceday and racing expenses	A4	6,450,081	5,888,389
Depreciation and amortisation expense	A5	3,793,659	3,470,075
Sales and marketing	A6	1,634,867	905,173
Employee benefits expense	A7	7,440,328	7,202,977
Finance and leasing costs	A8	862,996	946,996
Other expenses	A9	2,227,102	2,491,261
<b>Total Expenses</b>		<b>47,281,699</b>	<b>43,613,855</b>
<b>Profit/(Loss) before tax</b>		<b>(189,517)</b>	<b>371,989</b>
Income tax expense	A11	-	-
<b>Profit/(Loss) for the year after tax</b>		<b>(189,517)</b>	<b>371,989</b>
Other comprehensive income	A7	83,000	368,000
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR</b>		<b>(106,517)</b>	<b>739,989</b>

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

# Statement of Financial Position

for the year ended 30 June 2018

	Note	2018 \$	2017 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	B1 (a)	16,275,194	15,784,625
Trade and Other Receivables	B2	1,525,429	1,095,544
Prepayments		402,001	422,754
<b>Total Current Assets</b>		<b>18,202,624</b>	<b>17,302,923</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	B3	40,543,535	41,667,649
Intangible Assets	B4	735,481	256,865
Other Financial Assets	B5	90,303	55,949
<b>Total Non-Current Assets</b>		<b>41,369,320</b>	<b>41,980,463</b>
<b>Total Assets</b>		<b>59,571,945</b>	<b>59,283,386</b>
<b>Current Liabilities</b>			
Trade and Other Payables	B6	1,370,036	2,080,981
Borrowings	B7	738,625	705,880
Other Financial Liabilities	B8	159,833	149,288
Provisions	B9	3,127,296	1,861,013
<b>Total Current Liabilities</b>		<b>5,395,789</b>	<b>4,797,162</b>
<b>Non-Current Liabilities</b>			
Borrowings	B7	8,708,255	9,446,880
Employee Provisions	B9	2,126,498	2,335,238
<b>Total Non-Current Liabilities</b>		<b>10,834,753</b>	<b>11,782,118</b>
<b>Total Liabilities</b>		<b>16,230,542</b>	<b>16,579,280</b>
<b>Net Assets</b>		<b>43,341,403</b>	<b>42,704,106</b>
<b>Equity</b>			
Contributed Equity	B10	58,952,085	58,208,271
Accumulated Losses	B11	(15,610,682)	(15,504,165)
<b>Total Equity</b>		<b>43,341,403</b>	<b>42,704,106</b>

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



# Statement of Changes in Equity

for the year ended 30 June 2018

	Note	Contributed Equity \$	Accumulated Losses \$	Total \$
<b>Balance as at 30 June 2016</b>		<b>57,283,626</b>	<b>(16,244,154)</b>	<b>41,039,472</b>
Equity contribution	B10	924,644	-	924,644
Profit /(Loss) for the Year	B11	-	371,989	371,989
Other comprehensive income	B11	-	368,000	368,000
<b>Total Comprehensive Income for the year</b>		<b>-</b>	<b>739,989</b>	<b>739,989</b>
<b>Balance as at 30 June 2017</b>		<b>58,208,271</b>	<b>(15,504,165)</b>	<b>42,704,106</b>
Equity contribution	B10	743,814	-	743,814
Profit /(Loss) for the Year	B11	-	(189,517)	(189,517)
Other comprehensive income	B11	-	83,000	83,000
<b>Total Comprehensive Income for the year</b>		<b>-</b>	<b>(106,517)</b>	<b>(106,517)</b>
<b>Balance as at 30 June 2018</b>		<b>58,952,085</b>	<b>(15,610,682)</b>	<b>43,341,403</b>

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

# Statement of Cash Flows

for the year ended 30 June 2018

	Note	2018 \$	2017 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		45,825,518	43,248,926
Payments to suppliers & employees		(42,194,546)	(38,592,511)
Interest received		616,959	674,140
Interest & other costs of finance paid		(633,728)	(722,398)
<b>Net Cash provided by Operating Activities</b>	<b>B1 (b)</b>	<b>3,614,202</b>	<b>4,608,157</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from disposal of non-current assets		-	90,955
Payments for non-current assets		(3,202,567)	(1,536,309)
Loan		41,000	-
<b>Net Cash used in Investing Activities</b>		<b>(3,161,567)</b>	<b>(1,445,354)</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of Borrowings	B1 (c)	(705,880)	(674,644)
Equity contribution	B10	743,814	924,644
<b>Net Cash Provided by Financing Activities</b>		<b>37,934</b>	<b>250,000</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>490,569</b>	<b>3,412,803</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>		<b>15,784,625</b>	<b>12,371,822</b>
<b>Cash and Cash Equivalents at end of the year</b>	<b>B1 (a)</b>	<b>16,275,194</b>	<b>15,784,625</b>

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



# Notes to the Financial Statements

for the year ended 30 June 2018

## 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* and is governed by the *Racing Regulation Amendment Act 2008*. 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. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company comply with International Financial Reporting Standards ("IFRS").

The financial report was authorised for issue by the directors on 13 August 2018.

### 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 the 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
B3/B4 <i>Impairment review of property, plant and equipment</i>	47
B9 <i>Defined benefit superannuation fund obligations</i>	51-56
B9 <i>Employee entitlements</i>	52
B9 <i>tasBonus</i>	52
B3 <i>Asset useful lives</i>	47-48

### 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
- 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 2018:

- Racefield fee income which was \$2.7m higher than the previous year.
- The Defined Benefit obligation decreased in 2018, with an impact of \$83,000.
- The expense for the workers compensation insurance policy premium was \$1.84m, up \$1.37m on FY17.

### 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

## REVENUE

	2018 \$	2017 \$
<b>A1 Racing Revenue</b>		
Racefield revenue	14,041,727	11,367,089
Sponsorship income	363,745	288,086
Rental income	182,581	187,389
Other income	1,443,219	1,263,482
	<b>16,031,272</b>	<b>13,106,046</b>

### 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 scheme (Other Income)

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

#### Racefield revenue

Revenue collected from racefield fees is recognised when the amount of revenue can be measured reliably.

## A2 Government Grant

Government funding	29,815,773	29,483,875
Debt support funding	580,170	722,398
	<b>30,395,943</b>	<b>30,206,273</b>

### Accounting Policy

#### Government Grants

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

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

Tasracing is funded by government appropriations provided each year, over a twenty year period from 1 July 2009 and subject to the conditions of a funding deed.

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

	2018 \$	2017 \$
<b>A4 Raceday and Racing Expenses</b>		
Training and racing facilities	2,958,255	3,718,861
Race day & other racing expenses	1,524,953	1,543,133
Insurance	1,966,873	626,395
	<b>6,450,081</b>	<b>5,888,389</b>
<b>A5 Depreciation &amp; Amortisation Expense</b>		
Plant & equipment	420,523	287,364
Racecourse leasehold improvements	3,156,539	3,143,169
Intangibles	216,596	39,543
	<b>3,793,659</b>	<b>3,470,075</b>
<b>A6 Sales &amp; Marketing</b>		
Sales	299,232	344,657
Marketing	1,335,635	560,516
	<b>1,634,867</b>	<b>905,173</b>
<b>A7 Employee Benefit Expense</b>		
Recognised in profit/(loss) for the year		
Wages and salaries	6,158,113	6,068,142
Other associated personnel expenses	531,563	468,434
Contributions to defined contribution superannuation funds	553,379	532,787
Service cost of defined benefit scheme (excludes interest cost)	24,000	34,000
Increase in liability for annual leave	115,349	96,239
Increase in liability for long service leave	57,923	3,376
	<b>7,440,328</b>	<b>7,202,977</b>
Recognised in other comprehensive income for the year		
Actuarial (gains)/losses	(26,000)	(293,000)
Actual return on plan assets less interest income	(57,000)	(75,000)
Total measurement recognised in other comprehensive income	<b>(83,000)</b>	<b>(368,000)</b>
<b>A8 Finance and Leasing Costs</b>		
Finance Costs		
Net interest cost in relation to Defined Benefit Obligation (see note B9) 95,000	94,000	
Interest Expense	633,728	722,398
	<b>728,728</b>	<b>816,398</b>
Leasing Costs		
Occupancy lease rentals	78,412	76,338
Plant & equipment lease rentals	55,857	54,260
	134,268	130,598
Total finance and leasing costs	<b>862,996</b>	<b>946,996</b>

### 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.

	2018 \$	2017 \$
<b>A9 Other Expenses</b>		
Insurance	422,457	390,949
Administration	547,851	478,311
Loss on disposal of assets	67,477	866,997
Digital & IT	891,544	525,177
Other	297,773	229,827
	<b>2,227,102</b>	<b>2,491,261</b>
<b>A10 Remuneration of Auditors</b>		
External audit services	39,620	38,090
Internal audit services	7,887	10,000
	<b>47,507</b>	<b>48,090</b>

The Company paid \$39,620 to the Tasmanian Audit Office for the audit of the financial statements.

## TAXATION

	2018 \$	2017 \$
<b>A11 Income Taxes</b>		
<b>(a) Income tax recognised in profit or loss</b>		
<b>Tax expense/(income) comprises:</b>		
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		
Write-downs of deferred tax assets		
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	(189,517)	371,989
Profit from operations	<b>(189,517)</b>	<b>371,989</b>
Income tax expense calculated at 30%	(56,855)	111,597
Tax break		
Non-deductible expenses	4,053	8,184
Unused tax losses and tax offsets not recognised as deferred tax assets	-	-
Previously unrecognised and unused tax losses and tax offsets now recognised deferred tax assets	-	-
Other	-	(75,329)
	(52,802)	44,452
(Over)/under provision of income tax in previous year	1,915,996	(1,258,417)
	<b>1,863,194</b>	<b>(1,213,965)</b>
Current income tax expense/(Benefit) not recognised in Statement of comprehensive income	1,863,194	(1,213,965)
	-	-

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:

Deferred tax:

Actuarial movements on defined benefit plans	24,900	110,400
Deferred tax movement not recognised through equity	(24,900)	(110,400)

-

**(c) Recognised deferred tax balances****Deferred tax assets comprise:**

Temporary differences	104,941	99,179
Tax losses (revenue)	-	-
	104,941	99,179

**Deferred tax liabilities comprise:**

Temporary differences	104,941	99,179
	104,941	99,179
Net deferred tax asset / (liability)	-	-

Taxable and deductible temporary differences arise from the following:

	Opening balance \$	Charged to Income \$	Closing balance \$
<b>2018</b>			
<b>Gross deferred tax liabilities:</b>			
Prepayments	(92,372)	2,159	(90,213)
Receivables	(6,807)	(7,921)	(14,728)
	(99,179)	(5,763)	(104,941)
<b>Gross deferred tax assets:</b>			
Employee Benefits	99,179	5,763	104,941
Property, Plant and Equipment			
Other			
Tax losses (revenue)			
	99,179	5,763	104,941

	Opening balance \$	Charged to Income \$	Closing balance \$
<b>2017</b>			
<b>Gross deferred tax liabilities:</b>			
Prepayments	(90,468)	(1,904)	(92,372)
Receivables	(6,991)	184	(6,807)
	(97,459)	(1,720)	(99,179)
<b>Gross deferred tax assets:</b>			
Employee Benefits	97,459	1,720	99,179
Property, Plant and Equipment			
Other			
Tax losses (revenue)			
	97,459	1,720	99,179

#### (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:

	2018 \$	2017 \$
Temporary differences	4,857,384	6,666,382
Tax losses – revenue	2,175,778	2,254,874
	<b>7,033,162</b>	<b>8,921,256</b>

#### **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

<b>B1 Cash Flow</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Cash and Cash Equivalents</b>		
Cash on Hand and Balances with Banks	<b>16,275,194</b>	<b>15,784,625</b>
<b>(b) Reconciliation of Profit for the Year to Net Cash Flows from Operating Activities</b>		
Profit/(Loss) for the year	(189,517)	371,989
Adjustments for:		
Depreciation & amortisation	3,793,659	3,470,075
Impairment	-	-
(Profit)/loss on disposal of property, plant and equipment	61,774	856,758
Amortisation of DRC loan	(44,051)	-
Interest charged on DRC Loan	(31,303)	-
(Increase)/decrease in receivables	(429,880)	225,626
(Increase)/decrease in prepayments	20,754	(27,375)
Increase/(decrease) creditors & accruals	569,109	(159,575)
Increase/(decrease) in provisions	(136,342)	(129,341)
Increase/(decrease) other current liabilities	-	-
<b>Net Cash from Operating Activities</b>	<b>3,614,202</b>	<b>4,608,158</b>

### (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.

<b>2018</b>	<b>Borrowings</b>
<b>Balance as at 1 July 2017</b>	10,152,760
Changes from financing cash flows:	
Cash Received	-
Cash Repayments	(705,880)
<b>Balance as at 30 June 2018</b>	<b>9,446,880</b>

### (d) Financing Facilities

Credit and Stand By arrangements		
Credit Cards		
Amount used	93,000	71,500
Amount unused	17,000	38,500
Facility Limit	<b>110,000</b>	<b>110,000</b>
Tascorp borrowing facilities		
Amount used	9,446,880	10,152,760
Amount unused	32,017,050	31,547,947
Facility Limit	<b>41,463,930</b>	<b>41,700,707</b>

#### Accounting Policy

##### Cash and cash equivalents

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

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

## ASSETS

<b>B2 Trade and Other Receivables</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade receivables (i)	1,477,685	1,072,855
Provision for impairment	(1,349)	(9,699)
	<b>1,476,336</b>	<b>1,063,156</b>
Interest receivable	49,094	32,388
	<b>1,525,429</b>	<b>1,095,544</b>

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

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

30-60 Days	36,091	19,969
61-90 Days	15,466	11,791
91-120 Days	58,276	18,849
121+ Days	168,563	102,412
<b>Balance at End of Year</b>	<b>278,396</b>	<b>153,021</b>

Included in the trade receivables balance are debtors with a carrying amount of \$278,396 (30 June 2017: \$153,021) 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.

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

Opening Balance	(9,699)	(38,957)
Impairment losses recognised on receivables	-	-
Amounts recovered during the year	7,811	24,276
Amounts written off as uncollectable	539	4,982
<b>Balance at End of Year</b>	<b>(1,349)</b>	<b>(9,699)</b>

### *Ageing of impaired trade receivables*

121+ Days	(1,349)	(9,699)
<b>Balance at End of Year</b>	<b>(1,349)</b>	<b>(9,699)</b>

## **B3 Property, Plant and Equipment**

### **(a) Carrying amounts**

<b>Racecourse Leasehold Improvements</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
At cost	67,670,210	72,804,103
Less: accumulated depreciation	(30,770,434)	(33,821,554)
<b>Total</b>	<b>36,899,776</b>	<b>38,982,549</b>
<b>Plant &amp; Equipment</b>		
At cost	6,033,404	5,144,260
Less: accumulated depreciation	(3,658,854)	(3,386,952)
<b>Total</b>	<b>2,374,551</b>	<b>1,757,308</b>
<b>Work in Progress</b>		
At cost	1,269,208	927,792
<b>Total</b>	<b>1,269,208</b>	<b>927,792</b>
<b>Total Property Plant and Equipment</b>	<b>40,543,535</b>	<b>41,667,649</b>



**(b) Reconciliation of movements in carrying amounts**

2018	Racecourse Leasehold Improvements at cost \$	Plant & Equipment at cost \$	Work in Progress at cost \$	TOTAL \$
<b>Carrying amount at 1 July</b>	38,982,549	1,757,308	927,792	<b>41,667,649</b>
Additions	1,173,857	1,005,285	3,035,945	<b>5,215,087</b>
Disposals	(49,533)	(18,077)	-	<b>(67,610)</b>
Impairment losses	-	-	-	<b>-</b>
Net transfers	(50,558)	50,558	(2,694,529)	<b>(2,694,529)</b>
Depreciation	(3,156,539)	(420,523)	-	<b>(3,577,062)</b>
<b>Carrying amount at 30 June</b>	<b>36,899,776</b>	<b>2,374,551</b>	<b>1,269,208</b>	<b>40,543,535</b>

2017	Racecourse Leasehold Improvements at cost \$	Plant & Equipment at cost \$	Work in Progress at cost \$	TOTAL \$
<b>Carrying amount at 1 July</b>	42,469,065	1,254,191	1,016,200	<b>44,739,456</b>
Additions	281,722	885,958	132,109	<b>1,299,789</b>
Disposals	(625,069)	(95,477)	-	<b>(720,546)</b>
Impairment losses	-	-	-	<b>-</b>
Net transfers	-	-	(220,517)	<b>(220,517)</b>
Depreciation	(3,143,169)	(287,364)	-	<b>(3,430,533)</b>
<b>Carrying amount at 30 June</b>	<b>38,982,549</b>	<b>1,757,308</b>	<b>927,792</b>	<b>41,667,649</b>

**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.

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

The asset capitalisation threshold adopted by the company is \$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 profit or loss.

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

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

#### B4 Intangible Assets

	2018 \$	2017 \$
<b>Carrying amounts</b>		
<b>Website and software</b>		
At cost	1,246,952	551,739
Less: accumulated amortisation	(511,471)	(294,874)
<b>Total</b>	<b>735,481</b>	<b>256,865</b>
<b>Carrying amount at 1 July</b>	256,865	66,537
Additions from Work in Progress	695,212	229,871
Amortisation	(216,596)	(39,543)
<b>Carrying amount at 30 June</b>	<b>735,481</b>	<b>256,865</b>

#### 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 estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in The Statement of Comprehensive Income/(Loss) when the asset is derecognised.

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

- Website and systems development 3-5 years

#### Accounting Policy

##### 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.

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 profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Impairment losses are allocated prorata across assets in the cash generating unit.

#### Current Year

There was no impairment charge in 2018.

#### Prior Year

There was no impairment charge in 2017.

#### B5 Other Financial Assets

	2018	2017
	\$	\$
Loan Receivable	90,303	100,000
Less fair value adjustment on initial recognition	-	(44,051)
	<b>90,303</b>	<b>55,949</b>

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

#### B6 Trade and Other Payables

	2018	2017
	\$	\$
Trade payables - unsecured (i)	<b>1,370,036</b>	<b>2,080,981</b>

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

#### Accounts due or paid within the year:

##### Measure

Creditor Days <sup>1</sup>	0 days
Number of accounts due for payment	7,254
Number of accounts paid on time	6,265
Amount due for payment	\$20,558,062
Amount paid on time	\$17,307,338
Number of payments for interest on overdue accounts	0
Interest paid on overdue accounts	\$0

<sup>1</sup> At 30 June 2018, all non-stakes trade payables were paid in full.

## B7 Borrowings

This note provides information about the contractual terms of Tasracing's interest bearing loans and borrowings. For more information about the entity's exposure to interest rate risk, see note C1 (c).

		2018	2017
		\$	\$
<b>Current:</b>			
Credit foncier loan 1 - operating loan	(i)	218,799	212,066
Credit foncier loan 2 - capital loan	(ii)	519,826	493,814
		<b>738,625</b>	<b>705,880</b>
<b>Non-Current</b>			
Credit foncier loan 1 - operating loan	(i)	1,738,945	1,957,744
Credit foncier loan 2 - capital loan	(ii)	6,969,310	7,489,136
		<b>8,708,255</b>	<b>9,446,880</b>

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

The funding deed provides that the State Government will 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). From 1 July 2018 the State government has provided further guarantee of support for principal and interest repayments. The principal support is treated as an equity contribution.

## B8 Other Financial Liabilities

	2018	2017
	\$	\$
Rental bonds	159,833	149,288
	<b>159,833</b>	<b>149,288</b>

## B9 Provisions

	2018	2017
	\$	\$
<b>Current:</b>		
Employee		
Annual Leave	490,036	458,611
Long Service Leave	257,206	258,232
Superannuation - defined benefits	63,000	104,000
	810,242	820,843
Other	2,317,054	1,040,170
	<b>3,127,296</b>	<b>1,861,013</b>
<b>Non-Current</b>		
Employee	212,498	204,238
Long Service Leave	1,914,000	2,131,000
Superannuation - defined benefits	<b>2,126,498</b>	<b>2,335,238</b>
<b>Total provisions</b>	<b>5,253,794</b>	<b>4,196,251</b>

## **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 2019. The premium varies between a minimum of \$550,000 and a maximum of \$2,400,000. At 30 June 2018, the injuries incurred in the insurance year 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 dependant 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 Scheme**

The company operates a thoroughbred 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 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.

##### **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 profit or loss in the period in which they occur.



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

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

### **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.

The scheme operates under the *Public Sector Superannuation Reform Act 2016* and the *Public Sector Superannuation Reform Regulations 2017*.

Although the scheme is not formally subject to the Superannuation Industry (Supervision) (SIS) legislation, the Tasmanian Government has undertaken (in a Heads of Government Agreement) to operate the scheme in accordance with the spirit of the SIS legislation. As an exempt public sector superannuation scheme (as defined in the SIS legislation). As an exempt public sector superannuation scheme (as defined in the SIS legislation), the scheme is not subject to any minimum funding requirements.

RBF is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1997* such that the fund's taxable income is taxed at a concessional rate of 15%. However RBF is also a public sector superannuation scheme which means that employer contributions may not be subject to the 15% tax (if the Tasmanian Government and RBF Board elect) up to the amount of "untaxed" benefits paid to the members in the year.

The Superannuation Commission (the Commission) has fiduciary responsibility for, and oversees the administration of the Scheme. The day to day running of the Scheme is managed by the Office of the Superannuation Commission, within the Department of Treasury and Finance.

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.

	2018 \$	2018 \$
<b>Reconciliation of the Net Defined Benefit Liability/(Asset)</b>		
Defined benefit obligation	2,316,000	2,569,000
Fair value of plan assets	(338,000)	(334,000)
Net superannuation liability/(asset)	<b>1,978,000</b>	<b>2,235,000</b>
Current net liability	63,000	104,000
Non-current net liability	1,914,000	2,131,000
Total liability	<b>1,977,000</b>	<b>2,235,000</b>
<b>Reconciliation of the Fair Value of Scheme Assets</b>		
Fair value of plan assets at the beginning of the year	(334,000)	(315,000)
Interest Income	(13,000)	(11,000)
Actual return on plan assets less interest income	(57,000)	(75,000)
Employer contributions	(293,000)	(262,000)
Contributions by plan participants	(11,000)	(10,000)
Benefits paid	370,000	336,000
Taxes, premiums & expenses paid	-	3,000
Fair value of plan assets at the end of the year	<b>(338,000)</b>	<b>(334,000)</b>
<b>Reconciliation of the Defined Benefit Obligation</b>		
Present value of defined benefit obligations at beginning of the year	2,569,000	3,052,000
Current service cost	24,000	34,000
Interest cost	108,000	105,000
Contributions by plan participants	11,000	10,000
Actuarial (gains)/losses arising from changes in demographic assumptions	-	(36,000)
Actuarial (gains)/losses arising from changes in financial assumptions	15,000	(286,000)
Actuarial (gains)/losses arising from liability experience	(41,000)	29,000
Benefits paid	(370,000)	(336,000)
Taxes, premiums & expenses paid	-	(3,000)
Present value of defined benefit obligations at end of the year	<b>2,316,000</b>	<b>2,569,000</b>

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

#### Fair Value of Scheme Assets

As at 30 June 2018^

Asset Category	Total	Quoted prices in active markets for identical assets - Level 1	Significant observable inputs - Level 2	Unobservable inputs - Level 3
Equity securities	124,000	53,000	71,000	-
Unit Trusts	211,000	112,000	99,000	-
Direct property	3,000	-	3,000	-
Derivative assets	-	-	-	-
<b>Total</b>	<b>338,000</b>	<b>165,000</b>	<b>173,000</b>	<b>-</b>

^ Estimated based on assets allocated to Tasracing as at 30 June 2018 and asset allocation of the RBF Scheme as at 30 June 2018

## Fair Value of Entities 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 3.00%, 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 2018	30 June 2017
<b>Assumptions to determine defined benefit cost and start of year DBO</b>		
Discount rate (active members)	4.35% p.a	3.55% p.a
Discount rate (pensioners)	4.35% p.a	3.55% p.a
Expected rate of increase of compulsory preserved amounts	3.00% p.a	4.50% 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 2018	30 June 2017
<b>Assumptions to determine end of year DBO</b>		
Discount rate (active members)	4.30% p.a	4.35% p.a
Discount rate (pensioners)	4.30% p.a	4.35% 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 2018 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	4.30% pa	3.30% pa	5.30% pa	4.30% pa	4.3% pa
Pension increase rate	2.50% pa	2.50% pa	2.50% pa	1.50% pa	3.50% pa
Defined benefit obligation (A\$'000s)	2,316	2,662	2,045	2,123	2,555

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 2018 (\$'000)
Expected employer contributions	63

## Maturity Profile of Defined Benefit Obligation

The weighted average duration of the defined benefit obligation for Tasracing is 13.7 years.

## EQUITY

B10 Issued Capital	2018 \$	2017 \$
Balance at the beginning of the year	58,208,271	57,283,626
Equity contribution - Treasury	743,814	924,644
<b>Balance at the End of the Year</b>	<b>58,952,085</b>	<b>58,208,271</b>

Fully paid shares (30 June 2018 and 30 June 2017: 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	2018 \$	2017 \$
Balance at the beginning of the year	(15,504,165)	(16,244,154)
Net profit/(loss)	(189,517)	371,989
Other comprehensive income	83,000	368,000
<b>Balance at the End of the Year</b>	<b>(15,610,682)</b>	<b>(15,504,165)</b>

# 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

	2018 \$	2017 \$
<b>Financial Assets</b>		
Cash and cash equivalents	16,275,194	15,784,625
Loans & Receivables	1,525,429	1,095,544
Other Financial Assets	90,303	55,949
	<b>17,890,928</b>	<b>16,936,118</b>
<b>Financial Liabilities</b>		
Amortised Cost		
- Trade and Other Payables	1,370,036	2,080,981
- Other financial liabilities	159,833	149,288
- Borrowings	9,446,880	10,152,760
	<b>10,976,748</b>	<b>12,383,029</b>

### Estimation of Fair Values

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

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

#### (i) Borrowings

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

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

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

### 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 profit or loss'.

#### Loans and receivables

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

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

#### Impairment of financial assets

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

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

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

#### Derecognition of financial assets

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

#### 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

## (c) 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 2018	81,376	(81,376)	81,376	(81,376)
30 June 2017	78,923	(78,923)	78,923	(78,923)

## (d) Credit Risk Management

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

The average credit period on these items is 30 days with a large number of smaller debtors reducing the risk. No interest is charged on receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from past transactions, determined by reference to past default experience. Further details are disclosed in note B2.

## (e) Liquidity Risk Management

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

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

	< 1 year	1-2 years	2-5 years	> 5 years	Total	Weighted Average Effective Interest Rate
30 June 2018	\$		\$	\$	\$	\$
<b>Financial Assets</b>						
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	-
<b>Total Financial Assets</b>	<b>17,890,927</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,890,926</b>	<b>1.70%</b>
<b>Financial Liabilities</b>						
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%
<b>Total Financial Liabilities</b>	<b>2,268,493</b>	<b>772,954</b>	<b>7,399,064</b>	<b>536,237</b>	<b>10,976,749</b>	<b>4.10%</b>

	< 1 year	1-2 years	2-5 years	> 5 years	Total	Weighted Average Effective Interest Rate
	\$		\$	\$	\$	\$
<b>30 June 2017</b>						
Financial Assets						
Cash and cash equivalents	15,784,625	-	-	-	15,784,625	1.94%
Trade & Other Receivables	1,095,544	-	-	-	1,095,544	-
Other Financial Assets	55,949	-	-	-	55,949	-
<b>Total Financial Assets</b>	<b>16,936,117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,936,117</b>	<b>1.81%</b>
Financial Liabilities						
Trade and other payables	2,080,981	-	-	-	2,080,981	-
Other financial liabilities	149,288	-	-	-	149,288	-
Borrowings	705,880	738,625	2,428,583	6,279,672	10,152,760	4.76%
<b>Total Financial Liabilities</b>	<b>2,936,149</b>	<b>738,625</b>	<b>2,428,583</b>	<b>6,279,672</b>	<b>12,383,029</b>	<b>3.90%</b>

## 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:

	2018 \$	2017 \$
- not later than 1 year	353,227	350,540
- later than 1 year but not later than 5 years	512,501	558,303
- later than 5 years	854,969	908,318
	<b>1,720,697</b>	<b>1,817,161</b>

Current leases in place are for IT equipment, motor vehicle fleet and leasehold properties and race tracks.

##### (ii) Capital Expenditure Commitments

###### Leasehold Improvements

Contractual commitments for the acquisition of property, plant or equipment:

- not later than one year	-	-
---------------------------	---	---

##### (iii) Other Contractual Commitments

Non-cancellable contracts payable:

- not later than one year	1,234,611	1,234,611
- later than 1 year but not later than 5 years	859,467	859,467
- later than 5 years	19,132	19,132
	<b>2,113,210</b>	<b>2,113,210</b>

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 members of Government boards. Chief Executives Officers of Government businesses are remunerated in accordance with remuneration bands established by the Government Business Executive Remuneration Advisory Panel. CEO remuneration packages are endorsed by the panel prior to a 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 prizes, including payments to syndicates, were conducted on an arm's length basis in the ordinary course of business and on commercial terms and conditions.

### Non-executive directors

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

### Remuneration Details for the Year Ended 30 June 2018

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

#### Board of Directors

D.Cooper (Chairman, non-executive director)  
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

V. Lynch (Chief Executive Officer)  
D. Heald (Chief Financial Officer), appointed 5 March 2018  
K. Elliot (Chief Operating Officer), resigned 9 March 2018  
J. Luk (Chief Financial Officer), resigned 2 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:

	Directors Remuneration		Executive Remuneration		Consolidated	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	217	208	506	327	723	536
Post-employment benefits	20	17	49	38	68	55
Other long-term benefits	-	-	11	2	11	2
Termination Benefits	-	-	35	95	35	95
	<b>237</b>	<b>225</b>	<b>600</b>	<b>462</b>	<b>838</b>	<b>687</b>

For Director remuneration, Short term employment benefits includes Director fees, Committee 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 2018		
Name	Position	Directors Fees <sup>1</sup> \$'000"	Superannuation <sup>2</sup> \$'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
<b>Total</b>		<b>217</b>	<b>20</b>	<b>237</b>

\* Paid by contract to employing firm.

Board Remuneration		30 June 2017		
Name	Position	Directors Fees <sup>1</sup> \$'000"	Superannuation <sup>2</sup> \$'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 (appointed 18/07/16)	Director	25	2	27
Mr M Gordon (appointed 16/09/16)	Director	21	2	23
Mrs R Whishaw (appointed 29/11/16)	Director	14	1	15
Mr D Gleeson (retired 29/11/16)	Director	12	1	13
<b>Total</b>		<b>208</b>	<b>17</b>	<b>225</b>

<sup>1</sup> 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.

<sup>2</sup> Superannuation 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 Remuneration

		30 June 2018							
Name	Position	Base Salary <sup>1</sup> \$'000	Superannuation <sup>2</sup> \$'000	Vehicles <sup>3</sup> \$'000	Other Benefits <sup>4</sup> \$'000	Total Remuneration Package \$'000	Termination Benefits <sup>5</sup> \$'000	Other Long Term Benefits <sup>6</sup> \$'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
<b>Total</b>		<b>478</b>	<b>48</b>	<b>28</b>	<b>0</b>	<b>555</b>	<b>35</b>	<b>11</b>	<b>601</b>

### Executive Remuneration

		30 June 2017							
Name	Position	Base Salary <sup>1</sup> \$'000	Superannuation <sup>2</sup> \$'000	Vehicles <sup>3</sup> \$'000	Other Benefits <sup>4</sup> \$'000	Total Remuneration Package \$'000	Termination Benefits <sup>5</sup> \$'000	Other Long Term Benefits <sup>6</sup> \$'000	"Total" \$'000
Mr V Lynch (from 5/12/2016)	Chief Executive Officer	107	10	5	0	122	0	1	123
Mr K Elliott (from 1/01/2017)	Chief Operating Officer	85	8	0	0	93	0	1	94
M J Luk (from 20/06/2017)	Chief Financial Officer	1	0	0	0	1	0	0	1
Dr E Forbes (resigned 12/08/16)	Chief Executive Officer	32	3	1	0	37	15	0	51
Mr M Tarring (resigned 23/12/16)	Chief Financial Officer	91	16	5	0	112	80	0	192
<b>Total</b>		<b>316</b>	<b>38</b>	<b>11</b>	<b>0</b>	<b>365</b>	<b>95</b>	<b>2</b>	<b>461</b>

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

<sup>2</sup> Superannuation means the contribution to the superannuation fund of the individual.

<sup>3</sup> Includes total cost of providing and maintaining vehicles provided for private use, 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).

<sup>4</sup> 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.

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

<sup>6</sup> 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
Stakes payments (including prizemonies, and bonus payments)	\$17,822	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 Transactions or Balances relating to a trustee or agency arrangement

Account	Opening Balance	Net Transactions during 2017/18	Closing Balance
Apprentice Trust Accounts	81,299	(81,299)	-

All Apprentice Trust Accounts have been closed at the year ended 30 June 2018.

### D5 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 2018, 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.

### D6 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:

- 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
- 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 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.

### 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 Amendment	Nature of Change to Accounting Policy
AASB 2016-1 - AASB 112 Income Taxes	AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. AASB 2016-1 is applicable to annual reporting periods beginning on or after 1 January 2017.
AASB 2016-2 - AASB 107	AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. AASB 2016-2 is applicable to annual reporting periods beginning on or after 1 January 2017.



b) Future pronouncements

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

<b>AASB Amendment</b>	<b>Nature of Change to Accounting Policy</b>	<b>Effective Date</b>	<b>Application Date for Tasracing</b>
AASB 9 - Financial Instruments	<p>The final version of AASB9 replaces AASB 139 Financial Instruments "Recognition and Measurement". This version adds a new expected impairment model and limited amendments to classification and measurement for financial assets. When adopted the standard will affect the calculation of the impairment losses on trade receivables. The debt assets are currently measured at amortised cost and there will be no change.</p> <p>Based on the Tasracing's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.</p>	1 January 2018	30 June 2019
AASB 15 - Revenue from contracts with customers	<p>AASB 15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.</p> <p>Based on the Tasracing's assessment, it is expected that the first-time adoption of AASB 15 for the year ending 30 June 2019 will not have a material impact on the transactions and balances recognised in the financial statements, however, accounting policy changes may arise in the timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.</p>	1 January 2018	30 June 2019
AASB 16 - Leases	<p>The accounting model for lessees will require lessees to recognise all leases on balance sheet, 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 balance sheet.</p> <p>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.</p> <p>Rent expense will no longer be shown. The profit and loss 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.</p>	1 January 2019	30 June 2020

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.

13 August 2018

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

Dear Board Members

**Auditor's Independence Declaration**

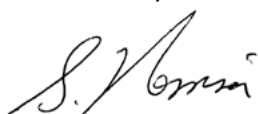
In accordance with section 307C of the *Corporations Act 2001*, I provide the following declaration of independence.

As the auditor of the financial report of Tasracing Pty Ltd for the financial year ended 30 June 2018, 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 - Financial Audit Services**

## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Report**

#### **Opinion**

I have audited the financial report of Tasracing Pty Ltd (the Company) which comprises the statement of financial position as at 30 June 2018, 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 directors' declaration.

In my opinion, the accompanying financial report of the Company is in accordance the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **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 auditor independence requirements of the *Corporations Act 2001* and 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the Company on 13 August 2018 and included in the Directors' Report, would be in the same terms if provided to the directors at the time of this auditor's report.

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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 most significant matters in the audit	Audit procedures to address the matter included
<b>Impairment of property, plant and equipment and intangible assets</b> <i>Refer to notes B3 and B4</i>	
<p>The carrying value of property, plant and equipment and intangible assets was \$41.28m at 30 June 2018. 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.</p> <p>Where there are indicators of impairment, management is required to estimate the recoverable amount. This involved 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.</p>	<ul style="list-style-type: none"> <li>• Verifying management's assessment as to whether there were any indicators of impairment.</li> <li>• Reviewing the 'value in use' methodology, including testing material assumptions, cash flow model and underlying data.</li> <li>• Assessing the adequacy of relevant disclosures in the financial statements.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's Directors' Report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon.

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.

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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 *Corporations Act 2001* 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.
- 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

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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**  
**Delegate of the Auditor-General**

**Tasmanian Audit Office**

14 August 2018  
Hobart

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